

# **ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT**

For the Period Ending December 31, 2007

*\$43,605,000 Elk Valley Public Improvements Corporation  
City of Lakewood, Colorado  
Public Improvement Fee Revenue Bonds, Series 2001A and B*

Prepared by:

**MUNICAP, INC.**

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# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

I.	UPDATED INFORMATION	1
II.	INTRODUCTION	3
III.	DEVELOPMENT ACTIVITY	5
	A. Overview	5
	B. Governmental Approvals	5
	C. Status of Development	6
	D. Public Improvements	11
IV.	TRUSTEE ACCOUNTS	12
V.	CORPORATION FINANCIAL & OPERATING INFORMATION	14
	A. District Tax Levy	14
	B. PIF Revenue Collections	14
	C. Estimated Value of Taxable Property	14
	D. Pledged PIF Revenues	15
	E. Assessed Value and PIF Analysis	15
	F. Financial Information	17
	G. Fund Balances	17
VI.	SIGNIFICANT EVENTS	18
	A. Developer's Significant Events	18
	B. Listed Events	18

## ***I. UPDATED INFORMATION***

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The information provided below is updated for the period ending December 31, 2007, unless stated otherwise:

- The Mills Corporation, the sole general partner of Mills, LP, was acquired by SPG-FCM Ventures, LLC, a joint venture between an entity owned by Simon Property Group, Inc. and funds Managed by Farallon Capital Management, LLC as of April 2007.
- According to the developer, the sod installation is not recommended due to the continued focus on water conservation. The developer reports that the City of Lakewood and the governing control committee have not required sod installation.
- As of December 31, 2007, the developer reports that there were nine fully executed leases with anchors, totaling 472,052 square feet. The developer also reports that Jillian's (Lucky Strike) store, which occupied 63,145 square feet, was closed on September 24, 2007.
- As of December 31, 2007, the developer reports the total of 163 specialty stores totaling 508,038 square feet have been leased, which represents 91.3 percent of the total specialty stores leasable space.
- As of December 31, 2007 the developer reports that construction was complete for the Keg Steakhouse and Bar (parcel E-1), which opened for business in July 2006.
- As of December 31, 2007, the developer reports that construction of McGrath's Restaurant on parcel E-2 was complete and the restaurant was opened for business in April 2007.
- As of December 31, 2007, the developer reports that pad E-3 and E-4 were sold to V-Land Development in March 2007. According to the developer, initial disclosure by the buyer indicates that V-Land will sub-lease the site to a restaurant and another small, multiple-user building.
- As of January 1, 2007 the certified assessed value of the property within the corporation was \$45,540,400, which represents 29 percent of the statutory actual value of the property in the amount of \$157,036,088.
- As of December 31, 2007, the City of Lakewood reports that there were 221 development site retailers (DSRs) with \$247,887,938 in retail sales for the year ending December 31, 2007. The City of Lakewood also reports that PIF revenue collections were \$3,466,401 for the year ending December 31, 2007, which represents 97.64 percent of the PIF revenues due.
- As of December 31, 2007, the City of Lakewood reports that delinquent PIF revenues for the period of January 1, 2007 through December 31, 2007 totaled

\$7,085 from twelve DSRs.

- As of December 31, 2007, the corporation has reported that there was a revenue shortfall, as defined for purposes of levying special taxes, for the previous fiscal year ending August 31, 2007 equal to \$257,639. According to the trustee, subordinate obligations in lieu of special assessments, which equal the estimated revenue shortfall of \$257,637, were received in December 2007. According to the LOM, sales for 2007 were projected to be \$351,453,938 and PIF revenues were projected to be \$4,821,948. According to the City of Lakewood, actual sales and PIF revenue collections for 2007 were \$247,887,938 and \$3,464,216, respectively.

## ***II. INTRODUCTION***

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Elk Valley Public Improvement Corporation, a Colorado Nonprofit Corporation (the “Corporation”), issued the \$40,205,000 Series 2001A and the \$3,400,000 Series 2001B Public Improvement Fee Bonds (Colorado Mills Project) pursuant to and in accordance with an indenture of trust by and between the Corporation and Wells Fargo West, National Association, as trustee, dated as of November 1, 2001.

Pursuant to the Public Facilities Agreement by and between the corporation and the developer, dated November 1, 2001, the bonds are secured by (i) a pledge of contractually imposed Public Improvement Fees arising from the imposition of a 1.4 percent fee on certain retail sales and services occurring within the Colorado Mills Development, which pursuant to the Assignment and Agency Agreement (the “PIF Collection Agreement”), dated November 1, 2001, and entered into between the city, the developer, the corporation, and the trustee, are to be collected from the Colorado Mills retailers and distributed to the trustee, and (ii) if necessary to pay debt service on the Series 2001A and B Bonds, ad valorem property taxes and other available revenues payable to the trustee by the Indiana Valley Metropolitan District (the “District”), pursuant to an agreement (the “Credit Support Agreement”), dated November 7, 2001, and entered into between the corporation and the district.

