



CITY OF TRINIDAD TRINIDAD, COLORADO

The City Council of the City of Trinidad, Colorado,
will hold its regular Work Session on Tuesday, February 24, 2015 at 1:30 P.M.
in City Council Chambers at City Hall, Third Floor, City Hall

AGENDA

1. Petitions and Communications, Oral or Written
2. Update from the City Tree Board
3. Continued dialogue concerning Trinidad Golf Association funding request
4. Consideration of survey criteria for purposes of business incentive offerings – Walt Boulden, TLACED
5. Consideration of Clubhouse RFP submission
6. State Historic Fund grant application for construction documents for structural upgrades to the Hughes Lumber Company
7. Discussion regarding GOCO grant application for City of Trinidad Dog Park Construction
8. DOLA EIAF grant request for Cedar Street extension and utility relocation
9. Discussion of other agenda items



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

3

CITY COUNCIL MEETING: February 24, 2015
PREPARED BY: Audra Garrett, ACM/City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*

SUBJECT: Discussion of Trinidad Golf Association request for funding

PRESENTER: Audra Garrett, ACM/City Clerk

RECOMMENDED CITY COUNCIL ACTION: Consider the proposals/requests

SUMMARY STATEMENT: N/A

EXPENDITURE REQUIRED: N/A

SOURCE OF FUNDS: N/A

POLICY ISSUE: Funding towards City-owned park property

ALTERNATIVE: Choose to not provide funding

BACKGROUND INFORMATION:

- TGA addressed Council at your previous work session seeking funding assistance. They provided a copy of their financial reports.
- Council has a few options:
 - 1) Advance the \$15,000 allocation budgeted in the 2015 Lottery Fund; or
 - 2) Since there are still funds available in the Lottery Fund and TGA has produced approximately \$12,000 in receipts for eligible expenses over and above the \$15,000 they were allotted for 2014 from Lottery money, Council may opt to pay those receipts; or
 - 3) Council may elect to pay both the \$12,000 for 2014 and the \$15,000 for 2015 now; or
 - 4) Council may decide to not provide additional funding at this time.

TGA will provided information previously requested.

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Trinidad Municipal Golf Association
Balance Sheet
 As of December 30, 2014

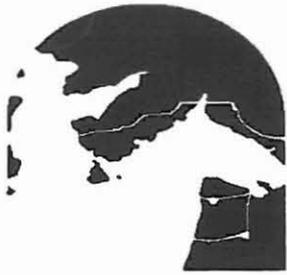
Dec 30, 14

ASSETS	
Current Assets	
Checking/Savings	
Checking/Savings - Cash	
Checking - INB	3,230.16
International CD	60,158.35
Petty Cash - Pro Shop	240.00
Savings - INB	822.97
Total Checking/Savings - Cash	64,451.48
Total Checking/Savings	64,451.48
Total Current Assets	64,451.48
Fixed Assets	
Major Equipment	
Total Fixed Assets	54,855.94
Total Fixed Assets	54,855.94
TOTAL ASSETS	119,307.42
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	3,934.76
Total Accounts Payable	3,934.76
Other Current Liabilities	
Direct Deposit Liabilities	
International Bank Loan	-1,094.53
Other Liabilities	40,973.71
Payroll Liabilities	
Federal W/H Taxes	100.00
FICA/Medicare (Comp)	-1,095.00
FICA/Medicare Taxes	-861.30
FUTA Taxes	-861.30
Health Insurance	-32.25
State W/H Taxees	69.31
Wage Garnishment Payable	1,098.87
Payroll Liabilities - Other	5.28
Total Payroll Liabilities	2,949.08
Total Other Current Liabilities	41,251.87
Total Current Liabilities	45,186.63
Total Liabilities	45,186.63
Equity	
Opening Balance Equity	
Retained Earnings	9,132.54
Net Income	89,497.78
Total Equity	-24,509.53
Total Equity	74,120.79
TOTAL LIABILITIES & EQUITY	119,307.42

						Proposed Budget
		2011	2012	2013	2014	2015
		Total	Total	Total	Total	Total
		Y-T-D	Y-T-D	Y-T-D	Y-T-D	Y-T-D
Acct #	REVENUE					
	4100 Annual Membership Fees	62,256	78,215	68,905	64,939	76,270
	4200 Cart House Storage	16,650	17,538	17,736	17,350	17,925
	4300 Cart Fee Rentals	26,598	35,655	24,974	21,186	24,145
	4400 Daily Green Fees	59,087	63,293	48,806	43,095	42,620
	4500 Daily User Fees	27,821	32,803	29,754	33,810	33,720
	4600 Tournaments	86,720	69,575	79,690	72,070	72,800
	4700 Pro Shop	13,017	19,006	15,728	14,341	13,720
	4701 Beer Sales	5,620	4,840	0	0	0
	4850 City of Trinidad	0	0	15,000	15,000	15,000
	4900 Donations & Other Revenue	2,568	2,467	1,776	998	600
		300,337	323,392	302,369	282,789	296,800
Acct#	EXPENSES					
	6600 Salaries	124,515	135,355	131,666	135,022	133,700
	6650 Benefits	28,818	25,785	29,137	31,901	30,980
	6680 Contractual Services	5,400	7,006	6,850	15,104	5,500
	6701 Telephone	3,598	3,518	3,542	3,065	3,360
	6703 Utilities	6,078	6,766	6,283	6,114	6,660
	6704 Insurance	6,656	11,914	7,229	9,291	8,400
	6705 SW Maintenance	1,500	1,500	1,500	1,500	1,500
	6706 Credit Card & Bank Fees	2,413	3,037	3,081	3,586	3,780
	6707 Postage/Dues/Other	3,311	14,318	7,946	11,153	7,300
	6751 Fuel & Oil	12,379	12,045	14,946	13,288	14,300
	6709 Student Scholarships	2,000	2,000	2,000	2,000	2,000
	6752 Pro Shop Expenses	10,744	15,282	17,009	10,178	12,450
	6755 Beer	4,840	1,215	0	0	0
	6753 Office Supplies & Other	527	1,331	1,657	602	900
	6756 Equipment	8,841	83	5,749	1,352	12,000
	6801 Bldg & Grounds Maintenance	25,893	38,041	29,536	26,711	26,900
	6802 Equipment Maintenance	16,313	15,153	16,650	11,179	14,200
	6803 Cart Maintenance	3,057	1,597	2,293	2,248	3,600
	6804 Sprinkling System Maintenance	8,113	681	1,229	1,277	3,000
	6900 Tournament Expenses	23,135	20,014	27,163	21,730	25,000
		298,131	316,641	315,466	307,300	315,530
	Net Income or Loss	2,206	6,751	-13,097	-24,511	-18,730

In 2011 TGA budgeted to receive \$69,300 from the City of Trinidad

In 2014 Guido held off on many repairs of equipment due to the lack of funds



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

4

CITY COUNCIL MEETING: February 24, 2015
PREPARED BY: Audra Garrett, ACM/City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*

SUBJECT: Consideration of survey criteria for purposes of business incentive offerings

PRESENTER: Walt Boulden, T-LAC Economic Development

RECOMMENDED CITY COUNCIL ACTION: Consider the criteria and alternative criteria

SUMMARY STATEMENT: The proposed survey criteria would be used to administer business incentives and provide for an objective review

EXPENDITURE REQUIRED: No

SOURCE OF FUNDS: N/A

POLICY ISSUE: Allowable business incentives

ALTERNATIVE: Consider alternative criteria/terms, etc.

BACKGROUND INFORMATION:

- Council has approved an ordinance which would allow business incentives to be offered effective October 31, 2014
- Subsequently the City entered into an agreement with TLACED to provide for a process to review requests for incentives and present Council with recommendations

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Introduction

The City of Trinidad feels it is paramount to offer incentives to stimulate business growth for the improvement of the overall health of the City and that it is in the best interest of the citizens to offer, in certain cases and under certain guidelines, terms, and conditions, variable economic incentives to businesses wishing to locate within the City.

Development incentives may be considered to encourage business location that will result in economic growth for the City. In making an initial determination as to the appropriateness and extent of a development incentive offer and whether it is in the best interest of the City, the factors presented in this survey shall be considered.

Upon determination that the granting of a development incentive is advantageous to the City and warranted pursuant to the consideration set forth in City Code Chapter 7, Finance and Taxation, Article 6: Economic Development Incentives; the business ownership shall enter into an agreement with the City setting forth the terms and considerations by which the development incentive will be allowed. Such agreement shall be approved by a majority of a quorum at a public meeting of the City Council.

The City has contracted with the Trinidad - Las Animas County Economic Development, Inc. (TLACED) to collect the necessary data; conduct the initial assessment of the appropriateness and extent of the development incentive offer, based on the factors outlined in section 7-40(a) through (h) of City Code Chapter 7, Finance and Taxation, Article 6: Economic Development Incentives; and make subsequent recommendations to the City regarding whether getting the development incentive is advantageous to the City and warrants the pursuit of an agreement as described above.

In order to collect the necessary data to conduct an initial assessment, TLACED needs interested businesses to complete the following survey. After reviewing the data from the survey, TLACED may contact the business to request additional information and/or documentation to support the survey data.

Thank you.

*1. Business Name of Applicant

Business Profile

Please provide the following information. For number 8, if you do not have a website just enter N/A.
Thank you

*2. Principle Business Activity

*3. Size and Market Value of Business

Less Than \$50K

\$50K - \$99K

\$100K - \$249K

\$250K - \$499K

\$500K - \$999K

\$1,000K +

*4. Contact Person

*5. Business Mailing Address

***6. Business Phone Number**

***7. Business Email Address**

***8. Business Website**

***9. Physical Address of New Trinidad Location**

***10. Projected Opening Date for New Trinidad Business**

***11. Intention**

Starting a New Business in Trinidad

Relocating an Existing Business to Trinidad

Expanding an Existing Business with New Location in Trinidad

Current Business Location

***12. Physical Address of Current Business**

***13. Projected Annual Sales of Business (Trinidad Location)**

Less Than \$50K

\$50K - \$99K

\$100K - \$249K

\$250K - \$499K

\$500K - \$999K

\$1,000K +

***14. Number of Current Full Time Employees To Be Retained at the Trinidad Business Location**

None

1 to 4

5 to 9

10 to 19

20 to 49

50 - 99

100 or More

***15. Average Salary for Full Time Employees To Be Retained at the Trinidad Business Location**

N/A

Minimum Wage

\$10 per hour

\$12 per hour

\$15 per hour

\$25 per hour

Over \$25 per hour

***16. Number of Current Part Time Employees To Be Retained at the Trinidad Business Location**

None

1 to 4

5 to 9

10 to 19

20 to 49

50 - 99

100 or More

***17. Average Salary for Part Time Employees to be Retained at the Trinidad Business Location**

N/A

Minimum Wage

\$10 per hour

\$12 per hour

\$15 per hour

\$25 per hour

Over \$25 per hour

Size of Business

*18. Projected Annual Sales of New Business

Less Than \$50K \$50K - \$99K \$100K - \$249K \$250K - \$499K \$500K - \$999K \$1,000K +

Employees

*19. Number of New Full Time Employees to be Recruited from the Trinidad Area

None 1 to 4 5 to 9 10 to 19 20 to 49 50 - 99 100 or More

*20. Proposed educational and/or training requirements for New Full Time Employees to be Recruited from the Trinidad Area

N/A Less Than High School High School Graduate (or GED) Post High School Extra Training Associate's Degree Bachelor's Degree Master's Degree Ph.D.

*21. Proposed Average Salary for New Full Time Employees to be Recruited from the Trinidad Area

N/A Minimum Wage \$10 per hour \$12 per hour \$15 per hour \$25 per hour Over \$25 per hour

*22. Number of New Part Time Employees to be Recruited From the Trinidad Area

None 1 to 4 5 to 9 10 to 19 20 to 49 50 - 99 100 or More

*23. Proposed Educational and/or Training Requirements for New Part Time Employees to be Recruited from the Trinidad Area

N/A Less Than High School High School Graduate (or GED) Post High School Extra Training Associate's Degree Bachelor's Degree Master's Degree Ph.D.

*24. Proposed Average Salary for New Part Time Employees to be Recruited from the Trinidad Area

N/A Minimum Wage \$10 per hour \$12 per hour \$15 per hour \$25 per hour Over \$25 per hour

*25. Potential for Employee Advancement Within Business

N/A None Minimal Marginal Good Exceptional

Impact of Proposed Business on City's Resources and Infrastructure

***44. Please Describe How the Business Would Be in Conformance with the City's Comprehensive Plan**

***45. Character of the Business is Amenable to the City and Surrounding Community**

No

Marginally

Adequately

Definitely

***46. Please Describe How the Business is Amenable to the City and Surrounding Community**

***47. Business Will Result in a Contribution to the Economic Diversity of the City**

No

Marginally

Adequately

Definitely

***48. Please Describe How the Business Will Result in a Contribution to the Economic Diversity of the City**

***49. The Business Will Purchase Materials and Seek Services From the City's Existing Businesses.**

No

Minimally

Predominately

Exclusively

***50. Please List the Types of Materials and Services the Business will Seek From the City's Existing Businesses.**

***51. Any Other Positive Factors Determined to Be Peculiar to the Proposed Business.**

None

Minimal

Significant

Exceptional

***52. Please Describe Any Other Positive Factors Peculiar to the Proposed Business**

Documentation

You will be contacted as your application for City Incentives is assessed. Please be prepared to supply documentation such as: business financial statement, business plan, and/or additional information, as requested.

Thank you for your interest in locating your business in Trinidad, Colorado.



136 W. Main Street, Suite 101, Trinidad, CO 81082, 719-846-5934

Scenario 1: (RENT)

- Small Coffee Shop
- Market Value of Business = Less than 50K
- Starting New Business in Trinidad
- Projected Annual Sales = Less than 50K
- Expecting to hire 1 to 4 part-time employees from the community
- Educational Training Expectations – Less than HS
- Minimum wage salary
- Potential for advancement = none
- Impact on City's resources & infrastructure = none
- Renting – month to month rental agreement
- Space – less than 1000 sq feet
- Less than 10K improvement to rental space
- Rent \$500 with utilities
- Fit with Trinidad = definitely on all
- Purchase locally – exclusively

Score = 15

Potential Incentives:

- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 6 month agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 6 month agreement



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Scenario 2: (RENT)

- Yoga
- Market Value of Business = Less than 50K
- Starting New Business in Trinidad
- Projected Annual Sales = Less than 50K
- Expecting to hire 1 to 4 part-time employees from the community
- Educational Training Expectations – Post High School Extra Training
- \$12 per hour
- Potential for advancement = marginal
- Impact on City's resources & infrastructure = none
- Renting – two year lease
- Space – 1500 sq feet
- Improvement to rental space = \$15,000
- Rent \$750 plus utilities
- Fit with Trinidad = definitely on all
- Purchase locally = exclusively

Score = 17

Potential Incentives:

- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 1 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 1 year agreement



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Scenario 3: (RENT)

- Recreational Retail Marijuana Shop
- Market Value of Business = 150K
- Starting New Business in Trinidad
- Projected Annual Sales = 400K
- Expecting to hire 1 to 4 part-time employees from the community
- Educational Training Expectations – HS Graduate
- \$12 per hour
- Potential for advancement = marginal
- Impact on City's resources & infrastructure = Significant increased law enforcement
- Renting – one year lease
- Space – 1500 sq feet
- Improvement to rental space = \$45,000
- Rent \$1250 plus utilities
- Fit with Trinidad = definitely on all but Character = Adequately
- Purchase locally = Minimally

Score = 25

Potential Incentives:

- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 1 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion



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Scenario 4: (Purchase and Renovate Building)

- Retail Art Gallery
- Market Value of Business = 750K
- Starting New Business in Trinidad
- Projected Annual Sales = 30K
- Expecting to hire no employees from the community
- Impact on City's resources & infrastructure = none
- Purchase and renovate
- Purchase price of existing building = \$100,000
- Renovation costs = \$150,000
- No back taxes
- Fit with Trinidad = definitely on all
- Purchase locally = Predominately

Score = 28

Potential Incentives:

- 50% reduction of Building Permit Fees
- 50% property Tax credit on City's portion of property taxes – 1 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 1 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion
- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 1 year agreement



