

SERVICE PLAN

TOWER CENTER METROPOLITAN DISTRICT

Town of Gypsum, Eagle County, Colorado

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I. INTRODUCTION.

A. Overview.

This service plan ("Service Plan"), submitted in accordance with Part 2 of the Special District Act (§ 32-1-201, *et seq.*, C.R.S.), sets forth a proposal for the formation of the Tower Center Metropolitan District (the "District"), comprising approximately 48 acres immediately adjacent to and south of U.S. Route 6, east of the town center of the Town of Gypsum and entirely within the Town of Gypsum, Eagle County, Colorado.

The District will be formed to finance and construct, and in some cases maintain certain commercial improvements that are public improvements. These improvements will include, but are not limited to on and off-site roads, water and sewer infrastructure, non-potable irrigation facilities, public parking lots, bus stop shelters, pedestrian paths, rough grading for on-site roads and public parking lots, drainage facilities, landscape and hardscape improvements and underground utilities serving the same.

B. General Development within the District.

The proposed District is located in the Eagle River Valley north of the Eagle County Airport and south of the I-70/Highway 6 corridor. A boundary map and general layout of the anticipated development of the District is provided in Exhibit A (the "Development").

The Development is currently vacant land, but will become a local commercial center for the Town of Gypsum (the "Town"). The District will contain no residential property.

C. General Need for a Special District.

The formation of the District is intended to coordinate services and provide financing for the improvements required by the Development within the District, including improvements both within and without the District.

There is currently only limited public infrastructure in the area, some of which has been or is being constructed by developers of the residential property to the west of the District. The District is expected to reimburse some of those costs to that developer in the amount of \$705,000. The District intends to construct additional infrastructure intended to serve the property within the District and, potentially, development in the approximately twenty-five acre parcel immediately to the east of the District (the "Inclusion Area").

Some of the public improvements, primarily water, sanitary sewer, and perhaps road and pedestrian path improvements, constructed by the District will be conveyed to the Town for maintenance pursuant to Town standards and procedures. All

improvements so conveyed shall be dedicated to the Town free and clear of all liens and encumbrances, and shall be accompanied by a three (3) year warranty bond as required by the Annexation Agreement between the Town and the Developer. Those public improvements not conveyed to the Town (specifically including all storm drainage improvements constructed to serve the Development) will be owned, operated and maintained by the District. District operational functions will include drainage improvement maintenance, entry street, parking lot and monument maintenance, snow removal, landscape maintenance, street and parking lighting, street safety signage and weed and pest control in the open space areas.

The Town does not consider it feasible or practical to provide the area within and around the District with the public improvements, facilities, and services needed to develop the District and serve the anticipated commercial tenants and their customers. There are no other special districts in the area willing to provide these public improvements and services to the Development. The formation of the District is therefore necessary to provide the desired facilities and services.

D. Statutory Standards.

This Service Plan has been prepared to show it will be appropriate and economically feasible for the District to finance, construct or acquire, manage, operate and maintain selected public services and improvements for the benefit of the District's commercial tenants and their customers. This Service Plan includes satisfactory evidence that the following requirements of Section 32-1-203, C.R.S., as amended, have been met:

- i. There is sufficient existing and projected need for organized service in the area to be serviced by the proposed special district;
- ii. The existing service in the area to be served by the proposed special district is inadequate for present and projected needs;
- iii. The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries;
- iv. The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis;
- v. Adequate service is not, or will not be available to the area through the Town, other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- vi. The facility and service standards of the proposed special district are compatible with the facility and service standards of the Town within which the proposed special district is to be located;

vii. The proposal is in substantial compliance with any master plan adopted pursuant to Section 31-23-206, C.R.S., and the Town's home rule Charter;

viii. The proposal is in compliance with any duly adopted city, county, regional, or state long-range water quality management plan for the area; and

ix. The organization of the proposed special district will be in the best interests of the area proposed to be served.

II. DESCRIPTION OF PROPOSED METROPOLITAN DISTRICT SERVICES.

A. District Services. Generally.

It is anticipated that properties within the District will see substantial development and construction activity in the near future, and it is intended that the proposed District will assume several functions to facilitate this development and construction.

This Service Plan describes in detail those services to be funded and provided by the District. The primary services, in general, are as follows:

i. The construction, installation, acceptance, operation, maintenance including snow removal, improvement, extension, repair and replacement by the District of certain streets, driveways, pedestrian paths, parking areas, and related streetscape and street safety improvements within or providing access to the District and the properties within the District, including improvements associated with the contemplated round about at the I-70 and U.S. 6 interchange and the signalization of the intersection at Highways 24 and 6 which is the entry to the Development;

ii. The construction, installation, acceptance, operation, maintenance, improvement, extension, repair and replacement by the District of open space, berm, drainage way, and landscaped areas within and/or adjacent and contiguous to the District;

iii. The funding of, and to the extent allowed by law, the provision of internal security and traffic control services to the District;

iv. The design, construction, installation, acceptance, operation, maintenance, improvement, extension, repair and replacement of storm drainage facilities, services and programs including but not limited to drainage and detention facilities to accept runoff from all surfaces and areas contributing to flows in and from without the District;

v. The design, acquisition, installation and construction of water systems, including a non-potable irrigation system, together with all necessary,

incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems as authorized by the Town;

vi. The design, acquisition, installation and construction of sanitary sewer systems, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems as authorized by the Town;

vii. Mosquito, weed, and pest control services; and

viii. The provision of other services, programs and facilities as provided by this Service Plan as the same may be amended from time to time.

The District will have statutory and service plan powers which will allow it to function in a more effective and efficient manner than a private entity. These powers allow for local management of the District by the owners of property in the District or their representatives, and permit a program of debt financing and equitable distribution of the debt service among the property owners and residents of the District. The District can provide for future and ongoing infrastructure and services to provide for the long-term needs of the parties it serves.

The District will not exercise the power of eminent domain without the Town's consent. The District will comply with all Town subdivision, zoning, land use, and building requirements. The District waives its power to perform "location and extent" determination as to structures within the Town as that concept is detailed in Section 30-28-110 et seq., C.R.S., absent the Town's written consent.

B. Statutory Service Authority.

The District will have the statutory power and authority to provide the following services:

i. Streets. The design, acquisition, installation, construction, operation, and maintenance of street and roadway improvements, including but not limited to curbs, gutters, culverts, and other drainage facilities, appurtenant storm sewers and culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, snow removal equipment, and other street improvements together with all necessary, incidental, and appurtenant facilities, land and easements, together with extensions of improvements to said facilities and systems;

ii. Safety Controls. The design, acquisition, installation, construction, operation, and maintenance of safety protection facilities and services through traffic and safety controls and devices on streets and highways, including but not limited to signalization at intersections, traffic signs and area identification,

directional assistance, and driver information signs, together with all necessary, incidental and appurtenant facilities, land easements, extensions and improvements of said facilities and systems;

iii. Water. The design, acquisition, installation and construction of water systems for both potable and irrigation water, including without limitation lines, transmission, distribution and storage facilities, hydrants, and all necessary equipment and other related improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems as authorized by the Town;

iv. Sewer. The design, acquisition, installation and construction of sanitary sewer systems, including without limitation lines, collection facilities, and related disposal works and facilities, and all necessary equipment and other related improvements, together with all necessary, incidental, and appurtenant facilities, land and easements, and all necessary extensions of and improvements to such facilities or systems as authorized by the Town;

v. Drainage. The design, construction, installation, acceptance, operation, maintenance, improvement, extension, repair and replacement of storm drainage facilities, services and programs including but not limited to drainage and detention facilities to accept runoff from all surfaces and areas contributing to flows in and from without the District;

vi. Mosquito, Weed, and Pest Control. The design, installation, acceptance, operation, maintenance, improvement, extension, repair and replacement of mosquito, weed, and pest control facilities, services and programs, most likely through the retention of contract services for the same; and

vii. Other. The powers of the District, as listed above, will be exercised by the Board of Directors of the District to the extent necessary to provide the services contemplated in this Service Plan. In addition to the above powers, the Board of Directors of the District shall also have the following authority:

a. To amend the Service Plan as needed, subject to the appropriate statutory procedures;

b. To forego, reschedule, or restructure the financing and construction of certain improvements and facilities to better accommodate the pace of growth, resource availability, and potential inclusions of property within the District, or if development of the improvements and facilities would best be done by another entity; and

c. To provide all such additional services and exercise all such powers as are expressly or impliedly granted by Colorado law, and which the District is required to provide or exercise or, in its discretion, chooses to provide or exercise.

The foregoing improvements and services, along with all other activities, will be undertaken in accordance with, and pursuant to, the procedures and conditions contained in the Special District Act, other applicable statutes, and this Service Plan, as any or all of the same may be amended from time to time.

III. DISTRICT BOUNDARIES AND VALUATION FOR ASSESSMENT.

The legal description of the boundaries of the District and the Inclusion Area are contained in Exhibit B (the Inclusion Area is the area shown on Exhibit A as "Phase 2"). Generally, the District will contain 49.448 acres within the Town of Gypsum, Eagle County, Colorado. The District may, in the future, include within its boundaries the Inclusion Area, consisting of approximately 25 acres directly east of its initial boundaries. In order to maintain the commercial nature of the District, inclusion will be dependent on the property's ultimate zoning.

Excepting only the Inclusion Area, the District shall not include or exclude any property without the Town's prior written consent. The Town, by its approval of this Service Plan, consents to the inclusion of the Inclusion Area provided such property is used solely for commercial purposes. If the District does not include the Inclusion Area within its boundaries, utilizing nonpotable water made available to the District by the Town through an existing lease the District shall be required to provide water service to the Inclusion Area by means of an extraterritorial service agreement or such other arrangement as may be acceptable to the Town.

