

**URBAN RENEWAL AGREEMENT FOR REDEVELOPMENT
OF IVYWILD URBAN RENEWAL AREA**

THIS AGREEMENT (the “Agreement”), is made as of the day of _____, 2012, by and between THE URBAN RENEWAL AUTHORITY OF THE CITY OF COLORADO SPRINGS, COLORADO, a body corporate and politic of the State of Colorado (the “Authority”), and, IVYWILD SCHOOL, INC. (the “Redeveloper”). (the parties are also referred to collectively as the “Parties” or individually as a “Party”)

RECITALS

A. The Authority is an Urban Renewal Authority formed and created by the City Council, City of Colorado Springs, County of El Paso, Colorado, pursuant to and in accordance with the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31 of the Colorado Revised Statutes (the “Act”).

B. The Redeveloper is the owner of real property located in Colorado Springs, El Paso County, Colorado (the “Property”), which is legally described on the attached Exhibit A. The Property is located within the boundaries of the Ivywild Neighborhood Urban Renewal Plan as recorded on July 20, 2011 at reception number 211069542 of the El Paso County records (the “Plan”).

C. The Redeveloper intends to develop the Property in accordance with the Development Plan dated March 22, 2011, and Construction Documents dated July 29, 2011, copies of which have been submitted to and approved by the Authority.

D. The Redeveloper and the City of Colorado Springs will enter into separate agreements with the Authority providing for the implementation of Tax Increment Financing (“TIF”) pursuant to and in accordance with Section 31-25-107(9) of the Act for construction of certain roads, drainage facilities, utilities, parking lots and plazas all as set forth in Exhibit B (the “Eligible Public Improvements”).

E. The Authority will obtain a loan from a private lender, secured by a pledge of the TIF, to pay for the Eligible Public Improvements as costs are incurred by the Redeveloper.

F. The parties to this Agreement intend to cooperate with each other in the redevelopment of the Property and the financing the Eligible Public Improvements.

NOW THEREFORE, based upon the mutual covenants and considerations contained herein, the parties agree as follows:

1. **PURPOSE**

The purpose of the Agreement is to further the goals and objectives of the Act by eliminating blight and providing for the redevelopment of the Property. The Authority has determined that this Agreement and the redevelopment of the Property in accordance with the Development Plan and

Construction Documents are consistent with and conform to the Plan and the public purposes and provisions of applicable state and local laws, including the Act. Specifically, but without limitation, this Agreement is intended to promote and facilitate the following Plan objectives:

- (a) Reduce, eliminate and prevent the spread of blight within the area described in the Plan (the “Area”);
- (b) Enhance the current sales tax base and property tax base of the Area;
- (c) Provide the incentives necessary to induce private redevelopment of the Property;
- (d) Effectively use undeveloped land within the Area;
- (e) Encourage financially successful projects within the Area;
- (f) Stimulate growth and investment within the Area boundaries;
- (g) Promote improved traffic, public transportation, public utilities, recreational and community facilities within the Area and related off site areas;
- (h) Promote the participation of existing owners in the revitalization and redevelopment of the Area.

2. DESCRIPTION OF REDEVELOPMENT AND PUBLIC IMPROVEMENTS

The Redeveloper agrees to redevelop the Property by constructing thereon the Eligible Public Improvements and certain office and retail improvements (the “Private Improvements”) in accordance with the Development Plan and Construction Documents. The Eligible Public Improvements and the Private Improvements are hereinafter referred to, collectively, as “Improvements.” The Redeveloper agrees to complete such construction in accordance with Section 6.1. All such construction shall be undertaken and completed in accordance with the Construction Documents, all applicable laws and regulations, including City codes and ordinances, the Urban Renewal Plan and shall be performed in accordance with and subject to the terms and conditions of this Agreement as it may be amended.

3. PREPARATION OF THE PROJECT FOR REDEVELOPMENT

3.1 Zoning. The Redeveloper has applied for and received such zoning changes as are required to carry out this Agreement.

3.2 Improvements. The Redeveloper shall design and construct the Improvements within a reasonable period of time. The Redeveloper shall construct, in the public right-of-way and/or easements, all mains and lines necessary for the Eligible Public Improvements and necessary to provide water,

sanitary sewer, storm sewer, natural gas and electricity for the Improvements. The construction and installation of such utilities shall conform with the requirements of all applicable laws and ordinances, including the Americans with Disabilities Act. The Redeveloper shall also be responsible for the design, construction and relocation of all new public streets, utilities, demolition, earth work, sidewalks, alleys, landscaping and street lighting within the public right-of-way shown in the Construction Documents. The Redeveloper shall be responsible for the design, construction and cost, if any, of utility and service lines necessary for the construction of the Improvements within the Property, tap connection fees and other City requirements, including the cost of extending such utility lines to the mains in the public right-of-way. The Redeveloper shall be responsible for construction of improvements to existing facilities or improvements and construction of new facilities or improvements on locations outside the boundaries of the Area as may be required by governmental authorities having jurisdiction.