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Scenario 5: (Purchase and Renovate Building)

- Restaurant
- Market Value of Business = 250K
- Starting New Business in Trinidad
- Projected Annual Sales = 180K
- Expecting to hire 2 fulltime employees from the community
- Post High School Plus
- \$12 per hour
- Expecting to hire 6 part time employees from the community
- High School
- Minimum Wage
- Potential for employ advancement = minimal
- Impact on City's resources & infrastructure = none
- Purchase and renovate
- Purchase price of existing building = \$300,000
- Renovation costs = \$50,000
- No back taxes
- Fit with Trinidad = definitely on all
- Purchase locally = Minimally

Score = 41

Potential Incentives:

- 50% reduction of Building Permit Fees
- 50% property Tax credit on City's portion of property taxes – 1 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 1 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion
- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 1 year agreement



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Scenario 6: (Construct New Facilities)

- Auto Dealer
- Market Value of Business = 1,000K+
- Relocate existing Business in Trinidad
- Projected Annual Sales = 1,000K+
- Retain fulltime employees 20
- Average salary of retained employees = \$25
- Expecting to hire 5 fulltime employees from the community
- High School + extra training
- Proposed average salary fulltime = \$15
- Expecting to hire 5 part time employees from the community
- High School
- Proposed average salary fulltime = \$12
- Potential for advancement = good
- Impact on City's resources & infrastructure = none except infrastructure
- Impact on City's infrastructure = significant
- Construct New building
- Construction costs = \$1,000,000+
- Fit with Trinidad = definitely on all
- Purchase locally = Minimally

Score = 50

Potential Incentives:

- 50% reduction of Building Permit Fees
- 50% reduction of utility tap fees
- 50% property Tax credit on City's portion of property taxes – 4 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 4 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion
- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 2 year agreement



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Scenario 7: (Construct New Facilities)

- Marijuana Grow Wholesale
- Market Value of Business = 1,000K+
- Starting New Business in Trinidad
- Projected Annual Sales = 1,000K+
- Expecting to hire 150 fulltime employees from the community
- High School + extra training
- Proposed average salary fulltime = \$12
- Expecting to hire 50 part time employees from the community
- High School
- Proposed average salary fulltime = \$10
- Potential for advancement = good
- Impact on City's resources & infrastructure = Extra water required and Significant increased law enforcement
- Construct New buildings; Construction costs = \$750,000
- Fit with Trinidad = definitely on all but Character = Adequately
- Purchase locally = Predominately

Score = 50

Potential Incentives:

- 50% reduction of Building Permit Fees
- 50% reduction of utility tap fees
- 50% property Tax credit on City's portion of property taxes – 8 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 8 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion



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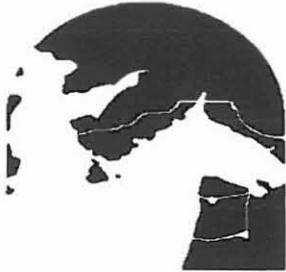
Scenario 8: (Purchase and Renovate)

- Cabinet Manufacture
- Market Value of Business = 1,500K+
- Expanding Existing Business in Trinidad
- Projected Annual Sales = 500K+
- Retain 2 fulltime employees
- \$25
- Expecting to hire 10 fulltime employees from the community
- High School + extra training
- Proposed average salary fulltime = \$15
- Potential for advancement = minimal
- Impact on City's resources & infrastructure = none
- Purchase and renovate
- Purchase price of existing building = \$170,000
- Renovation costs = \$350,000
- No back taxes
- Fit with Trinidad = definitely on all
- Purchase locally = Predominately

Score = 54

Potential Incentives:

- 50% reduction of Building Permit Fees
- 50% reduction of utility tap fees
- 50% property Tax credit on City's portion of property taxes – 4 year agreement
- Refund of sales tax levied by the City on Purchases of Business Personal Property = 50% of the City's General Fund Portion – 4 year agreement
- Refund of sales tax levied by the City on Construction materials = 50% of the City's General Fund Portion
- Retail Sales Tax Rebate = 50% of the City's General Fund Portion – 2 year agreement



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUNCIL MEETING: February 24, 2015
PREPARED BY: Audra Garrett, ACM/City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*

5

SUBJECT: Consideration of Clubhouse RFP submission

PRESENTER: Les Downs, City Attorney

RECOMMENDED CITY COUNCIL ACTION: Consider terms of a potential lease agreement for the facility.

SUMMARY STATEMENT: The clubhouse facility is a City-owned restaurant located at 1415 Nolan Drive. It greatly compliments the golf course proper and offers amenities to patrons.

EXPENDITURE REQUIRED: This item is for discussion.

SOURCE OF FUNDS: N/A

POLICY ISSUE: Lease of City facility.

ALTERNATIVE: N/A

BACKGROUND INFORMATION:

- The City acquired the clubhouse in October, 2010 and thereafter renovated the building.
- In April, 2012, the City entered into a lease agreement with B & G, Inc. for the operation of the restaurant facility.
- On or about December 31, 2014, B & G, Inc. vacated the premises and thereafter submitted a letter advising of their intent not to continue the lease.
- Advertisement requesting proposals for the clubhouse operation was had with a due date of February 13, 2015.
- Three parties expressed interest, two of which visited the facility.
- Only one party submitted a written proposal by the deadline. None were received after the deadline.
- A copy of the prior lease agreement is included for your information.

5

REQUEST FOR PROPOSALS
GOLF COURSE CLUBHOUSE LEASE

Written proposals are being accepted for the lease of the Golf Course Clubhouse (restaurant facility), which is owned by the City of Trinidad. Any party(ies) interested in leasing the Clubhouse must submit a written proposal no later than February 13, 2015 by the close of business to:

City Manager
City of Trinidad
P. O. Box 880
135 North Animas Street
Trinidad, CO 81082
(719) 846-9843 ext. 135
(719) 846-4140 fax

The Golf Course Clubhouse is located 1415 Nolan Drive.

The term of the lease is negotiable. Inspection of the facility along with all inquiries should be directed to the City Manager's Office at the above address.

Ristras Restaurant and Cantina

Trinidad, CO 81082

February 18, 2015

City of Trinidad

City Manager

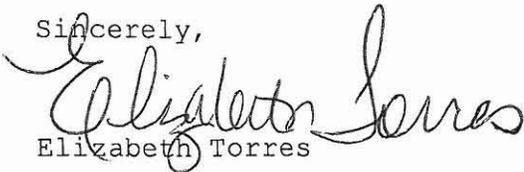
135 N. Animas Street

Trinidad, CO 81082

I am submitting my proposal to lease the restaurant/bar facility located within the golf course property. I am proposing a yearly payment of \$10,000 payable in 12 monthly installments of \$833.33. I calculated this figure based on my normal operating costs associated with my current location and the golf course location. There are challenges that I will encounter at the golf course facility including lack of signage and lack of parking lot lighting. My business, as with any other restaurant in the area, depends on good visibility in high traffic areas. This condition does not exist at the golf course. My core business is local patrons but I need to attract tourists in order to sustain my business into the future.

I am currently operating a successful restaurant business in the Trinidad area. I have all the necessary equipment, smallwares, and staff to relocate to the golf course with ease. I am also knowledgeable in the operation of a successful restaurant. Thank you for your consideration of my bid.

Sincerely,



Elizabeth Torres

Ristra's Restaurant and Cantina



680-1137

RISTRAS

1415 Nolan Dr Trinidad, Co. 81082

February 7, 2015

Executive Summary

The Product

The restaurant will continue to offer a cross-section of services to its customers to include: Buffets, reunions, funeral receptions, catering and a delivery service.

The Market

Our strategy for success will be a combination of great food and service, a pricing structure our customers can afford, and making them aware of what we are offering through our in-house marketing, good coupons, and a strong value for their money.

The Competition

Competition in this area is tough because of the size of the community and the economy. This is why a good pricing structure is vital, good value for your dollar. Competition is busy between all of the national food chain restaurants because of their pricing structure.

The niche for the full service restaurants is smaller but competitive, Quality of food and service, atmosphere and cleanliness are the major factors between the remainder of the restaurants.

City of Trinidad
FEB 13 2015
City Clerk's Office

Business Plan - RISTRAS

The Product

The Product

Ristras offers authentic mexican cuisine with original family recipes served in a classic setting, located on the finishing hole of the municipal golf course with a view of the Sangre de Cristo mountain range and the City of Trinidad, Colorado.

Product Patents

Ristras' holds the exclusive rights to the use of the business name Ristras.

Future Products

The restaurant plans to continue its operation with the freshest ingredients, homemade tortillas and old family recipes. The menu will be expanded to include local favorites and food items for the health conscious.

Marketing Plan

The Target Market

The target market for the restaurant is the downtown commercial district, the golf membership of the municipal course and the mainstream restaurant patrons.

Location Analysis

The location for Ristras is ideal for serving the breakfast, lunch and dinner crowds. Being a destination restaurant it is important to be able to satisfy the needs of its customers. This is a unique venue based on its location near the downtown area and situated right on the golf course and adjacent to residential neighborhoods also.

Established Customers

Having an existing restaurant for the past year and the opportunity to establish Ristras' in a new location will give us the opportunity to enhance our customer base. The existing

~~Food Ristras' should enjoy strong~~

diversified menu a 33% food cost is anticipated. With a typical mexican food menu costs should be in the 26% range. Anticipated menu changes to stay within the lower range is anticipated.

Advertising

Ristras' will use local venues for its advertising. In-house advertising has been a plus and enable us to control costs in this area. Doing trade-outs with the radio station will keep our budget under control. Using coupons with the newspaper ads will gauge which is the correct venue.

Competitor Analysis

The Competitors

Being a small community our competition is not large, Three chinese restaurants, two BBQ restaurants, two pizza outlets, one Italian, three national burger chain outlets, one other mexican restaurant, one fast food mexican. The national chains hold 60% of market share. Our business is not alone in this market, but in our location we have truly made ourselves a destination restaurant. All of our competitors have well-established locations and have been in existence for many years giving them fair market share. Our quality of food, service and location makes us a viable competitor.

Competitor Strategies

There are some competitors working in niche markets, known as the fast-food area, and all have similar pricing. These are either self-serve or drive-thru while we are full service, this is a plus for us as those customers that want full service. We position ourselves against competition with the type of food served, the quality of food, the service, a full service bar and the unique location. All of this plus great value for your dollar.

SWOT Analysis (Strengths/Weaknesses/Opportunities/Threats)

Strengths

Ristras' is located on a closed-end street which accesses a local chinese restaurant, the local bowling lanes, golf driving range and the municipal golf course. Access is convenient to a local motel, which is located on I-25 exit, and within walking distance of the restaurant. Located within a 5-minute drive from the commercial district and as well as a nearby residential district. Ristras' has assembled a well qualified and motivated combination of owners and staff to ensure business success. The kitchen staff is led by a culinary school chef which adds to the importance of the quality of food and service that will be offered at Ristras'.

Weaknesses

The success of Ristras' will depend on providing our customers with consistent quality of a great food, friendly service and a well-kept clean establishment. Developing a good quality staff through training of our food product and correct service techniques and maintaing good human resources policies will

ensure our business of low turnover of staff.

With our restaurant being a destination location it is crucial that the quality of food and service be exceptional to be able to have a high return of repeat customers.

Opportunities

There are significant possibilities to enhance the growth of the business through added features to bring new or the return of current customers to the location. The ability to establish a delivery service for customers in the immediate area, offering a special catering selection menu and marketing the large patio areas for special events. This is the only location that is able to offer outdoor functions without leaving the premises.

Threats

Based on the size of the city and the economy in this area it is important to be able to offer our customers true value for their dollar. The senior citizen market is large so the ability to offer health conscious meals is important.

Fortunately, the food supplier base is solid, the labor market for staff could stand improvement, but overall the positives far outweigh the negatives.

Operations

Daily Operations

The restaurant will be open for breakfast, lunch and dinner 6 days a week with the store being closed on Monday only. A brunch on Sunday will be offered in addition to the regular menu.

Operational Facilities

Ristras' operation facility is approximate seating for 110 patrons. There is a larger dining area for parties of 60-70 guests and the sun-room patio side will hold 30-35 guests/ The bar area has seating for 20-25 plus seating at the bar. The outdoor patio has seating for 40-50 complete with umbrella tables and a larger patio area on the north side that has great promise (grassed-in area, sanded volleyball, horseshoe pits, etc.).

Staffing

Ristras' will employ full-time hosts or hostesses for the day and evening shifts, four part-time waitresses, part-time busboy, three full-time cooks and full time dishwasher. The bar will also employ a part-time bartender and an on-call staff for special in-house events and outside caterings.

Suppliers

...the Trinidad area and one local supplier which carries 50% of

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Suppliers

There are 4 major suppliers which service the Trinidad area and one local supplier which carries 50% of items needed. All suppliers have their own price structures which it is up to the head-purchasing agent(chef/mgr) to discern which supplier will be used based on pricing. The major suppliers offer meats, dairy, produce, bakery goods and dry goods that are needed. It will be the responsibility of chef/mgr to ensure that a positive relationship exists in order to minimize potential shortages.

Capital Requirements Plan

Capital Requirements

Ristras' will require necessary items to facilitate the opening. The purchasing of tables, chairs, kitchen racks, service ware, china, patio furniture. These additional expenses will complete the renovation of the selected location.

The owner will provide the necessary funds related to rent, staffing and inventory.

Capital contributed by the owner will be considered capital contribution.

All debt obligations related to this venture will be repaid by the business to the owner within five years.

ADDITIONAL REVENUE IDEAS

1. Specific Promotions

Valentines day	Cinco de Mayo
Mothers' Day	Fourth of July
Easter Sunday	Thanksgiving

2. Coupons

3. Patio Functions

Outdoor grilling
Weddings, receptions

4. Booking Special Events

Graduation Parties
Reunions
Funeral receptions
Weddings
Banquets

5. Special Caterings

6. Delivery Business

7. Utilizing In-house menu boards

"The difference between well managed companies and not so well managed companies is the degree of attention they pay to the numbers"

Royce Miell

RMC Distributing
Sales Representative
2200 N. Freeway
Pueblo, CO 81003
719-240-7945
Sales70@rmcdistributing.com

February 5, 2015

City of Trinidad
Trinidad, Colorado

To Whom It May Concern,

This letter is to acknowledge that Liz Torres and her restaurant, Ristras Restaurant and Cantina, are indeed in good standing with RMC Distributing. Liz has had an account with RMC Distributing for a year now, and there has never been an issue with the account. We are pleased to have Liz as one of our customers.

If you require any further information please feel free to contact me.

Sincerely,

Royce Miell



February 12, 2015

To whom it may concern,

My name is Larry Archuletta and I am a Marketing Associate with Sysco Foodservice of Denver. Over the past year we at Sysco have enjoyed a good working relationship as well as a partnership with Liz Torres at Ristras Restaurant. She initially set up her account so that she would have any outstanding balances paid within the agreed terms. There has never been and is not now any issues with her account. If you have any questions feel free to contact me. Thank you.

Larry Archuletta

Marketing Associate

Sysco Denver

Office: 800.366.6696 ext. 7586

Cell: 719.250.0603

archuletta.larry@den.sysco.com



To Whom It May Concern:

Ristras Cantina & I Love Sugar Candy Store owned by Liz Torres has remained in good standing since becoming a customer of US Foods.

Ristras Cantina account was opened on 10/31/2013 with US Foods and has remained in good standing.

I Love Sugar Candy Store's account was opened on 5/14/2013 with US Foods and has remained in good standing.

Thanks,

US Foods Denver
11955 E. Peakview Ave
Centennial, Co. 80111
800-553-4413

February 5, 2015

To Whom it may Concern:

I am a direct sales representative for Shamrock Foods Company located in Denver, CO. and do business with Liz and Reuben Torres the owners of Ristra's Restaurant in Trinidad, CO.

My territory is La Veta, CO to Springer, NM so I have the opportunity to deal with lots of restaurants and businesses. Ristra's Restaurant is one of the cleanest and well run businesses in my area.

It is my pleasure to do business with Liz and Reuben Torres because they are always friendly and welcoming to everyone that comes into their place. The food and service is great and I would recommend this to everyone.