The assessed value of the proposed area for the District is presently approximately \$9,200.00 for the unimproved property. The expected assessed valuation for 2012 is estimated at \$13,231,600.00. A schedule of projected assessed valuation within the proposed District, together with explanatory assumptions, is set forth in Exhibit C.

IV. GENERAL DESCRIPTION OF FACILITIES TO BE CONSTRUCTED AND PRELIMINARY ENGINEERING AND ARCHITECTURAL SURVEYS.

A. Introduction.

The District will exercise its statutory powers to finance, construct, acquire, operate and maintain the types of public facilities and improvements described herein and, as necessary, to provide the public services set forth in Section II of the Service Plan. Where appropriate, the District will also contract with various public and/or private entities to undertake such functions.

The Service Plan descriptions of the specific improvements to be constructed are preliminary estimates and will be subject to modification and revision as engineering plans, financial factors and construction scheduling may require.

B. Description of Facilities and Improvements.

i. Road, Street and Safety Facilities. The District will finance and construct its off-site and internal street, road, and parking lot system, including curbs, gutters, culverts, drainage, ditches, detention ponds, sidewalks, bridges, paving, lighting, landscaping and other road, street and drainage facilities improvements as needed, as well as necessary traffic and safety protection devices and controls. Certain off-site street and drainage improvements will also be constructed. All applicable District, Town, State and Federal engineering and construction standards will be adhered to in these activities.

a. Roadway Infrastructure. The roadway infrastructure within the District will consist of parking lots and roads to connect those parking lots to existing improved roads. Exhibit C includes cost estimates for the construction of these roads and parking lots, including the contemplated I-70 and U.S. 6 and Highway 24 improvements, to total \$5,000,000.00. A roadway schematic, showing the existing and possible typical layout of future roads is shown as part of Exhibit A. It is currently anticipated that all the roadways internal to the Development will be owned and maintained by the District. Snow removal on parking areas and roads within and leading to the District will be a substantial District activity.

b. Drainage Facilities. Attendant with the roadway and parking systems, the District will provide attendant storm drainage facilities both on and off-site, in a manner consistent with the systems currently in existence in the Town, and in accordance with applicable State, federal and Town standards and specifications. Exhibit C includes cost estimates for the construction of these improvements, estimated to total \$992,256.00, which will be owned and maintained by the District.

ii. Water and Sanitation Facilities. The District will finance and construct, to Town standards and specifications, water and sanitation facilities necessary to serve the properties within the District. With exception of storm water drainage and detention facilities, non-potable irrigation system, and water and sanitary sewer service lines (as defined in the Town's rules and regulations) these facilities will be transferred to and owned and operated by the Town. The District is not expected to operate and maintain the potable water system nor the sanitary sewer system servicing the Development. Exhibit C includes cost estimates for the construction of these water and sanitation facilities, estimated to total \$2,000,000.00, inclusive of the reimbursement to third parties of \$705,000.00 in costs associated with water and sewer line extensions currently underway or completed recently.

iii. Safety Protection Facilities. The traffic and safety protection devices included in the costs of construction may include traffic signs, identification and traffic directional signage, entryway identification signage and landscaping, but are not yet fully defined. The District may participate in the provision of traffic signals as needed at the major intersections either within or without the District. These signals will be constructed in accordance with all applicable governmental standards.

iv. Other Facilities and Improvements. It is expected that the District will participate in the financing and/or construction of such other public facilities and improvements as may be required to service the District and adjacent properties, subject to the constraints of this Service Plan. Those facilities may include such facilities as will be needed to provide the District and adjacent properties with continued or improved public services. The extent and configuration of such improvements will depend upon local need and Service Plan amendments or notices under Section 32-1-207, C.R.S.

v. Contract Services. Construction of needed improvements or acquisition of facilities may be accomplished by the District alone or in conjunction with other special districts, or other governmental or private entities. The District may enter into contracts or intergovernmental agreements for the acquisition, construction, operation, and maintenance of the systems contemplated by this Service Plan.

vi. Preliminary Engineering and Architectural Surveys of the Facilities to be Constructed. The preliminary engineering and architectural standards applicable with respect to the various facilities and improvements which are to be constructed for the District are described throughout this service plan as the context provides. The actual configuration and extent of the anticipated facilities and improvements will depend upon various factors, including but not limited to the need for public improvements within the District, the pace and place of development, and the District's financial capacity. In any case, the District will follow all applicable District, Town, State, and Federal laws, rules, and regulations, and all engineering standards and specifications promulgated pursuant thereto shall be followed.

V. SUMMARY OF ESTIMATED COSTS AND EXPENSES.

A summary of the projected costs of constructing the facilities and improvements to be constructed for the District, together with a projection of the various phases of construction which are anticipated, are set forth in Exhibit C, attached hereto and incorporated herein by this reference.

The figures provided are in 2008 dollars and represent a preliminary estimate of the actual capital costs associated with the planned improvements and facilities. Actual

costs, as well as the timing and sequence of construction, will vary from the stated amounts and phasings to reflect fluctuations in general price levels, the pace and scope of improvements within the District, and other contingencies. Other costs, including operation and maintenance costs and costs of issuing bonds, are also estimated in Exhibit C.

VI. DESIGN AND CONSTRUCTION STANDARDS.

To ensure that the District's facility and improvement design standards are compatible with those of the Town, the District shall strictly adhere to any applicable design criteria of the Town, as they may be amended from time to time. The District will also adhere to any applicable design or construction standards promulgated by other governmental agencies and applicable to the Development, including Eagle County, the State of Colorado and the Federal Government.

VII. PROPOSED AND EXISTING AGREEMENTS, INCLUDING INTERGOVERNMENTAL AGREEMENTS.

The District is expected to reimburse a third party that is extending water and sewer service to the residential properties adjacent to the District. Such extension will confer a benefit on the District. The District and this third party anticipate that the District's share of the extension will be \$705,000.00.

To the extent practicable, the District, in the discretion of its Board of Directors, shall enter into additional intergovernmental and private agreements when it is in the best interest of the District to better ensure long-term provision of improvements and services and effective management.

VIII. FINANCIAL PLAN SHOWING HOW THE PROPOSED FACILITIES ARE TO BE FINANCED.

A. General.

The estimated costs of the facilities and improvements to be constructed and installed by the District, including the costs of engineering services, legal services, administrative services, initial proposed indebtedness and estimated proposed maximum interest rates and discounts, and other major expenses related to the facilities and improvements to be constructed and installed are set forth in Exhibit C of this Service Plan. The estimated costs of the organization and initial operation of the District, including legal, engineering, administrative and financial services, are referenced in Exhibit C. These costs will be paid by the District out of its initial revenue sources.

It is anticipated that the construction, installation, repair and replacement of facilities and improvements for the District will be financed by the issuance of general obligation bonds in accordance with the Special District Act, as well as the receipt of sales tax rebates from the Town, as described herein. Essentially, three financing

alternatives are contemplated by this service plan. (1) A sales tax revenue bond, most likely issued to the Developer or an affiliated company or person, will be supported by the sales tax rebates available to the Developer which will be assigned to the District. (2) An initial tax supported general obligation bond issue in the amount of \$3,400,000.00, to reimburse the Developer for capital advances, is anticipated to close no later than the year 2012, but the timing and exact size of such issue will depend upon numerous factors. (3) Developer advances will be necessary throughout the life of the District's capital program, which will be evidenced by subordinate general obligation bonds payable only if and when there are revenues available in excess of those needed to pay the District's other debt obligations described above.

The terms of such indebtedness will depend upon market conditions at the time of issuance, but the proposed maximum voted interest rate for such issue is 12%, and the proposed maximum underwriting discount will be 4%. It is estimated that the general obligation bonds, when issued, will mature not more than forty (40) years from date of issuance, as permitted by statute, though the term is expected to be much shorter.

The proceeds of the bond issues will first be used to capitalize interest and pay necessary and customary legal services and issuing expenses. The balance of the funds plus any interest earned thereon will be used to fund or reimburse capital construction costs and any required reserves.

An ad valorem property tax mill levy is the primary source of revenue to retire the general obligation bond debt. The debt service mill levy for 2012 is expected to total 18 mills assuming the proposed \$3,400,000 bond issue. The District will, though, be statutorily empowered (and limited) as described in the Special District Act, and through its electoral authority, to exercise its discretion to increase the levy if necessary to meet debt service obligations. The mill levy may be used to pay the debt service on any bonds the District may issue.

As set forth in Exhibit C, it is projected that the mill levy plus other revenues available to the District and capitalized interest will be sufficient to retire any debt issued. The elected Board of Directors of the District may schedule future bond sales and refundings to maintain the lowest tax burden possible.

As set forth in Exhibit C, it is anticipated that approximately \$12,889,500 will be required, in current dollars, to finance the capital costs associated with the construction of the public improvements (not including cost recovery). To pay these amounts, and to finance the costs of issuance, cost recovery, and other contingencies, the District will seek the authorization of its electors to issue up to \$14,500,000 in general obligation indebtedness. Such authorization will be sought pursuant to the terms of the Special District Act and the Colorado Constitution as they may be amended from time to time. How much debt the district will actually issue will depend principally on market conditions and the District's ability to reasonably and responsibly retire its debt obligations.

In addition to ad valorem taxes and in order to offset the expenses of the anticipated capital construction and District operations and maintenance, the District may also rely upon various other revenue sources authorized by law and this Service Plan. These will include the power to assess fees, rates, tolls, penalties, or charges as provided in Section 32-1-1001(1), C.R.S., as amended.

