

**MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)
REGULAR MEETING AGENDA**

<u>Board of Directors</u>	<u>Office</u>	<u>Term Expiration</u>
Butch Gabrielski	President	May 2023
Wayne Reorda	Secretary/Treasurer	May 2022
Bill Gessner	Asst. Secretary/Treasurer	May 2023
Mike Fenton	Asst. Secretary/Treasurer	May 2023
Tom Sauer	Asst. Secretary/Treasurer	May 2022

DATE: Wednesday, April 6, 2022
TIME: 10:00 a.m.
PLACE: Meridian Ranch Recreation Center
10301 Angeles Road
Peyton, CO 80831

The Public may participate in person or by following this link [Click here to join the meeting](#) or by telephone by calling +1 872-242-8662 and using Phone Conference ID: 712646387#

I. ADMINISTRATIVE ITEMS:

- A. Call to Order
- B. Conflicts of Interest
- C. Approve Agenda
- D. Visitor Comments (Limited to 3 minutes per resident or household)
- E. Review and Approve March 2, 2022, Combined Regular Board Meeting Minutes (enclosure) **Page 3**

II. FINANCIAL ITEMS:

- A. Review and Accept Cash Position Summary and Unaudited Financial Statements (enclosure and/or distributed under separate cover) **Supplement**
- B. Review Tap Fee Report for Information Only (enclosure and/or distributed under separate cover) **Pages 7-8**
- C. Review, Ratify and Approve Monthly Payment of Claims (enclosure and/or distributed under separate cover) **MRMD Page 9, Interim Page 10, MSMD Supplement**
- D. Receive Finance Committee Report **Page 11**

III. OPERATIONS & ENGINEERING ITEMS:

- A. Information Items (No Action)
 1. MSMD Operations Reports – Water, Sewer, Parks and Grounds, Recreation (enclosure and/or handout) **Pages 16-26**
 2. Manager’s Verbal Report
- B. Action Items
 1. Consider and Approve Agreement with Western Enterprises, Inc. for Falcon Freedom Days Fireworks Show **Pages 27-40**
 2. Consider and Approve Revisions to Meridian Service Metro District General Utility **Pages** Notes for Water and Sanitary Sewer construction within Sanctuary at Meridian Ranch **41-46**
 3. Consider and Approve Lease Agreement with The Shops at Meridian Ranch LLC for District Office **Pages 47-106**
 4. Consider and Approve Renewal of Annual Agreement for Bill.com Services. **Supplement**

IV. DEVELOPER ITEMS:

- A. Verbal Report from Construction Manager

V. DIRECTOR ITEMS:

VI. LEGAL ITEMS:

- A. Enter into Executive Session pursuant to C.R.S. 24-6-402(4)(b) to confer with attorney for the district for the purpose of receiving legal advice regarding Letter of Intent for sale of wastewater treatment capacity.

VII. ADJOURNMENT:

The next regular meeting of the Boards is scheduled for Wednesday, May 4, 2022, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

RECORD OF PROCEEDINGS

**MINUTES OF THE COMBINED REGULAR MEETING
OF THE BOARDS OF DIRECTORS OF THE
MERIDIAN RANCH METROPOLITAN DISTRICT (MRMD)
MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD)
MERIDIAN RANCH METROPOLITAN DISTRICT 2018 SUBDISTRICT (MRMD 2018 Subdistrict)**

Held: March 2, 2022, 10:00 a.m., at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831

Attendance: The following Directors were in attendance:

Butch Gabrielski, President
Wayne Reorda, Secretary/Treasurer
Bill Gessner, Asst. Secretary/Treasurer
Mike Fenton, Asst. Secretary/Treasurer
Tom Sauer, Asst. Secretary/Treasurer

Also present were:

Jim Nikkel; Meridian Service Metro District
Jennette Coe; Meridian Service Metro District
Beth Aldrich; Meridian Service Metro District
Braden McCrory; Meridian Service Metro District
Ryan Kozlowski; Meridian Service Metro District
Aleks Myszkowski; Meridian Service Metro District
Eileen Krauth; Meridian Service Metro District
Carrie Billingsly; Meridian Service Metro District (via videoconference)
Debra Williams; Meridian Service Metro District (via videoconference)
Karrie Dean; Meridian Service Metro District (via videoconference)
Ron Fano; Spencer Fane
Raul Guzman; Tech Builders (via videoconference)
Tom Kerby; Tech Builders (via videoconference)
Robert Guevara; Resident (via videoconference)
Kiley Draper; Resident (via videoconference)

Call to Order A quorum of the Board was present, and the Directors confirmed their qualification to serve. The meeting was called to order at 10:01 a.m.

Disclosure Matter Mr. Fano noted that written disclosures of the interests of all Directors have been filed with the Secretary of State.

Approve Agenda The Board reviewed the Agenda. A motion was made to amend the agenda to add a Directors Item to discuss the upcoming Meridian Ranch Board of Directors election process. The motion was seconded and approved by unanimous vote of directors present.

RECORD OF PROCEEDINGS

Visitor Comments There were no comments.

Approve Minutes The Board reviewed the February 2, 2022, Board Minutes and a motion was made to amend the minutes to show that Mr. Kozlowski and Mr. McCrory were present at the Meridian Ranch Recreation Center for the February 2, 2022, board meeting and not via Videoconference as recorded. The motion was approved by unanimous vote of directors present.

Financial Items Cash Position Summary and Financial Statements: Ms. Coe reviewed the cash position summary and monthly financial reports for January 2022. A motion was made and seconded to accept the cash position summary and financial statements as presented. The motion was approved by unanimous vote of directors present.

Review 2022 Tap Fee Report: Ms. Coe reviewed the February 2022 Tap Fee Report with the Board for information only.

Approval of Payment of Claims: Ms. Coe reviewed the updated claims presented for approval at this meeting represented by check numbers:

MRMD: 02331-02336 totaling \$7,018.25

Interim: Bill.com payments for ratification totaling \$145,278.30

MSMD: Bill.com Payments totaling \$181,262.48

A motion was made and seconded to approve the MSMD payment of claims. The motion approved by unanimous vote of directors present.

A motion was made and seconded to approve the MRMD payment of claims. The motion was approved by unanimous vote of directors present.

Receive Finance Committee Report: Ms. Coe noted the Finance Committee met on February 18, 2022 and gave a summary of the Finance Committee Report on page 7 of the packet. The February Interim payments were reviewed and signed by Director Gabrielski and Director Sauer.

Operations & Engineering Items

Information Items:

MSMD Operations Reports:

- Mr. McCrory presented the water, sewer, parks and grounds, and drainage operation reports which included information from pages 10-11 of the Board Packet.
- Mr. Kozlowski presented the Recreation Center Report to the Board which included information from page 12 of the Board Packet.

RECORD OF PROCEEDINGS

Managers Verbal Report: Mr. Nikkel provided status reports on the following matters:

- We are currently in the process of hiring a Lead Water/Wastewater Operator. He is going through the hiring process and should be on staff by March 14 if all goes well.
- David Clegg will be leaving us. March 11, 2022 is his last day.
- Filter Plant Expansion is continuing, and we are getting referral comments on soil conservation and waiting on others to come in.
- We received bids on the pipeline portion of the Filter Plant Expansion. JDS recommended the District award the contract to Beers Construction.

Action Items:

1. Consider and Approve Professional Service Agreement for Personal Training Services-Kiley Draper: A motion was made and seconded to approve a professional services agreement for personal training to Kiley Draper. The motion was approved by unanimous vote of directors present.
2. Approve Copier Lease & Maintenance Agreement with Axis Business Technologies: A motion was made and seconded to approve a copier lease & maintenance agreement with Axis Business Technologies. The motion was approved by unanimous vote of directors present.
3. Consider and Approve Contract of Construction of Water Transmission Line from the Filter Plant to the Storage Tanks: A motion was made and seconded to approve a contract for construction of water transmission line and to authorize Mr. Nikkel to sign the contract with Beers Construction. The motion was approved by unanimous vote of directors present.
4. Approve MRMD 2018 Subdistrict 2021 Audit Exemption: A motion was made and seconded to approve the MRMD 2018 Subdistrict Application for Exemption from Audit for 2021. The motion was approved by unanimous vote of directors present.

Developer Items Mr. Guzman provided a verbal report to the Board on the status of Meridian Ranch development activities with no major updates from last month.

Director Items Election Discussion.

Legal Items There were none.

Adjournment There being no further business to come before the Board, the President adjourned the meeting at 10:52 a.m.

The next regular meeting of the Boards is scheduled for April 6, 2022, at 10:00 a.m. at the Meridian Ranch Recreation Center, 10301 Angeles Road, Peyton, Colorado 80831.