Sherry Bennett

575-447-2880





LEASE AGREEMENT

REGARDING THE CLUBHOUSE AT TRINIDAD MUNICIPAL GOLF COURSE

Between the City of Trinidad, Colorado, as Landlord,

and B & G Inc., as Tenant

April 17, 2012

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LEASE AGREEMENT

THIS LEASE AGREEMENT ("**Lease**") is made as of the 17th day of April, 2012, by and between the *City of Trinidad, Colorado*, a home rule municipal corporation located in the County of Las Animas, State of Colorado (hereinafter, "the "**City**" or "**Landlord**"), and *B & G Inc.*, a corporation of the State of Colorado (hereinafter, "**Tenant**").

RECITALS:

- A. WHEREAS, the City is the owner of a golf course clubhouse building (the "**Building**") located at 1415 Nolan Drive in the City of Trinidad, Colorado. The Building, the land upon which the Building is located, and all improvements thereon and appurtenances thereto are collectively referred to herein as the "**Premises**."
- B. WHEREAS, the Premises are contiguous to and serve the Trinidad Municipal Golf Course (the "**Golf Course**"), which is a nine-hole, natural turf golf course located on approximately 84 acres of land area within the City of Trinidad, Colorado.
- C. WHEREAS, Tenant desires to lease the Premises from the City, and the City is willing to lease the Premises to Tenant, upon the terms, conditions, covenants and agreements set forth herein.
- D. WHEREAS, the City has awarded this Lease pursuant to a competitive request for proposal process.

NOW, THEREFORE, in consideration of the foregoing recitals, the covenants and agreements herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending legally to be bound, hereby covenant and agree as set forth below.

**ARTICLE 1.
LEASE OF PREMISES**

The City hereby leases to Tenant, and Tenant hereby leases from the City, for the term and upon the terms, conditions, covenants, and agreements herein provided, the Premises, consisting of approximately 5,485 square feet of building area and approximately 8,090 square feet of land area, as determined by agreement of the parties. The Premises shall not be subject to re-measurement, and the actual square footage shall in no way affect the fixed rent or any other sum payable hereunder, or any other provision of this Lease, should any variance be found to exist between said agreed-upon square footage and actual square footage. The Premises are highlighted on the Improvement Location Certificate attached as Exhibit A hereto and incorporated herein by this reference. The Premises are located entirely within the land parcel (the "**Property**") legally described in Exhibit A; however, the Premises encompass only that portion of the Property that is highlighted in Exhibit A.

**ARTICLE 2.
LEASE TERM**

2.1 Term.

- (a) The term of this Lease ("**Lease Term**") shall commence on the Lease Commencement Date (as hereinafter defined), and shall end at 11:59 p.m., local time, on (i) the day preceding the fifth (5th) anniversary of the Lease Commencement Date, if the Lease Commencement Date occurs on the first day of a month, or (ii) the last day of the month which includes the fifth (5th) anniversary of the Lease Commencement Date, if the Lease

Initials:

GR
Landlord

[Signature]
Tenant

Commencement Date occurs on a day which is other than on the first day of a month, unless the Lease Term is terminated earlier in accordance with the provisions of this Lease. If there is any renewal or extension of the Lease Term, then the defined term "Lease Term" shall include any renewal or extension term.

- (b) As used herein, the first "Lease Year" shall mean the period commencing on the Lease Commencement Date and continuing for any partial calendar month in which the Lease Commencement Date occurs and for twelve (12) full calendar months thereafter. Each successive twelve (12) month period thereafter during the Term shall constitute a subsequent "Lease Year," except that the last Lease Year shall end on the expiration of this Lease.
- (c) If the City is unable to give possession of the Premises because a certificate of occupancy or its equivalent has not been issued, or if repairs to or improvements of the Premises are not completed, or for any other reason, then, except as may be expressly stated elsewhere in this Lease, the City shall not be subject to any liability for the failure to give possession and no such failure to give possession shall in any other respect affect the validity of this Lease or the obligations of Tenant, nor shall the same extend the Lease Term.

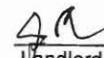
2.2 Lease Commencement Date.

- (a) The Lease Commencement Date shall be June 15, 2012, or the date on which Tenant commences beneficial use of the Premises, whichever date occurs first ("**Lease Commencement Date**"). Tenant shall be deemed to have commenced beneficial use of the Premises when Tenant begins to move furniture and furnishings into the Premises and such beneficial use shall be deemed to be an acceptance of the nature and sufficiency of the entire Premises.
- (b) Promptly after the Lease Commencement Date, Landlord and Tenant, upon the request of either, shall execute a certificate in the form attached hereto as Exhibit B, setting forth the Lease Commencement Date and the date on which the Lease Term shall expire.

2.3 Extension Option.

- (a) Provided no default under this Lease has occurred (and is continuing beyond any applicable notice and/or cure period) at the time notice is given or at the expiration of the initial Lease Term, Tenant shall have the right and option, exercisable by giving written notice thereof at least six (6) months but not more than twelve (12) months prior to the expiration of the initial Lease Term, to extend the Term for one (1) period of five (5) years. In the event that Tenant fails to give such notice to Landlord as herein provided, this Lease shall automatically terminate at the end of the initial Lease Term, and Tenant shall have no further right or option to extend this Lease.
- (b) The extended Lease Term shall be upon the same covenants, agreements, provisions, terms, and conditions as the initial Lease Term, except that Tenant shall have no further options to renew or extend the Lease Term and Fixed Annual Rent during the extended Lease Term shall be as negotiated between the parties.
- (c) The extension option granted in this Section is personal to the original named Tenant and may be exercised only by it.

Initials:


Landlord


Tenant

**ARTICLE 3.
RENT**

3.1. Fixed Rent.

- (a) Tenant shall pay to Landlord as "**Fixed Annual Rent**" for each Lease Year for the Premises, without notice, set-off, counterclaim, deduction or demand, the following amounts:

Lease Year	Fixed Annual Rent	Fixed Monthly Rent
1	\$18,000	\$1,500
2	\$18,000	\$1,500
3	\$18,000	\$1,500
4	\$18,000	\$1,500
5	\$18,000	\$1,500

- (b) Fixed Annual Rent shall be payable in equal monthly installments beginning on the Lease Commencement Date and thereafter monthly, in advance, on the first day of each month during the Lease Term (each such monthly installment being referred to herein as "**Fixed Monthly Rent**"). Concurrently with the signing of this Lease, Tenant shall pay to Landlord a sum equal to one (1) month's Fixed Monthly Rent, which sum shall be credited by the City against the Fixed Monthly Rent due for the first (1st) full calendar month of the Lease Term for which Fixed Annual Rent is payable.
- (c) If the Lease Commencement Date is a date other than the first day of a month, rent from such date until the first day of the following month shall be prorated at the rate of one-thirtieth (1/30th) of the Fixed Monthly Rent for each day and shall be payable on the Lease Commencement Date.

3.2 Late Payment; Interest Charge. If Tenant fails to make any payment of rent on or before the date such payment is due and payable, Tenant shall pay to Landlord a late charge of five percent (5%) of the amount of such payment, together with interest on said overdue amount from the due date until paid at the rate of eighteen percent (18%) per annum or such lesser rate as may be the maximum allowed by applicable Colorado law. Such late charges and interest shall constitute additional rent due hereunder, shall be paid within five (5) days after demand therefor by Landlord, and shall be in addition to all other rights and remedies provided to Landlord in this Lease.

3.3 Rent Generally. As used in this Lease, "rent" includes all Fixed Annual Rent, Fixed Monthly Rent, all sums payable under Article 4, all additional rent and all other sums due to Landlord under this Lease, however called. All rent payable by Tenant shall be paid to Landlord in lawful money of the United States of America at the office of Landlord or to such other party or to such other address as Landlord may designate from time to time by written notice to Tenant. Unless specifically stated otherwise in this Lease, all rent payable under this Lease shall be paid in full by Tenant, in advance, without notice or demand and without set-off, deduction, recoupment, abatement, counterclaim, or adjustment of any kind. Tenant's covenant to pay rent is an independent covenant. If Landlord shall at any time or times accept rent to which Landlord is entitled hereunder after the same shall become due and payable, such acceptance shall not excuse a delay upon subsequent occasions, or constitute, or be construed as, a waiver of any or all of Landlord's rights hereunder. Tenant's obligation for the payment of rent shall survive the expiration or sooner termination of this Lease.

Initials:


Landlord


Tenant

ARTICLE 4. SECURITY DEPOSIT

4.1 Definition. Simultaneously with the execution of this Lease, Tenant shall deposit with Landlord the sum of Three Thousand Dollars (\$3,000.00) as a security deposit. Landlord shall not be required to maintain the Security Deposit in a separate account. The Security Deposit shall not earn interest unless required by applicable Colorado law. The Security Deposit shall be security for the performance by Tenant of all of Tenant's obligations, covenants, conditions, and agreements under this Lease.

4.2 Application. In the event of any default by Tenant hereunder during the Lease Term, Landlord shall have the right, but shall not be obligated, to use, apply, or retain all or any portion of the Security Deposit for (a) the payment of any rent as to which Tenant is in default, or (b) the payment of any amount which Tenant may be obligated to pay to repair physical damage to the Premises or the Building pursuant to this Lease, or (c) the payment of any amount which Tenant may be obligated to pay for the compensation to Landlord for any losses incurred by reason of Tenant's default, including, but not limited to, any damage or deficiency arising in connection with the reletting of the Premises. If any portion of the Security Deposit is so used or applied, then within three (3) business days after written notice to Tenant of such use or application, Tenant shall deposit with Landlord cash in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall constitute a default under this Lease. The Security Deposit is not a measure of damages or liquidated damages, and Landlord's use of the Security Deposit is not a waiver of its other rights and remedies. Provided Tenant is not in default hereunder, Landlord shall return the Security Deposit to Tenant, less such portion thereof as Landlord shall have applied or be entitled to apply to satisfy any default by Tenant hereunder, within forty-five (45) days following the later to occur of the expiration of the Lease Term or the vacating and surrendering of the Premises by Tenant to Landlord.

ARTICLE 5. USE

5.1 Permitted Use. Tenant shall use and occupy the Premises for restaurant, bar, golf course clubhouse, and banquet/special event purposes and for no other use or purpose. Tenant shall not use or occupy the Premises for any unlawful purpose or in any manner that will constitute waste, nuisance, or unreasonable annoyance to Landlord. Tenant shall operate its business in the Premises under the trade name "The Clubhouse Grille" and no other trade name. Tenant hereby covenants to continuously operate in the Premises and to do so in a manner befitting a first-class restaurant and bar operation in a first-class building. Without limiting the foregoing, Tenant agrees to keep the Premises open for business between the hours of 8:00 a.m. and 8:00 p.m. during the golf season extending from April through November of each calendar year, and 11:00 a.m. through 8:00 p.m. during the off-season extending from December through March of each calendar year, or such other hours as Landlord may designate from time to time, well-stocked and fixtured and with an appropriate number and quality of personnel to maximize sales.

5.2 Compliance with Laws. Tenant shall comply with all present and future laws, statutes, ordinances (including zoning ordinances and land use requirements), codes, rules, regulations, and orders of the United States of America, the State of Colorado, the City of Trinidad, Colorado, and any other public or quasi-public authority having jurisdiction over the Premises concerning the use, occupancy, facilities in and condition of the Premises and all machinery, equipment, facilities, entrances thereto, exits therefrom, and furnishings therein.

Initials:

Landlord

Tenant

5.3 Environmental Laws.

- (a) Tenant shall not use any portion or all of the Property for the use, generation, treatment, storage or disposal of "toxic substances," "contaminants," "pollutants," "hazardous materials," "hazardous waste," "hazardous substances" or "oil" (collectively, "**Hazardous Materials**"), as such terms are defined under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 *et seq.*, as amended, the Resource Conservation and Recovery Act of 1976, 42 U.S.C. 6901 *et seq.*, as amended, and any and all other environmental statutes which regulate the use of hazardous and/or dangerous substances, and the regulations promulgated thereunder and any and all state and local laws, statutes, codes, ordinances, rules and regulations, without the express prior written consent of Landlord, and then only to the extent that the presence and/or discharge of the Hazardous Materials is (i) properly licensed and approved by all appropriate governmental officials and in accordance with all applicable laws and regulations and (ii) in compliance with any terms and conditions stated in said prior written approval by Landlord. Notwithstanding the foregoing, Tenant may use such Hazardous Materials as are used for ordinary purposes in the ordinary course of Tenant's business, provided that such use is in accordance with all applicable statutes, laws, codes, ordinances, rules and regulations, and any manufacturer's instructions. Tenant shall be solely responsible for removing all such permitted Hazardous Materials from the Property at Tenant's sole cost and expense, and Landlord shall have no liability or obligation with respect thereto. Notwithstanding the permitted use of certain Hazardous Materials, Tenant may not discharge any Hazardous Materials except as provided by applicable statutes, laws, codes, ordinances, rules and/or regulations, and specifically may not discharge any Hazardous Materials in any public sewer or any drain and/or drainpipe leading or connected thereto. Tenant shall promptly give written notice to Landlord of any communication received by Tenant from any governmental authority or other person or entity concerning any complaint, investigation, or inquiry regarding any use, generation, treatment, storage, or disposal (or alleged use, generation, treatment, storage or disposal) by Tenant of any Hazardous Materials. Landlord shall have the right (but not the obligation) to conduct such investigations or tests (or both) as Landlord shall deem necessary with respect to any such complaint, investigation, or inquiry, and Tenant, at its expense, shall take such action (or refrain from taking such action) as Landlord may request in connection with such investigations and tests by Landlord.

- (b) The parties acknowledge that mold is a naturally occurring substance in many buildings and that there are concerns about the effect of certain molds on health, even if there is no scientific evidence supporting those fears. Landlord and Tenant represent and warrant to each other that neither has any actual knowledge of mold in the Building. In the event that Tenant hereafter obtains actual knowledge of mold in the Building or that Landlord hereafter obtains actual knowledge of mold in the Building and believes that such mold could have an adverse effect on the health of any person of normal susceptibility in the Premises, the party with such knowledge shall promptly notify the other party. The parties shall then attempt in good faith to address any health concerns relating thereto and ameliorate the same consistent with the then-current state of scientific knowledge and industry standard in comparable buildings.

- (c) Notwithstanding anything in this Lease to the contrary, Tenant shall not materially adversely affect (as determined by Landlord) the indoor air quality of the Premises or the Building; without limiting the preceding clause, it shall apply to (and take precedence over any other provision of this Lease concerning) the use of the Premises, the type of equipment, furniture, furnishings, fixtures and personal property that may be brought into the Premises, the construction materials used in Tenant improvements, the standard of

Initials:


Landlord


Tenant

maintenance required for the Premises, and compliance with any smoking policy now or hereafter adopted for the Building by Landlord or required by law.

- (d) This Section shall survive the expiration or termination of this Lease.

**ARTICLE 6.
PLAN OF OPERATION**

Tenant shall be required to submit to the City Manager an annual Plan of Operation by February 1st of each year of the Lease Term. Said Plan of Operation shall describe Tenant's proposed operation of the Premises for the ensuing Lease Year, including:

- A pro forma budget;
- Days and hours of operation;
- Menu(s) and pricing;
- Marketing plan for advertising and promoting the Premises;
- Planned improvements such as additional equipment, seating, furnishings, etc.; and
- Number of employees.

Upon receipt of Tenant's Plan of Operation, the City Manager shall submit the Plan of Operation to the City Council. The City shall have thirty (30) days to evaluate Tenant's Plan of Operation and provide written response. Failure on the part of the City to respond in writing within said thirty (30) day period shall constitute acceptance of Tenant's Plan of Operation.

**ARTICLE 7.
PARKING**

Tenant and Tenant's patrons shall have non-exclusive and non-reserved use of the Trinidad Municipal Golf Course parking area to the east and west of the Premises at no additional expense hereunder. However, Tenant shall, in no manner, obstruct the Nolan Drive roadway or the golf cart path that partially encircle the Premises.