3.3 Access to Project. At all reasonable times, the Redeveloper shall permit representatives of the Authority other to have reasonable access to any part of the Property for the purpose of obtaining data, making tests, surveys, borings, engineering studies, carrying out or determining compliance with this Agreement, the Plan or any City code or ordinance, including, but not limited to, inspection of any work being conducted on the Property. Any such access or inspection shall not interfere with the use of the Property or construction of the Improvements. No compensation shall be payable to the Authority nor shall any charge be made in any form by the Redeveloper for the access provided in this section. The Authority shall restore the Property and Improvements to the condition prior to any tests or inspections made by the Authority and shall indemnify and hold harmless the Redeveloper for any loss or damage or claim for loss or damage (including reasonable legal fees) resulting from any such entrance, tests or surveys (but this indemnity shall not apply to conditions existing on such Property at the time of such entry, even where such condition was discovered by virtue of the entry).

3.4 Replat and Dedications. The Authority is not requiring the Redeveloper to replat or resubdivide the Property, but the Redeveloper agrees to comply with all applicable City codes, ordinances and planning requirements with regard to redevelopment of the Property and construction of the Improvements, including if required by the City, to replat or resubdivide the Property. The Redeveloper shall dedicate, as appropriate, such utility and drainage easements required to properly carry out and maintain the Eligible Public Improvements.

3.5 Antidiscrimination. The Redeveloper agrees that in the construction and use of the Improvements required by this Agreement, the Redeveloper will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, gender or sexual orientation, ancestry or national origin.

3.6 Signage. As soon as reasonably practicable, and until completion of construction, the Redeveloper shall display temporary signage at the Property relating to the Authority's participation in the redevelopment of the Property. Such signage shall be connected to the primary signage identifying such redevelopment and visible to the general public. In addition, the Redeveloper shall attach to the Improvements, at street level, or in or adjacent to a primary entrance to the Property, a permanent sign

acceptable to the Authority not less than ninety (90) square inches acknowledging that the redevelopment of the Property was financed in part and constructed in cooperation with the Authority.

4. **PROJECT FINANCING**

4.1 Redeveloper's Financing. Redeveloper shall obtain financing commitments, on or before March 16, 2012, for land acquisition and construction of the Private Improvements which are acceptable to it and to the Authority. The Redeveloper shall deliver to the Authority evidence, in a form and substance acceptable to the Authority, of the debt and equity financing (including signed leases for 75% of the net leaseable space in the Private Improvements) necessary to develop the Project and shall obtain the Authority's consent to such financing, which consent shall not be unreasonably denied, conditioned, or delayed.

4.2 Authority Financing. On or before March 16, 2012, the Authority shall obtain a loan in the approximate amount of \$778,000.00 secured by incremental property and sales taxes substantially in accordance with the loan agreement attached as Exhibit C (the "Loan Agreement"). Notwithstanding any provisions herein to the contrary, the terms and conditions of the Loan Agreement shall be subject to approval by the Redeveloper, including, without limitation, any escrow agreement governing the payment of construction draws related to the Eligible Public Improvements and payment of any cost overruns and cost savings in connection therewith (the "Escrow Agreement").

4.3 Cost Certification. The Redeveloper shall be responsible for documenting the costs of the Eligible Public Improvements. Such costs may be certified when a pay application has been submitted by a contractor that performs work on the Eligible Public Improvements. All such submissions shall include a certification signed by the contractor, a representative of the Redeveloper and a representative of the Authority. The certificate shall state that the information contained therein is true and accurate to the best of each individual's information and belief and conforms with the requirements of the Agreement. Such submissions shall include copies of backup documentation supporting the listed cost items, including bills, statements, pay request forms from first-tier contractors and suppliers, conditional lien waivers, and copies of each check issued (or to be issued by the Redeveloper upon release of funds from the escrow agreement related to the Authority Financing) for each item listed on the statement. Unless required by a construction contract approved by the Authority and then being performed, statements for payment of costs shall not include advance payments of any kind for unperformed work or materials not delivered and stored on the Property. The payment request shall also include a certification (a) by a professional agreed to by the Parties that all documented and certified costs were actually incurred and not previously reimbursed to the Redeveloper pursuant to a payment request, (b) that the Redeveloper is not in Default under this Agreement, and (c) that any Eligible Public Improvements included therein were or will be constructed in compliance with applicable laws, ordinances and regulations, this Agreement. The Redeveloper agrees to provide to the Authority the name and address of all contractors and subcontractors on the job together with a list of all material suppliers.

