

EXHIBIT C  
ADDENDUM TO PURCHASE AND SALE AGREEMENT

1. Request for New Overall Development Plan. In its June 29, 2007 response to the City's Request for Proposals, which development proposal is attached to the Purchase and Sale Agreement as Exhibit H, Buyer proposed the inclusion of additional property to the north of the Vandaveer Property between Highway 50 and the Arkansas River and to the west of the Property, with the latter acreage and a portion of the Vandaveer Property proposed for a golf course. Buyer and Seller acknowledge and agree that Buyer's may seek an amendment to the Overall Development Plan ("ODP") approved for the Property with entitlements approximated in Buyer's June 29, 2007 development proposal if the proposed golf course is approved. As part of this process, Buyer and Seller shall develop and execute an Annexation and Development Agreement ("ADA") that will address, inter alia, items set forth in Paragraphs 2 through 12 below. Buyer agrees and acknowledges that the Purchase and Sale Agreement and this Addendum thereto do not guarantee that its June 29, 2007 development proposal will be approved by the City. In the event that Buyer determines not to pursue a new ODP or the request for a new ODP is denied by the City, Buyer and Seller agree to negotiate and execute, prior to approval of the first final plat for the Property, a supplemental development agreement ("DA") that addresses many of the issues set forth in Paragraphs 2 through 13 below.

2. Development Fees. As partial consideration for Buyer's purchase of the Property and a voluntary act by Buyer, Buyer agrees to pay an additional \$2.75 million net present value Development Fee based upon an interest rate of 5.25% and to be applied equally to all market rate residential units and lots in the project. The initial amount of the Development Fee shall be \$4,150.00 per unit or lot and shall be subject to an automatic annual escalator of three percent (3%). The Development Fee funds shall be collected through a fee imposed by voluntary covenant of Buyer, directed through a Title 32 Metropolitan District created for the project or homeowners association encompassing the Property, and recorded at closing in the form attached to the Purchase and Sale Agreement as Exhibit F, and paid to the City of Salida one half at time of lot sale and one half at the time of building permit issuance. In the event of the sale of a multi-family, residential lot, one full Development Fee shall be paid at the time of lot sale and the balance at building permit when the total number of units can be determined. Upon full receipt of the \$2.75 million net present value, the Development Fee shall terminate. For this purpose, the net present value received and remaining to be paid shall be calculated monthly and reviewed annually. No such fees shall be applied to commercial property, nor shall they apply to any market restricted housing units. Payment of this Development Fee is specifically contingent upon the parties agreeing to the ADA or DA as defined above. Calculation of the \$2.75 million net present value will begin upon approval of said ADA or DA.

3. Special District. Subject to approval of a service plan pursuant to C.R.S. Section 32-1-101, *et seq.*, the City agrees to cooperate in the formation of a Title 32 Metropolitan District ("MD") to fund infrastructure, trails and the golf course. Buyer shall cooperate with Seller to produce a service plan including a financial plan to be approved by Salida that anticipates a

maximum mill levy of thirty (30) mills over thirty (30) years. Limitations to funding this MD shall be governed by Colorado law. Neighborhood infrastructure may be included in addition to backbone infrastructure within the maximums set above for mills and duration.

4. Affordable Housing. Seller and Buyer are committed to providing a variety of housing types in the project encompassing the Vandaveer Property and any additional property identified in Buyer's June 29, 2007 development proposal, including market restricted units. It is the goal of the parties that the project will provide one hundred (100) market restricted units. This goal shall be explored as part of the ADA for the Property. At a minimum, the project will include market restricted units in the amount of ten percent (10%) of the residential units or sixty-four (64) units, whichever is greater. The lots to include these units will be available to the City, an affordable development company or their assigns at the developer's costs plus 10% profit for the purpose of constructing market restricted housing units.