**ARTICLE 8.
ASSIGNMENT AND SUBLETTING**

8.1 Landlord's Consent Required.

- (a) Tenant shall not sell, assign, transfer, mortgage or otherwise encumber this Lease or its interest therein (collectively "assign" or "assignment") or sublet, rent or permit anyone to occupy the Premises, or any part thereof (collectively "sublet"), without obtaining the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole and absolute judgment as to any assignment and which consent shall not be unreasonably withheld, conditioned or delayed as to any subletting. Notwithstanding the foregoing, this Lease may not be assigned, and the Premises may not be sublet, to any person or entity who may claim the defense of sovereign immunity or any similar defense. When Landlord's "consent" is referenced herein, it shall refer to both approval of the proposed assignee/subtenant and approval of the instrument of assignment/sublet and any amendment thereof.
- (b) In no event may this Lease be assigned in part, nor may the Premises be subleased in part. No assignment or sublet may be effectuated by operation of law or otherwise without the prior written consent of Landlord as aforesaid. The consent of Landlord to any assignment or subletting, or the implementation of any assignment or subletting that may be permitted hereunder without Landlord's consent, shall not be construed as a

Initials:

J.R.
Landlord

[Signature]
Tenant

waiver or release of Tenant from liability for the performance of all covenants and obligations to be performed by Tenant under this Lease, nor shall the collection or acceptance of rent from any assignee or subtenant constitute a waiver or release of Tenant from any of its liabilities or obligations under this Lease, and the assignor Tenant shall remain jointly and severally liable for the continued performance of Tenant's obligations. Tenant hereby waives all suretyship and similar technical defenses, including, without limitation, defenses arising from the amendment, renewal, termination or expiration of this Lease without its knowledge or consent. Landlord's consent to any assignment or subletting shall not be construed as relieving Tenant from the obligation of obtaining Landlord's prior written consent to any subsequent assignment or subletting. If Tenant is in default hereunder, Tenant hereby assigns to Landlord the rent due from any subtenant of Tenant and hereby authorizes each such subtenant to pay said rent directly to Landlord.

- (c) In all cases where Tenant seeks permission to take or do an act referred to in this Article, Tenant first shall give Landlord thirty (30) days' prior written notice enclosing a full and complete copy of the bona-fide sublet, assignment, or other agreement applicable to the proposed transaction and any processing fee required hereunder. For thirty (30) days following receipt thereof, Landlord shall have the right, exercisable by sending notice to Tenant, to retake from Tenant: (i) all of the Premises for the balance of the Lease Term in the event Tenant notified Landlord of its intention to assign this Lease; or (ii) only so much of the Premises for so much of the Term as Tenant intends to sublet in the event Tenant notified Landlord of its intention to sublet the Premises or a portion thereof. In either of the events described in clause (i) or (ii) above, this Lease shall be terminated as of the date specified for such termination in Landlord's notice aforesaid as to the portion or all of the Premises so retaken, provided that any and all liabilities of Tenant which accrued and remained unsatisfied prior to the date of such termination shall survive such termination. In the event Landlord does not exercise its aforesaid right within thirty (30) days of receipt of said notice and any processing fee required hereunder, Tenant then may assign or sublet, as the case may be, to the intended subleasee or assignee, provided Tenant has obtained the prior written consent of Landlord, which may be given or withheld according to the standard set forth in § 8.1(a).
- (d) Anything herein to the contrary notwithstanding, if Landlord shall not elect to exercise the right set forth in the immediately preceding paragraph, such election shall not under any circumstances be deemed a consent to the proposed subletting or assignment of Tenant's interest in and to this Lease and/or the Premises, and it is expressly understood that any determination by Landlord not to exercise such right shall not preclude Landlord from withholding its consent to such proposed subletting or assignment.
- (e) In the event of any assignment or sublet, then any purchase price, assignment fee, furniture or equipment purchase or rental payment, incremental monthly rent or other payment due to Tenant, if any, as the result of any such assignment or sublease which is in excess of the rent (or pro rata portion thereof) then payable by Tenant under this Lease shall be paid by Tenant to Landlord as additional rent as and when received by Tenant. If such sum is payable to Tenant in a lump sum, the lump sum shall be amortized on a straight-line basis over the then-remaining Lease Term to determine if the payment is in excess of the rent then payable by Tenant.
- (f) Tenant shall be responsible for and agrees to pay (i) a non-refundable processing fee of Five Hundred Dollars (\$500.00) upon submission of a proposed sublet or assignment to Landlord and (ii) any costs and expenses, including (without limitation) reasonable legal fees, incurred by Landlord in connection with any actual, proposed or purported assignment or sublease, whether or not Landlord consents thereto.

Initials:


Landlord


Tenant

8.2 **Transfers of Interests in Tenant.** If Tenant is a partnership or limited liability company, a withdrawal or change (whether by way of one or more withdrawals or changes) — whether voluntary, involuntary or by operation of law — of partners or members owning a controlling or majority interest in Tenant on the date hereof shall be deemed a voluntary assignment of this Lease and subject to the provisions of § 8.1. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or transfer (whether by way of one or more sales or transfers) of a controlling or majority interest of the capital stock of Tenant shall be deemed a voluntary assignment of this Lease and subject to the provisions of § 8.1. However, the preceding sentence shall not apply to corporations whose stock is traded through a national or regional exchange or over-the-counter. It is understood and agreed that a controlling interest for purposes of this Article may be less than a majority interest.

**ARTICLE 9.
MAINTENANCE AND REPAIRS**

9.1 **Maintenance and Repairs.** Tenant will keep and maintain the Premises and all fixtures and equipment located therein in a clean, safe and sanitary condition, will take good care thereof and make all required repairs and replacements thereto (whether structural or non-structural, foreseen or unforeseen), will suffer no waste or injury thereto, and will, at the expiration or other termination of the Lease Term, surrender the Premises, broom clean, in the same order and condition they were in on the Lease Commencement Date unless otherwise directed by Landlord, ordinary wear and tear and insured damage by the elements excepted. Landlord shall provide and install all original bulbs, tubes, and lighting fixtures for the Premises as of the Lease Commencement Date; all replacement bulbs and tubes for the Premises shall be provided and installed by Tenant at Tenant's cost and expense.

9.2 **Landlord's Maintenance and Repairs.** Landlord shall endeavor to maintain and keep in repair the roof, foundation, and exterior walls of the Building and the Building heating, ventilating and air conditioning, plumbing, and electrical systems and shall make such repairs as become necessary after obtaining actual knowledge of the need for such repairs.

9.3 **Damage Caused by Tenant.** All injury, breakage and damage to the Premises caused by any act or omission of Tenant or any agent, employee, subtenant, licensee, contractor, customer, client, family member or invitee of Tenant, shall be repaired by and at the sole expense of Tenant, except that Landlord shall have the right, at its sole option, to make such repairs and to charge Tenant for all costs and expenses (including a market rate project management fee) incurred in connection therewith as additional rent hereunder. The liability of Tenant for such costs and expenses shall be reduced by the amount of any insurance proceeds received by Landlord on account of such injury, breakage or damage.

**ARTICLE 10.
ALTERATIONS AND TENANT IMPROVEMENTS**

10.1 **As-Is Condition of Premises.** Tenant agrees to and shall lease the Premises in its "AS IS" condition as of the date of this Lease, and it is understood and agreed that Landlord will not make or pay for, and is under no obligation to make or pay for, any structural or other alterations, decorations, additions, or improvements in or to the Premises (beyond the alterations and improvements currently being performed by Purgatoire Valley Construction, Inc.).

10.2 Alterations.

(a) Tenant will not make or permit anyone to make any alterations, decorations, additions or improvements (herein referred to collectively as "**Alterations**"), structural or otherwise, in or to the Premises or the Building without the prior written consent of Landlord. When

Initials:

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Landlord

[Signature]
Tenant

granting its consent, Landlord may impose any conditions it deems appropriate, including without limitation, the approval of plans and specifications, approval of the contractor or other persons to perform the work, and the obtaining of a performance bond in an amount specified by Landlord and specified insurance. All Alterations permitted by Landlord must conform to all rules and regulations established from time to time by the Board of Fire Underwriters having jurisdiction or any similar body exercising similar functions, and to all laws, statutes, ordinances, codes, rules, regulations and requirements of the federal and/or state governments or of the City. Without limiting the foregoing, all cable installed by or for Tenant must be tagged every three (3) feet with an identification tag or other distinguishing mark to clearly identify it as relating to Tenant and/or the Premises, and Landlord must be given notice of the location of all such cable as and when it is installed.

- (b) As a condition precedent to such written consent of Landlord, Tenant agrees to obtain and deliver to Landlord written, unconditional waivers of mechanic's and materialmen's liens against the Building and the Premises from all work, labor and services to be performed, and any materials supplied, in connection with any Alterations. It is further understood and agreed that any Alterations, other than those made by Landlord directly, shall be conducted on behalf of Tenant and not on behalf of Landlord, and that Tenant shall not be deemed to be the agent of Landlord. It is further understood and agreed that in the event Landlord shall give its written consent to the making of any Alterations, such written consent shall not be deemed to be an agreement or consent by Landlord to subject its interest in the Premises, or any leasehold or other interest of Tenant in the Premises, the Building or the Property, to any mechanic's or materialmen's liens which may be filed in connection therewith. If, notwithstanding the foregoing, any mechanic's or materialmen's lien is filed against the Premises, Tenant's interest therein, the Building and/or the Property for work claimed to have been done for, or materials claimed to have been furnished to, the Premises or to Tenant, such lien shall be discharged by Tenant within five (5) days after notice, at Tenant's sole cost and expense, by the payment thereof or by the filing of a bond. If Tenant shall fail to discharge any such mechanic's or materialmen's lien, Landlord may, at its sole option, discharge such lien and treat the cost thereof (including attorney's fees incurred in connection therewith) as additional rent payable with the next Fixed Monthly Rent payment falling due. It is expressly agreed that such discharge by Landlord shall not be deemed to waive or release the default of Tenant in not discharging such lien.

10.3 Indemnification for Tenant Improvement Work and Alterations. Tenant shall defend, indemnify and hold Landlord harmless from and against any and all claims, suits, actions, proceedings, liens, liabilities, judgments, damages, losses, costs and expenses (including, without limitation, attorneys' fees) based on or arising directly or indirectly by reason of the making of any Alterations. If any Alterations are made without the prior written consent of Landlord, Landlord shall have the right to remove and correct such changes and to restore the Premises and the Building to their condition immediately prior thereto, and Tenant shall be liable for all expenses incurred by Landlord in connection therewith.

10.4 Ownership and Removal at End of Lease Term. Alterations to the Premises or the Building (except for personal property solely owned by Tenant) made by either party shall immediately become the property of Landlord and shall remain upon and be surrendered with the Premises as part thereof at the end of the Lease Term, except that (a) if Tenant is not in default under this Lease, Tenant shall have the right to remove, prior to the expiration of the Lease Term, all movable furniture, furnishings and equipment installed in the Premises solely at the expense of Tenant, and (b) Landlord shall have the right to require Tenant to remove all Alterations at the end of the Lease Term at the sole cost of Tenant. Unless Landlord otherwise specifically agrees in writing at or prior to the installation of the same, all data and communications cabling and

Initials:


Landlord


Tenant

equipment installed in the Premises or the Building for the exclusive use of Tenant, whether originally installed by Landlord or by Tenant, shall be removed by Tenant at its own cost and expense upon the expiration or termination of the Lease Term. All damage and injury to the Premises or to the Building caused by such removal shall be repaired by Tenant, at Tenant's sole expense. If such property of Tenant is not removed by Tenant prior to the expiration or termination of this Lease, the same shall be deemed to have been abandoned by Tenant and shall be surrendered with the Premises as a part thereof, which property may be retained by Landlord or disposed of at Tenant's expense. Tenant's obligation to pay for any costs incurred by Landlord for the disposal of such abandoned property shall survive the expiration or earlier termination of this Lease.

**ARTICLE 11.
SIGNAGE**

No sign, advertisement or notice shall be inscribed, painted, affixed or otherwise displayed by Tenant on any part of the exterior or the interior of the Premises or the Building except on such areas as are designated by Landlord. All signage, advertisements or notices must be only in such place, number, size, color and style as are approved by Landlord in its sole and absolute discretion. All of Tenant's signs that are approved by Landlord shall be obtained by Tenant at its sole cost and expense and installed by Landlord at Tenant's sole cost and expense. Tenant shall reimburse Landlord for such amount upon written demand from Landlord. If any sign, advertisement or notice that has not been approved by Landlord is exhibited or installed by Tenant, Landlord shall have the right to remove the same at Tenant's expense. Landlord shall have the right to prohibit any advertisement of or by Tenant which in Landlord's opinion tends to impair the reputation of the Building or its desirability as a high-quality building, and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement. Landlord reserves the right to affix, install and display signs, advertisements and notices on any part of the exterior or interior of the Building.

**ARTICLE 12.
TENANT'S EQUIPMENT**

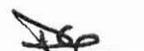
Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacement or additions to, or in the use of the water system, heating system, plumbing system, air-conditioning system or electrical system of the Premises or in the Building without first obtaining the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion. Any machines and mechanical equipment belonging to Tenant which cause noise or vibrations that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to reduce such noise and vibration to a level satisfactory to Landlord.

**ARTICLE 13.
INSPECTIONS BY LANDLORD**

Tenant shall permit Landlord or its agents or representatives to enter the Premises, at any time and from time to time, without charge therefor to Landlord and without diminution of the rent payable by Tenant, to examine, inspect and protect the Premises and the Building, to make such alterations and/or repairs as in Landlord's sole judgment may be deemed necessary, or, during the last twelve (12) months of the Lease Term or at any time following the initiation of any eviction proceeding, to exhibit the same to prospective tenants. In connection with any such entry, Landlord shall endeavor to minimize the disruption to Tenant's use of the Premises, but Landlord shall not be required to perform any alterations or repairs or make any entry at a time other than normal working hours.

Initials:


Landlord

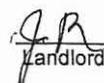

Tenant

**ARTICLE 14.
INSURANCE**

14.1 Tenant's Insurance. Tenant covenants and agrees to procure at its expense on or before the Lease Commencement Date and to keep in force during the Lease Term the following insurance naming Landlord and Tenant as insured parties: (a) a commercial general liability insurance policy or such successor comparable form of coverage in the broadest form then available (a "**Liability Policy**") written on an "occurrence basis" including, without limitation, blanket contractual liability coverage, business interruption, automobile, broad form property damage, independent contractor's coverage and personal injury coverage, protecting Landlord and Tenant against any liability whatsoever occasioned by any occurrence on or about the Premises or any appurtenances thereto; and (b) a fire and other casualty policy (a "**Fire Policy**") insuring the full replacement value of all Tenant Improvement Work and Alterations, regardless by whom installed, and all of the furniture, trade fixtures and other personal property of Tenant located in the Premises against loss or damage by fire, theft and such other risks or hazard. Such policies are to be written by good and solvent insurance companies licensed to do business in the State of Colorado, shall have not less than a Best's A+ 10 rating and shall be in such limits and with such maximum deductibles as Landlord may reasonably require from time to time. As of the date of this Lease, Landlord reasonably requires limits of liability under: (x) the Liability Policy of not less than \$1,000,000 combined single limit per occurrence for bodily or personal injury (including death) and property damage combined; (y) the Fire Policy equal to the value of Tenant's Tenant Improvement Work, Alterations, furniture, trade fixtures and other personal property with a deductible of no more than \$1,000.00; and (z) machinery insurance for full replacement cost of equipment with a deductible of no more than \$1,000.00. Tenant will furnish Landlord with such information as Landlord may reasonably request from time to time as to the value of the items specified in clause (y) above within ten (10) days after request therefor. Such insurance may be carried under a blanket policy covering the Premises and other locations of Tenant, if any, provided that each such policy shall in all respects comply with this Article and shall specify (i) that the portion of the total coverage of such policy that is allocated to the Premises is in the amounts required pursuant to this Section and (ii) any sublimits in such blanket policy and such policy shall also specify, or Tenant shall furnish Landlord a written statement from the insurer under such policy, that the protection afforded Tenant under any such blanket policy shall be no less than that which would have been afforded under a separate policy relating only to the Premises. Prior to the time insurance under this Section is first required to be carried by Tenant, and thereafter at least fifteen (15) days prior to the expiration date of any such policy, Tenant agrees to deliver to Landlord an ACORD 27 certificate evidencing such insurance and payment of the premium therefor. Said certificate shall contain an endorsement that such insurance may not be canceled or amended except upon thirty (30) days' prior written notice to Landlord. Notwithstanding anything to the contrary contained in this Lease, the carrying of insurance by Tenant in compliance with this Section shall not modify, reduce, limit or impair Tenant's obligations and liabilities under any and every indemnity by Tenant to Landlord set forth in this Lease.