RECORD OF PROCEEDINGS

Respectfully submitted,

Secretary for the Meeting

DRAFT

Meridian Service Metropolitan District
2022 Tap Report

Counts	Date	Tap Receipt No.	Service Address	Filing #	Lot #	Builder	Tap Amt Paid	Meter Amt Paid	Check No.	Monthly Totals
68	3/1/2022	3557	10439 Summer Ridge Dr	Rolling Hills Ranch 1	36	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514985	
69	3/1/2022	3558	10427 Summer Ridge Dr	Rolling Hills Ranch 1	37	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514986	
70	3/1/2022	3559	10421 Summer Ridge Dr	Rolling Hills Ranch 1	38	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514987	
71	3/8/2022	3560	10831 Rolling Peaks Dr	Rolling Hills Ranch 1	259	Century Communities	\$ 19,000.00	\$ 655.00	Ck #0517451	
72	3/8/2022	3561	10823 Rolling Peaks Dr	Rolling Hills Ranch 1	260	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00517452	
73	3/8/2022	3562	10815 Rolling Peaks Dr	Rolling Hills Ranch 1	261	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00517453	
74	3/8/2022	3563	10807 Rolling Peaks Dr	Rolling Hills Ranch 1	262	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00517454	
75	3/1/2022	3564	12660 Enclave Scenic Dr	Stonebridge 4	56	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514979	
76	3/1/2022	3565	12668 Enclave Scenic Dr	Stonebridge 4	57	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514980	
77	3/1/2022	3566	12676 Enclave Scenic Dr	Stonebridge 4	58	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514981	
78	3/1/2022	3567	12684 Enclave Scenic Dr	Stonebridge 4	59	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514982	
79	3/1/2022	3568	12659 Enclave Scenic Dr	Stonebridge 4	106	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514983	
80	3/1/2022	3569	12667 Enclave Scenic Dr	Stonebridge 4	107	Century Communities	\$ 19,000.00	\$ 655.00	Ck #00514984	
81	3/14/2022	3574	9860 Meridian Hills Tr	Stonebridge 4	127	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt:P22031102 - 6752758	
82	3/14/2022	3575	9914 Hidden Ranch Ct	Stonebridge 4	201	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt:P22031102 - 6755562	
83	3/21/2022	3576	10806 Rolling Peaks Dr	Rolling Hills Ranch 1	235	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520399	
84	3/21/2022	3577	10814 Rolling Peaks Dr	Rolling Hills Ranch 1	236	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520400	
85	3/21/2022	3578	10822 Rolling Peaks Dr	Rolling Hills Ranch 1	237	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520401	
86	3/21/2022	3579	10830 Rolling Peaks Dr	Rolling Hills Ranch 1	238	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520402	
87	3/21/2022	3580	12628 Enclave Scenic Dr	Stonebridge 4	52	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520410	
88	3/21/2022	3581	12636 Enclave Scenic Dr	Stonebridge 4	53	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520410	
89	3/21/2022	3582	12644 Enclave Scenic Dr	Stonebridge 4	54	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520410	
90	3/21/2022	3583	12652 Enclave Scenic Dr	Stonebridge 4	55	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520410	
91	3/21/2022	3584	10458 Rolling Peaks Dr	Rolling Hills Ranch 1	3	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520403	
92	3/21/2022	3585	10466 Rolling Peaks Dr	Rolling Hills Ranch 1	4	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520404	
93	3/21/2022	3586	10474 Rolling Peaks Dr	Rolling Hills Ranch 1	5	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520405	
94	3/21/2022	3587	10482 Rolling Peaks Dr	Rolling Hills Ranch 1	6	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520406	
95	3/21/2022	3588	10490 Rolling Peaks Dr	Rolling Hills Ranch 1	7	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520407	
96	3/21/2022	3589	10498 Rolling Peaks Dr	Rolling Hills Ranch 1	8	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520408	
97	3/21/2022	3590	10506 Rolling Peaks Dr	Rolling Hills Ranch 1	9	Century Communities	\$ 19,000.00	\$ 655.00	Check #00520409	
98	3/17/2022	3591	12731 Enclave Scenic Dr	Stonebridge 4	119	Covington Homes	\$ 19,000.00	\$ 655.00	Wire/220317146447	
99	3/23/2022	3592	10975 Rolling Mesa Dr	Rolling Hills Ranch 1	204	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/025AG0IUDW6L	
100	3/23/2022	3593	10974 Rolling Mesa Dr	Rolling Hills Ranch 1	193	ZRH Construction	\$ 19,000.00	\$ 655.00	Epymnt/025UQSRXIK6L	
101	3/23/2022	3594	13424 New Ranch Dr	Rolling Hills Ranch 2	459	Covington Homes	\$ 19,000.00	\$ 655.00	Wire/220323080845	
102	3/23/2022	3595	13410 New Ranch Dr	Rolling Hills Ranch 2	460	Covington Homes	\$ 19,000.00	\$ 655.00	Wire/220323080845	
102	3/25/2022	3596	12838 Granite Ridge Dr	Stonebridge 4	145	Campbell Homes	\$ 19,000.00	\$ 655.00	Epymnt: P22032402 - 7968311	
103	3/28/2022	3597	9891 HiddenRanch Ct	Stonebridge 4	155	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522400	
104	3/28/2022	3598	9879 Hidden Ranch Ct	Stonebridge 4	156	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522401	
105	3/28/2022	3599	9867 Hidden Ranch Ct	Stonebridge 4	157	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522402	
106	3/28/2022	3600	9855 Hidden Ranch Ct	Stonebridge 4	158	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522403	
107	3/28/2022	3601	9843 Hidden Ranch Ct	Stonebridge 4	159	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522404	
108	3/28/2022	3602	9831 Hidden Ranch Ct	Stonebridge 4	160	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522405	
109	3/28/2022	3603	10415 Summer Ridge Dr	Rolling Hills Ranch 1	39	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522579	
110	3/28/2022	3604	10499 Rolling Peaks Dr	Rolling Hills Ranch 1	82	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522580	
111	3/28/2022	3605	10491 Rolling Peaks Dr	Rolling Hills Ranch 1	83	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522581	
112	3/28/2022	3606	10483 Rolling Peaks Dr	Rolling Hills Ranch 1	84	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522582	
113	3/28/2022	3607	10475 Rolling Peaks Dr	Rolling Hills Ranch 1	85	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522583	
114	3/28/2022	3608	10863 Rolling Peaks Dr	Rolling Hills Ranch 1	255	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522584	
115	3/28/2022	3609	10855 Rolling Peaks Dr	Rolling Hills Ranch 1	256	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522585	
116	3/28/2022	3610	10847 Rolling Peaks Dr	Rolling Hills Ranch 1	257	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522586	
117	3/28/2022	3611	10839 Rolling Peaks Dr	Rolling Hills Ranch 1	258	Century Communities	\$ 19,000.00	\$ 655.00	Check #00522587	

Meridian Service Metropolitan District
 2022 Tap and Meter Set Additional Fees Collected

(Initial) Tap Purchase Date	Tap Receipt No.	Service Address	Builder	Meter Set						Total Additional Amount Collected Prior to Meter Set
				Tap Fee Paid At Time of Purchase	Fee Paid At Time of Purchase	Additional Tap Fees Due (Per Current Fee Schedule)	Additional Meter Set Fee Due (Per Current Fee Schedule)	Date Paid		
8/30/2018	2579	12963 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	1/13/2022	\$ 4,115.00	
6/12/2020	3076	9793 Fairway Glen Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/20/2022	\$ 2,055.00	
12/18/2020	3233	12658 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/20/2022	\$ 2,055.00	
11/24/2020	3208	12571 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	1/21/2022	\$ 2,055.00	
									\$ 10,280.00	Jan-22
11/27/2019	2889	13075 Stone Valley Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	2/9/2022	\$ 3,080.00	
2/28/2020	2963	13028 Stone Valley Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/9/2022	\$ 2,055.00	
11/24/2020	3205	12571 Stone Valley Dr	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/17/2022	\$ 2,055.00	
11/24/2020	3209	12565 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/17/2022	\$ 2,055.00	
11/24/2020	3206	12563 Stone Valley Dr	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00	
11/24/2020	3210	12559 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00	
11/24/2020	3211	12553 Granite Springs Pl	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00	
11/24/2020	3212	12547 Granite Springs Pls	Century Comm	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	2/24/2022	\$ 2,055.00	
11/29/2018	2669	12956 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	2/24/2022	\$ 4,115.00	
11/29/2018	2670	12964 Stone Valley Dr	Campbell Homes	\$ 15,000.00	\$ 540.00	\$ 4,000.00	\$ 115.00	2/24/2022	\$ 4,115.00	
5/30/2019	2767	13011 Stone Valley Dr	Campbell Homes	\$ 16,000.00	\$ 575.00	\$ 3,000.00	\$ 80.00	2/24/2022	\$ 3,080.00	
2/18/2021	3273	12818 Windingwalk Dr	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	2/28/2022	\$ 1,030.00	
2/18/2021	3280	12887 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	2/28/2022	\$ 1,030.00	
									\$ 30,835.00	Feb-22
12/3/2020	3223	9877 Meridian Hills Tr	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/8/2022	\$ 2,055.00	
12/3/2020	3224	9885 Meridian Hills Tr	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/10/2022	\$ 2,055.00	
9/15/2020	3174	12618 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/11/2022	\$ 2,055.00	
2/18/2021	3272	12814 Windingwalk Dr	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/15/2022	\$ 1,030.00	
2/18/2021	3279	12895 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/22/2022	\$ 1,030.00	
2/18/2021	3276	9741 Winding Bend Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/29/2022	\$ 1,030.00	
2/18/2022	3281	12879 Morning Creek Ln	Reunion Homes	\$ 18,000.00	\$ 625.00	\$ 1,000.00	\$ 30.00	3/29/2022	\$ 1,030.00	
3/13/2020	2984	12638 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00	
12/18/2020	3235	12670 Windingwalk Dr	Campbell Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00	
6/26/2020	3084	10151 Boulder Creek Wy	Covington Homes	\$ 17,000.00	\$ 600.00	\$ 2,000.00	\$ 55.00	3/31/2022	\$ 2,055.00	
									\$ 16,450.00	Mar-22
									2022 Total	\$ 57,565.00

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	3/31/2022
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		Last

Sorted By: Check Date

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
AUTO 03.31.22	VISION	Vision	3/31/2022	WF CHECKING	PMCHK00000274	\$1,792.00
02337	GESSNER	William Gessner	4/5/2022	WF CHECKING	PMCHK00000271	\$92.35
02338	FENTON	Michael J Fenton	4/5/2022	WF CHECKING	PMCHK00000272	\$92.35
02339	GABRIELSKI	MILTON B. GABRIELSKI	4/5/2022	WF CHECKING	PMCHK00000272	\$92.35
02340	SAUER	Thomas G. Sauer	4/5/2022	WF CHECKING	PMCHK00000272	\$92.35
02341	REORDA	Wayne Reorda	4/5/2022	WF CHECKING	PMCHK00000272	\$92.35
02342	GESSNER	William Gessner	4/5/2022	WF CHECKING	PMCHK00000272	\$92.35
02344	CRS	CRS of Colorado	4/5/2022	WF CHECKING	PMCHK00000273	\$7,269.50
02345	SDA	Special Districts Association	4/5/2022	WF CHECKING	PMCHK00000273	\$1,237.50

Total Checks:	9				Total Amount of Checks:	\$10,853.10
						=====

Meridian Service Metropolitan District
Vendor Payment Register Report - Summary
Finance Committee - Interim Payments
March 23, 2022

<u>Date</u>	<u>Payment Type</u>	<u>Vendor</u>	<u>Amount</u>
03/23/22	ePayment	All Rental Center Inc	\$ 676.02
03/23/22	Check	Amazon Capital Services	\$ 2,477.03
03/23/22	ePayment	American Portable Services Inc.	\$ 294.00
03/23/22	Check	Aqueous Solution Inc.	\$ 1,080.60
03/23/22	ePayment	Axis Business Technologies	\$ 438.90
03/23/22	Check	Badger Meter	\$ 197.04
03/23/22	Check	Brock Eastman	\$ 200.00
03/23/22	ePayment	Browns Hill Engineering & Controls, LLC	\$ 4,211.40
03/23/22	ePayment	CEM Sales & Service	\$ 3,580.35
03/23/22	Check	Club Automation, LLC	\$ 1,821.48
03/23/22	Vendor Direct	Comcast-MRRC	\$ 551.71
03/23/22	Vendor Direct	Comcast-Office	\$ 319.55
03/23/22	Vendor Direct	CPS Distributors, Inc	\$ 74.02
03/23/22	ePayment	CSI Group International, Inc	\$ 604.49
03/23/22	Check	Debra Williams	\$ 15.09
03/23/22	Check	Discount Tire	\$ 4,370.58
03/23/22	Check	E-470 Public Highway Authority	\$ 9.60
03/23/22	Check	El Paso County Public Health Laboratory	\$ 210.00
03/23/22	Check	Falcon Environmental Corporation	\$ 5,475.74
03/23/22	Check	Front Range Winwater	\$ 470.15
03/23/22	Check	Grainger	\$ 134.26
03/23/22	Check	GTL Development Inc.	\$ 1,466.51
03/23/22	Check	HelloSpoke	\$ 722.93
03/23/22	ePayment	JDS-Hydro Consultants, Inc.	\$ 11,319.31
03/23/22	ePayment	LONG Building Technologies	\$ 3,249.00
03/23/22	Vendor Direct	Morning Star Elevator, LLC	\$ 2,274.00
03/23/22	Check	Mountain View Electric Association	\$ 53,794.80
03/23/22	Vendor Direct	Mug-A-Bug Pest Control	\$ 62.00
03/23/22	Vendor Direct	O'Reilly Automotive	\$ 51.41
03/23/22	Check	Progressive Services, Inc.	\$ 859.00
03/23/22	Check	Shops at Meridian Ranch, LLC	\$ 3,949.70
03/23/22	Check	Thomas General Contractors	\$ 67,130.80
03/23/22	Check	Utility Maintenance and Inspections LLC	\$ 14,677.30
03/23/22	Check	Utility Notification Center of Colorado	\$ 460.20
03/23/22	Vendor Direct	Waste Management of Colorado Springs	\$ 681.98
03/23/22	Check	Whisler Industrial Supply	\$ 1,759.06
03/23/22	Check	WHMD Woodmen Hills Metropolitan District	\$ 7,518.39
Total Payments	37	Amount of Payments	\$ 197,188.40



MERIDIAN SERVICE METROPOLITAN DISTRICT
Water, Wastewater, Parks and Recreation
11886 Stapleton Dr, Falcon, CO 80831
719-495-6567, Fax 719-495-3349

DATE: March 23, 2022
TO: MSMD Board of Directors
RE: Finance Committee Report

On March 23, 2022 the Board's Finance Committee, Directors Gabrielski and Reorda (in Director Sauer's absence) met with Jim Nikkel, General Manager and Jennette Coe, AFS Manager. The following is a summary of the meeting:

- The Finance Committee approved interim MSMD payments in the amount of \$197,188.40 and directed staff to put these on the Board's April 2022 agenda for ratification.
- Staff reviewed bank account details for both ColoTrust and Wells Fargo including status of investment funds and user access/permissions. The ColoTrust investment accounts have recorded an unrealized loss that the FC agrees is indicative of long-term investments and believes it will recover over time. There is not a foreseeable need for the funds that are in the account affected in the current year.
- Staff provided FC with January 2022 unaudited Balance Sheet and Statement of Cash Flows for review.