4.4 Authority's Limited Reimbursement Obligation. The Parties understand and agree that the terms and conditions of the Authority's payment obligation under this Agreement is special revenue obligation limited to and governed by the Loan Agreement and the Escrow Agreement, and no other source of payment is or shall be available for payment to or on behalf of the Redeveloper.

4.5 Cooperation Regarding Financing. The Parties agree to cooperate with one another in obtaining the Redeveloper's Financing by providing one another with such information, certifications, assurances, opinions and by amending or modifying agreements, including this Agreement, as may be reasonably required in connection with such financing, provided, that neither Party shall be required to make amendments or modifications that substantially or materially change the rights or obligations of the Parties under the Agreement.

5. **REVIEW PROCEDURE FOR CHANGES IN APPROVED PLANS**

The construction of the Improvements shall conform with the Construction Documents as approved by the Authority. If the Redeveloper desires to make any substantial changes in the Construction Documents, the Redeveloper shall submit the proposed changes to the Authority for approval, which approval shall not be unreasonably withheld, conditioned, or delayed. Approvals or rejections of proposed changes shall be made by the Authority within fourteen (14) days or it shall be deemed that Approval has been given.

6. **CONSTRUCTION OF IMPROVEMENTS**

6.1 Agreement to Commence and Complete Construction. The Redeveloper shall use its best efforts to commence construction of the Eligible Public Improvement and Private Improvements on or before March 30, 2012. Redeveloper shall complete construction as defined in Section 6.7 on or before January 31, 2013.

6.2 Progress Reports. Until Completion of Construction of the Improvements, the Redeveloper shall make reports at least monthly, in such detail and at such times as may reasonably be requested by the Authority, as to its actual progress with respect to construction of the Improvements.

6.3 Insurance Prior to Completion of Construction. At all times while the Redeveloper is engaged in preliminary work on the Project, and until Completion of Construction, the Redeveloper shall maintain or cause its general contractor to maintain, and upon request, shall provide the Authority with proof of payment of premiums and certificates of insurance as follows:

- (a) Builder's risk insurance (with a deductible in an amount comparable to the deductibles carried by the Redeveloper or general contractor on builder's risk insurance policies for similar projects) in an amount equal to 100% of the replacement value of the Improvements at the date of Completion of Construction.

- (b) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors completed operations and contractual liability insurance) and umbrella liability insurance with a combined single limit for both bodily injury and Project damage of not less than \$2,000,000. Such insurance may carry a deductible in an amount comparable to deductibles carried by the Redeveloper or general contractor on liability insurance policies for similar projects.
- (c) Worker's compensation insurance, with statutory coverage, including the amount of deductible permitted by statute. The policies of insurance required under subparagraphs (a) through (c) above shall be reasonably satisfactory to the Authority, placed with financially sound and reputable insurers.

6.4 Indemnification. The Redeveloper shall defend, indemnify, assume all responsibility for and hold harmless the Authority, its commissioners, officers and employees (including, without limitation, for attorney fees and costs) from all claims or suits for bodily injury and property damage, including accidental death and violation of environmental and other applicable laws, that may be caused by any of the Redeveloper's construction activities under this Agreement, whether such activities are undertaken by the Redeveloper or anyone directly or indirectly employed by or under contract to the Redeveloper and whether such bodily injury or property damage shall accrue or be discovered before or after termination of this Agreement, provided, this provision shall not apply to loss or damage or claims therefor attributable to acts or omissions of the Authority, the commissioners, agents, or employees of the Authority.

6.5 Insurance After Commencement of Construction. From the Commencement of Construction of the Improvements and until June 28, 2036, the Redeveloper shall maintain, and upon request of the Authority shall furnish proof of the payment of the premiums on insurance against loss and/or damage to the Private Improvements covering such risks as are ordinarily insured against by similar businesses, including (without limitation) fire, extended coverage, vandalism and malicious mischief, boiler explosion, water damage, and collapse in an amount not less than the full insurable replacement value of the Private Improvements (determined by the Redeveloper with the carrier on an "agreed—amount" basis from time to time); provided, such policy may have a deductible in an amount comparable to deductibles carried by the Redeveloper on such insurance policies for similar projects. All such insurance policies shall be issued by responsible companies selected by the Redeveloper. Upon request the Redeveloper will deposit annually with the Authority copies of policies or certificates evidencing or stating that such insurance is in force and effect.