14.2 Indemnity by Tenant. Tenant shall indemnify and defend Landlord and save it harmless from and against any and all claims, suits, actions, proceedings, liabilities, damages, costs or expenses, including attorneys' fees, arising (i) from any act, omission or negligence of Tenant or its officers, contractors, licensees, agents, employees, guests, invitees or visitors in or about the Property, (ii) from Tenant's use or occupancy of the Premises or the business conducted by Tenant therein, (iii) from any breach or default under this Lease by Tenant, (iv) from, or relating to, the enforcement by Landlord of the provisions of this Lease as against Tenant, or (v) from any accident, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Building or the Premises. This provision shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries (or death) to third parties to the extent caused solely and directly by the negligence of Landlord or its officers,

Initials:


Landlord


Tenant

contractors, licensees, agents, employees or invitees. The provisions of this Section shall survive the expiration or termination of this Lease.

- 14.3 **Increases in Insurance Rates.** Tenant shall not do or permit to be done any act or thing upon or about the Premises which will (i) result in the assertion of any defense by the insurer to any claim under, (ii) invalidate, or (iii) be in conflict with, the policies covering the Premises, and fixtures and property therein, or which would increase the rate of fire insurance applicable to the Premises to an amount higher than it otherwise would be; and Tenant shall neither do nor permit to be done any act or thing, upon or about the Premises which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property; but nothing in this Section shall prevent Tenant's use of the Premises for the purposes stated in this Lease. If, as a result of any act or omission by or on the part of Tenant or violation of this Lease by Tenant, whether or not Landlord has consented to the same, the rate of "All Risk" or other type of insurance maintained by Landlord on the Property shall be increased to an amount higher than it otherwise would be, Tenant shall reimburse Landlord for all increases of Landlord's insurance premiums so caused; such reimbursement to be additional rent payable within five (5) days after demand therefor by Landlord. If, due to abandonment of or failure to occupy the Premises by Tenant, any such insurance shall be canceled by the insurance carrier, then Tenant hereby indemnifies Landlord against liability which would have been covered by such insurance.
- 14.4 **Notice of Accidents.** Tenant shall give Landlord notice in case of crimes, solicitations, fire, accidents or other adverse incidents in the Building or upon the Premises promptly after Tenant is aware of such event.

**ARTICLE 15.
SERVICES AND UTILITIES**

- 15.1 **Services and Utilities.** All applications for utility services to the Premises shall be in the name of Tenant only, and Tenant shall be solely liable for utility charges as they become due, including those charges for electric, natural gas, water, sewer, garbage removal, and telecommunications services.
- 15.2 **Interruption of Services and Utilities.** It is understood and agreed that Landlord shall not have any liability whatsoever to Tenant as a result of an interruption of utilities or services, whether resulting from breakdown, removal from service for maintenance or repairs, strikes, scarcity of labor or Hazardous Materials, acts of God, governmental requirements or from any other cause whatsoever. It is further agreed that any such interruption of utilities or services shall not be considered an eviction, actual or constructive, of Tenant from the Premises and shall not entitle Tenant to terminate this Lease or to an abatement or reduction of any rent payable hereunder.

**ARTICLE 16.
LIABILITY OF LANDLORD**

- 16.1 **No Liability of Landlord.** Landlord shall not be liable to Tenant, its employees, agents, invitees, licensees, customers, clients, family members or guests for any damage, injury (including death), loss, compensation or claim, including, but not limited to, claims for the interruption or loss of Tenant's business, based on, arising out of, or resulting from any cause whatsoever, including, but not limited to, the following: repairs to any portion of the Premises or the Building; the negligence of Landlord or any of its servants, agents, contractors or employees; interruption in the use of the Premises; any accident or damage resulting from the use or operation (by Landlord, Tenant, or any other person or persons) of the heating, air-conditioning, electrical, or plumbing equipment or apparatus; the termination of this Lease by reason of the destruction of the Premises; any fire, explosion, falling plaster, steam, gas, robbery, theft, mysterious disappearance, and/or any other casualty; the actions of any other tenants of the Building or of

Initials:

LR
Landlord

[Signature]
Tenant

any other person or persons; any failure or inability to furnish any of the utilities or services required to be furnished by Landlord hereunder; any leakage in any part or portion of the Premises or the Building, or from water, rain or snow that may leak into, or flow from, any part of the Premises or the Building, or from drains, pipes, appliances or plumbing work in the Building or from the roof, street or subsurface or resulting from dampness or from any other cause of whatsoever nature. The occurrence of any of the foregoing items described in this Section shall not be considered an eviction, actual or constructive, of Tenant from the Premises and shall not entitle Tenant to terminate this Lease or to an abatement, set-off, counterclaim against, or reduction of, any rent payable hereunder. Any goods, property or personal effects stored or placed by Tenant or its employees in or about the Premises or Building shall be at the sole risk of Tenant, and Landlord shall not in any manner be held responsible therefor. Notwithstanding the foregoing provisions of this Section, Landlord shall not be released from liability to Tenant for any damage or injury caused by the willful misconduct of Landlord or its employees. In no event shall Tenant make any claim against Landlord for consequential, indirect or punitive damages.

16.2 Transfer by Landlord. In the event that at any time Landlord shall sell or transfer the Building, the transferor Landlord shall not be liable to Tenant for any obligations or liabilities based on or arising out of events or conditions occurring on or after the date of such sale or transfer. Upon the closing date of such sale or transfer, Tenant is deemed to automatically attorn to the purchaser or transferee.

16.3 Disputed Payments. In the event that at any time during the Lease Term Tenant shall have a claim against Landlord, Tenant shall not have the right to deduct the amount allegedly owed to Tenant from any rent payable to Landlord hereunder, it being understood that Tenant's sole method for recovering upon such claim shall be to institute an independent action against Landlord.

**ARTICLE 17.
RULES AND REGULATIONS**

Tenant and its agents, employees, invitees, licensees, customers, clients, family members, guests and subtenants shall at all times abide by and observe the rules and regulations promulgated by Landlord and attached hereto as Exhibit C. In addition, Tenant and its agents, employees, invitees, licensees, customers, clients, family members, guests and subtenants shall abide by and observe all other rules or regulations that Landlord may promulgate from time to time for the operation and maintenance of the Building, provided that notice thereof is given to Tenant and such rules and regulations are not inconsistent with the provisions of this Lease.

**ARTICLE 18.
DAMAGE OR DESTRUCTION**

18.1 Casualty. If during the Lease Term the Premises or the Building are totally or partially damaged or destroyed by a casualty, thereby rendering the Premises totally or partially inaccessible or unusable, Landlord shall diligently (taking into account the time necessary to effectuate a satisfactory settlement with any insurance company involved) restore and repair the Premises and the Building to substantially the same condition they were in prior to such damage. Provided that such damage was not caused by the act or omission of Tenant or any of its employees, agents, licensees, subtenants, customers, clients, family members or guests, until the repair and restoration of the Premises is completed Tenant shall be required to pay rent only for that part of the Premises that Tenant is able to use while repairs are being made, based on the ratio that the amount of usable rentable area bears to the total rentable area in the Premises. Landlord shall bear the costs and expenses of repairing and restoring the Premises (with the exception of the Tenant Improvement Work), except that if such damage or destruction was caused by the act or omission of Tenant or any of its employees, agents, licensees, subtenants, customers, clients,

Initials:


Landlord


Tenant

family members or guests, upon written demand from Landlord Tenant shall pay to Landlord the amount by which such costs and expenses exceed the insurance proceeds, if any, received by Landlord on account of such damage or destruction.

18.2 Limitations on Landlord's Obligations. Notwithstanding anything in § 18.1 or any other part of this Lease, (a) Landlord shall not be obligated to spend more than the net proceeds of insurance proceeds made available for such repair and restoration, and (b) if Landlord is obligated to repair and restore the Premises as provided in § 18.1, Landlord shall not be required to repair or restore any Tenant Improvement Work or Alterations to the Premises (regardless of by whom they were made) or any trade fixtures, furnishings, equipment or personal property belonging to Tenant. It shall be Tenant's sole responsibility to repair and restore all such items. However, if requested by Tenant, Landlord shall repair any damage to the Tenant Improvement Work or Alterations to the extent Tenant's insurance proceeds are sufficient and are made available to Landlord for that purpose.

18.3 Right to Terminate. Notwithstanding anything to the contrary contained herein, (a) if there is a destruction of the Building that exceeds twenty-five percent (25%) of the replacement value of the Building from any risk, or (b) if Landlord reasonably believes that the repairs and restoration cannot be completed despite reasonable efforts within ninety (90) days after the occurrence of such damage, or (c) if Landlord reasonably believes that there will be less than two (2) years remaining in the Lease Term upon the substantial completion of such repairs and restoration, Landlord shall have the right, at its sole option, to terminate this Lease by giving written notice of termination to Tenant within sixty (60) days after the occurrence of such damage. If this Lease is terminated pursuant to the preceding sentence, all rent payable hereunder shall be apportioned and paid to the date of the occurrence of such damage.

**ARTICLE 19.
DEFAULT BY TENANT**

19.1 Events of Default.

The occurrence of any of the following shall constitute an "Event of Default" by Tenant under this Lease:

- (a) If Tenant fails to make any payment of rent when due or, if no due date is specified in this Lease, within ten (10) days after notice is given.
- (b) If Tenant violates or fails to perform any obligation set forth in Article 8, § 10.2, of § 14.1 of this Lease beyond the expiration of any period for performance or request, notice or cure period set forth or referred to therein.
- (c) If (i) Tenant violates or fails to perform any other term, condition, covenant or agreement to be performed or observed by Tenant under this Lease (other than as specified in this Section) and (ii) Tenant has not been given notice of the same or a substantially similar violation or failure on three (3) or more other occasions within the twelve (12) month period preceding the most recent violation or failure, regardless of whether such earlier violations or failures were cured within the allowed cure period, and (iii) such violation or failure shall continue for thirty (30) days after notice from Landlord to Tenant of such violation or failure; provided, however, that if such violation or failure is capable of being cured but is not capable of being cured within such thirty (30) day period despite reasonable diligence, then such thirty (30) day period shall be extended for such reasonable period, not to exceed an additional sixty (60) days, in which Tenant may cure the violation or failure if Tenant commences its cure within the initial thirty (30) day period and prosecutes the cure diligently to completion thereafter. If Tenant has been given

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Tenant

notice of the same or a substantially similar violation or failure on two (2) or more other occasions within the twelve (12) month period preceding the most recent violation or failure, regardless whether such earlier violations or failures were cured within the allowed cure period, then any subsequent violation or failure of the same or substantially similar nature within that twelve (12) month period shall be an Event of Default, without any further notice or cure period being afforded.

- (d) If Tenant abandons the Premises.
- (e) If Tenant or any guarantor (i) is voluntarily adjudicated bankrupt or insolvent, (ii) seeks or consents to the appointment of a receiver or trustee for itself or for all or a part of its property, (iii) files a petition seeking relief under the bankruptcy or similar laws of the United States or any state or any other jurisdiction, (iv) makes a general assignment for the benefit of creditors, or (v) admits in writing its inability to pay its debts as they mature.
- (f) If a petition is filed against Tenant or any guarantor seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal or state law or other statute, law or regulation and shall remain undismissed or unstayed for thirty (30) days, or if any trustee, receiver or liquidator of Tenant or any guarantor, or of all or any substantial part of its properties, shall be appointed without the consent or acquiescence of Tenant or any guarantor and such appointment shall remain unvacated or unstayed for thirty (30) days.
- (g) If any attachment or execution of any type is issued against Tenant or any guarantor, or Tenant's property located on the Premises, or Tenant's rights or interest in the Lease, or guarantor's or Tenant's assets of any type or nature whatsoever, including but not limited to federal, state, or municipal tax liens, and such is not dismissed or released within ten (10) days thereafter, or such lesser time as may be necessary to avoid loss of such property, rights or assets.

19.2 Landlord's Rights.

If an Event of Default occurs under this Lease, Landlord shall have the following rights:

- (a) The right, at its sole option, to terminate this Lease. If Landlord elects to terminate this Lease, everything contained in this Lease on the part of the Landlord to be done and performed shall cease without prejudice, subject, however, to the right of Landlord to recover from Tenant all rent accrued up to the time of termination or recovery of possession by Landlord, whichever is later.
- (b) With or without terminating this Lease, Landlord may re-enter and take possession of the Premises, and the provisions of this Article shall operate as a notice to quit; any other notice to quit or notice of Landlord's intention to reenter the Premises is hereby expressly waived. If necessary, Landlord may proceed to recover possession of the Premises under and by virtue of the laws of the jurisdiction in which the Building is located, or by such other proceedings, including re-entry and possession, as may be applicable.
- (c) In addition, any abated rent provided in this Lease and the leasing commissions paid by Landlord in connection with this Lease shall immediately become due and payable by Tenant to Landlord.
- (d) Whether or not this Lease is terminated by reason of Tenant's default, the Premises may be re-let by Landlord for such rent and upon such terms as Landlord deems reasonable under the circumstances and, if the full rent provided herein plus the costs, expenses and damages described below shall not be realized by Landlord, Tenant shall be liable for all

Initials:

JR
Landlord

[Signature]
Tenant

damages sustained by Landlord, including, without limitation, deficiency in fixed and additional rent, reasonable attorneys' fees, and the expenses of placing the Premises in first-class rentable condition. Any damages or loss of rent sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the re-letting or in separate actions, from time to time, as said damage shall have been made more easily ascertainable by successive re-letting, or, at Landlord's option, may be deferred until the expiration of the Lease Term, in which event Tenant hereby agrees that the cause of action shall not be deemed to have accrued until the date of expiration of the Lease Term. Tenant shall not be entitled to receive any excess of any such rents collected from a third party over the rent reserved herein.

- (e) Landlord shall become entitled to recover from Tenant as and for liquidated damages for Tenant's default hereunder, the difference, discounted to present value by applying a discount rate equal to five percent (5%), between (i) the annual fixed rent reserved hereunder for what, but for any such termination, would have been the unexpired portion of the Lease Term, and (ii) the cash rental value of the Premises for such unexpired portion of the Lease Term (unless the statute that governs or shall govern the proceedings in which such damages are to be proved limits the amount of such claim capable of being so proved, in which case Landlord shall be entitled to prove as and for liquidated damages an amount equal to that allowed by or under any such statute). In calculating such liquidated damages, the then cash rental value of the Premises shall be deemed prima facie to be the actual rent received by Landlord for the Premises or, if not received, the estimated cash rental value of the Premises upon any re-letting, as determined by a broker or an appraiser selected by Landlord. The provisions of this subsection shall be without prejudice to Landlord's right to prove and collect, in full, damages for all rent accrued prior to the termination of this Lease but not paid.
- (f) Enforce any claim Landlord may have against Tenant for anticipatory breach of this Lease.

19.3 Landlord's Right to Cure. If Tenant defaults in the making of any payment or in the doing of any act herein required to be made or done by Tenant, then Landlord may, but shall not be required to, make such payment or do such act. If Landlord elects to make such payment or do such act, all costs and expenses incurred by Landlord, plus interest thereon at the rate of eighteen percent (18%) per annum (or such lesser rate as is then allowed by applicable law) from the date paid by Landlord to the date of payment thereof by Tenant, shall be immediately paid by Tenant to Landlord as additional rent upon demand. The making of any payment or the taking of such action by Landlord shall not be considered as a cure of such default by Tenant or prevent Landlord from pursuing any remedy it is otherwise entitled to pursue in connection with such default.