Submitted by:

A handwritten signature in black ink that reads "Milton B. Gabrielski". The signature is written in a cursive style.

Milton B. Gabrielski, Finance Committee Chair

Meridian Service Metropolitan District
Statement of Cash Flows - Unaudited
January 2022

	Jan 22	
OPERATING ACTIVITIES		
Net Income	-40,754.43	
Adjustments to reconcile Net Income to net cash provided by operations:		
1400110 · Accounts Receivable	-860,687.46	
1400115 · Accounts Receivable - Fund 15	114,624.11	} Reversing YE JE's in order to capture 2021 YE AR balance per fund
1400116 · Accounts Receivable - Fund 16	205,114.55	
1400140 · Accounts Receivable - Fund 40	262,720.58	
1400150 · Accounts Receivable - Fund 50	197,584.70	
1400200 · Accounts Receivable - Non UB	-37,294.00	
1500100 · Prepaid Insurance	11,002.00	
1500300 · Prepaid Rent	3,662.74	
1500400 · Prepaid Interest	351,619.86	CMD 1st Bond Pmt Interest pd in 2021
3000000 · Accounts Payable	-85,147.83	
3070100 · Chase Credit Card	-3,723.12	
3070102 · Chase C/C - Ryan Kozlowksi	2,049.80	
3070103 · Chase C/C - Jennette Coe	359.58	
3070108 · Chase C/C - Jim Nikkel	164.77	
3110100 · Payroll Taxes Payable	-3,967.33	
3110200 · Payroll Payable	-23,545.30	
3110300 · Employee Paid Ins Contrib.	-0.12	
3110400 · Retirement Payable	-438.65	
3120000 · Retainage Payable	1,800.63	
3150000 · Due to MRMD	-327,000.00	Taps rcv'd at Year End txfrd in 2022
Net cash provided by Operating Activities	-231,854.92	
FINANCING ACTIVITIES		
4000100 · Comprehensive Income	-7,400.41	
Net cash provided by Financing Activities	-7,400.41	
Net cash increase for period	-239,255.33	
Cash at beginning of period	11,813,241.00	
Cash at end of period	11,573,985.67	

Meridian Service Metropolitan District
Balance Sheet Summary - Unaudited
As of January 31, 2022

	Jan 31, 22
ASSETS	
Current Assets	
Checking/Savings	11,573,985.67
Accounts Receivable	2,284,641.37
Other Current Assets	121,165.00
	13,979,792.04
Total Current Assets	13,979,792.04
Fixed Assets	43,904,758.65
Other Assets	908,288.25
	58,792,838.94
TOTAL ASSETS	58,792,838.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	394,368.55
Credit Cards	-9,069.05
Other Current Liabilities	14,079,786.52
	14,465,086.02
Total Current Liabilities	14,465,086.02
Long Term Liabilities	23,573,481.64
	38,038,567.66
Total Liabilities	38,038,567.66
Equity	20,754,271.28
	58,792,838.94
TOTAL LIABILITIES & EQUITY	58,792,838.94

Meridian Service Metropolitan District
Balance Sheet - Unaudited
As of January 31, 2022

	Jan 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1000000 · Operating Funds	
1000100 · Wells Fargo - Operating	2,241,459.68
1000300 · Petty Cash	384.38
	2,241,844.06
1072 · Bill.com Money Out Clearing	-0.60
110000 · Non-Operating Funds	
1100101 · ColoTrust - CTF from MRMD E001	38,134.32
1100201 · ColoTrust - Reserve E002	2,095,763.25
1100400 · ColoTrust - Sewer Reserve 8004	18,536.18
1100401 · ColoTrust - Sewer Reserve E003	385,885.19
1100500 · ColoTrust - Cap Projects 8005	1,450,094.45
1100501 · ColoTrust - Cap Projects E004	4,216,735.28
1100601 · ColoTrus - Rate Stabiliz E005	650,364.50
1100901 · Bank of the San Juans -Reserves	476,629.04
	9,332,142.21
Total Checking/Savings	11,573,985.67
Accounts Receivable	
1400000 · Accounts Receivable	
1400100 · UB Accounts Receivable	860,687.46
1400200 · Accounts Receivable - Non UB	1,423,953.91
	2,284,641.37
Total Accounts Receivable	2,284,641.37
Other Current Assets	
1500000 · Prepaid Expenses	
1500100 · Prepaid Insurance	121,165.00
	121,165.00
Total Other Current Assets	121,165.00
Total Current Assets	13,979,792.04
Fixed Assets	
2100000 · Fixed Assets	
2110000 · Non-Depreciable Assets	
2110100 · Water Rights	257,084.50
	257,084.50
2120000 · Depreciable Assets	
2120100 · Water System	33,886,165.56
2120200 · Wastewater System	18,251,913.49
2120400 · Systems - Acc. Dep.	-20,196,447.35
	31,941,631.70
2130000 · Recreation Assets	
2130100 · Recreation Facilities	15,709,046.83
2130300 · Recreation - Acc. Dep.	-4,316,269.65
	11,392,777.18

Meridian Service Metropolitan District
Balance Sheet - Unaudited
As of January 31, 2022

	Jan 31, 22
2140000 · Vehicles & Equipment	
2140100 · Vehicles & Equipment	437,300.49
2140300 · Vehicles & Equipment - Acc. Dep	-124,035.22
Total 2140000 · Vehicles & Equipment	313,265.27
Total 2100000 · Fixed Assets	43,904,758.65
Total Fixed Assets	43,904,758.65
Other Assets	
1600000 · Other Assets	
1600100 · Security Deposit	11,580.00
Total 1600000 · Other Assets	11,580.00
2000000 · Construction in Progress	
2010101 · CIP Build-Out CIP&Funding Plan	7,742.50
2040103 · CIP Guthrie Well Area B & Line	2,686.00
2040108 · CIP Well Site No. 5, 7 & 8	522,928.46
2040109 · CIP Eastonville Raw Water Pipe	8,469.95
2050002 · CIP Woodmen Hills Sewer Bypass	354,881.34
Total 2000000 · Construction in Progress	896,708.25
Total Other Assets	908,288.25
TOTAL ASSETS	58,792,838.94
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	394,368.55
Credit Cards	-9,069.05
Other Current Liabilities	
3100000 · Other Current Liabilities	
3110000 · Payroll Liabilities	297.22
3120000 · Retainage Payable	155,012.30
3140000 · Accr Int Payable - Developer	13,591,477.00
3160000 · Deposits Held	4,000.00
3180300 · Bank of San Juan Loan-Current	329,000.00
Total 3100000 · Other Current Liabilities	14,079,786.52
Total Other Current Liabilities	14,079,786.52
Total Current Liabilities	14,465,086.02
Long Term Liabilities	
3500000 · Long Term Liabilities	
3500100 · Notes Payable	9,315,476.39
3500200 · Cherokee - New WWTP (LT Liab)	9,911,005.25
3500300 · Bank of San Juan TDS Loan	4,347,000.00
Total 3500000 · Long Term Liabilities	23,573,481.64
Total Long Term Liabilities	23,573,481.64
Total Liabilities	38,038,567.66
Equity	
4000000 · Fund Balance(Retained Earnings)	20,807,804.70
4000100 · Comprehensive Income	-12,778.99
Net Income	-40,754.43
Total Equity	20,754,271.28
TOTAL LIABILITIES & EQUITY	58,792,838.94

MSMD Operations Report for March 2022

March water demand and production hovering around 350 gallons per minute. Water operations completed the monthly Bac-T and 1st quarter sampling. Monthly water meter reading and water usage was performed on 3-25-22. The recent meter change out at the rec center was read and appears to be working properly. The last radio used for SCADA monitoring dropped out March 24th in the evening. The following Friday was spent pulling new wire for connection to nearby upgraded SCADA equipment. LFH#9 cooked a power supply inside the SCADA panel requiring replacement. The final electrical inspection and sign for mid-point electrical improvements was performed by Regional Building . During the inspection, repairs were noted by the inspector requiring immediate attention, which have been repaired. Progress continues with filter plant and piping expansion. A check in meeting was held with JDS Hydro, Filtronics, and Browns Hill to discuss integration of the filter plant expansion with existing telemetry. Two replacement filter vessel flow control valves have been ordered and awaiting delivery.

Parks and drainage continued weekly pond inspections and removed trash collected in the drainage channels as needed. Crew attended a 2-day class covering Sentential irrigation controller. Staff has been thoroughly inspecting playground equipment, creating a parts list, and inspection form. Tree removal continued weather permitting between snowstorms

Staff performed weekly infiltration gallery inspections and recorded water level logging data. Monthly flow measurement and calculations taken on 3-28-22. Minimal moisture continues to keep weir water levels down.

The irrigation pond intake remains plugged and the temporary bypass fill line able to maintain golf course irrigation water demand. A floating intake installation is underway but requires draining the pond and installing a float for the intake. The golf course started a pre-spring fire up on 3-14-22 to water in recent applied fertilizer. Pond levels continue to drop to expose plugged intake.

Wastewater operations staff completed weekly composite sampling and drop off to Cherokee. Maintenance was performed to the grit pump. A frozen pressure check valve was found faulty requiring attention. The valve was replaced and repair parts will be ordered to rebuild for a spare. Wastewater operations staff also assisted locating and raising vaults with water ops and assisted parks & drainage with dead tree and snow removal. Weekly Hydrogen Sulfide (H₂S) and Total Dissolved Solids (TDS) samples were collected during weekly sewer flow meter inspections. Falcon lift station chemical continues to track accordingly based on injection rates.

Upcoming or continued water tasks:

- Monthly meter reading (completed ~~1-27-22, 2-28, 3-25~~, 4-25, 5-25, 6-25, 7-25, 8-25, 9-25, 10-25)
- Monthly Bac-T sampling (~~Jan, Feb, Mar~~, Apr, May, Jun, Jul, Aug, Sept, Oct, Nov, Dec)
- ~~1st Quarter monitoring and sampling~~
- 2nd Quarter monitoring and sampling
- 3rd Quarter monitoring and sampling
- 4th Quarter monitoring and sampling
- ~~Well step testing (mid-February 2-8, 2-10, 2-18, 2-25-22)~~
- Lead and Copper Sampling (bi-yearly)

Upcoming or continued parks and drainage:

- Continue irrigation repairs/testing (in progress)
- ~~2022 annual backflow testing (completed)~~
- Irrigation spring start up
- Irrigation winterization
- Continue fence repairs (in progress)
- Mulch/rock replacement in planter beds (in progress)
- Dead tree removal (in progress)

Upcoming or continued wastewater tasks:

- Sewer force main air vac maintenance/vault inspections (mid-February)
- Sewer force main flow meter replacement/relocate
- Infiltration pit maintenance (in progress)
- Infiltration pit logger installs (2) (pending weather, in progress)
- Sewer line maintenance (pending)



Quality Site Assessment

Prepared for:

Meridian Ranch Metropolitan Di

Mon Mar 28 2022

QUALITY SITE ASSESSMENT

Meridian Ranch Metropolitan Di

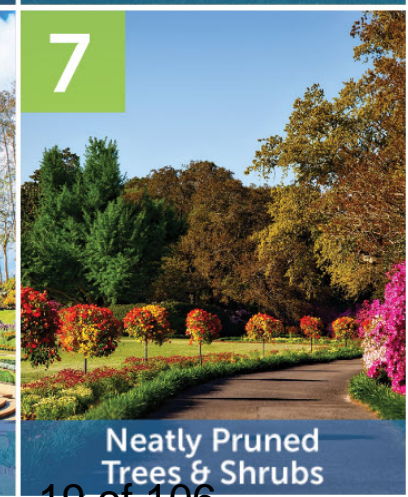
General Information

DATE: Monday, Mar 28, 2022
NEXT INSPECTION DATE: Friday, Jun 24, 2022
CLIENT ATTENDEES: Braden McCrory, Alexks Myszkowski
BRIGHTVIEW ATTENDEES: Robert Beacon

Customer Focus Areas

Main roads throughout community

Quality you can count on.