- a. The units shall be designed to integrate into each phase of the development (with the exception of the higher priced residential neighborhood adjacent to and south of the golf course) and will be required to meet any design guidelines for that phase. Subject to City approval of Buyer's development proposal, which approval shall not be unreasonably withheld, Buyer shall retain a right of first refusal on the development of market restricted affordable housing lots. If Buyer does not take on the role of developing affordable housing, then Buyer's involvement beyond the initial land transaction will be limited to design review only.
- b. The affordable units shall be a mix of income restricted, multi-family rental units and detached, deed restricted for-sale units and will be spread throughout the phases of the development, exclusive of the golf course neighborhood.
- c. Seller reserves a five (5) year period from the time of acceptance of public improvements for each phase of the Property during which Seller or its assigns has an option to purchase the lots under the terms set forth herein for the purpose of constructing affordable units. Buyer and Seller agree to work together to find acceptable affordable housing developers for each phase. Any lots that are not purchased within five (5) years shall revert to Buyer, unrestricted.
- d. The price for the lots will be based on infrastructure costs per unit similar to those expressed in Table IX-1 of the THK Mixed Use Market Analysis for Vandaveer Ranch dated August 27, 2007 and updated to reflect market conditions at the time of construction. Seller and Buyer will work together through the ADA to determine reasonable prices for these lots in each phase of the project. Seller and Buyer also agree to negotiate a maximum price mechanism as part of the ADA.

- e. The ADA shall also contain additional detail regarding the income targets and unit types for the affordable housing units and other aspects of an affordable housing agreement between the parties.
5. Trails.
- a. The trail along the South Arkansas River proposed in Buyer's June 29, 2007 response to the City's Request for Proposals shall be constructed by Buyer on land dedicated to the City if Buyer is successful in purchasing the additional properties required for this trail and Buyer and Seller agree to a revised ODP . The parties agree that the terminus of such trail is County Road 107. As part of the ADA negotiations, Buyer and Seller shall negotiate whether Buyer's responsibility commences at the Arkansas River or U.S. Highway 50. Seller understands that at this time Buyer does not control all of the lands necessary to complete this trail. In the event that easements to construct the trail on the north side of the South Arkansas River from Highway 50 to the Arkansas River crossing cannot be secured, the trail may be constructed along the south side of the river. The determination of trail surface and the timing of construction will be determined through negotiation of the ADA.
  - b. Buyer and Seller agree to fund the trail along the South Arkansas River, one river crossing, and any improvements to an existing underpass under Highway 50 through the Title 32 Metropolitan District to be created for the Property; provided, however, that such improvements shall be the sole responsibility of Buyer and shall be constructed as part of the public improvements for the Property. As the land west of the underpass is privately held, Buyer shall work with the landowner to obtain easements and/or dedications to allow for this trail. Buyer further agrees to cooperate with the City and existing local organizations to obtain the required approvals and easements to construct an overpass above the Arkansas River leading to one of the two routes to downtown Salida. Upon approval, the City agrees to construct the overpass and trail system connecting the Property to downtown Salida, subject to financial appropriations by the City in the future and any required approvals. The timing of both Seller and Buyer's responsibilities will be specified in the ADA.
  - c. In the event Buyer proceeds with development of the Property pursuant to the current ODP, Buyer or the MD shall construct all trails shown on Exhibit C to the ODP attached as Exhibit D to this PSA.
  - d. Seller reserves the right to locate a trail easement within the Property and/or within other property purchased by the Buyer along and over the South Arkansas River for the purpose of constructing a second river crossing at City or third party expense, which easement will connect to trails within the Property. The location shall be generally defined prior to the Resolution Deadline and reserved on the deed to Buyer.

6. Confluence Park. Buyer is currently in negotiations for the purchase of the land that has been identified the June 29, 2007 development proposal for the site of Confluence Park and solar village. Land for Confluence Park shall be dedicated to the City for development by the City as a public park in coordination with Buyer. Subject to the negotiations contemplated in Paragraph 5 herein, the City shall be responsible for all hard and soft development costs along the South Arkansas River within the Confluence Park. Programming of the park and timing of improvements will be the responsibility of the City in coordination with Buyer.

7. Golf Course. Buyer and Seller agree to the inclusion of a public golf course in the new ODP for the Property, subject to final approval of a new ODP by the City Council. The course will be owned and constructed by Buyer or the MD and managed by an entity selected by Buyer. The course will be open and available to the public.