The property in the corporation is located in the City of Lakewood, Colorado, and consists of 96.5 acres of land (the “Mall Property”) and seven outparcels totaling approximately 13 acres (the “Pad Sites”), which are located at the intersection of US Interstate 70, West Colfax Avenue and Indiana Street within the western Denver metropolitan area.

The property in the corporation was developed by Colorado Mills, Limited Partnership, which was an affiliate of the Mills Corporation. The development includes a super-regional value, entertainment mall and mixed-use development that include retail, restaurant and manufacturing space. According to the Limited Offering Memorandum, the Mills Limited Partnership, one of the partners of the developer, provided all development, leasing and management services to the developer pursuant to the arrangements among the partners of the developer. The Mills Corporation, the sole general partner of Mills, LP, was acquired by SPG-FCM Ventures, LLC, a joint venture between an entity owned by Simon Property Group, Inc. and funds Managed by Farallon Capital Management, LLC as of April 2007.

Pursuant to the Limited Offering Memorandum, \$40,205,000 in public improvement fee revenue bonds (Series 2001A) and \$3,400,000 in public improvement fee revenue bonds (Series 2001B) were sold to finance public improvements to serve the property located within the corporation. The corporation, subject to certain bond tests, may issue additional bonds.

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the bonds. However, the developer and administrator have agreed to provide information regarding the development of the property and the operations of the corporation. These reports are not provided pursuant to Rule 15c2-12.

The information in this report on development activity was provided by the developer (Colorado Mills, Limited Partnership) and is believed to be accurate; however, no effort has been made to independently verify the information.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

**No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2007, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.**

### **III. DEVELOPMENT ACTIVITY**

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#### **A. OVERVIEW**

The Colorado Mills project is located in the City of Lakewood, Colorado, and consists of approximately 109.5 acres of land within the western Denver metropolitan area at the intersection of US Interstate 70, West Colfax Avenue and Indiana Street. The land in the corporation is comprised of a site of approximately 96.5 acres (the mall property) and seven adjacent outparcels consisting of approximately 13 acres (the pad sites). Colorado Mills was planned as a super-regional value and entertainment oriented mall, which would consist of 1,101,605 square feet of leasable space when completed.

As outlined in the Limited Offering Memorandum, the developer anticipated that 550,000 to 650,000 square feet of leaseable anchor space and 550,000 to 575,000 square feet of leaseable specialty store space would be created. As originally envisioned, the plan was for the mall to consist of approximately 11-14 anchor tenants occupying an area around an oval corridor and approximately 175 specialty retail stores were to complete the outer oval and also occupy portions of the central mall area. The plan included a multi-screen cinema complex, food court, several major book and music tenants, as well as a number of off-price fashion retailers and category dominant stores (*i.e.*, stores with extensive inventory and selection in a particular market category). Since that time, the developer has revised the plan to include ten anchor tenants occupying 535,197 square feet of leaseable space and 186 specialty tenants occupying 564,942 square feet of leaseable space. As a result, the total leasable space is equal to 1,100,139 square feet.

The conceptual plan envisioned by the developer anticipated that the outlying pad sites would be sold or ground leased and developed as theme restaurants, retail and service businesses. An additional seven-acre parcel, the site of the Stevinson Chevrolet dealership, was subject to a purchase option agreement. The developer has acquired, and may develop, subdivide and or sell this parcel if and when the dealership is relocated to the south of Eighth Avenue. Although there is no obligation to develop this parcel, upon acquisition, this parcel could become part of a mall expansion or sold or ground leased as an additional pad site.

The construction of public infrastructure improvements funded with bond proceeds include mall site perimeter public roads with connections to Colfax Avenue and Indiana Street, a retaining wall between Eighth Avenue and abutting the residential area immediately south of the mall site, a screen and safety wall between Eighth Avenue and abutting the residential area immediately south of the mall site, public parking facilities for the mall site, an outdoor public plaza at E Street, public sanitary sewer line demolition, rerouting and upgrading, a regional storm water management system, and a trail system for pedestrian access.