6.6 Repair or Reconstruction of Improvements. The Redeveloper shall immediately notify the Authority of any damage to the Private Improvements exceeding \$10,000. If the Private Improvements are damaged or destroyed by fire or other casualty, subject to the rights of any lender to the contrary, the Redeveloper, within one hundred twenty (120) days after such damage or destruction, shall proceed forthwith to repair, reconstruct and restore the damaged Private Improvements to substantially the same condition or value as existed prior to the damage or destruction, and the

Redeveloper will apply the proceeds of any insurance relating to such damage or destruction to the payment or reimbursement of the costs of such repair, reconstruction and restoration (unless other terms and disposition are agreed to between the Redeveloper and the Authority or are required by any lender having a lien on the Private Improvements).

6.7 Completion of Construction of Improvements. For the purposes of this Agreement Completion of Construction of the Improvements means, for the Private Improvements, issuance of a Certificate of Occupancy by the Regional Building Department so that the Private Improvements described therein can open for permanent occupancy in accordance with their intended use and for the Eligible Public Improvements whether or not maintained by the City, construction acceptance by the City.

6.8 Delivery of Ownership Information. Redeveloper agrees to provide to the Authority the name and address of all members having an ownership interest in the Project. Further Redeveloper shall provide to the Authority the name and address of each shareholder of the Redeveloper. This information shall be provided to the Authority within ten (10) days from the date of the signing of this Agreement.

7. REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties by the Authority. The Authority represents and warrants that:

- (a) The Authority is an urban renewal authority duly organized and existing under the Act. Under the provisions of the Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.
- (b) The activities of the Authority in the Area are undertaken for the purpose of eliminating and preventing the development or spread of blight.
- (c) The Plan has been validly adopted in accordance with the Act and is in full force and effect and has not been repealed.
- (d) The Authority knows of no litigation or threatened litigation, proceeding or investigation contesting the powers of the Authority or its officials with respect to the Plan, the Agreement, or the Improvements.

7.2 Representations and Warranties by the Redeveloper. The Redeveloper represents and warrants that:

- (a) The Redeveloper is a duly organized and validly existing corporation under the laws of the State of Colorado in good standing under the laws of Colorado, has the power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement.

- (b) The consummation of the transactions contemplated by this Agreement will not violate any provisions of the governing documents of the Redeveloper or constitute a default or result in the breach of any term or provision of any contract or agreement to which the Redeveloper is a party so as to adversely affect the consummation of such transactions.
- (c) The Redeveloper knows of no litigation or threatened litigation, proceeding or investigation contesting the powers of the Authority, the Redeveloper with respect to the Plan, the Agreement, Redeveloper's Financing or the Improvements.

8. RESTRICTIONS ON ASSIGNMENT AND TRANSFER

8.1 Representations as to Redevelopment. The Redeveloper represents and agrees that its ownership of the Property and its other undertakings under the Agreement are for the purpose of redevelopment. The Redeveloper further represents and agrees that;

- (a) the redevelopment of the Project is important to the general welfare of the Authority and the City;
- (b) substantial financing and other public aids have been made available by the Authority to make such redevelopment possible;
- (c) a transfer of interest in all or part of the Redeveloper, or any other act or transaction resulting in a change in the ownership or control of the Redeveloper, is a transfer or disposition of the Project. Therefore, the qualifications and identity of the Redeveloper and its principals are of particular concern to the Authority. The Redeveloper recognizes that it is because of such qualifications and identity that the Authority is entering into the Agreement with the Redeveloper, and is willing to accept and rely on the obligations of the Redeveloper for the faithful performance of all of its undertakings and covenants under this Agreement.

8.2 Restrictions Against Transfer of Project and Assignment of Agreement Prior to Completion of Construction. The Redeveloper further represents and agrees that:

- (a) Except as security for obtaining the Redeveloper's Financing, the Redeveloper will not, prior to the Completion of Construction of the Improvements, make, create, or suffer to be made or created, any total or partial sale or transfer in any form of the Agreement, or the Property or any part thereof or any interest therein, or any agreement to do the same, except for leases in the ordinary course of business, without prior written approval of the Authority, which approval shall not be unreasonably denied, conditioned or delayed. For the purposes of this Agreement, transfer shall also include transfer of a majority of the stock ownership interests in the Redeveloper.

(b) The Authority shall be entitled to require the following as conditions to any such approval:

(i) Any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the Authority, necessary to fulfill the obligations of the Redeveloper under the Agreement (or, if the transfer is of or related to part of the Property, such obligation to the extent that they relate to such part).