19.4 Landlord's Lien. In addition to any statutory lien granted by applicable law, Landlord shall have a lien upon, and Tenant hereby grants to Landlord a security interest in, all personal property of Tenant now or hereafter located in the Premises as security for the payment of all rent and the performance of all other obligations of Tenant required by this Lease. In order to perfect and enforce said lien and security interest, Tenant agrees to execute all required financing statements. At any time after an Event of Default by Tenant hereunder, Tenant may not remove and, without further notice to Tenant, Landlord may enter the Premises and seize and take possession of any and all personal property belonging to Tenant which may be found in and upon the Premises. If Tenant fails to redeem the personal property so seized by payment of all sums due Landlord under and by virtue of this Lease, Landlord shall have the right, after ten (10) days' written notice to Tenant, to sell such personal property so seized at public or private sale and upon such terms and conditions as may appear advantageous to Landlord. Landlord may be the purchaser at any such sale. After the payment of all proper charges incident to such sale, the

Initials:

JR
Landlord

[Signature]
Tenant

proceeds thereof shall be applied to the payment of any and all sums due to Landlord pursuant to this Lease. In the event there shall be any surplus remaining after the payment of any sums due to Landlord, such surplus shall be paid over to Tenant.

- 19.5 **Attorney's Fees.** If, as a result of any alleged breach or default in the performance of any of the provisions of this Lease, Landlord uses the services of an attorney in order to secure compliance with such provisions or recover damages therefor or possession of the Premises, or if Landlord is made a party to any action as a result of any alleged act or failure to act of Tenant, then Tenant shall reimburse Landlord upon demand for any and all reasonable attorneys' fees and expenses so incurred by Landlord as additional rent within five (5) days after Landlord's demand therefor.
- 19.6 **Landlord's Rights Cumulative.** All rights and remedies of Landlord set forth herein are in addition to all other rights and remedies available to Landlord at law or in equity. All rights and remedies available to Landlord hereunder or at law or in equity are expressly declared to be cumulative. The exercise by Landlord of any such right or remedy shall not prevent the concurrent or subsequent exercise of any other right or remedy.
- 19.7 **No Waiver By Landlord.** No delay in the enforcement or exercise of any right or remedy shall constitute a waiver of any default by Tenant hereunder or of any of Landlord's rights or remedies in connection therewith. Landlord shall not be deemed to have waived any default by Tenant hereunder unless such waiver is set forth in a written instrument signed by Landlord. If Landlord waives in writing any default by Tenant, such waiver shall not be construed as a waiver of any covenant, condition or agreement set forth in this Lease except as to the specific circumstances described in such written waiver. If Landlord institutes proceedings against Tenant and a compromise or settlement thereof is made, the same shall not constitute a waiver of the same or any other covenant, condition or agreement set forth herein or of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the rent due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of rent shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or to pursue any other remedy available to Landlord. No reentry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

**ARTICLE 20.
DELIVERY AT END OF LEASE TERM**

- 20.1 **Surrender of Premises.** On the date of the expiration or termination of the Lease Term, Tenant shall quit and surrender the Premises broom clean and in good condition and repair (ordinary wear and tear and insured damage by fire or other casualty excepted), together with all the Tenant Improvement Work and any Alterations that may have been made in or attached to the Premises, but otherwise empty, unless otherwise directed by Landlord pursuant to § 10.4 hereof.
- 20.2 **Holding Over.** In the event that Tenant or any party claiming under Tenant shall not immediately surrender the Premises in the condition required by § 20.1, on the date of the expiration or termination of the Lease Term, Tenant shall become a tenant by the month at two hundred percent (200%) of the Fixed Monthly Rent in effect during the last month of the Lease Term, plus one hundred percent (100%) of all additional rent in effect during the last month of the Lease Term (subject to increases thereafter as determined by Landlord in accordance with the provisions of this Lease). Said monthly tenancy shall commence on the first day following the expiration of the Lease Term. As a monthly tenant, Tenant shall be subject to all the terms, conditions, covenants and agreements of this Lease, except as to the amount of the monthly rent, which shall be in the amount specified in this Section. As a monthly tenant, Tenant shall give to Landlord at least thirty (30) days' written notice of any intention to quit the Premises, and Tenant shall be entitled to thirty (30) days' written notice to quit the Premises, unless an Event of Default

Initials:


Landlord


Tenant

exists hereunder, in which event Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being hereby expressly waived. Notwithstanding the foregoing provisions of this Section, in the event Tenant shall hold over after the expiration of the Lease Term and if Landlord shall desire to regain possession of the Premises promptly at the expiration of the Lease Term, then at any time prior to Landlord's acceptance of rent from Tenant as a monthly tenant hereunder Landlord, at its option, may forthwith re-enter and take possession of the Premises without process or by any legal process in force in the jurisdiction in which the Building is located. Landlord may accept rent in the holdover amount and concurrently commence legal proceedings to regain possession of the Premises. Tenant shall also pay to Landlord all damages sustained by Landlord resulting from retention of possession by Tenant, including the loss of any proposed subsequent tenant for all or any portion of the Premises. Force majeure is not an excuse to holding over.

**ARTICLE 21.
TENANT'S QUIET ENJOYMENT; LANDLORD'S RESERVATION OF RIGHTS**

- 21.1 **Quiet Enjoyment.** Landlord covenants that it has the right to make this Lease for the Lease Term and that if Tenant shall pay all rent when due and punctually perform all of the covenants, terms, conditions and agreements of this Lease to be performed by Tenant, Tenant shall have the right, during the Lease Term, to freely, peaceably and quietly occupy and enjoy the full possession of the Premises without molestation or hindrance by Landlord or any party claiming through or under Landlord, subject to the provisions of this Lease.
- 21.2 **Landlord's Reservation of Rights.** Landlord hereby reserves to itself and its successors and assigns the following rights (all of which are hereby consented to by Tenant): (a) to change the street address and/or name of the Building and/or the arrangement and/or location of entrances, passageways, doors, doorways, corridors, stairs, toilets or other public parts of the Building and to change the design or configuration of the Building; and (b) to erect, use, and maintain pipes and conduits in and through the Premises. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction, actual or constructive, or a disturbance or interruption of the business of Tenant or of Tenant's use or occupancy of the Premises.

**ARTICLE 22.
GENERAL PROVISIONS**

- 22.1 **No Representations.** Tenant acknowledges that neither Landlord nor any broker, agent or employee of Landlord has made any representations or promises with respect to the Premises or the Property except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Tenant except as herein expressly set forth.
- 22.2 **No Partnership.** Nothing contained in this Lease shall be construed as creating a partnership or joint venture of or between Landlord and Tenant, or to create any other relationship between the parties hereto other than that of Landlord and Tenant.
- 22.3 **Notices.**
 - (a) Whenever any notice, demand or request is required or permitted hereunder, such notice, demand or request shall be hand-delivered (which term includes delivery by overnight courier services) or sent by United States Mail, registered or certified, return receipt requested, postage prepaid, to the addresses set forth below:

Initials:

LR
Landlord

[Signature]
Tenant

Tenant's Address for Notices:

Mr. David Griego, President
B & G Inc.
1212 Arizona Avenue
Trinidad, CO 81082

with a copy to:
Mr. Anthony Bueno, Vice President
B & G Inc.
302 W. 4th Street
Trinidad, CO 81082

Landlord's Address for Notices:

City of Trinidad, Colorado
135 North Animas Street
P.O. Box 880
Trinidad, Colorado
Attn: City Manager

- (b) Either Landlord or Tenant shall have the right from time to time to designate by written notice to the other party such other persons or places in the United States as Landlord or Tenant may desire written notice to be delivered or sent in accordance herewith; provided, however, at no time shall either party be required to send more than an original and two copies of any such notice, demand, or request required or permitted hereunder.
- (c) Any notice, demand, or request which shall be served upon either of the parties in the manner aforesaid shall be deemed sufficiently given for all purposes hereunder (i) at the time such notice, demand or request is hand-delivered or (ii) on the third (3rd) day after the mailing of such notice, demand or request in accordance with the preceding portions of this Section.

22.4 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

22.5 Successors and Assigns. The provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns, subject to the provisions hereof prohibiting or restricting assignment or subletting by Tenant.

22.6 Entire Agreement; Amendments. This Lease contains the entire agreement of the parties, and no representations, inducements or agreements, oral or otherwise, not contained in this Lease shall be of any force or effect. This Lease may not be modified or changed in whole or in part in any manner other than by an instrument in writing duly signed by both parties hereto.

22.7 Governing Law; Jurisdiction and Venue.

- (a) This Lease shall be governed by and construed in accordance with the laws of the jurisdiction in which the Building is located without regard to conflicts of laws.

Initials:

JR
Landlord

AB
Tenant

(b) Venue of any action in law or equity brought under the terms of this contract shall be in the District Court sitting in and for the County of Las Animas, State of Colorado, and by the signing of this agreement, the parties consent hereto that the said venue shall be Las Animas County, Colorado.

22.8 **No Offer.** The submission of an unsigned copy of this document to Tenant for Tenant's consideration does not constitute an offer to lease the Premises or an option to or for the Premises. This document shall become effective and binding only upon the execution and delivery of this Lease by both Landlord and Tenant.

22.9 **Multiple Counterparts.** This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

22.10 **Time of Essence.** Time is of the essence with respect to the carrying out by Tenant of each term or provision of this Lease to be performed by Tenant.

22.11 **Conflict.** In the event of any conflict between the main text of this Lease and any Exhibit hereto, the provisions of the main text of this Lease shall prevail unless otherwise stated.

22.12 **Execution by Tenant.** If Tenant is a corporation, a limited liability company, an association or a partnership, it shall, concurrently with the signing of this Lease, at Landlord's option, furnish to Landlord certified copies of the resolutions of its board of directors (or of the executive committee of its board of directors) or consent of its members or partners authorizing Tenant to enter into this Lease. Moreover, each individual executing this Lease on behalf of Tenant hereby represents and warrants that he or she is duly authorized to execute and deliver this Lease and that Tenant is a duly organized corporation, limited liability company, association or partnership under the laws of the state of its incorporation or formation, is qualified to do business in the jurisdiction in which the Building is located, is in good standing under the laws of the state of its incorporation or formation and the laws of the jurisdiction in which the Building is located, has the power and authority to enter into this Lease, and that all corporate or partnership action requisite to authorize Tenant to enter into this Lease has been duly taken.

22.13 **Joint and Several Liability.** If more than one person or entity shall ever be Tenant, the liability of each such person and entity shall be joint and several.

22.14 **Force Majeure.** In the event that either party shall be directly or indirectly delayed or hindered in or prevented from the performance of any act or obligation required of it under this Lease by reason of acts of God, labor strike, lockout, inability to procure materials, failure of power, riot, insurrection, war or warlike act, terrorist act, utility blackout or brownout, legal requirement or other reason not within the reasonable control of that party, then performance of such act or obligation by that party shall be excused for a period equivalent to the period of such delay. Notwithstanding the foregoing, the provisions of this Section shall not apply to or affect any rental or other monetary obligation hereunder or Tenant's obligation to vacate the Premises at the expiration or termination of the Lease Term.

22.15 **No Construction of Lease Against Drafter.** Should any provision of this Lease require judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion that a document should be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that all parties hereto have participated in the preparation of this Lease and that legal counsel was consulted by each party hereto (or opportunity for such legal consultation afforded to each party) before the execution of this Lease.

Initials:

FR
Landlord

DC
Tenant

EXHIBIT A
THE "PREMISES"

[The Premises are highlighted on the attached Improvement Location Certificate]

Initials:

JR
Landlord

Joe
Tenant

EXHIBIT B

CERTIFICATE OF LEASE COMMENCEMENT DATE AND EXPIRATION OF LEASE TERM

Attached hereto and made a part of the Lease dated the _____ day of April, 2012, by and between the City of Trinidad, Colorado, as Landlord, and B & G Inc., as Tenant.

Landlord and Tenant do hereby declare that:

- (1) The Lease Commencement Date is _____, 2012; and
- (2) The first Lease Year is the period _____, 2012 to _____, 2013; and
- (3) The Lease Term shall expire (unless the Lease is extended or sooner terminated in accordance with the provisions thereof) on _____, 2017.

LANDLORD: CITY OF TRINIDAD, COLORADO

By: _____

Its: _____

TENANT: B & G INC.

By: _____

Its: _____

Initials:

AR
Landlord

SG
Tenant

EXHIBIT C

BUILDING RULES AND REGULATIONS

The following rules and regulations have been formulated for the safety and well-being of all patrons of the Premises and the Trinidad Municipal Golf Course. Landlord reserves the right to amend these rules and regulations and to promulgate additional rules and regulations, but all rules and regulations shall be subject to Tenant's own Lease. Any violation of these rules and regulations and any successors or additions thereto by Tenant shall constitute a default by Tenant under the Lease.

1. Throughout the Lease Term, Tenant covenants and agrees to the following:
 - A. Not to use any equipment, machinery, or advertising medium which may be heard outside the Premises.
 - B. Not to use any plumbing facilities for any purpose other than that for which they were constructed.
 - C. Not to use or permit the use of any portion of the Premises as sleeping apartments, lodging rooms, or for any unlawful purpose or purposes.
 - D. To provide adequate security within the Premises for Tenant's employees, agents, licensees, invitees, assignees, subtenants, concessionaires, customers, clients, family members or guests.
 - E. Not to obstruct or encumber any sidewalks, entrances, passages, courts, vestibules, stairways, corridors, halls or any other part of the Property.
 - F. Not to permit any awnings, signs, placards and the like, or any projections of any kind whatsoever to be attached to the outside walls of the Premises or affixed to the windows thereof without the prior written consent of Landlord.
 - G. Not to permit any drapes, blinds, shades or screens to be attached to, hung in or used in connection with any window or door relating to the Premises without the prior written consent of Landlord.
 - H. Not to enter upon or use the roof of the Building.
 - I. If requested to do so by Landlord, to install a locking system for the Premises compatible with the locking system being used by Landlord at the Property.
 - J. Not to install or permit the installation of any wiring for any purpose on the exterior of the Premises or the Building.
 - K. Not to mark, paint, drill into or deface any part of the shell or core of the Building.
 - L. Not to bring in or keep any firearms in the Premises or the Building.
 - M. Not to affix any floor covering to any floor of the Premises with adhesive of any kind without obtaining Landlord's written consent.
 - N. Not to allow any animals in the Premises, except service animals assisting persons with disabilities or otherwise required by law.

Initials:

SR
Landlord

JG
Tenant

2. Tenant acknowledges that it is Landlord's intention that the Property be operated in a manner which is consistent with the highest standards of cleanliness, decency, and morals in the community which it serves. Toward that end, Tenant shall not sell, distribute, display or offer for sale any item which, in Landlord's judgment, is inconsistent with the quality of operations of the Property or may tend to impose or detract from the moral character or image of the Property.
3. Landlord shall have the right to prescribe the weight and position of file systems, safes, computer systems, and other heavy items, equipment and fixtures, which shall, if considered necessary by Landlord, be positioned in consultation with Landlord in order to distribute their weight. Any and all damage or injury to the Premises or the Building caused by moving the property of Tenant into or out of the Building, or due to the same being in or upon the Premises, shall be repaired by and at the sole cost of Tenant.
4. Tenant shall, upon the expiration or termination of its tenancy, return to Landlord all keys used in connection with the Premises, including any keys to the Premises, to rooms and offices within the Premises, to storage rooms and closets, to cabinets and other built-in furniture, and to toilet rooms, whether such keys were furnished by Landlord or procured by Tenant and in the event of the loss of any such keys, Tenant shall pay to Landlord the cost of replacing the locks. On the expiration of this Lease, Tenant shall disclose to Landlord the combination of all locks for safes, safe cabinets and vault doors, if any, remaining in the Premises.

Initials:


Landlord


Tenant

EXHIBIT B

CERTIFICATE OF LEASE COMMENCEMENT DATE AND EXPIRATION OF LEASE TERM

Attached hereto and made a part of the Lease dated the 17th day of April, 2012, by and between the City of Trinidad, Colorado, as Landlord, and B & G Inc., as Tenant.

Landlord and Tenant do hereby declare that:

- (1) The Lease Commencement Date is June 15, 2012; and
- (2) The first Lease Year is the period June 15, 2012 to June 14, 2013; and
- (3) The Lease Term shall expire (unless the Lease is extended or sooner terminated in accordance with the provisions thereof) on June 14, 2017.

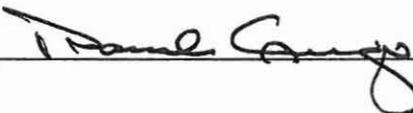
LANDLORD: CITY OF TRINIDAD, COLORADO



By: John Rino

Its: Mayor

TENANT: B & G INC.