#### **B. GOVERNMENT APPROVALS AND PERMITS**

According to the Limited Offering Memorandum, the following permits and approvals had either been applied for or were in place at the time of bond issuance:

- Zoning
- Conceptual site plan approval
- Final site plan

- Sanitary and storm sewer permits
- Mass grading permit
- Building permits (for the foundation and steel erection)

The zoning classification for the property in the corporation, which was in place at the time the bonds were issued, is PD, Planned Development, which is a commercial zoning category adopted by the City of Lakewood specifically for the development of a super regional specialty center. According to the engineer, the uses allowed under PD zoning are consistent with the development of the Colorado Mills project.

To accommodate the development approach taken with respect to the mall, the city has agreed to issue the equivalent of a building permit in three stages as indicated above. At the time of bond issuance, the foundation and steel construction building permits had been approved. Subsequent to bond issuance, the shell construction building permit was issued.

## **C. STATUS OF DEVELOPMENT**

### **(i.) Status of Mall Construction**

The developer hired the Seattle, Washington and Santa Anna, California based general contractor, Bayley Construction to construct the Colorado Mills Mall. Construction of the mall was completed and opened to the public on November 14, 2002. As of December 31, 2007, build out of tenant spaces for ten anchor stores and 163 of the proposed 186 specialty stores was complete.

### **(ii.) Status of Pad Site Construction**

According to the developer, as of December 31, 2007, construction had been completed on six of the eight pad sites within the district. The owners, tenant use, construction and occupancy status for each of the pad sites sold are provided in the table below. The developer reports that construction of the Jared's Jewelry (parcel 2) was completed in August 2002. Construction on the Pier 1 (parcel D-3) was completed in October 2004. Construction on the First Bank of Colorado (parcel D-1) was completed in December 2004. The developer also reports that construction on the Pei Wei and Chipotle Restaurants (parcel C-1) was completed in October 2004 and construction on McGrath's Restaurant (parcel E-2) was completed and opened for business in April 2007. According to the developer, construction on the Keg Steakhouse and Bar (parcel E-1) was completed and the Keg Steakhouse and Bar opened for business in July 2006.



**Table III-1**  
**Status of Pad Site Construction**

<b>Owner</b>	<b>Lot</b>	<b>Use</b>	<b>Construction Status</b>	<b>Occupancy Status</b>
Translakewood, LLC	D-2	Jared Jewelers	Completed	Opened August 2002
BR Acquisitions of Wisconsin	D-3	Pier I Imports	Completed	Opened October 2004
First Bank of Colorado	D-1	Bank	Completed	Opened December 2004
Burgundy Partners	C-1	Pei Wei & Chipotle Restaurants	Completed	Opened October 2004
McGrath Properties	E-2	McGrath's Restaurant	Completed	Opened April 2007
Realty Income Corporation	E-1	Keg Steakhouse & Bar	Completed	Opened July 2006
V-land Development	E-3, E-4	N/A	Construction not commenced	N/A

**(iii.) Status of Mall Leasing**

At the time of bond issuance, the developer reported that fully executed leases with two of the 11 to 14 anchors were signed and that leases with ten other anchors were near completion. Additionally, the developer reported that fully executed leases for 20% of the leaseable space reserved for 175 specialty stores were signed. As of December 31, 2007, the developer reported nine fully executed leases with anchors representing approximately 90 percent of the space reserved for the anchor stores. The developer also reported that Jillian's (Lucky Strike) store, which occupied 63,145 square feet, was closed on September 24, 2007. The developer also reports that nine anchors and 163 specialty stores are open for business. As of December 31, 2007, the developer reported that leases have been signed with 163 of the proposed 186 specialty shops totaling 508,038 square feet, which represents approximately 91.3 percent of the specialty stores leasable space.

Table III-2 in the following page provides a list of anchors and specialty shops that were reported as tenants in the Colorado Mills Mall as of December 31, 2007.

**Table III-2**  
**Status of Mall Leasing**

**Anchors:**

Border's Books Music Cafe  
Eddie Bauer Outlet  
Sports Authority  
Last Call Neiman Marcus  
Off Broadway Shoes  
Off 5<sup>th</sup> Saks Fifth Avenue  
Woodward Skatepark  
Target  
United Artist Cinema

**Specialty Shops:**

*Beauty Aid & Salons*

Bath & Body Works  
Beauty Express  
Crabtree & Evelyn  
Claire's Boutique  
Master Cuts  
Modern Nails  
The Body Shop  
Venetian Spa

*Books & Stationary*

Family Christian Store  
Hallmark Gold Crown

*Electronics*

For Your Entertainment  
Radio Shack  
Saturday Matinee

*Fashion & Accessories*

Aeropostale  
All things Renewable  
Anastasia's European Lingerie  
Anchor Blue/Levi Dockers  
Ann Taylor  
Arden B  
Banana Republic  
BCBG  
Blue Denim  
Bridal World  
Brooks Brothers  
Carter's Childrenswear  
Charlotte Ruse  
Chico's  
Christopher & Banks  
Colorado Hat Company  
Deb Shops  
Dress Bar