(ii) Any proposed transferee, by instrument in writing satisfactory to the Authority, shall assume all of the obligations of the Redeveloper under the Agreement and agree to be subject to the conditions and restrictions to which the Redeveloper is subject (or, if the transfer is part of the Property, such obligations, conditions and restrictions as they apply to such part) or such different obligations approved by the Authority. The fact that any such transferee or successor has not assumed such obligations or so agreed shall not relieve such transferee or successor from such obligations, conditions or restrictions, or limit any rights or remedies of the Authority with respect to construction of the Improvements. No transfer of ownership in all or any part of the Property, or any interest therein, however occurring and whether voluntary or involuntary, shall limit the Authority's rights, remedies or controls provided in the Agreement.

(iii) The Redeveloper shall submit to the Authority for review all instruments and other legal documents involved in effecting transfers; and, unless the Authority gives notice of disapproval of a transfer within ten(10) business days after such Redeveloper submittal, such transfer shall be deemed approved by the Authority.

(iv) The Redeveloper and its transferee shall comply with such other reasonable conditions as the Authority may reasonably require to safeguard the purposes of the Act and the Plan. The Redeveloper may enter into any agreements to sell, lease or transfer all or part of the Property or the Improvements after Completion of Construction. Unless the Redeveloper otherwise agrees in writing, upon the written approval of the Authority of a transfer of all or part or any interest in the Property, the Agreement or the Redeveloper, the Redeveloper or any other party bound by the Agreement shall be relieved of its obligations under the Agreement to the extent of such transfer or the interest in the Property, Agreement or Redeveloper included in such transfer.

8.3 Information as to Interest Holders. During the period between execution of the Agreement and Completion of Construction of the Improvements, the Redeveloper will promptly notify the Authority of any and all changes in the ownership of interests, legal or beneficial, or of any other transaction resulting in any change in the ownership of such interests or in the relative distribution thereof, or with respect to the identity of the parties in control of the Redeveloper or the degree thereof, of which it or any of its parties have been notified or otherwise have knowledge or information. The Redeveloper

shall furnish to the Authority a copy of any amendments to its articles of incorporation required to be filed with appropriate authorities in Colorado.

9. MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

9.1 Mortgagee Not Obligated to Construct. The Loan Agreement and the Escrow Agreement shall include terms that any mortgagee may elect to complete construction or cause the completion of construction of the Improvements within a reasonable time, in which case the Reimbursement Obligation of the Authority shall remain in full force and the Mortgagee or its designee shall have the right to exercise the rights of the Redeveloper under the Loan Agreement and the Escrow Agreement; provided, that nothing in this Agreement shall permit a Holder to devote any part of the Project to any uses or to construct any improvements thereon, other than those uses or improvements permitted in the Urban Renewal Plan, as amended, and the Agreement and specifically approved in writing by the Authority.

9.2 Mortgagee's Option to Cure Defaults. After any Default, and after any grace period for the cure of such Default by the Redeveloper has expired, any holder shall (insofar as the rights of the Authority are concerned) have the right, at its option, to cure or remedy such Default (or such Default to the extent that it relates to the part of the Project covered by its mortgage) within sixty (60) days and to add the cost thereof to the mortgage debt and the lien of its mortgage; but if the Default involves construction of the Improvements, the holder may not construct or complete construction of the Improvements without first having agreed as follows: not later than sixty (60) days after expiration of the time given the Redeveloper by this Agreement to cure said Default, the holder shall give written notice to the Authority of its intention to undertake, continue or complete the construction of the Improvements in accordance with this Agreement and shall undertake such construction within sixty (60) days after obtaining possession of the Project through foreclosure proceedings or through a deed in lieu of foreclosure.

9.3 Authority's Option to Pay Mortgage Debt or Purchase Project. If after a Default by the Redeveloper under this Agreement, a holder fails to exercise its option to construct or complete the Improvements and has not acted to protect its rights to cure such defaults or begins but does not complete such construction within the period agreed upon by the Authority and the holder, and the Default has not been cured within sixty (60) days after written demand by the Authority (or if such Default cannot be cured in said period, the holder has failed to commence to cure such default within such period), the Authority shall have the option of paying to the holder the amount of its mortgage debt and taking an assignment of the Mortgage or, if the holder is in title to all or part of the Project, the Authority shall be entitled, at its option, to a conveyance to it of the Property or part thereof upon payment to the holder of:

- (a) the mortgage debt at the time of foreclosure or action in lieu thereof (less all credits, including rental and other income received during foreclosure proceedings); and
- (b) reasonable foreclosure expenses; and

- (c) the costs of improvements approved by the Authority and made by the holder.