QUALITY SITE ASSESSMENT

Meridian Ranch Metropolitan Di

Maintenance Items



1 The spring clean up has begun this week. The crews will be working on this for the next two weeks.

2 Final process for the 2022 maintenance contract is being completed. Contract will be fully executed in the coming week.

3 Winter policing will continue on the jobsite until mid April. After that our crew will be onsite everyday completing the summer policing.

4 We will start removing tree wrap this week as we are completing the spring clean up.

QUALITY SITE ASSESSMENT

Meridian Ranch Metropolitan Di

Maintenance Items



5 Pre emergent will start being applied on the property this week.

6 Aeration will be started as soon as we have a lot of the irrigation on throughout the property. This will ensure we are pulling decent plugs as we complete the work.

Recommendations for Property Enhancements



2

1 Mulch is needed in a majority of the beds throughout the community. I will be working closely with Aleks and Braden on putting a proposal together for strategic areas in the property.

2 Additional playground mulch throughout the community is needed. I will put together a proposal and send over to Braden and Aleks for review..

QUALITY SITE ASSESSMENT

Meridian Ranch Metropolitan Di

Notes to Owner / Client



1 Stonebridge Filling 3 has been walked. All needed plant material has been marked on a map and will be getting installed as soon as the water is turned on for the season.

2 We will be substituting the annual flowers this year for perennial flowers. I will be working with the district in the coming month to make this happen.





2022 BrightView Landscape Management Gantt Chart

Meridian Ranch METRO DISTRICT

Operation	Occ.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mow, Trim and Clean-up	26				OO	OOOOO	OOOO	OOOO	OOOO	OOOO	OO		
Aerate	2					O				O			
Weed Control Beds	26				OO	OOOOO	OOOO	OOOO	OOOO	OOOO	OO		
Pre Emerge Beds	2			O			O						
Round up Cracks and creavous	26				OO	OOOOO	OOOO	OOOO	OOOO	OOOO	OO		
Bed Weed Maintenance	52				OOOO	OOOOOOOOO	OOOOOOOO	OOOOOOOO	OOOOOOOO	OOOOOOOO	OOOO		
Edge Curbs and Walks	13				O	OO	OO	OO	OO	OO	O		
Turf Fertilization Program	3			O		O		O					
Broadleaf Turf Spray	3			O		O		O					
Mow Native Grass (Londonderry)	6					O	O	O	O	O	O		
Mow Native Trails and Fencelines	12					OO	OO	OO	OO	OO	OO		
Mowing Native (Open Spaces)	2							O			O		
Inspect Property With Grounds	3				O			O			O		
Broadleaf Native Spray	3				O		O			O			
Prune Ornamental Grass	1			O									
Prune Shrubs	7				O	O	O	O	O	O	O		
Plant Heath Care Program	2					O		O					
Spot Prune Trees (Below 12')	7				O	O	O	O	O	O	O		
Spot Prune Trees (Above 12')	1				O								
Spray Tree Rings	2						O		O				
Shrub Maintenance Powery Mold etc	2					O			O				
Tree Wrap On/Off	2					O						O	
Spring Clean Up	1			O									
Fall Clean Up	1											O	O
Backflow Check	1					O							
Annual Flowers	1						O						
Winter Watering	3	O										O	O
Winter anit desiccant	1										O		
Trash Summer and Winter	52	OOOOO	OOOO	OOOO	OOOO	OOOOO	OOOO	OOOO	OOOO	OOOO	OOOOO	OOOO	OOOOO
Site Inspection QSA Report	12	O	O	O	O	O	O	O	O	O	O	O	O

O - Operation to be Completed
O - Operation In progress
O - Operation Completed

April 6th, 2022 Recreation Board Report

Usage Numbers March 1-31, 2022

Total Attendance – 11899

Group Ex – 696 participants. Of those we received \$332 from non-members

Childcare attendance – 342

Childcare Spring Break programming – 33 Children collecting \$955

Parties – 6. 5 Swim parties and 1 room rental

Revenue collected - **\$12,888.38**

Pulse Check:

The recreation center saw its busiest month of the year with D49 being on two weeks of spring break. We were staffed well and handled the rush while providing additional programs over the break. The D49 breaks never fail to provide us with teenager issues. We have begun to enforce policy of having zero non-members pass the desk unless they are paying for a guest pass or taking a class/program. We will no longer be permitting non-members to use our restrooms. Staff will continue to accompany non-members on tours of the recreation center.

The lobby remodel has been completed and we began working from the new desk on March 29th. Member comments have been nothing but positive and the staff loves the new design. Other maintenance items we are working on are as follows; basketball hoop pully has been ordered, lily pads have been ordered, shade structure contractor scheduled to come out and see the site, shed design/quote in process, fitness equipment on order should be here week of board meeting, broken gym window on order, and many other small issues. The elevator has been down for weeks due to a proprietary part needing to be ordered. This repair cost roughly \$16,000 and has put a giant crater in our building maintenance budget for the year. We are hoping for no other major repairs in 2022.

Indoor soccer is beginning in April and registration has been strong. Group and private swim lessons and picking up as members begin to think about summer and the weather gets warmer. We are beginning AOA activities on Tuesdays and Thursday from 1-3pm starting April 11th. Tuesdays they will be playing board games in the auditorium, and Thursdays will be water volleyball in the indoor lap lanes.

We our hosting our Easter Egg Hunt on April 16th and have changed the hunt from an underwater hunt in the indoor pool, to a traditional egg hunt in Longview park. We will have games, food trucks, and an appearance from the Easter Bunny.

Falcon Freedom Day's planning is well underway, and I have provided a handout of the 2022 sponsor package for review. We will begin fund raising immediately and getting all our vendors and booths scheduled.

Outdoor pool opening is on our radar and we will begin that process at the end of April.



March 14, 2022

Mr. Ryan Kozlowski,
Recreation Operations Manager
Falcon Freedom Days
Meridian Ranch Metro District
11886 Stapleton Drive
Falcon, CO 80831

Hi Ryan:

I hope all is going well for you and your family, and that you are staying busy. We seem to be busy ourselves, but with the crazy world in which we live, we know things can change in a heartbeat. Anyway, we just keep going forward and hope for the best.

I have spoken with Mike Carlisle, and I understand that your community decided to have your annual fireworks display on July 2nd this year, which will work fine for our staffing capabilities. Mike told me that he explained to you that the cost of fireworks increased dramatically, which is due to Chinese fireworks suppliers and especially the ***astronomical*** cost of shipping fireworks (explosives). We completely understand that you need to keep your budget for fireworks the same as last year, and with that in mind, I adjusted the sizes and types of aerial shells around in your program to maintain the same \$26,250.00 contract price.

Mike also mentioned that you are moving the firing location of the fireworks to the school property, which is good because we can concentrate on Aerial Shells to sustain the power of the display.

You will find our "Fireworks Production Contract" enclosed for your review. Our program of course includes our \$5,000,000 Fireworks Liability Insurance coverage (naming all necessary additional insureds, copy attached), a crew of certified pyrotechnic operators to handle the "load-in, firing and load-out" of the fireworks, securing all applicable fireworks permits (including the \$500 permit application through your fire authority), and of course delivery. Our pyrotechnic operators are covered by worker compensation insurance, with statutory limits of the state of Colorado.

As usual, Mike will work directly with your Fire Authorities to coordinate all of the necessary security elements, safety perimeter and logistics of your show. From that information, we will submit the Fireworks Display Permit application to the Fire Authorities, which will include the "Site Diagram" of the proposed firing location and the safety distances from that firing location to the audience, automobile parking and buildings.

Creating the Spectrum of Pyrotechnic Production Excellence

Post Office Box 60 – Carrier, Oklahoma 73727 (580-855-2203)

Mr. Ryan Kozlowski
March 14, 2022
Page 2

We have also programmed the same duration for your display as last year, which is 15-minutes in length. Your display will sustain a consistent tempo throughout the show, maintaining the dynamics and power to entertain your audience.

Ryan, we want to thank you again for allowing us the privilege of staging the fireworks for ***Falcon Freedom Days***, and it is our personal commitment to stage a production that is distinct in its creativity, unique in its design and logistically complimenting your site requirements at your venue. We will produce a special music arrangement for your performance, our choreographer will design the pyrotechnics around that music, and our pyrotechnic operators will professionally handle the staging of the pyrotechnics for your production.

Once again, we thank you for allowing us the honor of submitting our ***Pyrotechnic Production Proposal*** for your consideration, and we ask that if you have any questions, please contact us immediately.

With our best wishes we remain,

Respectfully,



Jim Burnett
WESTERN ENTERPRISES, INC.



Western Enterprises, Inc.

(Performance at Montreal International Fireworks Competition 2016)

Pyrotechnic Production Proposal

**Meridian Ranch
Falcon, Colorado
July 2, 2022**

**Attn: Mr. Ryan Kozlowski
MERIDIAN RANCH METROPOLITAN DISTRICT**

FIREWORKS PRODUCTION CONTRACT

1. This Fireworks Production Contract (“Contract”) is entered into this__ day of _____, 20__ by and between **WESTERN ENTERPRISES, INC.**, designated herein as the “**SELLER**” and **MERIDIAN SERVICE METROPOLITAN DISTRICT** designated herein as the “**PURCHASER**” for a musically-choreographed fireworks display that will be held on **JULY 2, 2022**.
2. **SELLER** will secure, prepare and deliver said fireworks display as outlined, or will make necessary substitutions of equal or greater value. **SELLER** will include the services of a certified Pyrotechnic Operator (“Operator) to take charge of, set up and fire the display, along with such help as he deems necessary to perform the fireworks display safely (“Assistant(s)”), and in accordance with such Federal, State or Local laws that might be applicable.
3. **SELLER** shall submit a Fireworks Display Permit Application with the Falcon Fire Protection District within fourteen days of the execution of this Contract and will pay the applicable permit application fee.
4. **SELLER** shall be responsible for any damage caused to any persons or property by virtue of the fireworks display. **SELLER** agrees to defend, indemnify and hold harmless **PURCHASER** from any and all claims arising from or in any way directly related to the fireworks display. In the event of any breach of this Contract, or any failure on behalf of the **SELLER** to defend, indemnify and hold harmless **PURCHASER**, **PURCHASER** shall be entitled to any and all legal and/or equitable remedies.
5. **SELLER** agrees to execute the Illegal Alien Workers Addendum attached hereto and incorporated herein.
6. **SELLER** agrees that the Operator and Assistant(s) are to check the display area after the presentation of the fireworks display for any “duds” or other material, which might not have ignited. Any such material, found by any person other than the Operator, shall be turned over to the Operator for safekeeping or disposal of said material.
7. **PURCHASER** will furnish the secured minimum safety distances established by the **SELLER** after an on-site inspection of the proposed firing location. **PURCHASER** will provide adequate police protection, Security (Monitors) around the firing line perimeter, and, and/or other adequate security to maintain these distances. **PURCHASER** also agrees to have a fire truck available on location during the display, provide sand for set-up, front-end loader for set-up, and security during time of set-up and show firing.
8. A Certificate of Insurance covering the fireworks display will be provided by the **SELLER** upon signing of the contract, for coverage in the amount of **FIVE MILLION DOLLARS (\$5,000,000.00)** broad form, bodily injury, property damage liability and comprehensive automobile liability Combined Single Limit. Pyrotechnic operators for **SELLER** are covered by statutory limits for Workers Compensation Coverage. Those entities/individuals listed on the certificate of insurance shall be deemed as additional insured per this contract.