**Specialty Shops:**

*Fashion & Accessories*

Finish Line  
Footlocker  
Forever 21  
FT Casuals  
Gap Outlet  
Gentlemen's Collection  
Geoffrey Beene  
Great Outdoor Clothing  
Guess Factory Store  
Gymboree  
Hot Topic Outlet  
Icing  
Jones New York  
Journeys  
Kenneth Cole New York  
King's Wear  
K.W Designs  
Lane Bryant  
Leather Outlet  
Leggs/Hanes/Bali/Playtex  
Lids  
Limited Too Outlet  
Merlo's Cutting Edge Outlet  
Miami Groove  
Motherhood Maternity  
Nautica  
Nine West Outlet  
Pac Sun  
Papaya Clothing Company  
Payless Shoesource  
Perry Ellis  
Puma  
Quicksilver  
Skechers USA  
St. John  
Strasburg Children  
Stride Rite  
The Children's Place Outlet  
Times Square clothing  
Tommy Hilfiger  
Van Heusen Factory Outlet  
Wilson's Leather  
Venus

**Specialty Shops:**

*Food*

Burger King  
California Pizza Kitchen  
Chili's Too

**Specialty Shops:**

*Food*

Cinnabon  
Dairy Queen/Orange Julius  
Golden Holiday Sweets  
Great Steak  
Haagen Daz  
Harry and David  
Hibachi-san  
Johnny Rockets  
Panda Express  
Popeye's Chicken  
Qdoba  
Sbarro's  
Starbucks  
Sweets from Heaven  
Wetzel's Pretzels  
Yard House

*Health*

General Nutrition  
Center  
Vitamin World

*Home Furnishings*

Casa Nova  
Coringware Correlle Revere  
Colorado Steamin'  
Dori quilts  
Mode Furniture & Artree  
Gallery Plus  
Kitchen Collections  
Le Creuset Outlet  
Mikasa Factory Store  
Select Comfort

*Jewelry*

Brendan Diamonds  
Fix & Go  
Regency Diamond  
Shemoni Jewelry  
Ultra Diamond  
Zales Diamond Outlet

*Optical*

Doctor's Visionworks  
Lenscrafters  
Oakley Vault  
Sunglass Hut International  
Sunglass Outlet

**Specialty Shops:**

*Services/Entertainment*

All About Cellular  
Car-Lene Research  
AT & T Wireless  
C&C Market Research  
Day By Day Calendar  
Dori's Potpourri Outlet  
Earthbound Trading Company  
Go Paint!  
Kiddie Kandids  
Oriental Backrub  
T Mobile  
Verizon Wireless  
Your Dollar Store with More

*Specialty Gifts*

Accentuate the Seasons  
Apricot Lane  
Denver Autographs  
Kataluma Chai Co.  
Little Buddha Imports  
Nature's Finest Images  
Oriental Gifts  
Perfumania  
RU Puzzled  
Sanrio  
Silver Safari  
Spencer Gifts  
St Anthony  
The Magic Shop  
Yankee Candle  
Zumiez

*Sporting Goods*

American Eagle Outfitters  
Birdie Ball  
Precision Mountainwear  
Pro Image  
Putting Edge  
Sportsfan  
Swim & Sport

**Specialty Shops:**

*Toys & Hobbies*

Build a Bear  
EB Games  
Games Workshop  
It's Your Move  
KB Toys  
Lego

*Travel*

CO Baggage Outlet

**Specialty Shops:**

*Travel*

COJ Baggage Outlet  
Samsonite Company Store

**(iv.) Status of Pad Sales**

According to the developer, as of December 31, 2007, eight pad sites have been sold. The owners, tenant use, and date of sale for each of the pad sites sold are provided in the table below. According to the developer, construction was completed on the Keg Steakhouse and Bar (parcel E-1), which opened for business in July 2006.

**Table III-3  
Status of Pad Sales**

<b>Owner</b>	<b>Lot</b>	<b>Use</b>	<b>Date of Sale</b>
First Bank of Colorado	D-1	Bank	December 28, 2001
Translakewood, LLC	D-2	Jared Jewelers	August 27, 2002
Burgundy Partners	C-1	Pei Wei & Chipotle Restaurants	December 20, 2002
McGrath Properties	E-2	McGrath's Restaurant	December 20, 2002
Realty Income Corporation	E-1	Keg Steakhouse & Bar	December 31, 2002
BR Acquisitions of Wisconsin	D-3	Pier I Imports	December 31, 2003
V-Land Development	E-3	N/A	March, 2007
V- Land Development	E-4	N/A	March, 2007

**(v.) Status of Financing**

The developer reports that the construction loan has been replaced by a \$170 million loan from Merrill Lynch in October 2004. The developer also reports that the term of the loan is Libor plus 178 basis points with a swap at 4.34 % for 6.12 all-in.