9.4 Authority's Option to Cure Mortgage Default. If there is a Default under the Agreement prior to Completion of Construction of the Improvements by the Redeveloper or if Redeveloper breaches any obligations to the holder of any Mortgage or other instrument creating an encumbrance or lien upon all or any part of the Project, the Authority may at its option cure such default or breach within sixty (60) days after the time provided by any agreement or by law for the Redeveloper to remedy or cure (or if such default cannot be cured in said period, the Authority shall commence to cure such default within such period), in which case the Authority, in addition to and without limitation upon any other rights or remedies to which it is entitled by the Agreement, operation of law or otherwise, shall be entitled to reimbursement from the Redeveloper of all costs and expenses incurred by the Authority in curing such default or breach, and to a lien upon the Project (or the applicable part thereof) for such reimbursement; provided, that any such lien shall be subject always to the lien (including liens contemplated because of advances yet to be made) of any Mortgage authorized by the Agreement.

10. TERMINATION

10.1 Redeveloper's Option to Terminate. The Redeveloper may terminate this Agreement if:

- (a) the City and the Authority fail to enter into a cooperation agreement regarding municipal sales tax increment financing or the Authority fails to obtain the Authority Financing, enter into the Loan Agreement or the Escrow Agreement on or before the time specified in Section 4.2;

or

- (b) after reasonable good faith efforts, the Redeveloper fails to obtain the Redeveloper's Financing for any Phase or portion thereof (as approved by the Authority) within a reasonable period of time.

10.2 Authority's Option to Terminate. The Authority may terminate this Agreement if:

- (a) the Redeveloper fails to present evidence that it has obtained the Redeveloper's Financing for the Project or portion thereof and executed leases (as approved by the Authority) within a reasonable period of time; or
- (b) the City Council of the City fails to approve Amendments to the Urban Renewal Plan or zoning changes to make possible the redevelopment of the Project in accordance with the Development Plan.

10.3 Action to Terminate. If a Party wishes to terminate this Agreement written notice of termination, stating the reasons for termination under sections 10.1 or 10.2, as applicable, must be given

by the terminating party to the non-terminating party within sixty (60) days after such event or condition occurs which gives the right to terminate; otherwise, such termination rights are waived with respect to such events, and such events only. Termination is effective on the effective date of such properly given notice.

10.4 Effect of Termination. If this Agreement is terminated the covenants and obligations of this Agreement that survive such termination shall remain in full force and effect the parties agree to execute such mutual releases or other instruments reasonably required to effectuate and give notice of such termination.

11. **EVENTS OF DEFAULT; REMEDIES**

11.1 Events of Default by Redeveloper. Default or an Event of Default by Redeveloper under the Agreement shall mean one or more of the following events:

- (a) the Redeveloper assigns or attempts to assign the Agreement; or
- (b) there is any change in the ownership of the Redeveloper or in the identity of the parties in control of the Redeveloper that violates this Agreement; or
- (c) Redeveloper fails to provide the Development Plans or Construction Documents as required; or
- (d) Redeveloper fails to commence, diligently pursue and complete construction of the Improvements for the Project as required; or
- (e) a holder of a mortgage exercises any remedy provided by loan documents, law or equity that materially interferes with the construction of the Improvements; or
- (e) Redeveloper fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Agreement or to make good faith efforts to obtain Redeveloper' s Financing;

and if such Event or Events of Default are not cured within the time provided in section 11.3 then the Authority may exercise any remedy available under section 11.4 of the Agreement.

11.2 Events of Default by the Authority. Default or an Event of Default by the Authority under the Agreement shall mean one or more of the following events:

- (a) the Authority fails to observe or perform any material and substantial covenant, obligation or agreement required of it under the Agreement; and if such Event or Events

of Default are not cured within the time provided in section 11.3 then the Redeveloper may exercise any remedy available under section 11.4 of the Agreement.

11.3 Grace Periods. Upon the occurrence of an Event of Default by either Party, such Party shall, upon written notice from the other, proceed immediately to cure or remedy such Default and, in any event, such Default shall be cured within thirty (30) days [ninety (90) days if the Default relates to the date for Completion of Construction of Improvements] after receipt of such notice, or such cure shall be commenced and diligently pursued to completion within a reasonable time if curing cannot be reasonably accomplished within thirty (30) days [or ninety (90) days if the Default relates to the date for Completion of Construction of Improvements].