It is expected initially that operations and maintenance expenses of the District will be funded through such fees, rates, tolls, penalties, or charges, calculated on a square foot or other equitable basis, similar to the manner that operating expenses are traditionally charged back to commercial development. The District may, however, defray all or any portion of its operation and maintenance expenses through the imposition of a general operating mill levy, and will obtain electoral authority to do so at the initial organizational election of the District. For illustrative purposes, Exhibit C assumes a mill levy of 7 mills annually for operations and administration.

B. “Maximum Debt Mill Levy.”

Notwithstanding anything in the foregoing, with respect to all general obligation indebtedness of the District (“Debt”):

i. For the portion of any aggregate District Debt which exceeds fifty percent (50%) of the District’s assessed valuation, the Maximum Debt Mill Levy for such portion of Debt shall be fifty (50) mills less the number of mills necessary to pay unlimited mill levy Debt described in Section VIII.B.ii; provided that if, on or after January 1, 2008, there are changes in the method of calculating assessed valuation or any constitutionally mandated tax credit, cut or abatement; the mill levy limitation applicable to such Debt may be increased or decreased to reflect such changes, such increases or decreases to be determined by the Board in good faith (such determination to be binding and final) so that to the extent possible, the actual tax revenues generated by the mill levy, as adjusted for changes occurring after January 1, 2008, are neither diminished nor enhanced as a result of such changes. For purposes of the foregoing, a change in the ratio of actual valuation shall be deemed to be a change in the method of calculating assessed valuation.

ii. For the portion of any aggregate District’s Debt which is equal to or less than fifty percent (50%) of the District’s assessed valuation, either on the date of issuance or at any time thereafter, the mill levy to be imposed to repay such portion of Debt shall not be subject to the Maximum Debt Mill Levy and, as a result, the mill levy may be such amount as is necessary to pay the Debt service on such Debt, without limitation of rate.

iii. For purposes of the foregoing, once Debt has been determined to be within Section VIII.B.ii, so that the District is entitled to pledge to its payment an unlimited ad valorem mill levy, the District may provide that such Debt shall remain secured by such unlimited mill levy, notwithstanding any subsequent

change in the District's Debt to assessed ratio. All Debt issued by the District must be issued in compliance with the requirements of Section 32-1-1101, C.R.S. and all other requirements of State law.

C. Sales Tax Rebate. Pursuant to the Annexation Agreement, as it may be amended from time to time, between the Town and the Developer, after at least 225,000 square feet of gross retail space within the District has opened for business, including at least one building containing no less than 100,000 square feet of gross retail space, the Town shall provide sales tax rebates to the District (the "Rebates").

i. Purpose. Rebates shall be paid by the Town directly to the District to reimburse costs or, as anticipated above service debt directly related to public infrastructure that benefits the commercial improvements within District. The Town shall have no obligation to provide Rebates to the District for costs not previously incurred. If any public infrastructure constructed by the District benefits commercial as well as residential improvements, the amount of the Rebate used to reimburse the District shall be decreased in proportion to the benefit granted to the residential improvements.

ii. Procedure. To obtain a Rebate after at least 225,000 square feet of gross retail space within the District has opened for business, including at least one building containing no less than 100,000 square feet of gross retail space, the District shall submit to the Town a written request detailing the costs to be reimbursed, an affidavit that the moneys being reimbursed pertain only to infrastructure that benefits the commercial improvements within District, and any other documentation required by the Town.

iii. Term. The Rebates shall be available until the expiration of five years at least 225,000 square feet of gross retail space within the District has opened for business, including at least one building containing no less than 100,000 square feet of gross retail space, or until the Town pays to the District Rebates totaling \$7,500,000.00 in the aggregate, whichever occurs first.

iv. Payment Rate. The payment rate for the Rebate shall be 38% of the 3% sales tax revenue collected by the Town during the Term of the Rebate.

v. Appropriation. The Rebates shall be subject to annual appropriation by the Town, and this Service Plan does not impose any multiple-fiscal year obligation or debt on the Town.

D. Combined Organization and TABOR Election.

Following approval of this Service Plan by the Town, and after acceptance of the organizational petition and issuance of orders from Eagle County District Court, elections on the questions of organizing the District and approving bonded indebtedness and various agreements described herein will be scheduled. All elections will be conducted

as provided by the Court orders, the Uniform Election Code (as amended), and TABOR, and are currently planned for November, 2008. The election questions will include whether to organize the District, election of initial directors, TABOR ballot questions, and term limit questions. Thus, the ballot may deal with the following topics (in several questions, but not necessarily using the exact divisions shown here):

1. Whether to organize the District;
2. Membership and terms of the initial board members;
3. Approval of new taxes;
4. Approval of operational mill levies;
5. Approval of bond and other indebtedness limits;
6. Elimination of TABOR restrictions; and
7. Elimination of term limits.

Ballot issues may be consolidated as approved in Court orders. The Town should be assured that the organizers of the District intend to follow both the letter and the spirit of the Special District Act, the Uniform Election Code, and TABOR during organization of the District. The District anticipates that it will hold future elections on TABOR ballot issues, which may be held as determined by the Board of Directors of the District.

The District, once organized, shall be subject to the following additional requirements:

1. Submission of annual reports as described in § 32-1-207(3), C.R.S., in the form prescribed by the Town.
2. At such time as the District ceases to operate public facilities, has no outstanding debt, and is subject to administrative dissolution pursuant to then applicable Colorado law, the District shall be subject to dissolution.
3. Material modifications of this Service Plan shall be subject to approval by the Town in accordance with the provisions of § 32-1-204.5, C.R.S.

IX. CONCLUSION.

It is submitted that this Service Plan for Tower Center Metropolitan District meets the requirements of Section 32-1-201, *et seq.*, C.R.S., as amended. It is further submitted that, based on the above information and upon the counsel of financial and land use advisers, the following conclusions can be made with regard to the proposed District:

- There is sufficient existing and projected need for organized service in the area to be serviced by the District.

- The existing service in the area to be served by the District is inadequate for present and projected needs.

- The District is capable of providing economical and sufficient service to the area within its proposed boundaries.

- The area in the District will have the financial ability to discharge any proposed indebtedness on a reasonable basis.

- Adequate service is not or will not be available to the area through the Town of Gypsum, Eagle County, or through other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis.

- The facility and service standards of the District are compatible with the facility and service standards of the Town.

- The proposal is in substantial compliance with any master plan adopted pursuant to Section 31-23-206, C.R.S., and the Town's home rule Charter.

- The proposal is in compliance with any duly adopted city, county, regional, or state long-range water quality management plan for the area.

- The District will be in the best interests of the area proposed to be served.

Therefore, it is requested that the Town Council for the Town of Gypsum, Eagle County, Colorado, which has jurisdiction to approve the Service Plan by virtue of Section 32-1-204.5, C.R.S., as amended, adopt a resolution which approves this Service Plan for the Tower Center Metropolitan District as submitted.

LIST OF EXHIBITS

EXHIBIT A.....Boundary and Vicinity Map

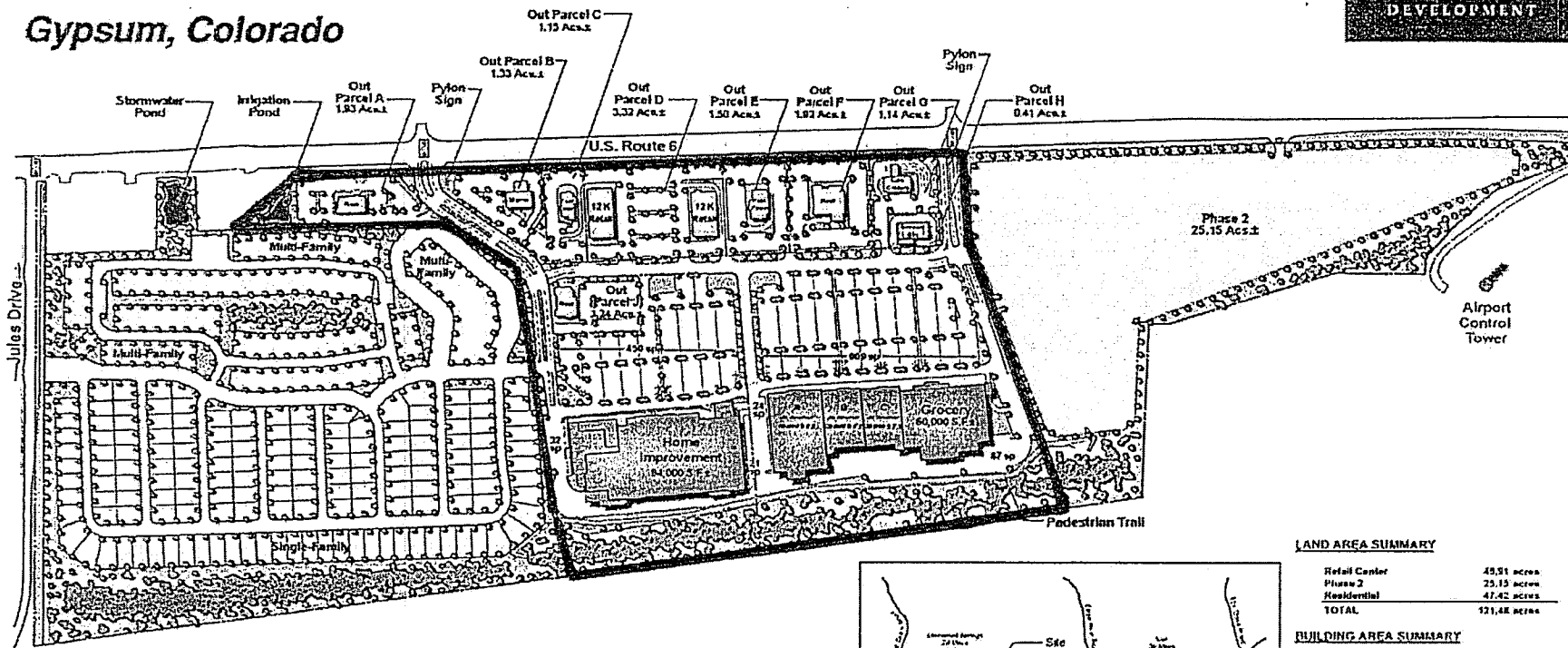
EXHIBIT B.....Legal Description

EXHIBIT C.....Pro Forma

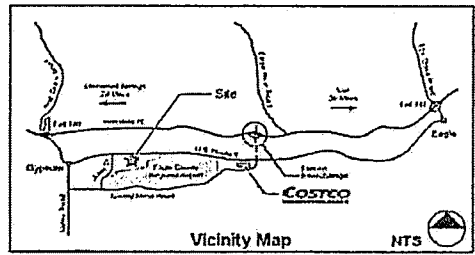
EXHIBIT A
BOUNDARY AND INCLUSION AREA MAP