Fireworks Production Contract

July 2, 2022

Page 2

9. It is agreed and understood that the **PURCHASER** will pay to the **SELLER** the sum of **TWENTY-SIX THOUSAND TWO HUNDRED FIFTY DOLLARS & NO/100 (\$26,250.00)** to be paid as follows: **40% (\$10,500.00)** of the purchase price will be paid by **PURCHASER** at the time of signing this contact. The balance of the purchase price will be paid within fifteen (15) days after the date of the display. Unpaid accounts are subject to one percent (1%) interest charge per month after fifteen days.

10. In the event of inclement weather or other adverse conditions, so as to cause postponement of the fireworks display it is agreed and understood that **PURCHASER** will notify **SELLER** regarding the postponement date, normally the following night, or at some future date within the calendar year. If the **PURCHASER** will not re-schedule the display within the calendar year, or completely cancels the fireworks display, the **PURCHASER** agrees that **SELLER** will retain the Forty percent (**40%**) payment described in paragraph #9 as full payment for cancellation of the fireworks display. It is understood and agreed that **SELLER** shall be solely responsible for failure of the performance of the fireworks display for any reason under **SELLERS** control and shall refund all monies previously paid by the **PURCHASER** in the event of any such failure.

11. This Contract constitutes the whole agreement between the parties and no additional or different oral representation, promise or agreement shall be binding on any of the parties hereto with respect to the subject matter of this Contract.

12. Except as otherwise provided herein, this Contract may be modified, altered, amended or terminated only by written agreement of all of the parties hereto.

13. In the event that legal action is instituted to enforce any of the provisions of this Contract, the prevailing party shall recover from the losing party its reasonable attorneys' fees and court costs.

14. The parties hereto understand and agree that the **PURCHASER** is relying on and does not waive or intend to waive by this Contract or any provision hereof, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. Section 24-10-101, et seq., as from time to time amended, or otherwise available to the **PURCHASER**.

15. Witness whereof, we have caused our signatures to be affixed to this Contract, on this __ day of _____, 20__.

WESTERN ENTERPRISES, INC.
SELLER

MERIDIAN SERVICE
METROPOLITAN DISTRICT
PURCHASER

BY: _____
ITS: _____

BY: Milton B. Gabrielski
ITS: President

ADDENDUM

Western Enterprises, Inc. ("Contractor"), a party to the contract entered into on _____, 20__ with the Meridian Service Metropolitan District ("Contract") hereby agrees to comply with the requirements of this Addendum as a requirement of the Contract.

Illegal Alien Workers. The Contractor shall comply with any and all federal, state and local laws, rules and regulations regarding the hiring of employees and retention of subcontractors, including without limitation Section 8-17.5-101 *et seq.*, C.R.S. The Contractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract or contract with a sub-contractor who (a) knowingly employs or contracts with an illegal alien to perform work under the Contract, or (b) fails to certify to the Contractor that the subcontractor will not knowingly employ or contract with an illegal alien to perform work under the Contract.

The Contractor hereby certifies that it does not knowingly employ or contract with an illegal alien. The Contractor shall participate in either the E-Verify Employment Verification Program administered by the United States Department of Homeland Security ("E-Verify Program") or the State's Department Program established pursuant to C.R.S. 8-17.5-102(5)(c) to confirm the employment eligibility of all employees who are newly hired for employment to perform work under the Contract. The Contractor shall not utilize the E-Verify Program or the Department Program procedures to independently undertake pre-employment screening of job applicants.

The Contractor shall require each subcontractor to certify that subcontractor will not knowingly employ or contract with an illegal alien to perform work under the Contract. If Contractor obtains actual knowledge that a subcontractor performing work under the Contract knowingly employs or contracts with an illegal alien, Contractor shall be required to: (a) notify the subcontractor and the Company within three (3) days that Contractor has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and (b) terminate the subcontract with the subcontractor if within three (3) days of receiving notice from Contractor, the subcontractor does not stop employing or contracting with the illegal alien; except that Contractor shall not terminate the contract with the subcontractor if during such three (3) days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien. Contractor shall comply with any reasonable request by the Colorado Department of Labor and Employment ("Department") made in the course of an investigation by the Department pursuant to Section 8-17.5-102(5), C.R.S.

In addition to any other legal or equitable remedy Meridian Service Metropolitan District (the "District") may be entitled to for a breach of the Contract, if the District terminates the Contract, in whole or in part, due to the Contractor's breach of any of this Addendum, the Contractor shall be liable for actual and consequential damages of the District resulting from such termination, and the District shall report such violation by the Contractor to the Colorado Secretary of State as required by law.

Executed this ___ day of _____, 2022.

WESTERN ENTERPRISES, INC.
SELLER

MERIDIAN SERVICE
METROPOLITAN DISTRICT
PURCHASER

BY: _____
ITS: _____

BY: _____
ITS: _____



**FALCON FREEDOM DAYS
FALCON, COLORADO
JULY 2, 2022**

Mr. Ryan Kozlowski
Recreation Operations Manager
Meridian Ranch Metro District
11886 Stapleton Drive
Falcon, Colorado 80831
Phone: 719-495-7119
ryan.k@meridanservice.org

*** * * PYROTECHNIC PRODUCTION PROPOSAL * * ***

As a beginning declaration, the following program proposal details a combination of the very best pyrotechnic products available. All ideas, concepts and itemized product listing in this proposal are deemed confidential, intended solely for the client's review, and should not be disseminated to anyone other than the client.

Western Enterprises, Inc. is honored to have the opportunity to submit this pyrotechnic production program for the “**2022 FALCON FREEDOM DAYS**” **Fireworks Spectacular on July 2nd**. We understand the importance of this significant event to the **MERIDIAN RANCH AREA** and we can assure you that Western Enterprises, Inc. is committed to staging an evening of pyrotechnic "magic" for your audience.

Western Enterprises, Inc. is very proud of the fact that we are able to provide our clientele with the utmost highest quality pyrotechnic products in our entire industry. And with our ability to intersperse specialized products that are American-Made, we are able to showcase premier products that are quite unlike any others in the industry. We have had the privilege to premier our products in numerous **International Fireworks Competitions** and it will be a privilege for us to stage these products for your event.

Having provided you with the above information, we need to confirm several elements that are important to your production.

1. PLANNING CONSIDERATIONS. The following factors must be considered to assure the success of this production.

- a. **Duration.** The duration of this display will be determined through an agreement between the client and Western Enterprises, but it is tentatively scheduled to be 15-minutes in duration.

TO: MR. RYAN KOZLOWSKI
CLIENT: FALCON FREEDOM DAYS at MERIDAN RANCH
DATE: JULY 2, 2022
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- b. Musical Accompaniment.** This performance is scheduled to be staged to a special musical arrangement, which Western Enterprises will produce a music medley for your event that you can coordinate a simulcast with a radio station and/or play over a social media platform in coordination during the fireworks display.
- c. Permits.** All fireworks permits, clearances and other documentation regarding the pyrotechnics; whether federal, state or municipal, is the responsibility of Western Enterprises, Inc.
- d. Preliminary Meetings.** Upon approval of the contract by the **SPONSOR**, our associate Mike Carlisle will meet with representatives of Meridian Ranch to discuss the safety parameters of the event as they pertain to ensuring the minimum safety distance factors from spectators and parking areas are adequately secured. It is the responsibility of the **SPONSOR** to provide adequate security personnel to maintain these distances to ensure the safety of spectators.
- e. Labor.** Western Enterprises, Inc. will provide a crew of certified pyrotechnic operators to handle the “load-in, firing and load-out” of the fireworks.
- f. Insurance.** All insurance requirements will be provided, including; \$5,000,000 Display coverage for Broad Form, Contractual, Bodily Injury and Property Damage, and \$5,000,000 liability coverage for all vehicles hauling explosives. Colorado State Worker's Compensation coverage on all Western Enterprises' technicians.

2. MUSIC REQUIREMENTS. This pyrotechnic performance will be designed, choreographed and fired to a special music arrangement. Western Enterprises, Inc. will produce a special music arrangement for your production at no additional charge. This music would be pre-approved by the Client. Our design choreographer will design and choreograph the pyrotechnics to the pre-recorded music and our music engineer, Steve Linn, will contact the Sound Contractor for the **CLIENT** to coordinate the timing and synchronization of the music.

3. GENERAL OVERVIEW OF PERFORMANCE. Your production requires a tremendous amount of time and artistic talent to make it distinctive and unique. Color combinations and effects are blended together to complement each other in the sky during the performance. Each and every shell is coordinated so that every aerial shell will actually break in the sky precisely at the intended moment.

This performance will showcase a wide variety of pyrotechnic products from around the world. We are very excited about the new designer shells we will be staging in your production!

Some of our designer aerial shells for this year are; *Crossing Flower Rings, Lemon Strobes, Multi-layer Pastel Umbrellas, Magic Peonies, Umbrella Brocades, Color Changing Crossettes, Whirling Flower Rings w/strobe pistils Brocade Butterflies w/jeweled tip wings, Silver Kimuro Rings w/Pastel Color-Changing Pistils, Crackling Coconut Palm Trees and Variegated Dancing Bees.*

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Because your display venue has changed, we have removed the low-level “multi-shot barrages”, because they would not be visible for your audience from greater distances. We have also increased the size of your aerial shells to a maximum size of six-inch (6”) diameter.

As in any performance, your "**GRAND AERIAL FINALE**" will provide the most dramatic portion of the display, because as in any production, "*you save your best until the last*"! Your signature “Grand Finale” will be fired in the following sequence beginning with a barrage of **Red Flower Shells**, followed by a barrage of **Silver Flower Shells**, followed by a barrage of **Blue Flower Shells**, followed by a barrage of luxurious cascading **Golden Brocade Kimuro Mums**, which is ultimately climaxed by a thunderous barrage of reverberating **heavy report bombs** which brings a thrilling conclusion to the “**2022 FALCON FREEDOM DAYS**” AT MERIDIAN RANCH *Fireworks Spectacular!*

“The sky provides the pyrotechnician’s canvas and our art-form is best expressed by how we portray ourselves in the stars”

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ITEMIZED PRODUCT LISTING

GRAND AERIAL FINALE

- 60 – 3” RED FLOWER SHELLS (6 - 10/3” Red Flower Chains)**
- 60 – 3” SILVER FLOWER SHELLS (6 - 10/3” White Flower Chains)**
- 60 – 3” BLUE FLOWER SHELLS (6 - 10/3” Blue Flower Chains)**
- 60 – 3” GOLD FLOWER SHELLS (6 - 10/3” Gold Flower Chains)**
- 5 – 4” RED FLOWER SHELLS (1 – 5/4” Red Flower Chains)**
- 5 – 4” SILVER FLOWER SHELLS (1 – 5/4” White Flower Chains)**
- 5 – 4” BLUE FLOWER SHELLS (1 – 5/4” Blue Flower Chains)**
- 5 – 4” GOLD FLOWER SHELLS (1 – 5/4” Gold Flower Chains)**
- 1 – 5” RED FLOWER SHELLS**
- 1 – 5” SILVER FLOWER SHELLS**
- 1 – 5” BLUE FLOWER SHELLS**
- 1 – 5” GOLD FLOWER SHELLS**

- 3 – 6” GOLD FLOWER SHELLS**

- 40 – 3” HEAVY REPORT BOMBS (4 – 10/3” Salute Chains)**

THREE INCH SHELLS (300 Shells)

- 20 - AERIAL SALUTES (Heavy reporting bombs)**

- 30 - FANCY STAR SHELLS (Consisting of: Ruby, Emerald, Pearl, Blue, Yellow & Purple with Titanium Twinklers & Aluminum Flitter Combinations)**

- 75 - ORIENTAL FLOWER PATTERNS (Consisting of: Solid Color and Color Changing Chrysanthemums, Peonies & Dahlias)**

- 35- PATTERN SHELLS (Consisting of: Rings, Double Rings, Willows, etc.)**

- 35 – PASTEL COCONUT SHELLS (Consisting of: Pastel colors in Cyan, Orange, Pink, Violet, Magenta, Chartreuse, Peach, etc.)**

- 35 - DESIGN EFFECT SHELLS (Consisting of: Color Crossettes, Brocade Falling Waterfalls, Silver Double Rings w/aqua pistils, Poinsettia Flowers, Hourglass w/core, Crackling Diadem Flowers, Silver Turbulence w/flying stars, Kimuro w/crossette core pistils, Double Crackling Time Flower.)**

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THREE INCH SHELLS (continued)

35 – PATRIOTIC DESIGNER SHELLS (*Consisting of:* Red Bees, Blue Bees, Silver Bees, Red Strobes, Silver Strobes, Red w/silver strobes, Blue w/silver strobes, Half Red/Half Flower w/strobe pistils, Blue Crisscross, Red Crisscross, Ruby & Sapphire Meteors, Red Magnesium Crackling Meteors, Blue Magnesium Crackling meteors, etc.)