The Series 2001 Bonds were subject to a mandatory tender for purchase by the trustee in the event that (i) funding sufficient to complete construction of the mall is not obtained by September 1, 2002 as evidenced by a Funding Confirmation and (ii) if by September 1, 2003, the trustee did not receive a certificate from the corporation stating that the Grand Opening of the mall has occurred. The trustee reports that it has received the Funding Confirmation (the construction loan closed on March 29, 2002) from the developer and the Grand Opening of the mall occurred on November 14, 2002. As a result, a mandatory tender to purchase the bonds will not be required.

In addition to the Series 2001 Bonds, the Denver West Metropolitan District planned to issue approximately \$34 million of general obligation bonds in the autumn of 2001 to finance costs related to the acquisition, construction and installation of certain public street, storm sewer and traffic safety improvements related to the development of Colorado Mills. Approximately \$4 million in revenue bonds were expected to be issued by another unnamed entity to finance underground electrical transmission lines near the development site.

According to the developer, the Denver West Metropolitan District issued \$34 million in General Obligation Bonds in October 2001 to fund the acquisition, construction and installation of

certain public street, storm sewer and traffic safety improvements related to the development of Colorado Mills. The developer reports that these improvements are complete. According to the developer, the Denver West Metropolitan District also issued \$10 million in Revenue Bonds in December 2001 to fund the installation of underground electrical transmission lines near the development site. The developer reports that these improvements are complete.

**D. PUBLIC IMPROVEMENTS**

The proceeds of the bonds were used to fund the costs of public improvements required for the development of the Colorado Mills project. In order to serve the project, the developer constructed the following public improvements: mall site perimeter public roads, including connections with Colfax Avenue and Indiana Street, a retaining wall between Eighth Avenue and abutting the residential area immediately south of the mall site, a screen and safety wall between Eighth Avenue and abutting the residential area immediately south of the mall site, public parking facilities for the mall site, an outdoor public plaza at E Street, public sanitary sewer line demolition, rerouting and upgrading, a regional storm water management system, and a trail system for pedestrian access.

Table III-4 below shows the current status of the construction of the public improvements as of December 31, 2007.

**Table III-4  
Status of Public Infrastructure Construction**

<b>Construction Activity</b>	<b>Percent Complete</b>	<b>Status</b>
Public road construction	100%	Complete
Retaining Wall	100%	Complete
Screen and Safety Wall	100%	Complete
Public parking facilities	100%	Complete
E Street Public Plaza	100%	Complete
Sanitary Sewer line	100%	Complete
Storm Water Management System	100%	Complete
Trail system/pedestrian access	100%	Complete

#### ***IV. TRUSTEE ACCOUNTS***

The trustee for the Series 2001 A and B Bonds is Wells Fargo Bank. The balance as of December 31, 2006, interest paid, disbursements, public improvement fee revenue collections, additional proceeds, and account balances for each fund, as of December 31, 2007, are shown by the following table:

**Table IV-1**

	<b>Balance 12/31/2006</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disbursements</b>	<b>Balance 12/31/2007</b>
Bond Interest Fund	\$3,320	\$7,119	\$3,042,914	\$3,048,913	\$4,441
Bond Principal Fund	\$1,793	\$9,177	\$586,172	\$595,000	\$2,142
PIF Revenue Fund	\$1,796,545	\$62,431	\$3,692,791	\$4,075,122	\$1,476,644
Service Reserve Prime Fund	\$3,428,520	\$0	\$0	\$0	\$3,428,520
Reserve Special Fund	\$1,678,435	\$85,606	\$0	\$85,706	\$1,678,335
Series B Special Redemption Fund	\$2,276	\$1,763	\$568,870	\$570,000	\$2,908
	<b>\$6,910,889</b>	<b>\$166,095</b>	<b>\$7,890,746</b>	<b>\$8,374,741</b>	<b>\$6,592,990</b>

The additional proceeds to the Bond Interest Fund are transfers from the Revenue Fund and investment income from Service Reserve Prime Fund to pay interest on the bonds. The additional proceeds to the Bond Principal Fund are transfers of PIF revenues from the PIF Revenue Fund to pay principal on the bonds. The additional proceeds to the PIF Revenue Fund are PIF revenues transferred from the City of Lakewood. Disbursements from the Service Reserve Prime Fund were transfers of interest income to the Bond Interest Fund to pay interest on the bonds. Disbursements from the Reserve Special Fund were transfers of interest income to the Bond Principal Fund to pay principal on the bonds. Additional proceeds to Series B Special Redemption Fund were transfers from Revenue Fund account, which were used to redeem the bonds.