Tower Center

Gypsum, Colorado



Eagle County
Regional Airport



LAND AREA SUMMARY

Retail Center	48.81 acres
Phase 2	25.15 acres
Residential	47.42 acres
TOTAL	121.48 acres

BUILDING AREA SUMMARY

RETAIL/COMMERCIAL	
Retail Center	311,000 sq ft
RESIDENTIAL	
Single-Family Units	152 units
Multi-Family Units	187 units
TOTAL	339 units

NOTE: All calculations shown on this Concept Sketch are approximate and based on engineering site plans not prepared.



Conceptual Site Plan ~ CSP 06

Next Realty Development, LLC
1750 Old Potomac Road, Suite 250
McLean, VA 22102
Phone: 703.442.4500

EXHIBIT B
LEGAL DESCRIPTION

LEGAL DESCRIPTION

A parcel of land being a part of Parcel B, Lehmann Parcels Amended Exemption Plat recorded at Reception No. 200617646 of the Eagle County records, located in Section 4, Township 5 South, Range 85 West of the Sixth Principal Meridian, Eagle County, State of Colorado, being more particularly described as follows:

NOTE: For the purpose of this description the bearings are based on the east line of Tract 65, bearing North 00°15'17" East. The northerly terminus monumented by a 2" aluminum cap in a range box stamped "PELS 5933 2000" and the southerly terminus by a 2.5" brass cap on a 1" steel rod stamped "USGLO 1918".

Commencing at Angle Point Number 4 of Tract 65;

Thence North 00°15'17" East, 363.28 feet, along the east line of said Tract 65 to the south line of Tract A, Stratton Flats Planned Unit Development Filing No. 1.

Thence North 81°56'19" East, 1733.99 feet, along the south line of said Tract A and the south line of Tract V, Stratton Flats Planned Unit Development Filing No. 1 to the southwest corner of said Parcel B and the **True Point of Beginning**;

Thence along the west line of said Parcel B the following seven (7) courses:

1. North 11°46'06" West, 224.10 feet;
2. North 08°11'07" West, 765.48 feet, to a point of non tangent curvature;
3. Northwesterly along the arc of a curve to the left, the radial line to the center point bears South 81°48'52" West, a radius of 100.00 feet, thru a central angle of 46°53'39", an arc length of 81.85 feet, whose chord bears North 31°37'57" West a length of 79.58 feet;
4. North 55°04'07" West, 189.99 feet, to a point of non tangent curvature;
5. Northwesterly along the arc of a curve to the left, the radial line to the center point bears South 34°55'18" West, a radius of 100.00 feet, thru a central angle of 36°51'30", an arc length of 64.33 feet, whose chord bears North 73°30'31" West a length of 63.23 feet;
6. South 88°03'44" West, 649.38 feet;
7. North 45°13'14" East, 265.10 feet, to the south right-of-way line of US Highway 6 and 24 and the north line of said Parcel B;

Thence North 88°03'44" East, 2,158.48 feet, along said south right-of-way line and said north line;

Thence South 02°52'12" East, 171.36 feet, to a point of tangent curvature;

Thence southerly along the arc of a curve to the left, the radial line to the center point bears North 87°07'48" East a radius of 155.00 feet, thru a central angle of 31°56'00", an arc length of 86.39 feet, whose chord bears South 18°50'12" East a length of 85.27 feet, to a point of reverse curvature;

Thence southerly along the arc of a curve to the right, the radial line to the center point bears South 55°11'48" West a radius of 635.00 feet, thru a central angle of 31°56'00", an arc length of 353.91 feet, whose chord bears South 18°50'12" East a length of 349.35 feet;

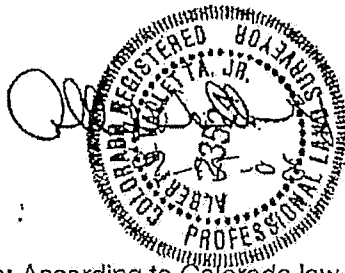
Thence South 02°52'12" East, 94.51 feet;

Thence South 19°39'00" East, 534.53 feet, to the south line of said Parcel B, Lehmann Parcels Amended Exemption Plat;

Thence South 81°56'19" West, 1,633.12 feet, along said south line to the **True Point of Beginning**.

Containing 2,153,975 square feet or 49.448 acres, more or less.

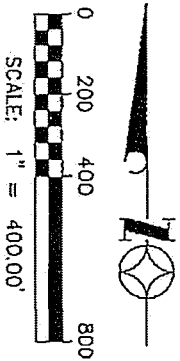
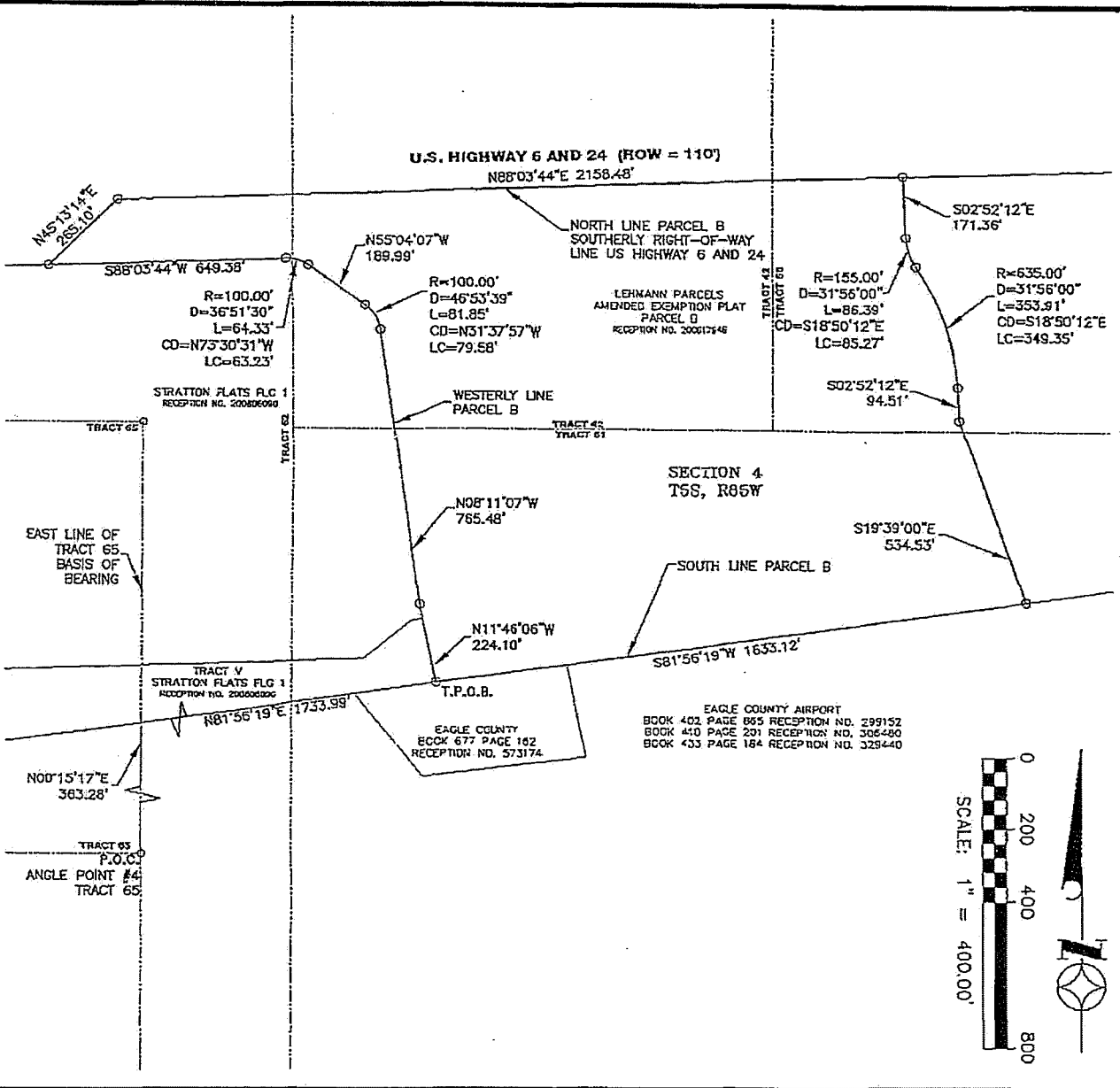
I hereby certify that the above legal description was prepared under my direct supervision.