By: David Griego

Its: President

IMPROVEMENT LOCATION CERTIFICATE

DESCRIPTION

AS PER BOOK 1045, PAGE 1291

ALL THAT CERTAIN PARCEL OF LAND LOCATED IN THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER (SE1/4NW1/4) OF SECTION 24, TOWNSHIP 33 SOUTH, RANGE 64 WEST OF THE 6th P.M., COUNTY OF LAS ANIMAS, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

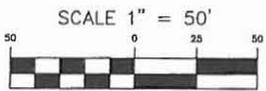
BEGINNING AT A POINT FROM WHICH THE CENTER OF SECTION 24, TOWNSHIP 33 SOUTH, RANGE 64 WEST OF THE 6th P.M. BEARS S 00°35'00" W A DISTANCE OF 1,123.52 FEET, THENCE S 78°08'00" W, 160.70 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING TRACT OF LAND; THENCE RUNNING ALONG THE NORTHERLY BOUNDARY OF THE TRINIDAD MUNICIPAL GOLF COURSE THE FOLLOWING 8 COURSES:

- 1) S 78°08'00" W, 170.16 FEET TO A POINT;
- 2) N 11°52'00" W, 13.00 FEET TO A POINT;
- 3) S 78°08'00" W, 54.67 FEET TO A POINT;
- 4) N 11°52'00" W, 30.27 FEET TO A POINT;
- 5) S 83°39'00" W, 97.69 FEET TO A POINT;
- 6) S 16°04'00" W, 59.04 FEET TO A POINT;
- 7) S 78°08'00" W, 101.50 FEET TO A POINT;
- 8) S 48°35'00" W, 240.75 FEET TO A POINT, ON THE EASTERLY ROW OF INTERSTATE 25 HIGHWAY;

THENCE RUNNING ALONG THE EASTERLY ROW OF INTERSTATE 25 THE FOLLOWING 3 COURSES:

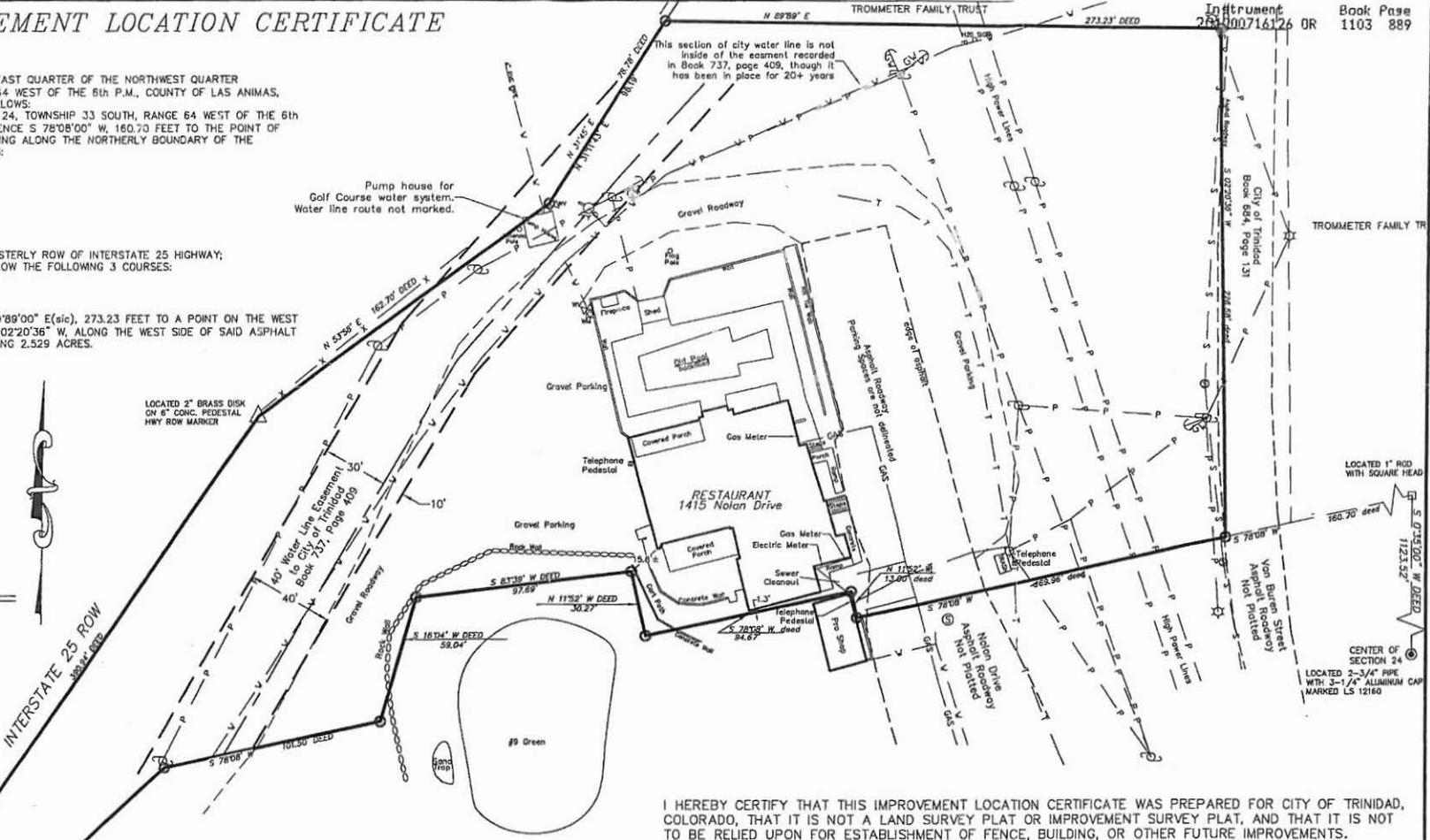
- 1) N 35°01'50" E, 390.94 FEET TO A POINT;
- 2) N 53°58'00" E, 162.70 FEET TO A POINT;
- 3) N 31°45'00" E, 78.78 FEET TO A POINT,

THENCE LEAVING SAID INTERSTATE 25 ROW AND RUNNING N 89°09'00" E (sic), 273.23 FEET TO A POINT ON THE WEST SIDE OF AN EXISTING ASPHALT ROADWAY; THENCE RUNNING S 02°20'36" W, ALONG THE WEST SIDE OF SAID ASPHALT ROADWAY, 226.58 FEET TO THE POINT OF BEGINNING, CONTAINING 2.529 ACRES.



LEGEND

- S— SANITARY SEWER LINE
- GAS— NATURAL GAS MAIN
- W— WATER LINE
- T— BURIED TELEPHONE LINES
- P— OVERHEAD POWER LINES
- U— UNDERGROUND POWER LINE
- ⊙ SANITARY SEWER MANHOLE
- ⊙ WATERLINE MANHOLE
- ☆ LIGHT STANDARD
- ⌚ POWER POLE
- ⌚ GUY WIRE
- ⌚ TELEPHONE PEDESTAL
- ⌚ GAS VALVE
- ⌚ FIRE HYDRANT
- ⌚ WATER METER
- ⌚ WATER VALVE



OWNER: THE CITY OF TRINIDAD, COLORADO A MUNICIPAL CORPORATION.

NOTES:

- 1) THE FOLLOWING ITEMS A THRU C ARE FINDINGS OF THE EXCEPTIONS WHICH ARE LISTED ON THE TITLE COMMITMENT, NO 78059, SUPPLIED TO TERRY SURVEYING INC. BY THE TRINIDAD ABSTRACT & TITLE COMPANY, TRINIDAD, COLORADO, LISTED IN SCHEDULE B, SECTION 2:
 - A) #15, RIGHT OF WAY - BOOK 737 PAGE 409 - THIS IS A WATER LINE RIGHT OF WAY. THE ALIGNMENT OF THE WATERLINE DIFFERS FROM THE EASEMENT ALONG THE NORTH LINE OF THE PROPERTY SURVEYED HEREON.
 - B) #17, ORDINANCE 1524- BOOK 927, PAGE 253 AND PAGE 260 - THIS ORDINANCE DOES NOT PERTAIN TO THE PROPERTY SURVEYED HEREON.
 - C) #18, EASEMENT BETWEEN TRINIDAD RAILWAY INC. AND THE MONTANA POWER CO. - BOOK 939, PAGE 938- THE LINES COVERED IN BOOK 939, PAGE 938 DOES NOT ENCUMBER THE PROPERTY SURVEYED HEREON.
- 2) NO APPARENT RECORDED EASEMENTS OR RIGHTS OF WAY EXIST FOR THE WATER LINE, SEWER LINE, TELEPHONE AND POWERLINES THAT RUN ACROSS THE PROPERTY SURVEYED HEREON.
- 3) UTILITY INFORMATION SHOWN IS FOR ILLUSTRATIVE PURPOSES ONLY, AND WAS TAKEN FROM PREVIOUS SURVEYS OF ADJOINING PROPERTY. A UTILITY LOCATED SHOULD BE PERFORMED BEFORE ANY DIGGING COMMENCES.

I HEREBY CERTIFY THAT THIS IMPROVEMENT LOCATION CERTIFICATE WAS PREPARED FOR CITY OF TRINIDAD, COLORADO, THAT IT IS NOT A LAND SURVEY PLAT OR IMPROVEMENT SURVEY PLAT, AND THAT IT IS NOT TO BE RELIED UPON FOR ESTABLISHMENT OF FENCE, BUILDING, OR OTHER FUTURE IMPROVEMENTS.

I FURTHER CERTIFY THAT THE IMPROVEMENTS ON THE ABOVE DESCRIBED PARCEL ON THIS DATE, OCTOBER 20, 2010, EXCEPT UTILITY CONNECTIONS, ARE ENTIRELY WITHIN THE BOUNDARIES OF THE PARCEL, EXCEPT AS SHOWN, THAT THERE ARE NO ENCROACHMENTS UPON THE DESCRIBED PREMISES BY IMPROVEMENTS ON ANY ADJOINING PREMISES EXCEPT AS INDICATED, AND THAT THE SURVEYOR HAS NO KNOWLEDGE OR SIGN OF ANY EASEMENT CROSSING OR BURDENING ANY PART OF SAID PARCEL.



GARY L. TERRY, P.L.S. 12160
TERRY SURVEYING, INC.
P.O. BOX 631
TRINIDAD, CO. 81082
(719) 646-6921

⊙ OR LOCATED 1/2" REBAR WITH PLASTIC CAP MKD LS 12160 (1 up)



COUNCIL COMMUNICATION

CITY COUNCIL MEETING: February 24th, 2015
PREPARED BY: Louis Fineberg
DEPT. HEAD SIGNATURE:

6

SUBJECT: SHF Grant Application for Structural Upgrades to the Hughes Lumber Company Construction Documents

PRESENTER: Louis Fineberg, Planning Director

RECOMMENDED CITY COUNCIL ACTION: If Council would like to restore the Hughes Lumber Company Building, the grant application should be authorized.

SUMMARY STATEMENT:

The proposed project will include the restoration and rehabilitation of all windows and doors, exterior masonry repointing, roof replacement and parapet wall restoration.

EXPENDITURE REQUIRED: \$70K.

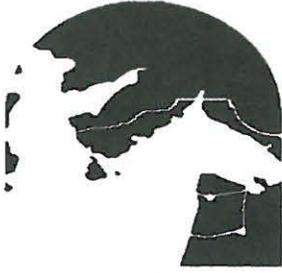
SOURCE OF FUNDS: CIP.

POLICY ISSUE: Should the City of Trinidad authorize the grant application?

ALTERNATIVE: The City of Trinidad could decide not to authorize the contract.

6

7



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUNCIL MEETING: February 24th, 2015
PREPARED BY: Louis Fineberg
DEPT. HEAD SIGNATURE:

SUBJECT: GOCO Grant Application for City of Trinidad Dog Park Construction

PRESENTER: Louis Fineberg, Planning Director

RECOMMENDED CITY COUNCIL ACTION: This item is for discussion only at this time and no formal action is required.

SUMMARY STATEMENT:

The City has budgeted \$30K for the construction of a dog park at the Linden Street location. The proposal is to use this \$30K along with the fence donated by the Elks and the land donated by LA County Rehabilitation as local match to secure an additional \$70K for the construction of a dog park that will include sod, sprinklers, water fountain, agility course, picnic tables, poop bag stations, graveled parking lot and signage.

EXPENDITURE REQUIRED: \$30K.

SOURCE OF FUNDS: CIP.

POLICY ISSUE: Should the City of Trinidad support the grant application?

ALTERNATIVE: The City of Trinidad could decide not to support the application.

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Section 6 – Sample Documents – Sample Resolution

Supporting the Grant Application for a Local Parks and Outdoor Recreation Grant from the State Board of the Great Outdoors Colorado Trust Fund and the completion of the City of Trinidad Dog Park.

WHEREAS, the City of Trinidad supports the Great Outdoors Colorado grant application for the City of Trinidad Dog Park and if the grant is awarded, the City of Trinidad supports the completion of the project; and

WHEREAS, the City of Trinidad has requested \$70,000 from Great Outdoors Colorado to complete the City of Trinidad Dog Park.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF TRINIDAD THAT:

- Section 1: The City Council of the City of Trinidad strongly supports the application and has appropriated matching funds for a grant with Great Outdoors Colorado.
- Section 2: If the grant is awarded, the City Council of the City of Trinidad strongly supports the completion of the project.
- Section 3: The City Council of the City of Trinidad authorizes the expenditure of funds necessary to meet the terms and obligations of any Grant awarded.
- Section 4: The project site is owned by the City of Trinidad and will be owned by the City of Trinidad for the next 25 years.
- Section 5: The City Council of the City of Trinidad recognizes that as the recipient of a Great Outdoors Colorado Local Government grant the project site must provide reasonable public access.
- Section 6: The City Council of the City of Trinidad will continue to maintain the City of Trinidad Dog Park in a high quality condition and will appropriate funds for maintenance in its annual budget.
- Section 7: If the grant is awarded, the City of Trinidad hereby authorizes the City Manager to sign the grant agreement with Great Outdoors Colorado.
- Section 8: This resolution to be in full force and effect from and after its passage and approval.

PASSED AND APPROVED ON: _____

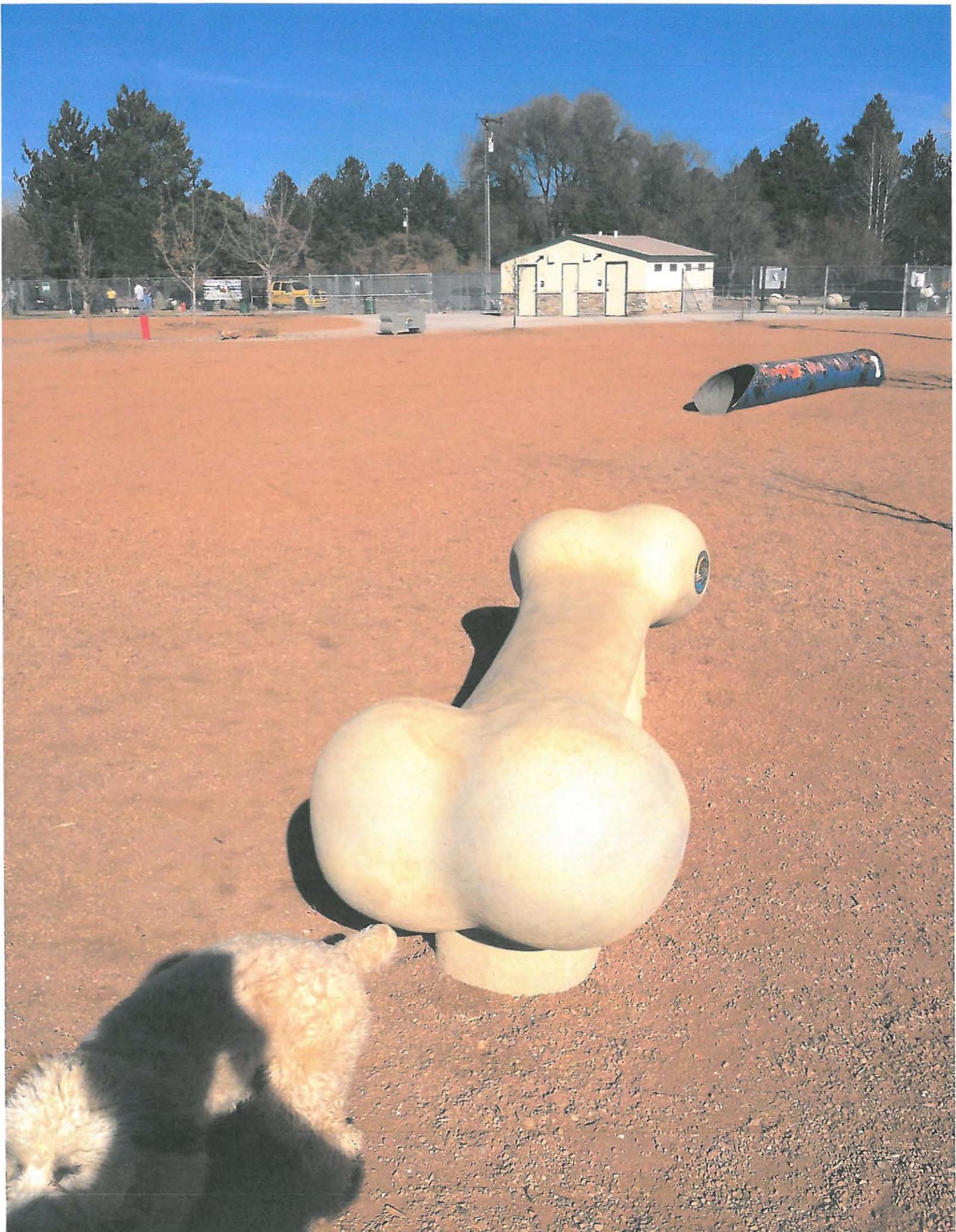
APPROVED BY: _____

Name

Title

TRINIDAD DOG PARK





SMALL DOG AREA



Limited to Dogs
No taller than 18" at Shoulder

18" * At or Below this line * 18"







COUNCIL COMMUNICATION

CITY COUNCIL MEETING: February 24th, 2015
PREPARED BY: Louis Fineberg
DEPT. HEAD SIGNATURE:

SUBJECT: DOLA EIAF Grant Request for Cedar Street Extension & Utility Relocation

PRESENTER: Louis Fineberg, Planning Director

RECOMMENDED CITY COUNCIL ACTION: Council should consider the request.