The interest paid through December 31, 2007 does not include interest accrued but not yet paid. Most of the proceeds are invested in investment contracts that pay interest semi-annually. Table IV-2 below shows the approximate rate of return on the investments. Bond proceeds in the Service Reserve Prime Fund are invested in CDC Fund Corp. Investment Agreement earning 5.14 percent per year and maturing on September 1, 2031. Remaining bond proceeds and PIF revenues are invested in money market funds earning between approximately 4.81 and 4.9 percent per year.

Investment income on the bond interest fund will be applied to the payment of debt service. Investment income on the PIF revenue fund will be transferred to the bond interest fund to pay debt service. Investment income on the administration and maintenance funds will remain in the respective funds and used to pay administrative and maintenance expenses. Investment income on the debt service reserve fund will be transferred to the bond fund to pay debt service.

**Table IV-2**

<b>Account</b>	<b>Rate of Return</b>
Bond Interest Fund	4.81%
Bond Principal Fund	4.82%
PIF Revenue Fund	4.86%
Reserve Special Fund	4.82%
Series B Special Redemption	4.90%
Service Reserve Prime Fund	5.14%

## ***V. CORPORATION FINANCIAL & OPERATING INFORMATION***

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The information provided in this section is to meet the requirements for the Corporation Information as provided for in Section 3 of the Continuing Disclosure Agreement. The items listed below are in the same format and order as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2007, unless otherwise stated.

### **A. DISTRICT TAX LEVY**

No later than December 5<sup>th</sup> of each year (the Shortfall Determination Date), the corporation shall (i) determine the revenue shortfall for the fiscal year ending the previous August 31<sup>st</sup>, (ii) provide written notice to the district of the revenue shortfall, and (iii) direct the district to (a) levy taxes in the upcoming year at a level sufficient to generate revenues in the amount of the revenue shortfall, less any amounts which the district expects to pay directly to the trustee from other legally available funds on hand; and (b) provide for the payment of the revenue shortfall (including any tax revenues) to the trustee.

As of December 31, 2007, the corporation has reported that there was a revenue shortfall, as defined for purposes of levying special taxes, for the previous fiscal year ending August 31, 2007 equal to \$257,639. According to the trustee, subordinate obligations in lieu of special assessments, which equal the estimated revenue shortfall of \$257,637, were received in December 2007. According to the LOM, sales for 2007 were projected to be \$351,453,938 and PIF revenues were projected to be \$4,821,948. According to the City of Lakewood, actual sales and PIF revenue collections for 2007 were \$247,887,938 and \$3,466,401, respectively.

### **B. PIF REVENUE COLLECTIONS**

According to the City of Lakewood, there were 221 development site retailers (DSRs) with \$247,887,938 in retail sales as of December 31, 2007. The City of Lakewood also reports that PIF revenue collections were \$3,464,216 for the year ending December 31, 2007, which represents 99.9 percent of the PIF revenues due. The City of Lakewood also reports that delinquent PIF revenues for the period of January 1, 2007 through December 31, 2007 totaled \$7,085 from twelve DSRs.

The City of Lakewood reports that PIF revenue collections were \$16,804,219 from the date of mall completion through December 31, 2007, which represents 99.82 percent of the PIF revenues due. The City of Lakewood reports that as of December 31, 2005, delinquent PIF revenues on 62 DSRs from the date of mall completion through December 31, 2007 totaled \$29,775.

### **C. ESTIMATED VALUE OF TAXABLE PROPERTY**

According to the Indiana Metro Valley District, As of January 1, 2007 the certified assessed value of the property within the corporation was \$45,540,400, which represents 29 percent of the statutory actual value of the property in the amount of \$157,036,088.



## D. PLEDGED PIF REVENUES

As of December 31, 2007, the City of Lakewood reports that there were 221 development site retailers (DSRs) with \$247,887,938 in retail sales for the year ending December 31, 2007. The City of Lakewood also reports that PIF revenue collections were \$3,464,216 for the year ending December 31, 2007, which represents 99.9 percent of the PIF revenues due.