WSSI Job No. : 9919-029.2
Date: July 15, 2008
For and on Behalf of
Western States Surveying, Inc
12753 S. Parker Road, Suite 205
Parker, CO 80134
(303) 841-7436
Albert V. Valletta, Jr., PLS 23524

Notice: According to Colorado law you must commence any legal actions based upon a defect in this survey within three years after you first discover such defect. In no event, may any action based upon any defect in this survey be commenced more than ten years from the date of certification shown hereon.

EXHIBIT



WESTERN STATES SURVEYING, Inc.
 12251 SOUTH PARKER ROAD, SUITE 205
 PARKER, CO 80138-3486 (303) 841-7436

NOTE: THIS DOES NOT REPRESENT A MONUMENTED SURVEY. IT IS INTENDED ONLY TO DEPICT THE ATTACHED DESCRIPTION.

KIMLEY HORN AND ASSOCIATES
 NEXT REALTY - GYPSUM

AREA OF PARCEL: 49,448 ACRES | 2,153,975 SF

CALC: AVY	DATE: 7/14/08
DRWN: CFS	
JOB NO. 9919-029.2	
DWG. NAME: WEST	SHEET 3 OF 3

S:\09919029\p02\Exhibit\West Parcel.dwg Jul 16, 2008 - 8:21am

EXHIBIT C

FORECASTED CAPITAL COSTS AND CASH FLOW ANALYSIS
FOR THE PROPOSED
TOWER CENTER METROPOLITAN DISTRICT

Stan Bernstein and Associates, Inc.

Financial Planners and Consultants

For Local Governments, Municipal Bond Underwriters, and Real Estate Developers

8400 East Prentice Ave., Penthouse

Greenwood Village, Colorado 80111

Telephone: 303-409-7611; Fax: 303-409-7612; Email: stanplan@earthlink.net

August 7, 2008

Mr. Richard Kabat, Principal, Next Realty Development, LLC

Ms. Sonya Prussner, Next Realty Development, LLC

Loyal Leavenworth, Esq.

Matt Dalton, Esq.

Sent Via Email

**RE: FINANCING PLAN FOR TOWER CENTER METROPOLITAN DISTRICT
– DRAFT 7**

Dear Richard, Sonya, Lee and Matt:

Attached is draft 7 of a Financial Plan for Tower Center Metropolitan District (the "District"). This Financial Plan is based upon the following concepts:

- Schedule 3, page 7 indicates that the Developer expects to front-end approximately \$12,889,500 of District infrastructure costs during 2008, 2009 and 2010. It is assumed that the Developer will take back Developer Capital Notes in the amount of \$12,889,500 in exchange for funding these infrastructure costs. The Developer Capital Notes are assumed to be partially repaid by approximately (i) \$4,699,263 of Shared Sales Tax Revenues generated from the Tower Center Project during years 2011 through 2015; and (ii) from the net proceeds in amount of \$3,264,000 of Limited Tax General Obligation Bonds assumed to be issued by the District in the amount of \$3,400,000 on December 1, 2012.
- This Financial Plan is based upon information with respect to land use, and buildout (completion of vertical commercial product) as presented on Schedule 1, page 5. The information presented on Schedule 1 is critical in terms of the District generating the tax base (assessed valuation) sufficient to support a \$3.4 million bond issue on December 1, 2012 and to generate the Shared Sales Tax Revenues.

One of the most important financial planning assumptions is the value per square foot to be used for determining "actual value." Actual value is the value that the Eagle County Assessor's Office will appraise the various commercial buildings at – including land, building improvements, and personal property. We have

contacted the Eagle County Assessor's Office and they have provided us with the "actual values" (including land and building improvements) for the following properties:

1. Gypsum Costco	\$125 per square foot
2. Avon Walmart	\$138 per square foot
3. Avon Home Depot	\$158 per square foot

The average "actual values" per square foot for the above three properties are approximately \$140 – adding an estimated 10% for personal property would result in a higher "actual value" per square foot of approximately \$154. Based upon the above values, for financial planning purposes, it would appear reasonable to use an average rate of \$150 per square foot for the proposed commercial buildings. Ultimately these "actual values" will be not be based upon construction costs, but by what the Eagle County Assessor refers to as the "net income approach" which is based upon net rental income or sales performance of each individual building. According to the Eagle County Assessor's Office there is currently an assessed value (assessed value by State Statute is calculated by multiplying the "actual value" by 29%) on all of this property of approximately \$9,040. As individual parcels (lots) are platted, and utilities and roads constructed, the Eagle County Assessor estimates that land will be valued for "actual value" purposes at approximately \$7.50 per square foot of land (not building foot print) – because this draft is based upon a full-buildout by the end of 2011 we have not attempted to identify any interim step-up in assessed valuation caused by the platting and improvements (utilities and road installation) of land only. Schedule 1, Row 40, projects total actual value of approximately \$49.1 million with a related assessed value of \$14.23 million – no inflation has been assumed.

- This Financial Plan is also based upon key assumptions with respect to the generation of Town of Gypsum (the "Town") sales that would be subject to the Town's current 3.0% municipal sales tax. It is our understanding that the Town has agreed to share 38% of the sales tax generated from the Tower Center Project with the District (this would be subject to a cap of \$7.5 million in sales tax sharing revenues or for a five-year period starting at what is called a "Sales Tax Sharing Commencement Date"). Based upon the land use and buildout assumptions contained in Schedule 1, and based upon our understanding of the Developer's expectations of sales generation per square foot for each commercial building, Schedule 2, page 6, row 21, projects taxable sales by year which includes a 3% annual inflation factor. We are assuming that each building is completed at the end of the year and, consequently, we do not assume any taxable sales generation until the year following building completion (this is probably a safe, but conservative, financial planning assumption). Row 25 projects the Town's 3% Sales Tax generation; row 27 factors these amounts by 38% which reflects the amount of Shared Sales Tax that could be available to the District. Row 29 presents what would appear to be the amounts that are reasonable to

assume for financial planning purposes assuming a Sales Tax Sharing Commencement Date of January 1, 2011.

- Exhibit I, page 1, presents the projected cash flow and related financial feasibility of issuing \$3.4 million of non-rated Limited Tax General Obligation Bonds on December 1, 2012.(the "Series 2012 Bonds"). This draft is based upon the District levying 25.0 mills; with 7.0 mills being used to fund administrative costs and 18.0 mills used to make annual debt service payments on the assumed Series 2012 Bonds. It is assumed that the Series 2012 Bonds will be amortized over a 30-year period with average interest rates of 6.5%. It is assumed that the net proceeds of the Series 2012 Bonds in the amount of \$3,264,000 will be used to repay Developer Infrastructure Capital Notes. It is important to understand that if future drafts of this Financial Plan reflect a slower rate of buildout of commercial space, assessed valuations and property tax revenues will be less than projected for this draft, and the timing and the amount of the first bond issue will also be less (and issued later) than shown.

Row 19 presents a rough estimate of the annual administrative costs (targeted at 7.0 mills) which will be funded from property tax revenues and from Developer Advances of approximately \$110,000 per year during years 2009, 2010, and 2011 are presented on row 14. Row 13 presents the Shared Sales Tax Revenues that are projected based upon information contained in Schedule 2 (these revenues will also be significantly less if buildout lags). Row 49 presents the total outstanding Series 2012 Bonds at the end of every year. Row 50 presents the debt to assessed valuation ratios (outstanding Series 2012 Bonds divided by the following years assessed valuation) which appear to be very favorable. This draft does not assume any operational or maintenance costs are funded by the Districts (HOA funding is assumed).

Disclaimer

This Financing Plan has been assembled by Stan Bernstein and Associates, Inc. based upon information and key assumptions provided by the Developer. Stan Bernstein and Associates, Inc. has not independently evaluated or reviewed these key assumptions and, consequently, does not vouch for the achievability of the information presented on Exhibit I and on Schedules 1 – 3; and disclaims any opinion on the assumptions or the projected results. Furthermore, because of the inherent nature of future events, which are subject to change and variation as events and circumstances change, the actual results may vary materially from the results presented on Exhibit I and on Schedules 1 - 3. For example, in the event that actual price points, rates of buildout, and sales tax generation differ from those assumed, the results projected on Exhibit I could vary materially, and the Developer Infrastructure Capital Note repayments might not be as much as projected.

Readers of this report should be aware that the actual amount of the limited tax general obligation bonds, and the amount of Developer Infrastructure Capital Notes, that could be supported (or repaid) by the District will depend on the rate of buildout and the related

August 7, 2008

Page 4 of 4

increases in assessed valuation, sales tax generation, interest rates, debt service coverage requirements, and the actual amounts needed to pay for the District's administrative and operating expenses.

Very truly yours,

Stan Bernstein, for the firm

Stan Bernstein and Associates, Inc.