35 – SPECIAL-MADE COMPETITION SHELLS (*Consisting of:* Crossing Flower Rings, Lemon Strobes, Sizzling Comets, Magic Peonies, Umbrella Brocades, Color Changing Crossettes, Whirling Flower Rings w/strobe pistils Brocade Butterflies w/jeweled tip wings, Silver Kimuro Rings w/Pastel Color-Changing Pistils, Crackling Coconut Palm Trees and Variegated Dancing Bees)

FOUR INCH SHELLS (235 Shells)

25 - FANCY STAR SHELLS (*Consisting of:* Ruby, Emerald, Pearl, Blue, Yellow & Purple with Titanium Twinklers & Aluminum Flitter Combinations)

35 - ORIENTAL FLOWER PATTERNS (*Consisting of:* Solid Color and Color Changing Chrysanthemums, Peonies & Dahlias)

35 - PATTERN SHELLS (*Consisting of:* Rings, Double Rings, Willows, etc.)

35 – PASTEL COCONUT SHELLS (*Consisting of:* Pastel colors in Cyan, Orange, Pink, Violet, Magenta, Chartreuse, Peach, etc.)

35 - DESIGN EFFECT SHELLS (*Consisting of:* Color Crossettes, Brocade Falling Waterfalls, Silver Double Rings w/aqua pistils, Poinsettia Flowers, Hourglass w/core, Crackling Diadem Flowers, Silver Turbulence w/flying stars, Kimuro w/crossette core pistils, Double Crackling Time Flower.)

35 – PATRIOTIC DESIGNER SHELLS (*Consisting of:* Red Bees, Blue Bees, Silver Bees, Red Strobes, Silver Strobes, Red w/silver strobes, Blue w/silver strobes, Half Red/Half Flower w/strobe pistils, Blue Crisscross, Red Crisscross, Ruby & Sapphire Meteors, Red Magnesium Crackling Meteors, Blue Magnesium Crackling meteors, etc.)

35 – SPECIAL-MADE COMPETITION SHELLS (*Consisting of:* Crossing Flower Rings, Lemon Strobes, Sizzling Comets, Magic Peonies, Umbrella Brocades, Color Changing Crossettes, Whirling Flower Rings w/strobe pistils Brocade Butterflies w/jeweled tip wings, Silver Kimuro Rings w/Pastel Color-Changing Pistils, Crackling Coconut Palm Trees and Variegated Dancing Bees)

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FIVE INCH SHELLS (150 Shells)

25 - FANCY STAR SHELLS (*Consisting of:* Ruby, Emerald, Pearl, Blue, Yellow & Purple with Titanium Twinklers & Aluminum Flitter Combinations)

25 - ORIENTAL FLOWER PATTERNS (*Consisting of:* Solid Color and Color Changing Chrysanthemums, Peonies & Dahlias)

20 - PATTERN SHELLS (*Consisting of:* Rings, Double Rings, Willows, etc.)

20 – PASTEL COCONUT SHELLS (*Consisting of:* Pastel colors in Cyan, Orange, Pink, Violet, Magenta, Chartreuse, Peach, etc.)

20 - DESIGN EFFECT SHELLS (*Consisting of:* Color Crossettes, Brocade Falling Waterfalls, Silver Double Rings w/aqua pistils, Poinsettia Flowers, Hourglass w/core, Crackling Diadem Flowers, Silver Turbulence w/flying stars, Kimuro w/crossette core pistils, Double Crackling Time Flower.)

20 – PATRIOTIC DESIGNER SHELLS (*Consisting of:* Red Bees, Blue Bees, Silver Bees, Red Strobes, Silver Strobes, Red w/silver strobes, Blue w/silver strobes, Half Red/Half Flower w/strobe pistils, Blue Crisscross, Red Crisscross, Ruby & Sapphire Meteors, Red Magnesium Crackling Meteors, Blue Magnesium Crackling meteors, etc.)

20 – SPECIAL-MADE COMPETITION SHELLS (*Consisting of:* Crossing Flower Rings, Lemon Strobes, Sizzling Comets, Magic Peonies, Umbrella Brocades, Color Changing Crossettes, Whirling Flower Rings w/strobe pistils Brocade Butterflies w/jeweled tip wings, Silver Kimuro Rings w/Pastel Color-Changing Pistils, Crackling Coconut Palm Trees and Variegated Dancing Bees)

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INSURANCE ON DISPLAY

\$5,000,000 Bodily Injury & Property Damage Insurance, Broad Form and Contractual Coverage.

Worker's Compensation coverage on all technicians

MISCELLANEOUS EQUIPMENT

All electronic firing equipment, mortars, racks and other necessary equipment that is necessary for Western Enterprises, Inc. to stage the fireworks display are supplied with this contract.

DELIVERED CONTRACT PRICE - \$26,250.00

**METROPOLITAN DISTRICT GENERAL UTILITY NOTES
FOR MERIDIAN SERVICE METROPOLITAN DISTRICT
MSMD BOARD APPROVED: APRIL 6, 2022**

Approved for Use in Sanctuary at Meridian Ranch Only for 35 foot frontage Lots

GENERAL NOTES

1. MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD) CONTACT:

11886 STAPLETON DR
FALCON, CO 80831
PHONE 719-495-6567

2. ALL SANITARY SEWER, POTABLE WATER, RECLAIMED WATER, RAW WATER AND STORM DRAIN SYSTEMS SHALL BE CONSTRUCTED IN CONFORMANCE WITH THE CURRENT MERIDIAN SERVICE METROPOLITAN DISTRICT (MSMD) SPECIFICATIONS. MSMD SPECIFICATIONS HEREINAFTER SHALL BE CONSISTENT WITH THE COLORADO SPRINGS UTILITIES SPECIFICATIONS (CSUS) FOR WASTEWATER LINE EXTENSION & SERVICE STANDARDS, 2010 EDITION AND THE WATER LIND EXTENSION & SERVICE STANDARDS, 2014 EDITION, UNLESS OTHERWISE NOTED AND APPROVED.
3. ALL PLANS ON THE JOB SITE SHALL BE SIGNED AND APPROVED BY MSMD AND MSMD'S ENGINEER. ANY REVISION TO THE PLANS SHALL BE APPROVED BY MSMD AND MSMD'S ENGINEER AND SO NOTED ON THE PLANS.
4. ALL MATERIALS AND WORKMANSHIP SHALL BE SUBJECT TO INSPECTION BY MSMD. MSMD RESERVES THE RIGHT TO ACCEPT OR REJECT ANY SUCH MATERIALS AND WORKMANSHIP THAT DOES NOT CONFORM TO MSMD STANDARDS AND SPECIFICATIONS.
5. ALL PIPE MATERIAL, BACKFILL, AND INSTALLATION SHALL CONFORM TO THE APPLICABLE SPECIFICATIONS OF THE EL PASO COUNTY PLANNING AND COMMUNITY DEVELOPMENT, COLORADO SPRINGS UTILITIES, MSMD, DISTRICT ENGINEER AND THE SOILS ENGINEER.
6. ALL UTILITY TRENCH BACKFILL SHALL BE PLACED PER THE APPROVED SOILS REPORT RECOMMENDATIONS AND UNDER THE DIRECTION OF THE SOILS ENGINEER. TRENCH BACKFILL SHALL BE MOISTURE CONDITIONED TO WITHIN 2 PERCENT OF OPTIMUM AND COMPACTED TO AT LEAST 95 PERCENT OF MAXIMUM MODIFIED PROCTOR DRY DENSITY (ASTM D 1557) OR HIGHER STANDARD AS REQUIRED BY THE EL PASO COUNTY PLANNING AND COMMUNITY DEVELOPMENT OR THE SOILS ENGINEER RECOMMENDATION. THIS SHALL INCLUDE ALL MAIN LINE, VALVES, FIRE HYDRANT RUNS, WATER & SEWER SERVICE LINES, CLEAN OUTS, INLET BOXES, MANHOLES, ETC. A QUALIFIED SOILS ENGINEER SHALL OBSERVE AND TEST THE BACKFILL AND COMPACTION OF ALL TRENCHES AND ALL REPORTS SHALL BE SUBMITTED TO MSMD FOR REVIEW AND APPROVAL.
7. CONTRACTOR SHALL VERIFY THE LOCATION OF ALL EXISTING FACILITIES (ABOVEGROUND AND UNDERGROUND) WITHIN THE PROJECT SITE SUFFICIENTLY AHEAD OF CONSTRUCTION TO PERMIT THE REVISIONS OF THE CONSTRUCTION DRAWINGS IF IT IS FOUND THAT THE ACTUAL LOCATIONS ARE IN CONFLICT WITH THE PROPOSED WORK.
8. ALL WATER AND SANITARY SEWER SERVICE LATERAL LOCATIONS SHALL BE CLEARLY MARKED BY STAMPING AN "S" FOR SEWER AND A "W" FOR WATER ON THE CURB FACE AT EACH SERVICE LATERAL LOCATION. ALL SLEEVE LOCATIONS SHALL BE CLEARLY MARKED BY STAMPING AN "X"

ON THE CURB FACE. ALL PRIVATE IRRIGATION SLEEVES SHALL BE MARKED BY STAMPING AN "I" ON THE TOP OF THE SIDEWALK.

