

**GENERAL INFORMATION
REGARDING THE MINTURN GENERAL IMPROVEMENT DISTRICT**

1. What is a General Improvement District and how is it organized?

Colorado general improvement districts are local governments just as cities, towns, and counties are considered local governments which are formed to provide necessary public improvements and services.

As part of the lengthy negotiations for the annexation of the Battle Mountain property, the Town of Minturn required Ginn to organize a general improvement district within the Battle Mountain property. The boundaries of the general improvement district (once organized) will be the same as the boundaries of the Battle Mountain property. On February 28, 2008, Ginn submitted a Petition to the Town requesting the organization of the Minturn General Improvement District ("Minturn GID").

After review of the Petition, the Town will hold a meeting to consider adoption of an Ordinance considering the organization of the Minturn GID and will take public comment on the Minturn GID at that meeting. After the Town adopts the Ordinance, the question of the organization of the Minturn GID and the imposition of debt service and operations and maintenance mill levies are submitted to the eligible electors of the Minturn GID at an election. All eligible electors within the boundaries of the Minturn GID are entitled to vote at the election. An eligible elector of the Minturn GID must be a United States citizen, must be registered to vote, and must also be the owner, or spouse of an owner, of taxable real or personal property within the boundaries of the District or a person who has been a resident of the Minturn GID for not less than 30 days. The Town anticipates that the eligible electors of the Minturn GID will vote on the Minturn GID at the November 4, 2008 regular election. After the election, the Town will adopt an Ordinance declaring the Minturn GID duly organized and it will be considered a quasi-municipal governmental entity.

2. What powers will the Minturn GID have?

As a quasi-municipal governmental entity, the Minturn GID will have the power to impose property taxes on the property located within its boundaries. The governing body of the Minturn GID will be the Minturn Town Council. The governing body will also include two ex-officio members who are appointed by Ginn or the master property owners association and who must be owners of property within the Minturn GID or eligible electors. The ex-officio members will not be entitled to vote on issues coming before the Minturn GID.

The Minturn GID will have the ability and responsibility for constructing and financing certain public improvements set forth on the attached chart (**Exhibit A**). In particular, the Minturn GID will have the initial authority to issue bonds for the construction of a Town trail, upgrades to the recreation center which is required to be funded by Ginn, and construction of additional Town parking lots, as well as the power to issue bonds for a Town Library (which may be part of the recreation center) and the acquisition of land from the U.S. Forest Service. The Minturn GID anticipates issuing bonds in the amount of \$21,000,000 for the Town trail, upgrades to the recreation center, parking lots, library, and U.S. Forest Service property. The

timing of the issuance of the bonds will depend on the development of the Battle Mountain property. The Minturn GID will also have the authority to impose a mill levy to cover the operations and maintenance of the above improvements. It is the intent of the Town for the improvements authorized under the initial authorized debt to be constructed within three to five years of approval of the Final Development Plan.

In addition to the initial authorized debt, the Minturn GID will also have the authority to issue debt and impose a mill levy for the operations and maintenance of certain improvements in certain situations as described in the Annexation Agreement. Specifically, in the event the Town determines that there is a need for additional employee housing for the Town and the Town of Redcliff after Ginn has met its obligations in accordance with the Battle Mountain Housing Plan, or upon the request of Ginn, the Minturn GID will have the authority to issue bonds in the amount of \$10,000,000 to construct additional employee housing. Also, if Ginn fails to comply with the terms of the Resort Guest and Employee Traffic Management Plan, the Minturn GID will have the authority to issue bonds in the amount of \$400,000 to purchase vehicles to provide a mass transit feeder system between Bolts Lake and Dowd Junction, as well as to impose a mill levy sufficient to produce revenues in the annual amount of \$650,000 to pay for the ongoing operations and maintenance of the transit system.

For property tax collection years 2013 through 2027, the Minturn GID will be entitled to impose an operations and maintenance mill levy in an amount sufficient to generate property tax revenue in an amount not to exceed \$1,000,000 per year (or \$2,650,000 if the Minturn GID is maintaining the streets and/or mass transit feeder system). After 2024, if the Town receives more than \$7,500,000 in revenues from the Battle Mountain project, the Minturn GID will be entitled to impose a mill levy sufficient to general property tax revenue in an amount not to exceed \$500,000 each year. The Minturn GID will also be authorized to maintain a reserve fund in an amount not to exceed \$2,000,000 for the repair and maintenance of the improvements.

A general description of the statutory powers of general improvements districts is attached as **Exhibit B**.

3. What happens if the Minturn GID is not organized?

If the eligible electors of the Minturn GID do not vote for the organization of the Minturn GID at the November election, under the terms of the Annexation Agreement and an agreement to be entered into between the Town and Ginn, Ginn will be responsible for all costs associated with construction and operations and maintenance of the improvements set forth on **Exhibit A**.

EXHIBIT A

AUTHORIZED IMPROVEMENTS, DEBT AND O&M COSTS

<u>Improvement</u>	<u>Initial Authorized Debt</u>	<u>Backup Authorized Debt</u>	<u>Total Authorized Debt</u>	<u>Annual O&M Costs¹</u>
Town Trail	\$5,000,000		\$5,000,000	\$100,000
Recreation Center	\$2,500,000		\$2,500,000	\$300,000
Town Parking Lots	\$2,000,000		\$2,000,000	\$100,000
Mass Transit Feeder System		\$400,000	\$400,000	\$650,000 ²
U.S. Forest Service Parcel Acquisition Cost	\$10,000,000		\$10,000,000	
Library/Media Center	\$1,500,000		\$1,500,000	\$50,000
Project Infrastructure for Battle Mountain				
a) Water		\$18,000,000	\$18,000,000	-- ³
b) Sewer		\$18,000,000	\$18,000,000	-- ³
c) Streets		\$18,000,000	\$18,000,000	\$1,000,000 ²
Employee Housing per Battle Mountain Employee Housing Plan		\$10,000,000	\$10,000,000	To be covered by rents and HOA dues
Parks/Open Space				\$200,000
Wireless Technology				\$250,000
TOTALS	\$21,000,000	\$64,400,000	\$85,400,000	\$1,000,000
				(\$2,650,000)²

¹ Total amount to be voted from property tax collections for annual operations and maintenance expenses will be \$15,000,000. This allows for annual increases in expenses of approximately 3% (compounded) per year. This will allow for the GID to provide operation and maintenance expenditures for approximately 40 years without the need for an additional election.

² This O&M Cost is only applicable in the event Town or GID shall assume ownership of the streets within the Project or the Mass Transit Feeder System, as appropriate.

³ Operation and maintenance to be received from water and sewer system charges.

EXHIBIT B

STATUTORY POWERS OF GIDS

PERMITTED IMPROVEMENTS	Any public improvement. Except, <u>Cannot</u> construct electric light or gas systems, or solid waste disposal facilities.
POWERS	
Condemn property	Yes
Operate facilities	Yes
Levy ad valorem taxes	Yes
Assess costs	No
Charge rates, tolls, charges	Yes
Issue bonds: GO Revenue Special assessment	Yes Yes Yes
Levy sales tax	No
FORMATION	
Petition by Owners and Resolution/Ordinance of Governing Body	Yes
Solely by Resolution/ ordinance (of governing body)	No
Governing Board	Board of Governing Municipality