11.4 Remedies on Default. Whenever any Event of Default occurs and is not cured under section 11.3 of this Agreement, the non-defaulting Party may take any one or more of the following actions:

- (a) Suspend performance under the Agreement until it receives assurances from the defaulting Party, deemed adequate by the non-defaulting Party, that the defaulting Party will cure its default and continue its performance under the Agreement;
- (b) cancel and rescind the Agreement;
- (c) in the case of the Authority, withhold reimbursement for Eligible Public Improvements;
- (d) take whatever legal or administrative action or institute such proceedings as may be necessary or desirable in its opinion to enforce observance or performance, including, but not limited to, specific performance or to seek any other right or remedy at law or in equity, including damages.

11.5 Delays/Waivers. Except as otherwise expressly provided in the Agreement, any delay by either Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such right or deprive it of or limit such rights in any way; nor shall any waiver in fact made by such Party with respect to any default by the other Party under this Agreement be considered as a waiver of rights with respect to any other Default by the other Party under this Agreement or with respect to the particular Default except to the extent specifically waived in writing. It is the intent of the Parties that this provision will enable each Party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by waiver, laches or otherwise at a time when it may still hope to resolve the problems created by the Default involved.

11.6 Enforced Delay in Performance for Causes Beyond Control of Party. Neither the Authority nor the Redeveloper, as the case may be, shall be considered in Default of its obligations under this Agreement in the event of enforced delay due to causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, acts of the public enemy, acts of the Federal,

State or local government, acts of the other party, acts of third parties (including the effect of any litigation or petitions for initiative and referendum), acts or orders of courts, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays of subcontractors or materialmen due to such causes. In the event of the occurrence of any such enforced delay, the time or times for performance of the obligations of the Party claiming delay shall be extended for a period of the enforced delay; provided that the Party seeking the benefit of the provisions of this section shall, within fourteen (14) days after such Party knows of any such enforced delay, first notify the other party of the specific delay in writing and claim the right to an extension for the period of the enforced delay. Delays due to general economic or market conditions shall not be considered a cause allowing a delay under this section 11.6.

11.7 Rights and Remedies Cumulative. The rights and remedies of the parties to this Agreement are cumulative and the exercise by either Party of any one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other right or remedies for any other Default by the other Party.

12. INDEMNITY

12.1 General Indemnity. The Redeveloper covenants and agrees, at its expense, to pay, and to indemnify, defend and hold harmless the Authority, and its board of commissioners, officers, agents, employees, engineers and attorneys (collectively, "Indemnified Parties" or singularly, each an "Indemnified Party") of, from and against, any and all claims, damages, demands, expenses (including reasonable attorneys' fees and court costs), and liabilities resulting directly or indirectly from the Redeveloper's development, construction, repair, maintenance, management, leasing, sale, and any other conduct or activities with respect to the Property, unless such claims, damages, demands, expenses, or liabilities, arise solely by reason of the negligent act or omission of the Authority or other indemnified parties.

13. MISCELLANEOUS

13.1 Conflicts of Interest. None of the following shall have any interest, direct or indirect, in the Agreement: a member of the governing body of the Authority or of the City, an employee of the Authority or of the City who exercises responsibility concerning the Project, or an individual or firm retained by the City or the Authority who has performed consulting services in connection with the Project. None of the above persons or entities shall participate in any decision relating to the Agreement that affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is directly or indirectly interested.

13.2 Titles of Sections. Any titles of the several parts and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

13.3 Incorporation of Exhibits. All exhibits attached to the Agreement are incorporated into and made a part of the Agreement.

13.4 No Third-Party Beneficiaries. Except for specific rights in favor of Mortgagees, any lender under the Loan Agreement and a bank under the Escrow Agreement, no third-party beneficiary rights are created in favor of any person not a party to the Agreement.

13.5 Applicable Law. The laws of the State of Colorado.

13.6 Binding Effect. The Agreement shall be binding on the Parties hereto, and their successors and assigns.

13.7 Integrated Contract. This Agreement is an integrated contract, and invalidation of any of its provisions by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

13.8 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall constitute but one and the same instrument.

13.9 Notices. A notice, demand, or other communication under this Agreement by any Party to the other shall be sufficiently given if delivered in person or if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(a) in the case of the Redeveloper, is addressed to or delivered to the Redeveloper as follows:

Ivywild School, Inc.
1647 South Tejon Street
Colorado Springs, CO 80905

with a copy to:

Paul C. Benedetti
2730 Iliff Street
Boulder, CO 80305

(b) in the case of the Authority, is addressed to or delivered personally to the Authority as follows:

The Urban Renewal Authority of the City of
Colorado Springs, Colorado
110 S. Weber Street, Suite 104
Colorado Springs, CO 80903

with a copy to:

Dan S. Hughes, Esq.
524 S. Cascade Avenue, Suite 2
Colorado Springs, CO 80903

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other as provided in this section. Notice is deemed to be given on the date received (if mailed according to this section), or on the date delivered (if personally delivered in accordance with this section).