8. Failure to Obtain Control of Additional Lands. Buyer acknowledges and agrees that if efforts to obtain the Confluence Park and golf course properties as identified in the June 29, 2007 development proposal are unsuccessful, Buyer shall still be required to meet open space and parkland requirements established in the Salida Land Use Code. Seller acknowledges that the current ODP provides sufficient open space and parkland dedication for the Property pursuant to the Code.

9. Economic Development Incentives. Buyer and Seller agree to include a provision in the ADA that the City in its sole discretion shall consider sales tax rebates and other economic development incentives on a case by case basis for individual retailers and all employers. Additionally, Seller agrees to explore the creation of an Urban Renewal District if legally feasible.

10. Real Estate Transfer Assessment. At closing, Buyer voluntarily offers for the financial benefit of the City and the property being purchased to impose a real estate transfer assessment (“RETA”) by covenant in the form attached to the PSA and incorporated herein as Exhibit E. Subject to annual appropriation by the City, this money will be used by the City to fund improvements to parks, trails, open space, recreation and affordable housing. Priority will be assigned to projects within the Vandaveer Property; however, use of the funds shall be at the discretion of the City Council. Although the present City Council cannot bind a future City Council, it is the intent of Buyer and Seller that the funds first be used within the Vandaveer Property.

11. Miscellaneous. Buyer and Seller further agree to the following:

a. Arkansas River Trail Surface. Although Buyer has proposed a soft-surface, compacted trail for the proposed Arkansas River Trail, the City expects hard-surface trails within the municipality. This issue shall be resolved as part of the ADA.

b. City Ownership of Open Space. The park on the steep hillside above the golf course and golf course neighborhood (identified in the ODP as VPA-7) is intended as open space. Seller agrees to consider retaining ownership of this parcel while still

allocating open space credit for the land to Buyer. Such decision shall be made by mutual agreement of the parties prior to the Resolution Deadline.

- c. Wastewater Reuse. Seller shall further investigate with the City's water attorney the potential for reusing water from the City's wastewater facility for irrigation of the golf course. Should Buyer and Seller agree to proceed with such reuse plan, Buyer shall reimburse to Seller all costs associated with any investigations involving changes in water rights and reuse of wastewater for the golf course, including, but not limited to, legal and engineering fees and costs.

12. Evidence of Water and Wastewater Service. Prior to the termination of the objection deadlines set forth in the PSA, Seller shall provide evidence of its ability to serve the Vandaveer Property over time with water and wastewater service consistent with existing entitlements on the Property. In the event Buyer is not satisfied with the City's ability to provide such service, Buyer may terminate this PSA within sixty (60) days of MEC, and the earnest money and Legal Fee Reimbursement shall be returned to Buyer.

13. Commitment to Green Building Practices. As part of the ADA or DA negotiations, Seller shall work with Buyer to develop commitments to green construction principles, energy efficiency, and LEED construction goals.

14. Legal Fee Reimbursement. Within twenty (20) days of execution of this PSA, Buyer shall partially reimburse Seller for the costs and expenses incurred for its special land use legal counsel in the amount of \$15,000.

15. Final Agreement. This PSA and Addendum shall supercede and control over all prior agreements, negotiations, and representations of the parties hereto, including, without limitation, the December 17, 2007 Preliminary Terms letter.

16. Survival of Terms. The provisions of this Addendum shall expressly survive closing on the Property.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to Purchase and Sale Agreement effective as of the date last set forth below.

**BUYER:**

COURAGEUX DEVELOPMENT, LLC

By: \_\_\_\_\_

As Its: \_\_\_\_\_

Buyer's Address:

COURAGEUX DEVELOPMENT, LLC  
c/o Norman A. Stucker  
P.O. Box 414  
Littleton, CO 80160

**SELLER:**

CITY OF SALIDA

By: \_\_\_\_\_

As Its Mayor

Date: \_\_\_\_\_

Seller's Address:

P. O. Box 417  
124 East Street  
Salida, Colorado 81201  
(719) 539-4555 - Office  
(719) 539-5271 - Facsimile