EXHIBIT I
TOWER CENTER METROPOLITAN DISTRICT
CASH FLOW FORECASTS
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2042
UNIFLATED CURRENT 2008\$

WORKING DRAFT
SUBJECT TO REVISION
7-Aug-08
The Attached Narrative Summary
and Disclaimer are an Integral Part of This Financial Model

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
KEY ASSUMPTIONS											
ASSESSED VALUATION (SCH. 1)	9,040	9,040	9,040	9,040	12,405,800	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050
TOTAL DISTRICT MILL LEVY	0.00	0.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY USED FOR ADMINISTRATION	0.00	0.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
INCREMENTAL COMMERCIAL SQ. FT. ADDED (SCH. 1)	0	0	285,700	41,500	0	0	0	0	0	0	0
CUMULATIVE COMMERCIAL SQ. FT. (SCH. 1)	0	0	285,700	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200
CASH FLOW											
REVENUES											
PROPERTY TAXES	0	0	226	226	310,145	355,276	355,276	355,276	355,276	355,276	355,276
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	0	0	14	14	18,609	21,317	21,317	21,317	21,317	21,317	21,317
SALES TAX REVENUES (38% OF TOWN'S 3%) - ASSUME START IN 2010 FOR 5 YEAR PERIOD	0	0	0	788,367	934,810	962,854	991,740	1,021,492	0	0	0
DEVELOPER OPERATING CONTRIBUTION (ADVANCE)	0	100,000	110,000	110,000	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	0	0	0	7	5	6,665	6,701	6,806	6,832	6,937	6,971
TOTAL REVENUES	0	100,000	110,240	898,614	1,263,569	1,346,112	1,375,034	1,404,891	383,425	383,529	383,564
OPERATING EXPENDITURES											
ALLOWANCE FOR ADMINISTRATIVE (LEGAL, AUDIT, ACCOUNTING, INSURANCE, ETC.)	0	100,000	100,000	100,000	86,841	99,477	99,477	99,477	99,477	99,477	99,477
COUNTY TREASURER 3.0% COLLECTION FEE	0	0	7	7	9,304	10,658	10,658	10,658	10,658	10,658	10,658
CONTINGENCY	0	0	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
TOTAL OPERATING EXPENDITURES	0	100,000	110,007	110,307	106,754	121,063	121,391	121,728	122,076	122,434	122,803
FUNDS AVAILABLE FOR DEBT SERVICE	0	0	233	788,307	1,156,815	1,225,050	1,253,643	1,283,163	261,349	261,095	260,760
LTD G.O. BONDS DEBT SERVICE											
SERIES 12/1/2012 @ 6.5%											
INTEREST @ 6.5%	0	0	0	0	0	221,000	218,400	215,800	212,875	209,950	206,700
PRINCIPAL REDUCTION	0	0	0	0	0	40,000	40,000	45,000	45,000	50,000	55,000
TOTAL DEBT SERVICE	0	0	0	0	0	261,000	258,400	260,800	257,875	259,950	261,700
LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	3,400,000	3,360,000	3,320,000	3,275,000	3,230,000	3,180,000	3,125,000
LTD G.O. BOND PROCEEDS	0	0	0	0	3,400,000	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	(136,000)	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE CAPITAL ADVANCES (SC	0	0	0	(788,367)	(4,198,810)	(962,854)	(991,740)	(1,021,492)	0	0	0
DEVELOPER INFRASTRUCTURE CAPITAL ADVANCES - SCHEDULE 3	750,000	6,668,000	4,721,500	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS - SCHEDULE 3	(750,000)	(6,668,000)	(4,721,500)	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES AND DEBT SERVICE	0	0	233	(60)	222,005	1,195	3,503	871	3,474	1,145	(940)
BEGINNING FUND BALANCE - JANUARY 1	0	0	0	233	173	222,177	223,373	226,876	227,747	231,221	232,366
ENDING FUND BALANCE - DECEMBER 31	0	0	233	173	222,177	223,373	226,876	227,747	231,221	232,366	231,426
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	0	0	0	0	3,400,000	3,360,000	3,320,000	3,275,000	3,230,000	3,180,000	3,125,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	0.00%	0.00%	0.00%	0.00%	23.93%	23.64%	23.36%	23.05%	22.73%	22.38%	21.99%

EXHIBIT I
TOWER CENTER METROPOLITAN DISTRICT
CASH FLOW FORECASTS
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2042
UNINFLATED CURRENT 2008\$

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
KEY ASSUMPTIONS											
ASSESSED VALUATION (SCH. 1)	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY USED FOR ADMINISTRATION	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
INCREMENTAL COMMERCIAL SQ. FT. ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE COMMERCIAL SQ. FT. (SCH. 1)	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200
CASH FLOW											
REVENUES											
PROPERTY TAXES	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317
SALES TAX REVENUES (38% OF TOWN'S 3%) - ASSUME START IN 2010 FOR 5 YEAR PERIOD	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION (ADVANCE)	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	6,943	7,010	7,024	6,994	6,927	6,822	6,860	6,746	6,644	6,565	6,518
TOTAL REVENUES	383,536	383,602	383,617	383,586	383,519	383,415	383,453	383,339	383,237	383,158	383,111
OPERATING EXPENDITURES											
ALLOWANCE FOR ADMINISTRATIVE (LEGAL, AUDIT, ACCOUNTING, INSURANCE, ETC.)	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477
COUNTY TREASURER 3.0% COLLECTION FEE	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658
CONTINGENCY	13,048	13,439	13,842	14,258	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL OPERATING EXPENDITURES	123,183	123,575	123,978	124,393	125,136	125,136	125,136	125,136	125,136	125,136	125,136
FUNDS AVAILABLE FOR DEBT SERVICE	260,352	260,028	259,639	259,193	258,384	258,279	258,317	258,203	258,101	258,022	257,975
LTD G.O. BONDS DEBT SERVICE											
SERIES 12/1/2012 @ 6.5%											
INTEREST @ 6.5%	203,125	199,550	195,650	191,425	186,875	182,000	177,125	171,600	165,750	159,575	153,075
PRINCIPAL REDUCTION	55,000	60,000	65,000	70,000	75,000	75,000	85,000	90,000	95,000	100,000	105,000
TOTAL DEBT SERVICE	258,125	259,550	260,650	261,425	261,875	257,000	262,125	261,600	260,750	259,575	258,075
LTD. G.O. BONDS OUTSTANDING @ 12/31	3,070,000	3,010,000	2,945,000	2,875,000	2,800,000	2,725,000	2,640,000	2,550,000	2,465,000	2,355,000	2,250,000
LTD G.O. BOND PROCEEDS	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE CAPITAL ADVANCES (SCH. 3)	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CAPITAL ADVANCES - SCHEDULE 3	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS - SCHEDULE 3	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES AND DEBT SERVICE	2,227	478	(1,011)	(2,232)	(3,491)	1,279	(3,808)	(3,397)	(2,649)	(1,553)	(100)
BEGINNING FUND BALANCE - JANUARY 1	231,426	233,654	234,131	233,120	230,888	227,397	228,676	224,869	221,472	218,823	217,270
ENDING FUND BALANCE - DECEMBER 31	233,654	234,131	233,120	230,888	227,397	228,676	224,869	221,472	218,823	217,270	217,170
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	3,070,000	3,010,000	2,945,000	2,875,000	2,800,000	2,725,000	2,640,000	2,550,000	2,465,000	2,355,000	2,250,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	21.60%	21.18%	20.72%	20.23%	19.70%	19.18%	18.58%	17.94%	17.28%	16.57%	15.83%

EXHIBIT I
TOWER CENTER METROPOLITAN DISTRICT
CASH FLOW FORECASTS
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2042
UNINFLATED CURRENT 2008\$

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
KEY ASSUMPTIONS											
ASSESSED VALUATION (SCH. 1)	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050
TOTAL DISTRICT MILL LEVY	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
ASSUMED MILL LEVY USED FOR ADMINISTRATION	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
INCREMENTAL COMMERCIAL SQ. FT. ADDED (SCH. 1)	0	0	0	0	0	0	0	0	0	0	0
CUMULATIVE COMMERCIAL SQ. FT. (SCH. 1)	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200	327,200
CASH FLOW											
REVENUES											
PROPERTY TAXES	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276	355,276
SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317	21,317
SALES TAX REVENUES (38% OF TOWN'S 3%) - ASSUME START IN 2010 FOR 5 YEAR PERIOD	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER OPERATING CONTRIBUTION (ADVANCE)	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	6,515	6,417	6,390	6,296	6,003	5,984	5,947	5,911	5,895	5,771	5,713
TOTAL REVENUES	383,108	383,010	382,983	382,889	382,596	382,576	382,539	382,503	382,488	382,364	382,306
OPERATING EXPENDITURES											
ALLOWANCE FOR ADMINISTRATIVE (LEGAL, AUDIT, ACCOUNTING, INSURANCE, ETC.)	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477	99,477
COUNTY TREASURER 3.0% COLLECTION FEE	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658	10,658
CONTINGENCY	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL OPERATING EXPENDITURES	125,136	125,136	125,136	125,136	125,136	125,136	125,136	125,136	125,136	125,136	125,136
FUNDS AVAILABLE FOR DEBT SERVICE	257,972	257,874	257,847	257,753	257,460	257,441	257,404	257,368	257,353	257,228	257,171
LTD G.O. BONDS DEBT SERVICE											
SERIES 12/1/2012 @ 6.5%											
INTEREST @ 6.5%	146,250	138,775	130,975	122,525	113,100	103,675	93,600	82,875	71,500	59,150	46,150
PRINCIPAL REDUCTION	115,000	120,000	130,000	145,000	145,000	155,000	165,000	175,000	190,000	200,000	215,000
TOTAL DEBT SERVICE	261,250	258,775	260,975	267,525	258,100	258,675	258,600	257,875	261,500	259,150	261,150
LTD. G.O. BONDS OUTSTANDING @ 12/31	2,135,000	2,015,000	1,885,000	1,740,000	1,595,000	1,440,000	1,275,000	1,100,000	910,000	710,000	495,000
LTD G.O. BOND PROCEEDS	0	0	0	0	0	0	0	0	0	0	0
COSTS OF BOND ISSUANCE @ 4%	0	0	0	0	0	0	0	0	0	0	0
TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE CAPITAL ADVANCES (SC	0	0	0	0	0	0	0	0	0	0	0
DEVELOPER INFRASTRUCTURE CAPITAL ADVANCES - SCHEDULE 3	0	0	0	0	0	0	0	0	0	0	0
TOTAL INFRASTRUCTURE COSTS - SCHEDULE 3	0	0	0	0	0	0	0	0	0	0	0
EXCESS REVENUES & BONDS OVER EXPENDITURES AND DEBT SERVICE	(3,278)	(901)	(3,128)	(9,772)	(640)	(1,234)	(1,196)	(507)	(4,147)	(1,922)	(3,979)
BEGINNING FUND BALANCE - JANUARY 1	217,170	213,893	212,992	209,864	200,092	199,452	198,217	197,021	196,514	192,366	190,445
ENDING FUND BALANCE - DECEMBER 31	213,893	212,992	209,864	200,092	199,452	198,217	197,021	196,514	192,366	190,445	186,465
TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	2,135,000	2,015,000	1,885,000	1,740,000	1,595,000	1,440,000	1,275,000	1,100,000	910,000	710,000	495,000
% OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	15.02%	14.18%	13.26%	12.24%	11.22%	10.13%	8.97%	7.74%	6.40%	5.00%	3.48%