## E. PIF ANALYSIS

Monthly sales and PIF revenues for the period of October 2002 through December 2007 are shown in Table V-1 below:

**Table V-1**

Month	Sales	PIF Revenues Collected	Percent Collected	Delinquent PIF Revenues
October 2002	\$3,259,988	\$45,640	100.0%	\$0
November 2002	\$20,160,612	\$282,498	99.6%	\$112
December 2002	\$38,574,983	\$540,565	98.7%	\$422
<b>2002 Total</b>	<b>\$61,995,583</b>	<b>\$868,703</b>	<b>99.9%</b>	<b>\$534</b>
January 2003	\$14,956,585	\$209,954	98.7%	\$234
February 2003	\$14,599,994	\$205,326	99.1%	\$115
March 2003	\$15,487,508	\$218,524	99.1%	\$200
April 2003	\$13,367,323	\$187,910	98.1%	\$580
May 2003	\$14,065,781	\$197,378	98.6%	\$402
June 2003	\$15,721,341	\$220,933	98.6%	\$300
July 2003	\$14,790,681	\$207,536	99.1%	\$200
August 2003	\$16,765,208	\$236,751	98.6%	\$418
September 2003	\$16,236,774	\$227,530	99.5%	\$100
October 2003	\$14,851,203	\$208,012	99.6%	\$100
November 2003	\$18,542,021	\$260,719	98.8%	\$300
December 2003	\$36,100,380	\$503,647	99.2%	\$200
<b>2003 Total</b>	<b>\$205,484,799</b>	<b>\$2,884,220</b>	<b>99.9%</b>	<b>\$3,149</b>
January 2004	\$14,726,034	\$205,995	99.6%	\$100
February 2004	\$15,160,680	\$212,350	100.0%	\$0
March 2004	\$18,269,334	\$255,761	99.5%	\$386
April 2004	\$15,293,169	\$214,386	98.1%	\$631
May 2004	\$15,180,270	\$212,657	98.6%	\$250
June 2004	\$18,147,448	\$255,470	98.1%	\$400
July 2004	\$16,207,631	\$225,799	98.5%	\$1,570
August 2004	\$17,588,469	\$246,665	98.1%	\$1,568
September 2004	\$16,991,537	\$237,451	98.5%	\$1,264
October 2004	\$16,273,711	\$225,762	98.6%	\$1,456
November 2004	\$18,583,539	\$260,418	98.7%	\$1,252
December 2004	\$36,264,174	\$504,571	99.2%	\$1,700
<b>2004 Total</b>	<b>\$218,685,996</b>	<b>\$3,057,285</b>	<b>99.7%</b>	<b>\$10,577</b>
January 2005	\$15,472,374	\$215,846	99.1%	\$1,359
February 2005	\$16,606,002	\$231,556	98.6%	\$1,480
March 2005	\$19,622,275	\$274,875	98.6%	\$300
April 2005	\$15,953,855	\$224,033	98.6%	\$300

May 2005	\$16,370,736	\$229,343	99.5%	\$100
June 2005	\$19,769,836	\$276,951	98.6%	\$341
July 2005	\$17,721,230	\$248,298	99.5%	\$100
August 2005	\$19,577,859	\$274,380	100.0%	\$0
September 2005	\$18,190,554	\$254,766	100.0%	\$0
October 2005	\$17,015,912	\$238,714	100.0%	\$0
November 2005	\$18,947,464	\$266,216	99.2%	\$200
December 2005	\$36,153,364	\$508,056	99.2%	\$200
<b>2005 Total</b>	<b>\$231,401,461</b>	<b>\$3,243,034</b>	<b>99.9%</b>	<b>\$4,380</b>
January 06	\$15,512,789	\$220,752	100.00%	\$0
February 06	\$16,052,721	\$231,825	99.52%	\$100
March 06	\$19,147,893	\$268,417	99.02%	\$111
April 06	\$16,409,100	\$238,762	99.51%	\$322
May 06	\$16,099,507	\$225,183	99.51%	\$405
June 06	\$19,115,072	\$269,339	97.10%	\$699
July 06	\$18,198,485	\$254,617	98.10%	\$300
August 06	\$19,538,517	\$273,057	97.12%	\$608
September 06	\$19,676,561	\$275,451	99.05%	\$200
October 06	\$17,904,289	\$250,518	98.16%	\$300
November 06	\$19,758,422	\$276,437	98.27%	\$400
December 06	\$35,749,494	\$500,218	97.40%	\$606
<b>2006 Total</b>	<b>\$233,162,850</b>	<b>\$3,284,576</b>	<b>98.56%</b>	<b>\$4,050</b>
January 07	\$19,069,662	\$266,790	97.18%	\$400
February 07	\$17,276,810	\$241,567	97.61%	\$500
March 07	\$21,520,498	\$301,405	98.04%	\$200
April 07	\$16,820,030	\$235,861	100.00%	\$0
May 07	\$17,624,060	\$246,929	99.52%	\$100
June 07	\$20,595,959	\$288,236	98.55%	\$300
July 07	\$19,085,935	\$266,983	98.03%	\$401
August 07	\$20,186,114	\$282,878	97.52%	\$500
September 07	\$20,125,885	\$281,414	97.10%	\$635
October 07	\$18,364,560	\$255,627	96.21%	\$1,266
November 07	\$21,142,667	\$295,520	96.89%	\$700
December 07	\$36,075,757	\$503,192	95.02%	\$2,084
<b>2007 Total</b>	<b>\$247,887,938</b>	<b>\$3,466,401</b>	<b>97.64%</b>	<b>\$7,085</b>
<b>Grand Total</b>	<b>\$1,198,618,627</b>	<b>\$16,804,219</b>	<b>99.82%</b>	<b>\$29,775</b>