9. BENDS, DEFLECTIONS & CUT PIPE LENGTHS SHALL BE USED TO HOLD HORIZONTAL ALIGNMENT OF SEWER AND WATER LINES TO NO MORE THAN 0.5' FROM THE DESIGNED ALIGNMENT.
10. AT ALL LOCATIONS WHERE CAP AND STUB IS NOTED ON DRAWINGS, PROVIDE A PLUG AT THE END OF THE PIPE JOINT NEAREST THE SPECIFIED STATION. PROVIDE A REVERSE ANCHOR AT ALL WATER LINE PLUGS AND BLOW OFFS.
11. ALL EXISTING UTILITY MAINS SHALL BE SUPPORTED AND PROTECTED IN PLACE AND FUNCTION CONTINUOUSLY DURING ALL CONSTRUCTION OPERATIONS. SHOULD A MSMD UTILITY FAIL OR BE DAMAGED AS A RESULT OF THE CONSTRUCTION OPERATION, IT SHALL BE REPAIRED IMMEDIATELY BY THE CONTRACTOR PER ALL MSMD SPECIFICATIONS. IN THE EVENT THE CONTRACTOR CANNOT IMMEDIATELY MAKE THE REPAIRS TO THE FAILED OR DAMAGED MSMD UTILITY TO THE SATISFACTION OF MSMD, MSMD MAY REPAIR OR CAUSE THE REPAIR AND BACK CHARGE ALL SUCH COSTS TO THE CONTRACTOR.
12. THE CONTRACTOR SHALL REPLACE OR REPAIR ANY AND ALL DAMAGE CAUSED BY THE CONTRACTOR DURING CONSTRUCTION ACTIVITIES TO ALL ABOVE OR BELOW GROUND IMPROVEMENTS, INCLUDING BUT NOT LIMITED TO FENCES, LANDSCAPING, CURB, GUTTER, SIDEWALK, ASPHALT, ELECTRIC SYSTEMS, GAS SYSTEMS, TELEPHONE/TELEVISION SYSTEMS, ETC.
13. A PRECONSTRUCTION CONFERENCE MEETING SHALL BE HELD AT THE PROJECT SITE A MINIMUM OF 7 DAYS BEFORE CONSTRUCTION BEGINS AND SHALL BE ATTENDED BY ALL REPRESENTATIVES RESPONSIBLE FOR CONSTRUCTION, INSPECTION, SUPERVISION, TESTING AND ALL OTHER ASPECTS OF THE WORK. THE CONTRACTOR SHALL NOTIFY MSMD AND ALL AFFECTED UTILITY COMPANIES ADJACENT TO THE PROPOSED UTILITY CONSTRUCTION A MINIMUM OF 48 HOURS AND A MAXIMUM OF 96 HOURS PRIOR TO THE START OF CONSTRUCTION FOR SCHEDULING. THE CONTRACTOR SHALL SCHEDULE BI-WEEKLY CONSTRUCTION MEETINGS AT THE PROJECT SITE OR MORE FREQUENTLY AS DEEMED NECESSARY BY MSMD.
14. PRELIMINARY ACCEPTANCE SHALL BE DEFINED AS THE POINT IN TIME THAT MSMD ACCEPTS THE FACILITY FOR USE AND ALL SURFACE IMPROVEMENTS AND RESTORATIONS ARE COMPLETED.
15. FINAL ACCEPTANCE BY MSMD OF ANY UTILITY LINE OR SYSTEM SHALL NOT OCCUR UNTIL COMPLETION OF FINAL ASPHALT LAYERS AND/OR FINAL COMPLETION AND/OR RESTORATION OF ALL SURFACE IMPROVEMENTS. THE WARRANTY PERIOD FOR ALL FACILITIES SHALL BE 12 MONTHS COMMENCING WITH FINAL ACCEPTANCE. MSMD MAY REQUIRE RETESTING OF THE UTILITY SYSTEM PRIOR TO FINAL ACCEPTANCE.
16. INSPECTION FEES: CALL MSMD FOR FEE SCHEDULE OR VIEW AT WWW.MERIDIANRANCHMETRO.ORG.
17. ALL COMMERCIAL/BUSINESS DEVELOPMENTS SHALL HAVE A MINIMUM EIGHT INCH DIAMETER WATER MAIN LOOPED THROUGH THE PROPOSED PROPERTY WITH GATE VALVES LOCATED WHERE THE MAIN ENTERS AND EXITS THE PROPERTY AND A MINIMUM EIGHT INCH SANITARY SEWER MAIN WITH A MANHOLE IN THE STREET WHERE THE MAIN ENTERS THE PROPERTY. THE EXTENT OF THE MAINS SHALL BE MARKED WITH THE APPROPRIATELY COLORED CARSONITE MARKERS AND TRACER WIRE.
18. AFTER REVIEW AND APPROVAL OF PLANS FOR THE EXTENSION OF LINES, FACILITIES, AND/OR SERVICES, CONSTRUCTION MUST BE COMPLETED WITHIN 18 MONTHS FOR RESIDENTIAL

SUBDIVISIONS AND 12 MONTHS FOR ANY COMMERCIAL INSTALLATIONS. IF WORK IS NOT COMPLETED WITHIN THIS TIME FRAME AND NO EXTENSION HAS BEEN GIVEN, THEN ALL PLANS MUST BE RE-SUBMITTED TO MSMD FOR REVIEW (WITH NEW FEES PAID) AND APPROVAL.

19. PUMPING OR BYPASS OPERATIONS SHALL BE REVIEWED AND APPROVED BY MSMD AND THE ENGINEER OF RECORD PRIOR TO EXECUTION.
20. ANY FACILITIES OUTSIDE OF PAVED ROADS MUST BE MARKED APPROPRIATELY WITH CARSONITE MARKERS AT EACH VALVE, MANHOLE, TEST STATION, AND ANY OTHER FACILITIES MSMD DEEMS NECESSARY.

SANITARY SEWER NOTES

21. SANITARY SEWER MANHOLES WITH ONE ENTRANCE PIPE SHALL BE A MINIMUM OF FOUR (4) FOOT IN DIAMETER, ALL OTHERS SHALL BE A MINIMUM OF FIVE (5) FOOT IN DIAMETER. ALL MANHOLE JOINT EXTERIORS SHALL BE WRAPPED WITH MINIMUM 12" WIDE CON-SEAL CS-212 APPLIED OVER APPROPRIATE MSMD APPROVED JOINT PRIMER. THE WHOLE EXTERIOR OF THE MANHOLES SHALL BE COATED WITH CONCRETE WATER PROOFING TAR APPLIED PER CSUS.
22. ALL SANITARY SEWER MAINS, SANITARY SEWER LATERALS, AND WATER MAIN LINES (PVC & DUCTILE IRON) SHALL BE INSTALLED WITH COATED 12 GAUGE U.F. TRACER WIRE PER MSMD SPECIFICATIONS. SANITARY SEWER TRACER WIRE SHALL BE EXTENDED INTO THE MANHOLES AND WRAPPED AROUND THE TOP STEP OF THE MANHOLE AND EXTENDED TO EACH SANITARY SEWER LATERAL 2" X 4" MARKER AS NOTED BELOW (NOTE 26 AND 28). EXTEND TRACER WIRE TO THE TOP OF WATER VALVE BOXES A MINIMUM OF EVERY 500 FEET.
23. TESTING OF FACILITIES:
 - a. THE CONTRACTOR SHALL NOTIFY MSMD A MINIMUM OF 48 HOURS AND A MAXIMUM OF 96 HOURS PRIOR TO THE START OF ANY TESTING TO ALLOW MSMD STAFF TO BE PRESENT AT ALL TIMES DURING TESTING. ALL TESTING SHALL BE PER MSMD SPECIFICATIONS OR CSUS, WHICHEVER IS GREATER.
 - b. ALL SANITARY SEWER FACILITIES SHALL MEET THE FOLLOWING TESTING REQUIREMENTS:
 - ALL SANITARY SEWER MAIN SHALL BE PRESSURE TESTED PER CSUS.
 - ALL SEWER MAIN SHALL BE PROPERLY BALLED/MANDRILL.
 - ALL SANITARY SEWER MANHOLES SHALL BE VACUUM TESTED PER CSUS.
 - ALL SANITARY SEWER MAINS SHALL BE CCTV INSPECTED WITH TWO VIDEOS ON DVDS SUBMITTED TO MSMD FOR REVIEW AND APPROVAL. ALL SANITARY SEWER MAINS SHALL BE JET CLEANED AND FLUSHED DIRECTLY PRIOR TO CCTV INSPECTION WITH RUNNING WATER IN THE SANITARY SEWER MAIN DURING THE CCTV INSPECTION. SANITARY SEWER MAINS THAT DO NOT MEET MSMD STANDARDS SHALL BE REPLACED AND OR REPAIRED AS NECESSARY AND RE-TESTED.
24. COMMENCEMENT OF USE OF ANY SANITARY SEWER LINES AND/OR SYSTEMS. NO SANITARY SEWER FACILITY SHALL BE PLACED IN SERVICE UNTIL:
 - a. MSMD HAS APPROVED ALL TESTS AND COMPACTION TESTING REPORTS, AS-BUILT DRAWINGS AND REVIEWS ARE SUBMITTED TO AND APPROVED BY MSMD.
 - b. ALL SANITARY SEWER LINES ARE COMPLETED AND THE FIRST LIFT OF ASPHALT IS COMPLETED OVER THE LINE. IN THE CASE WHERE NO ASPHALT IS TO BE PLACED OVER THE LINE, ANY REQUIRED SURFACE IMPROVEMENTS SHALL BE COMPLETED PRIOR TO USE OF THE FACILITY.

- c. ALL NECESSARY EASEMENTS (PLATTED OR DEEDED) ARE DEDICATED, EXECUTED TO MSMD, AND RECORDED.
 - d. DOWNSTREAM PLUG CAN BE REMOVED ONCE FIRST LIFT OF ASPHALT IS DOWN AND THE ABOVE REQUIREMENTS ARE MET.
25. WHEN A RESIDENTIAL SEWER SERVICE IS INSTALLED ON AN EXISTING SEWER MAIN A DOUBLE STRAP STAINLESS STEEL SADDLE TEE SHALL BE USED. THE SADDLE TEE, GASKET HUB & GASKET SKIRT MUST BE A STRAIGHT STYLE CONNECTION; NO "Y" STYLE WILL BE ALLOWED. ALL SEWER SERVICE CORE CUTOUTS MUST BE RECOVERED AND RETURNED TO THE DISTRICT FOR INSPECTION. IF ALL SEWER SERVICE CORE CUTOUTS ARE RECOVERED AND COMPLETE, THEN NO VIDEO INSPECTION OF THAT PORTION OF THE SEWER MAIN IS REQUIRED. IF ANY SEWER SERVICE CORE CUTOUT OR PORTION THERE FROM IS NOT RECOVERED, THAT SECTION OF SEWER MAIN SHALL BE CLEANED AND VIDEO INSPECTED TO ENSURE THAT THE SEWER SERVICE CORES OR PORTION THERE FROM IS RECOVERED.
26. SANITARY SEWER MAIN LENGTHS ARE MH CENTER TO MH CENTER. ALL SANITARY SEWER PIPES SHALL BE SDR 35 PVC OR EQUAL AND HAVE A MINIMUM COVER DEPTH OF 5'-6" INSTALLED WITH A COATED 12 GAUGE U.F. TRACER WIRE. USE PRE-MANUFACTURED IN-LINE PVC PUSH-ON WYES FOR SANITARY SEWER LATERAL CONNECTIONS TO THE SANITARY SEWER MAIN. TAPPING SADDLES MAY ONLY BE USED FOR TAPPING PRE-EXISTING SANITARY SEWER MAINS. ALL LOTS SHALL RECEIVE A 4" SCHEDULE 40 SANITARY SEWER SERVICE LATERAL. THE END OF EACH SANITARY SEWER SERVICE LATERAL SHALL BE "LOCATED" WITH A WOOD 2" X 4" EXTENDED 4' ABOVE FINISH GRADE FROM THE END OF THE SERVICE LOCATION AND PAINTED GREEN ABOVE FINISH GRADE. EXTEND THE COATED 12 GAUGE U.F. TRACER WIRE TO END OF EACH SANITARY SEWER LATERAL UP TO THE SURFACE COILED AROUND THE 2" X 4" MARKER. ALL TRACER WIRE CONNECTIONS SHALL BE WATER TIGHT STYLE OF APPROVED ELECTRICAL CONNECTORS SUCH AS A DBY (DIRECT BURY YELLOW) OR EQUAL.