SUMMARY STATEMENT:

The total cost of extending Cedar Street and relocating the electrical substation and other utilities located on the property owned by Mr. Cimino is estimated at \$1.3M. The cost estimate for the development of Cedar Street (approximately \$1.1M) is attached and utility relocation is estimated at an additional \$200K. The grant request would be for approximately \$900K - \$1M with a corresponding City match of between \$300K - \$400K. The concept plan showing the extension of Cedar Street from Commercial Street to Chestnut Street is also attached along with a draft letter of support for the project and supporting documentation supplied by Mr. Cimino.

EXPENDITURE REQUIRED: \$300K - \$400K.

SOURCE OF FUNDS: Private donation.

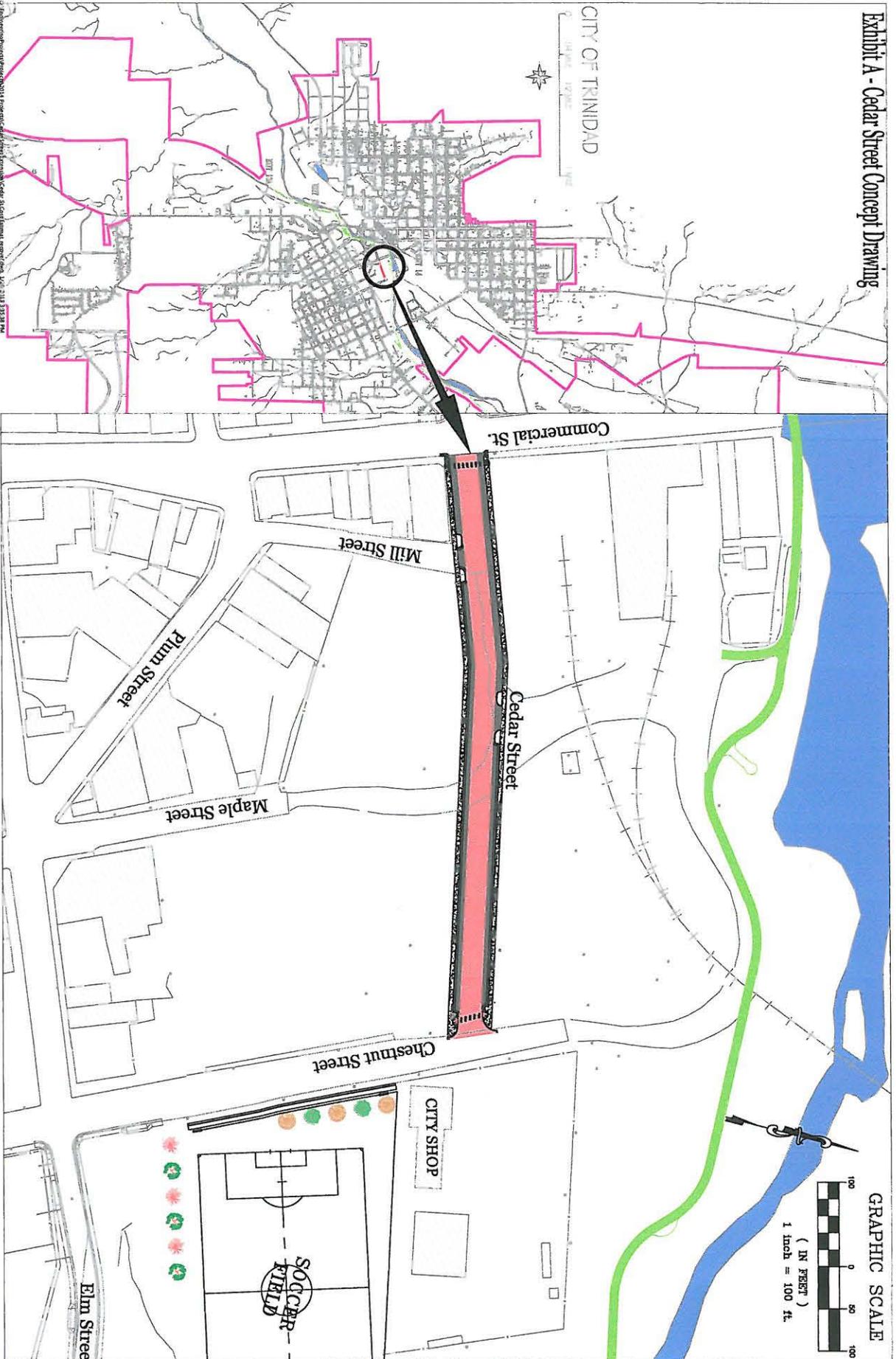
POLICY ISSUE: Should the Council approve the grant request?

ALTERNATIVE: The Council could decide not to approve the grant request.

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Exhibit A - Cedar Street Concept Drawing





Mr. Louis Feinberg
Planning Director
City of Trinidad
135 N. Animas St.
Trinidad, CO 81082

Dear Louis:

Please accept our request for assistance in developing public infrastructure improvements to Cedar Street between Commercial St. and Chestnut St. and the relocation of the city power sub-station located within our property.

Project Description

Phil Long Toyota is a privately held Colorado based company that provides retail automotive sales, service and parts as a franchise of Toyota Motor Sales USA.

The company is currently considering relocating Phil Long Toyota to the property bordered by Commercial, Cedar and Chestnut Streets, or relocating the facility to Alamosa, Colorado.

Phil Long Toyota currently employs 28 full time employees, with an average annual income of \$43,373. The company plans to add 5 net – new full time employees upon relocation. Additionally, Toyota of Trinidad is a major generator of tax revenues for the city of Trinidad, Las Animas County and the state of Colorado with estimated 2014 tax submissions of over \$531,000. (sales tax, payroll tax, property tax)

With the support of the City of Trinidad, Las Animas County and/or State government, Phil Long Toyota is committed to staying in Trinidad and to the construction of a new \$4,500,000 state of the art Toyota dealership, thus retaining a cornerstone business in downtown.

This project supports the city and states economic goals of retaining and creating net – new jobs in the economy and supporting the development of the downtown business district.

Funding Request

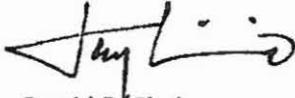
Phil Long Toyota respectfully requests that the City of Trinidad, Las Animas County and/or the State of Colorado:

- Develop Cedar Street between Commercial Street and Chestnut Street using brick paving, curb, gutter and lighting appropriate to the historic look of Commercial Street. Additionally, upgrading any associated utilities required to accommodate Phil Long Toyota. *

- Relocate existing power sub-station and eliminate above ground power lines that are currently located on the property to be developed. *

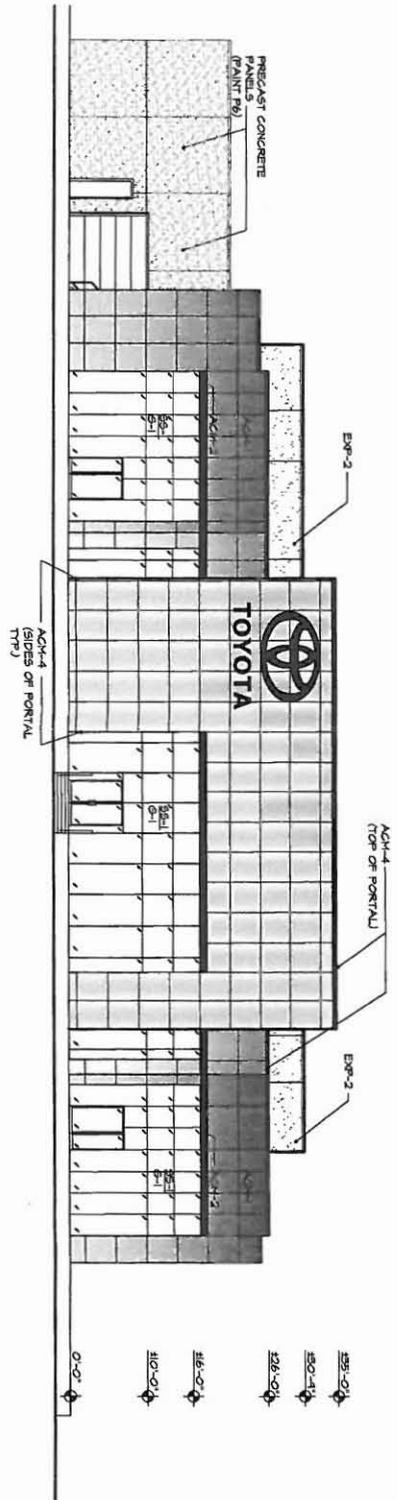
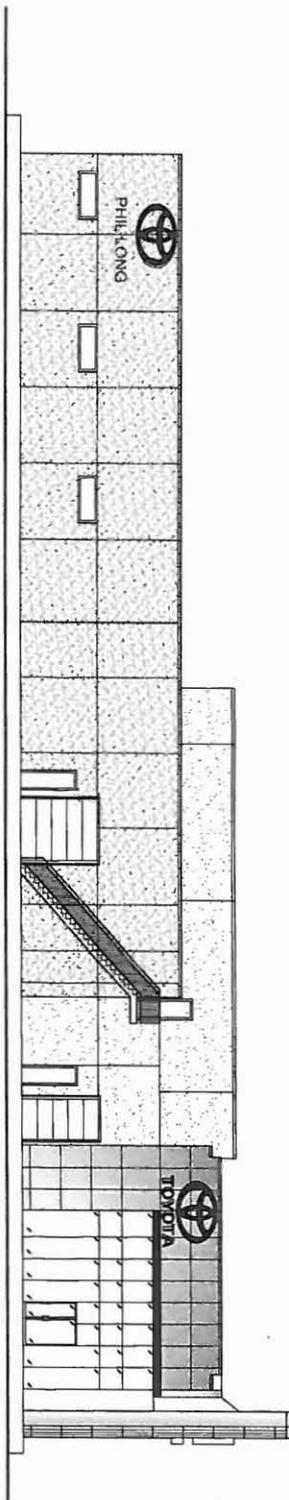
In Conclusion, Phil Long Toyota is committed to championing a prosperous economy and to revitalizing trade and business activities in downtown Trinidad. Your generous support is needed to insure Phil Long Toyota remains in Trinidad.

Sincerely,



Gerald D. Cimino
President/CEO
Phil Long Toyota

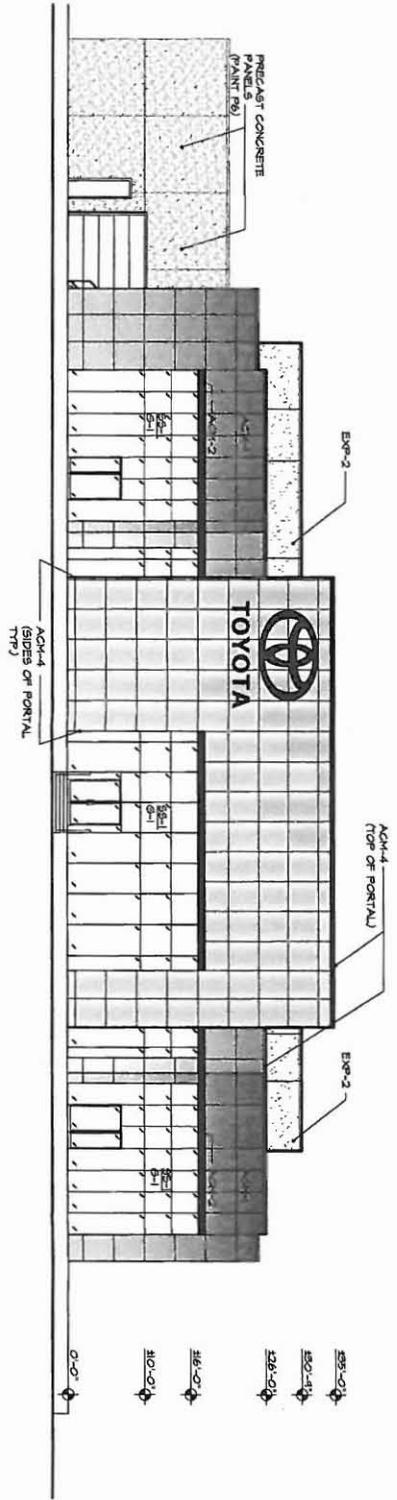
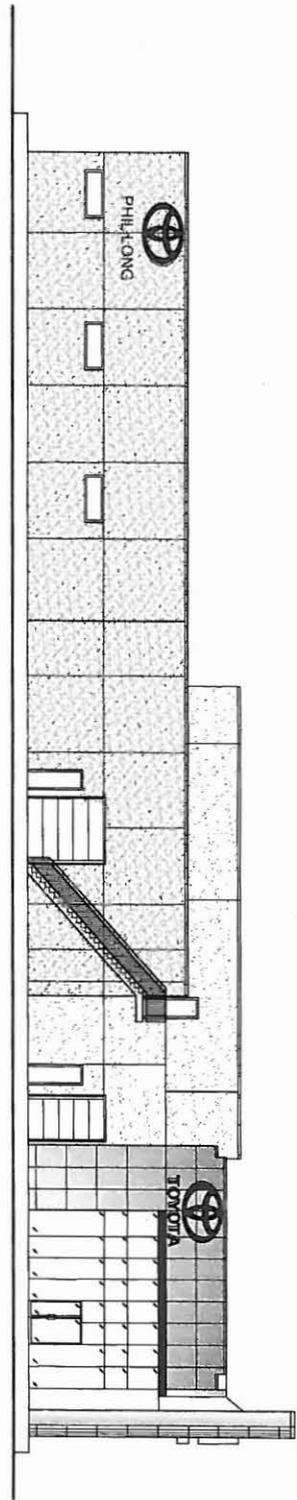
* see attached



CONCEPT ELEVATION

SCALE: 1/16" = 1'-0"

Sheet 4 of 4	Job No:	Date: 10-7-14	PHIL LONG TOYOTA <hr/> TRINIDAD		ART C. KLEIN CONSTRUCTION INC. 3370 CHELTON LOOP SO. COLORADO SPRINGS, COLORADO 80909 719 570-6060
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CONCEPT ELEVATION

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			TRINIDAD		