As outlined in the Limited Offering Memorandum, sales and PIF revenues projections provided by Cushman and Wakefield were estimated to be \$351,453,938 and PIF revenues were projected to be \$4,821,948 for 2007. (Please note, the periods for which delinquent PIF revenues are not available are for months in which 100 percent of the PIF revenues were collected from the DSRs reporting, but there were DSRs who didn't report sales and the City of Lakewood is unable to determine the PIF revenues for those DSRs because sales data is not available.)

As of December 31, 2007, the City of Lakewood reports that delinquent PIF revenues for the period of January 1, 2007 through December 31, 2007 totaled \$7,085 from twelve DSRs.

## **F. FINANCIAL INFORMATION**

Disclosure of the financial information required under Section 5.13 of the Trust Indenture (*i.e.*, the Annual Financial Report and a certificate from the corporation to the trustee stating that the actions of the corporation during the previous year have been consistent with the provisions and covenants of the trust indenture) will be provided under a separate cover. The other requirements of Section 5.13 (*i.e.*, a certificate from the corporation to the trustee regarding the ratio of pledged PIF revenues to debt service and a certificate from the corporation to the trustee regarding the calculation of a revenue shortfall for the prior fiscal year) are attached under separate cover.

## **G. FUND BALANCES**

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

## ***VI. SIGNIFICANT EVENTS***

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### **A. DEVELOPER SIGNIFICANT EVENTS**

According to the continuing disclosure agreement, developer significant events include the following:

- (i) failure to pay any real property taxes (including taxes levied by Indiana Valley) or any amounts due under the Funding Agreement;
- (ii) material change to or destruction of any portion of the Colorado Mills Development;
- (iii) the exercise of an option to purchase or sell or the purchase or sale of any portion of the Mall;
- (iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the Colorado Mills Development;
- (v) material default by the developer or any affiliate thereof on any loan secured by property within the Colorado Mills Development;
- (vi) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or an owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due;
- (vii) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of the Colorado Mills Development or the Projects or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developer;
- (viii) any material change in the form, organization or ownership of the developer (as described in the Limited Offering Memorandum under the heading “Proposed Development of Colorado Mills – The Developer and Related Entities”).

A notice of significant event regarding pending shareholder litigations was also filed on June 13, 2006 and a notice of significant event regarding change of ownership of the development described under Section II of this report was filed on April 10, 2007.

### **B. LISTED EVENTS**

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

- (i) delinquency in payment when due of any principal of or interest on the bonds;

- (ii) occurrence of any material default under the indenture (other than described in clause (i) above);
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) adverse tax opinions or events affecting the tax-exempt status of the bonds;
- (v) modifications to the rights of the bond holders;
- (vi) bond calls or redemption (other than mandatory sinking fund redemption);;
- (vii) defeasance of bonds or any portion thereof;
- (viii) release, substitution or sale of property securing repayment of the bonds;
- (ix) unscheduled draws on credit enhancements reflecting financial difficulties;
- (x) substitution of credit or liquidity providers, or their failure to perform;
- (xi) any change in the rating, if any, on the bonds;
- (xii) cancellation or amendment of the Funding Agreement or the Credit Support Agreement;
- (xiii) any developer event as set forth above;
- (xiv) delivery of a Funding Confirmation by the developer to the trustee (provided that the dissemination agent's notice of such event shall include a copy of such Funding Confirmation);
- (xv) receipt by the trustee of a certificate from the Corporation stating that the Projects are complete (provided that notice of such event shall include a statement by the trustee of the unreserved construction fund balance as of the date of such receipt);
- (xvi) delivery by the Corporation of a notice to Indiana Valley, pursuant to Section 5.16 of the Trust Indenture, stating that a revenue shortfall exists and directing Indiana Valley to pay such revenue shortfall (provided that the dissemination agent's notice of such event shall include a copy of the Corporation's notice to Indiana Valley).

The administrator is not aware of the occurrence of any listed event as of the date of this report (December 31, 2007).