13.10 Good Faith of Parties. Except in those instances where the Redeveloper may act in its sole discretion, in performance of the Agreement or in considering any requested extension of time, the Parties agree that each will act in good faith and will not act unreasonably, arbitrarily, capriciously or unreasonably withhold any approval required by the Agreement.

13.11 Days. If the day for any performance or event provided for herein is a Saturday, Sunday, or other day on which either national banks or the office of the Clerk and Recorder of El Paso County, Colorado are not open for the regular transaction of business, such day therefor shall be extended until the next day on which said banks and said office are open for the transaction of business.

13.12 Further Assurances. The parties hereto agree to execute such documents, and take such action, as shall be reasonably requested by the other party hereto to confirm or clarify the intent of the provisions hereof and to effectuate the agreements herein contained and the intent hereof.

13.13 Estoppel Certificate and Approvals. The parties hereto agree to execute such documents as the other party hereto shall reasonably request to verify or confirm the status of this Agreement and of the performance of the obligations hereunder and such other matters as the requesting party shall reasonably request. Any approvals required in this Agreement shall be in writing.

13.14 Amendments. This Agreement shall not be amended except by written instrument. Each amendment hereof, which is in writing and signed and delivered by the parties hereto shall be effective to amend the provisions hereof, and no such amendment shall require the consent or approval of any other party.

13.15 Non-Liability of Certain Officials, Employees and Individuals. Except for willful and wanton actions, no City Council member, Authority Board member, official, attorney for the Authority or City Attorney, or employee of the Authority or the City shall be personally liable to the Redeveloper for any Event of Default by the Authority or for any amount that may become due to the Redeveloper under the terms of this Agreement. Nothing in this Section 13.15 or this Agreement is to be construed as a waiver of any limitations upon or immunity from suits against the City, the Authority, or City or Authority Board of Commissioners members, officials, above-named agents or employees of the

Authority or the City, as may be provided by law. Except for willful and wanton actions, no member or manager, employee or attorney of the Redeveloper shall be personally liable to the Authority for any amount that may become due to the Authority under the terms of the Agreement. Nothing herein is to be construed to limit the liability of any individual, member, manager or transferees who become personal signatories to the Agreement, or any modification thereof.

13.16 Agreement Jointly Drafted. The Agreement shall be construed as if jointly drafted by the Parties.

13.17 Assignment of Agreement Pledge or Payments. The parties mutually represent and agree that the Authority may assign its right, title and interest in TIF (but not its duties) to a lender and escrow bank as part of the Authority's Financing and the Redeveloper may be required to assign its right, title and interest in the Agreement (but not duties) to a Mortgagee in connection with the Redeveloper's Financing or as part of a transaction to provide the Redeveloper's Financing. If there is a default under the Loan Agreement between the Authority and trustee, this Agreement may be enforced by the lender on behalf of mortgagees. If there is a default under a note or any other agreement or document delivered by the Redeveloper in connection with the Redeveloper's Financing or as part of a transaction to provide the Redeveloper's Financing, this Agreement may be enforced by a Mortgagee or other such beneficiary.

13.18 Authority Not A Partner; Redeveloper Not Authority's Agent. Notwithstanding any language in this Agreement or any other Agreement, representation or warranty to the contrary, the Authority shall not be deemed or constituted a partner or joint venturer of the Redeveloper, the Redeveloper shall not be the agent of the Authority and the Authority shall not be responsible for any debt or liability of the Redeveloper.

13.19 Minor Changes. This Agreement has been approved in substantially the form submitted to the governing bodies of the Parties. The officers executing the Agreement have been authorized to make, and may have made, minor changes in the Agreement and the attached exhibits as they have considered necessary. So long as such changes were consistent with the intent and understanding of the Parties at the time of approval by the governing bodies, the execution of the Agreement shall constitute the approval of such changes by the respective Parties.

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IN WITNESS WHEREOF, the Authority and the Redeveloper have caused this Agreement to be duly executed as of the day first above written.

URBAN RENEWAL AUTHORITY OF THE CITY
OF COLORADO SPRINGS

Chairman

ATTEST:

IVYWILD SCHOOL, INC.

By:
Its:

EXHIBIT A
LEGAL DESCRIPTION

All of Lot 2,
Dorchester,
according to the recorded plat thereof,
City of Colorado Springs,
County of El Paso,
State of Colorado

EXHIBIT B
ELIGIBLE PUBLIC IMPROVEMENTS

EXHIBIT C
LOAN AGREEMENT