EXHIBIT I
TOWER CENTER METROPOLITAN DISTRICT
CASH FLOW FORECASTS
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2042
UNINFLATED CURRENT 2008\$

	2041	2042	TOTALS
<u>KEY ASSUMPTIONS</u>			
1 ASSESSED VALUATION (SCH. 1)	14,211,050	14,211,050	
2 TOTAL DISTRICT MILL LEVY	25.00	25.00	
3 ASSUMED MILL LEVY USED FOR ADMINISTRATION	7.00	7.00	
4 INCREMENTAL COMMERCIAL SQ. FT. ADDED (SCH. 1)	0	0	327,200
5 CUMULATIVE COMMERCIAL SQ. FT. (SCH. 1)	327,200	327,200	327,200
6			
7			
8 <u>CASH FLOW</u>			
9			
10 <u>REVENUES</u>	2041	2042	TOTALS
11 PROPERTY TAXES	355,276	355,276	10,968,885
12 SPECIFIC OWNERSHIP TAXES @ 6% OF PROPERTY TAXES	21,317	21,317	658,133
13 SALES TAX REVENUES (38% OF TOWN'S 3%) - ASSUME START IN 2010 FOR 5 YEAR PERIOD	0	0	4,699,263
14 DEVELOPER OPERATING CONTRIBUTION (ADVANCE)	0	0	320,000
15 INTEREST EARNINGS @ 3% OF BEGINNING FUNDS	5,594	5,440	193,852
16 TOTAL REVENUES	382,187	382,033	16,840,132
17			
18 <u>OPERATING EXPENDITURES</u>			
19 ALLOWANCE FOR ADMINISTRATIVE (LEGAL, AUDIT, ACCOUNTING, INSURANCE, ETC.)	99,477	99,477	3,371,161
20 COUNTY TREASURER 3.0% COLLECTION FEE	10,658	10,658	329,067
21 CONTINGENCY	15,000	15,000	456,178
22 TOTAL OPERATING EXPENDITURES	125,136	125,136	4,156,406
23			
24 FUNDS AVAILABLE FOR DEBT SERVICE	257,051	256,897	12,683,727
25			
26 LTD G.O. BONDS DEBT SERVICE			
27 SERIES 12/1/2012 @ 6.5%			
28 INTEREST @ 6.5%	32,175	17,225	4,428,450
29 PRINCIPAL REDUCTION	230,000	265,000	3,400,000
30 TOTAL DEBT SERVICE	262,175	282,225	7,828,450
31 LTD. G.O. BONDS OUTSTANDING @ 12/31	265,000	0	0
32			
33 LTD G.O. BOND PROCEEDS	0	0	3,400,000
34			
35 COSTS OF BOND ISSUANCE @ 4%	0	0	(136,000)
36			
37 TOTAL REIMBURSEMENT TO DEVELOPER FOR INFRASTRUCTURE CAPITAL ADVANCES (SC	0	0	(7,963,263)
38			
39 DEVELOPER INFRASTRUCTURE CAPITAL ADVANCES - SCHEDULE 3	0	0	12,139,500
40			
41 TOTAL INFRASTRUCTURE COSTS - SCHEDULE 3	0	0	(12,139,500)
42			
43 EXCESS REVENUES & BONDS OVER EXPENDITURES AND DEBT SERVICE	(5,124)	(25,328)	156,014
44			
45 BEGINNING FUND BALANCE - JANUARY 1	186,465	181,341	0
46			
47 ENDING FUND BALANCE - DECEMBER 31	181,341	156,014	156,014
48			
49 TOTAL LTD. G.O. BONDS OUTSTANDING @ 12/31	265,000	0	0
50 % OF OUTSTANDING LTD. G.O. BONDS/ASSESSED VALUATION	1.86%	0.00%	

SCHEDULE 1
TOWER CENTER METROPOLITAN DISTRICT
PROJECTED ASSESSED VALUATION - BUILDOUT
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2014

WORKING DRAFT
SUBJECT TO REVISION
7-Aug-08
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Source: Developer	Planned Number of Sq. Ft. Building	Average Actual Value Per Sq. Ft. (*)	Total Sq. Ft. Value	2008	2009	2010	2011	2012	2013	2014	TOTAL
BUILDOUT - COMMERCIAL											
ANCHOR 1	59,000	150	8,850,000	0	0	59,000	0	0	0	0	59,000
ANCHOR 2	139,000	150	20,850,000	0	0	139,000	0	0	0	0	139,000
JR ANCHOR A	30,000	150	4,500,000	0	0	30,000	0	0	0	0	30,000
JR ANCHOR B	25,000	150	3,750,000	0	0	25,000	0	0	0	0	25,000
JR ANCHOR C	25,000	150	3,750,000	0	0	0	25,000	0	0	0	25,000
OUT PARCEL A	4,000	150	600,000	0	0	4,000	0	0	0	0	4,000
OUT PARCEL B	3,000	150	450,000	0	0	3,000	0	0	0	0	3,000
OUT PARCEL C	1,200	150	180,000	0	0	1,200	0	0	0	0	1,200
OUT PARCEL D	24,000	150	3,600,000	0	0	12,000	12,000	0	0	0	24,000
OUT PARCEL E	3,500	150	525,000	0	0	0	3,500	0	0	0	3,500
OUT PARCEL F	6,500	150	975,000	0	0	6,500	0	0	0	0	6,500
OUT PARCEL G	1,000	150	150,000	0	0	0	1,000	0	0	0	1,000
OUT PARCEL H	1,500	150	225,000	0	0	1,500	0	0	0	0	1,500
OUT PARCEL J	4,500	150	675,000	0	0	4,500	0	0	0	0	4,500
Total Commercial - Incr.	327,200	150	49,080,000	0	0	285,700	41,500	0	0	0	327,200
Total Commercial - Cumulat.	327,200			0	0	285,700	327,200	327,200	327,200	327,200	327,200
(*) Includes Land, and Personal Property			49,080,000								
Actual Values:											
ANCHOR 1				0	0	8,850,000	0	0	0	0	8,850,000
ANCHOR 2				0	0	20,850,000	0	0	0	0	20,850,000
JR ANCHOR A				0	0	4,500,000	0	0	0	0	4,500,000
JR ANCHOR B				0	0	3,750,000	0	0	0	0	3,750,000
JR ANCHOR C				0	0	0	3,750,000	0	0	0	3,750,000
OUT PARCEL A				0	0	600,000	0	0	0	0	600,000
OUT PARCEL B				0	0	450,000	0	0	0	0	450,000
OUT PARCEL C				0	0	180,000	0	0	0	0	180,000
OUT PARCEL D				0	0	1,800,000	1,800,000	0	0	0	3,600,000
OUT PARCEL E				0	0	0	525,000	0	0	0	525,000
OUT PARCEL F				0	0	975,000	0	0	0	0	975,000
OUT PARCEL G				0	0	0	150,000	0	0	0	150,000
OUT PARCEL H				0	0	225,000	0	0	0	0	225,000
OUT PARCEL J				0	0	675,000	0	0	0	0	675,000
Total Actual Values - Incremental				0	0	42,855,000	6,225,000	0	0	0	49,080,000
Total Actual Values - Cumulative				0	0	42,855,000	49,080,000	49,080,000	49,080,000	49,080,000	49,080,000
Assessed Values (Commercial @ 29%):											
ANCHOR 1				0	0	2,566,500	0	0	0	0	2,566,500
ANCHOR 2				0	0	6,046,500	0	0	0	0	6,046,500
JR ANCHOR A				0	0	1,305,000	0	0	0	0	1,305,000
JR ANCHOR B				0	0	1,087,500	0	0	0	0	1,087,500
JR ANCHOR C				0	0	0	1,087,500	0	0	0	1,087,500
OUT PARCEL A				0	0	174,000	0	0	0	0	174,000
OUT PARCEL B				0	0	130,500	0	0	0	0	130,500
OUT PARCEL C				0	0	52,200	0	0	0	0	52,200
OUT PARCEL D				0	0	522,000	522,000	0	0	0	1,044,000
OUT PARCEL E				0	0	0	152,250	0	0	0	152,250
OUT PARCEL F				0	0	282,750	0	0	0	0	282,750
OUT PARCEL G				0	0	0	43,500	0	0	0	43,500
OUT PARCEL H				0	0	65,250	0	0	0	0	65,250
OUT PARCEL J				0	0	195,750	0	0	0	0	195,750
Total Assessed Value				0	0	12,427,950	1,805,250	0	0	0	14,233,200
Total Assessed Valuation Vacant Land (Actual Value per Assessor \$31,190)				9,040	0	(31,190)	0	0	0	0	(22,150)
Total Assessed Valuation - Incremental				9,040	0	12,396,760	1,805,250	0	0	0	14,211,050
Total Assessed Valuation - Cumulative				9,040	9,040	12,405,800	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050
Total Assessed Values - Cum. 0% Biennial Inflationary Increases				9,040	9,040	12,405,800	14,211,050	14,211,050	14,211,050	14,211,050	14,211,050
Year Assessed Valuation Certified To TCMD				2009	2010	2011	2012	2013	2014	2015	
Year Taxes Received By TCMD				2010	2011	2012	2013	2014	2015	2016	

SCHEDULE 2
TOWER CENTER METROPOLITAN DISTRICT
PROJECTED TAXABLE SALES AND SALES TAX REVENUE
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2015

WORKING DRAFT
SUBJECT TO REVISION
7-Aug-08
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Description of Unit	Planned Number of Sq. Ft. Building	Sales Per Sq. Ft.	Total Annual Sales Revenue	2008	2009	2010	2011	2012	2013	2014	2015	TOTAL
Commercial												
ANCHOR 1	59,000	350	20,650,000	0	0	0	20,650,000	20,650,000	20,650,000	20,650,000	20,650,000	103,250,000
ANCHOR 2	139,000	170	23,630,000	0	0	0	23,630,000	23,630,000	23,630,000	23,630,000	23,630,000	118,150,000
JR ANCHOR A	30,000	250	7,500,000	0	0	0	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000	37,500,000
JR ANCHOR B	25,000	250	6,250,000	0	0	0	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	31,250,000
JR ANCHOR C	25,000	250	6,250,000	0	0	0	6,250,000	6,250,000	6,250,000	6,250,000	6,250,000	25,000,000
OUT PARCEL A	4,000	500	2,000,000	0	0	0	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
OUT PARCEL B	3,000	0	0	0	0	0	0	0	0	0	0	0
OUT PARCEL C	1,200	500	600,000	0	0	0	600,000	600,000	600,000	600,000	600,000	3,000,000
OUT PARCEL D	24,000	250	6,000,000	0	0	0	3,000,000	6,000,000	6,000,000	6,000,000	6,000,000	27,000,000
OUT PARCEL E	3,500	345	1,207,500	0	0	0	0	1,207,500	1,207,500	1,207,500	1,207,500	4,830,000
OUT PARCEL F	6,500	462	3,000,000	0	0	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
OUT PARCEL G	1,000	0	0	0	0	0	0	0	0	0	0	0
OUT PARCEL H	1,500	333	500,000	0	0	0	500,000	500,000	500,000	500,000	500,000	2,500,000
OUT PARCEL J	4,500	450	2,025,000	0	0	0	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	10,125,000
TOTALS	327,200	243	79,612,500	0	0	0	69,155,000	79,612,500	79,612,500	79,612,500	79,612,500	387,605,000
TOTAL TAXABLE SALES INFLATED AT 3% ANNUALLY				0	0	0	69,155,000	82,000,875	84,460,901	86,994,728	89,604,570	412,216,075
PROJECTED SALES TAX REVENUES												
3% TOWN OF GYPSUM SALES TAX				0	0	0	2,074,650	2,460,026	2,533,827	2,609,842	2,688,137	12,366,482
38% OF TOWN SALES TAX POTENTIALLY RETAINED BY DISTRICT				0	0	0	788,367	934,810	962,854	991,740	1,021,492	4,699,263
ASSUMED 5 YR SALES TAX COLLECTED BY DISTRICT (5-YEARS MAX)				0	0	0	788,367	934,810	962,854	991,740	1,021,492	4,699,263
CUMULATIVE SALES TAX RETAINED BY DISTRICT				0	0	0	788,367	1,723,177	2,686,031	3,677,771	4,699,263	4,699,263

SCHEDULE 3
TOWER CENTER METROPOLITAN DISTRICT
CAPITAL EXPENDITURES FUNDING AND REPAYMENT OF DEVELOPER CAPITAL ADVANCES
FOR THE YEARS ENDING DECEMBER 31, 2008 THROUGH 2015

WORKING DRAFT
SUBJECT TO REVISION
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	Totals	2008	2009	2010	2011	2012	2013	2014	2015	TOTALS
1 CAPTIAL EXPENDITURES										
2										
3 Shared Infrastructure										
4 Contract with Meritage/AUI for \$705,000 plus contingency of \$45K	750,000	750,000	0	0	0	0	0	0	0	750,000
5 Total Shared Infrastructure	750,000	750,000	0	0	0	0	0	0	0	750,000
6										
7 Onsite										
8 Mobilization / General Conditions	150,000	0	150,000	0	0	0	0	0	0	150,000
9 Survey & stakeout	25,000	0	25,000	0	0	0	0	0	0	25,000
10 Testing / inspections	50,000	0	50,000	0	0	0	0	0	0	50,000
11 Bond	60,000	0	60,000	0	0	0	0	0	0	60,000
12 Erosion Control	80,000	0	80,000	0	0	0	0	0	0	80,000
13 Dust Control Water	90,000	0	90,000	0	0	0	0	0	0	90,000
14 Strip Topsoil to stockpile on east parcel	75,000	0	75,000	0	0	0	0	0	0	75,000
15 Mass Grading - cut to fill	200,000	0	200,000	0	0	0	0	0	0	200,000
16 Stockpile Excess Cut	50,000	0	50,000	0	0	0	0	0	0	50,000
17 Overexcavate & Recompact fill material	600,000	0	600,000	0	0	0	0	0	0	600,000
18 Storm Sewer Piping System	510,000	0	510,000	0	0	0	0	0	0	510,000
19 Storm Water Ponds	50,000	0	50,000	0	0	0	0	0	0	50,000
20 Sanitary Sewer	140,000	0	140,000	0	0	0	0	0	0	140,000
21 Water	390,000	0	390,000	0	0	0	0	0	0	390,000
22 Electric Conduit - by GC	60,000	0	60,000	0	0	0	0	0	0	60,000
23 Electric Material - by Holy Cross	200,000	0	200,000	0	0	0	0	0	0	200,000
24 Telephone Conduit - by GC	60,000	0	60,000	0	0	0	0	0	0	60,000
25 Telephone Material - by tele co	75,000	0	75,000	0	0	0	0	0	0	75,000
26 Natural Gas - by Source Gas	200,000	0	200,000	0	0	0	0	0	0	200,000
27 Site Lighting	500,000	0	50,000	450,000	0	0	0	0	0	500,000
28 Asphalt Paving	4,000,000	0	2,000,000	2,000,000	0	0	0	0	0	4,000,000
29 Curb & Gutter	600,000	0	600,000	0	0	0	0	0	0	600,000
30 Concrete Sidewalks	16,500	0	0	16,500	0	0	0	0	0	16,500
31 Striping	30,000	0	0	30,000	0	0	0	0	0	30,000
32 Signage	15,000	0	0	15,000	0	0	0	0	0	15,000
33 Landscape Irrigation system	575,000	0	375,000	200,000	0	0	0	0	0	575,000
34 Landscaping materials	650,000	0	0	650,000	0	0	0	0	0	650,000
35 Bollards	10,000	0	0	10,000	0	0	0	0	0	10,000
36 Pylon Sign - by sign contractor	200,000	0	0	200,000	0	0	0	0	0	200,000
37 Total Onsite	9,661,500	0	5,090,000	3,571,500	0	0	0	0	0	9,661,500
38										
39 Offsite										
40 Grading, base, and pavement for new lane	200,000	0	200,000	0	0	0	0	0	0	200,000
41 Mill and overlay existing lanes	275,000	0	275,000	0	0	0	0	0	0	275,000
42 Traffic Control	30,000	0	30,000	0	0	0	0	0	0	30,000
43 Striping	13,000	0	13,000	0	0	0	0	0	0	13,000
44 Signage	10,000	0	10,000	0	0	0	0	0	0	10,000
45 10' asphalt sidewalk along frontage	50,000	0	50,000	0	0	0	0	0	0	50,000
46 Signal at west driveway	350,000	0	0	200,000	0	0	0	0	0	200,000
47 Signal at east driveway	350,000	0	0	200,000	0	0	0	0	0	200,000
48 Roundabout at I-70 Interchange	1,200,000	0	0	750,000	0	0	0	0	0	750,000
49 Total Offsite	2,478,000	0	578,000	1,150,000	0	0	0	0	0	1,728,000
50										
51 TOTAL CAPITAL EXPENDITURES	12,889,500	750,000	5,668,000	4,721,500	0	0	0	0	0	12,139,500
52										
53 Total Capital Expenditures Funded from Developer (Developer Capital Advances)	12,889,500	750,000	5,668,000	4,721,500	0	0	0	0	0	12,139,500
54										
55 Reimbursement to Developer for Developer Capital Advances from Sales Tax Revenues	(4,699,263)	0	0	0	(788,367)	(934,810)	(962,854)	(991,740)	(1,021,492)	(4,699,263)
56										
57 Reimbursement to Developer for Developer Capital Advances from Property Tax Revenues	0	0	0	0	0	0	0	0	0	0
58										
59 Reimbursement to Developer for Developer Capital Advances from Bond Proceeds	(3,264,000)	0	0	0	0	(3,264,000)	0	0	0	(3,264,000)
60										
61 Total Developer Capital Advances Outstanding - End of Year	4,926,237	750,000	7,418,000	12,139,500	11,351,133	7,152,323	6,189,469	5,197,729	4,176,237	4,176,237