WATER NOTES

27. ALL WATER MAIN PIPES SHALL BE AWWA C900 PVC, PRESSURE CLASS 200 OR MSMD APPROVED EQUAL, INSTALLED PER MANUFACTURERS' SPECIFICATIONS. ALL WATER MAIN FITTINGS SHALL HAVE MECHANICAL RESTRAINTS AND THRUST BLOCKS. ALL WATER MAIN PIPES SHALL HAVE A MINIMUM COVER DEPTH OF 5'-6" INSTALLED WITH A COATED 12 GAUGE U.F. TRACER WIRE.
28. ALL LOTS SHALL RECEIVE A MINIMUM 3/4 " DIAMETER HDPE WATER SERVICE INSTALLED PER APPROVED PLANS, CSU, AND MSMD SPECIFICATIONS. HDPE WATER SERVICE SHALL BE HDPE SIDR-7 PE4710 RATED FOR 200 PSI WITH THE MARKING SIDR-7, AWWA C901, NSF61 PE4710. THE CURB STOP VALVE AND BOX AT THE END OF EACH WATER SERVICE SHALL BE "LOCATED" WITH A 2" X 4" PIECE OF WOOD EXTENDED 4' ABOVE FINISH GRADE, PAINTED BLUE, DIRECTLY BEHIND THE CURB STOP VALVE AND BOX. ALL TRACER WIRE CONNECTIONS SHALL BE MADE WITH DBY (DIRECT BURY YELLOW) WATER TIGHT STYLE ELECTRICAL CONNECTORS OR EQUAL.
29. HDPE WATER SERVICES SHALL INCLUDE A ROMAC 202 NS OR EQUAL TAPPING SADDLE AND A CURB STOP VALVE INSIDE A CURB STOP BOX AT THE END OF THE WATER SERVICE. ALL CORPORATION STOPS SHALL BE AY MCDONALD MODEL NUMBER 74701B-33 FOR SIDR HDPE SAME SIZE AS THE WATER SERVICE. ALL CURB STOP VALVES SHALL BE 3/4" AY MCDONALD MODEL NUMBER 76100 (FLARE X FLARE) OR EQUIVALENT WITH A MAIN SIDE ONE PACK JOINT (PEP) ADAPTOR AY MCDONALD MODEL NUMBER 74755-33 UNLESS OTHERWISE NOTED ON THE PLANS. ALL 1" DIAMETER WATER SERVICES SHALL RECEIVE A 1" INLET BY 3/4" OUTLET CURB STOP VALVE.

30. ALL POTABLE WATER VALVES SHALL OPEN CLOCKWISE WITH THE VALVE OPERATING NUT INSTALLED LOW NEAR THE MAIN LINE AND PAINTED RED. ALL POTABLE AND RAW WATER VALVES NOT WITHIN PAVED STREETS SHALL BE MARKED WITH CARSONITE MARKERS. ALL RAW WATER VALVES SHALL OPEN COUNTERCLOCKWISE WITH THE VALVE OPERATING NUT INSTALLED HIGH WITHIN 1' FROM THE SURFACE AND PAINTED BLACK.
31. ALL POTABLE WATER, RAW WATER AND NON-POTABLE WATER VALVES 14" OR GREATER SHALL BE BUTTERFLY VALVES WITH A SIDE OPERATING NUT. THE OPERATIONAL DEPTH OF THE POTABLE WATER VALVES SHALL NOT EXCEED 6' IN OVERALL DEPTH NOR SHALL IT BE CLOSER TO THE SURFACE THEN 4'
32. FIRE HYDRANT LOCATIONS SHALL BE REVIEWED AND APPROVED BY THE APPLICABLE FIRE DEPARTMENT AUTHORITY.
33. FIRE HYDRANTS SHALL BE AVK MODEL 2780 NOSTALGIC (PART # 27ND-O23XX-0010B-AN) OPEN RIGHT WITH A 1 ½" PENTAGON OPERATING NUT AND SERVICE CAPS, STANDARD 4 1/2" PUMPER NOZZLE WITH A THREAD PATTERN OF 5 – 3/8" – 6 TPI (THREADS PER INCH) ALONG WITH TWO STANDARD 2 ½" NST (NATIONAL STANDARD THREAD) SIDE NOZZLES. HYDRANT SHALL BE PAINTED WITH RUSTOLEUM SAFETY YELLOW.
34. ALL DUCTILE IRON PIPES, FITTINGS, VALVES AND FIRE HYDRANTS SHALL BE WRAPPED WITH POLYETHYLENE TUBING, DOUBLE BONDED AT EACH JOINT AND ELECTRICALLY ISOLATED. BONDING AND ANODE CONNECTIONS SHALL BE THOROUGHLY COATED WITH BITUMINOUS COATINGS.
35. ALL DUCTILE IRON PIPE AND FITTINGS LESS THAN 12 INCHES IN DIAMETER SHALL HAVE CATHODIC PROTECTION USING TWO NO. 6 WIRES WITH 17 LB. MAGNESIUM ANODES EVERY 400 FEET AND 9 LB. MAGNESIUM ANODES AT EACH FITTING. ALL DUCTILE IRON PIPE AND FITTINGS 12 INCHES AND GREATER SHALL HAVE CATHODIC PROTECTION USING TWO NO. 6 WIRES WITH 17 LB. MAGNESIUM ANODES EVERY 300 FEET AND 9 LB. MAGNESIUM ANODES AT EACH FITTING. CATHODIC PROTECTION AND ANODES SHALL BE INSTALLED PER MSMD SPECIFICATIONS.
36. ALL EXISTING WATER UTILITY MATERIAL REMOVED AS PART OF THE WORK ON THESE DRAWINGS SHALL BE RETURNED TO MSMD AS REQUESTED.
37. TESTING OF FACILITIES:
 - a. THE CONTRACTOR SHALL NOTIFY MSMD A MINIMUM OF 48 HOURS AND A MAXIMUM OF 96 HOURS PRIOR TO THE START OF ANY TESTING TO ALLOW MSMD STAFF TO BE PRESENT AT ALL TIMES DURING TESTING. ALL TESTING SHALL BE PER MSMD SPECIFICATIONS OR CSUS, WHICHEVER IS GREATER.
 - b. ALL SECTIONS OF WATER LINES MUST FIRST PASS A CHLORINE TEST WITH A MINIMUM OF 50 PARTS PER MILLION OF RESIDUAL AFTER 24 HOURS. THE WHOLE SECTION OF LINE BEING TESTED MUST BE RE-CHLORINATED AND RE-TESTED IF IT DOES NOT PASS. ONCE THE SECTION OF LINE BEING TESTED PASSES THE CHLORINE TEST THE LINE MUST BE FLUSHED AND BAC-T TESTED PER CSUS. ONCE THE BAC-T TEST PASSES, THE SECTION OF LINE MAY BE PRESSURE TESTED. WATER FLUSHED FROM THE WATER SYSTEM MUST BE PROPERLY DE-CHLORINATED DURING THE FLUSHING PROCESS
 - c. ALL SECTIONS OF WATER LINES MUST PASS A TWO HOUR 200 PSI HYDROSTATIC PRESSURE TEST. THE PRESSURE SHALL NOT DECREASE BY MORE THAN 5 PSI DURING THE DURATION OF THE TEST. NO WATER SHALL BE ADDED DURING THE PRESSURE TEST. IF THE PRESSURE TEST FAILS, THE SECTIONS OF LINE THAT FAILED MUST AGAIN PASS THE CHLORINE TEST, BE FLUSHED, AND PASS THE BAC-T TEST PRIOR TO CONDUCTING A NEW PRESSURE TEST.

- d. ONCE WATER SERVICES ARE INSTALLED A SECOND WATER PRESSURE TEST MUST BE DONE TO A WORKING PSI OF 150 PSI FOLLOWING THE ABOVE TESTING STANDARDS.
 - e. SECTIONS OF WATER LINES SHALL BE LEFT PRESSURIZED ONCE THE WATER LINES HAVE PASSED ALL TESTING DURING THE REMAINING CONSTRUCTION ACTIVITIES.
38. COMMENCEMENT OF USE OF WATER LINES AND/OR SYSTEMS. NO WATER FACILITY SHALL BE PLACED IN SERVICE UNTIL:
- a. MSMD HAS APPROVED ALL TESTS AND COMPACTION TESTING REPORTS, AND AS-BUILT DRAWINGS ARE SUBMITTED TO AND APPROVED BY MSMD.
 - b. ALL WATER LINES ARE COMPLETED AND THE FIRST LIFT OF ASPHALT IS COMPLETED OVER THE LINE. IN THE CASE WHERE NO ASPHALT IS TO BE PLACED OVER THE LINE, SURFACE IMPROVEMENTS SHALL BE COMPLETED PRIOR TO USE OF THE FACILITY.
 - c. ALL EASEMENTS (PLATTED OR DEEDED) ARE DEDICATED, EXECUTED TO MSMD, AND RECORDED.
39. ANY WATER SHUT DOWNS THAT NEED TO OCCUR ON THE CRITICAL LINES AS DEFINED BY THE MSMD SOP (STANDARD OPERATION PROCEDURE) MANUAL SHALL BE COORDINATED WITH MSMD STAFF FOR NIGHT TIME SHUT DOWNS.
40. THE CONTRACTOR SHALL MAKE ALL NECESSARY CONNECTIONS TO EXISTING WATER MAINS WITHOUT A SHUTDOWN OF THE WATER SYSTEM. IN THE EVENT THAT A SHUTDOWN OF A WATER SYSTEM IS NECESSARY, THE CONTRACTOR SHALL ACQUIRE A PERMIT FROM MSMD.
41. ALL NON-POTABLE WATER MAINS SHALL BE AWWA NON-POTABLE STANDARD (PURPLE PIPE) C900 PVC, PRESSURE CLASS 200 OR MSMD APPROVED EQUAL, INSTALLED PER MANUFACTURERS' SPECIFICATIONS. ALL WATER MAIN FITTINGS SHALL HAVE MECHANICAL RESTRAINTS AND THRUST BLOCKS. ALL WATER MAIN PIPES SHALL HAVE A MINIMUM COVER DEPTH OF 5'-6" INSTALLED WITH A COATED 12 GAUGE U.F. TRACER WIRE.
42. ALL NON- POTABLE WATER VALVES SHALL OPEN COUNTER CLOCKWISE WITH A VALVE EXTENSION, EXTENDING TO WITHIN 1' OF THE SURFACE AND PAINTED PURPLE WITH AN OPEN DIRECTION ARROW.
43. IRRIGATION SERVICES SHALL HAVE A STOP AND WASTE CURB STOP VALVE INSTALLED ALONG WITH A TRACER WIRE EXTENDING BACK TO THE MAIN LINE.

THE ABOVE GUIDELINES ARE SUBJECT TO CHANGE AT ANY TIME.

**THE SHOPS AT MERIDIAN RANCH
MERIDIAN SERVICE METROPOLITAN DISTRICT LEASE AGREEMENT**

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the following described Premises upon the terms and conditions as set forth in this Lease Agreement ("Lease").

ARTICLE 1: BASIC LEASE PROVISIONS

1.1 Provisions. The Basic Lease Provisions outline certain major terms which are supplemented by other Articles of the Lease.

Date: July 28, 2016

Landlord: The Shops At Meridian Ranch LLC, a Colorado limited liability company

Address of

Landlord: 3575 Kenyon Street, Suite 200
San Diego, CA 92110

Tenant: Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado

Address of

Tenant: c/o Community Resource Services of Colorado LLC
7995 E. Prentice Ave., Suite 103E
Greenwood Village, CO 80011-2710

Tenant's

Trade Name: N/A

(See Section 7.2)

Premises: Retail Space located at 11886 Stapleton Drive in Building C (the "Building") in Lot 3 of The Shops Filing No. 1 at Meridian Ranch Plat No. 13659 containing approximately 1,717 square feet ("Floor Area") as shown on Exhibit "B".

(See Section 3.2)

**Permitted
Uses:** Office.

(See Section 7.2)

Lease Term: Six (6) years commencing on the Actual Commencement Date (as defined herein), with two (2) separate five (5) year options to extend at the then current market rates, according to this Lease.

(See Sections 4.1 and 4.5)

**Anticipated
Commencement
Date:** August 15, 2016

(See Section 4.1)

**Fixturization
Period
(if any):** 60 days

(See Section 4.1)

Minimum Monthly Rent:	<u>Months</u>	<u>Price per SF</u>	<u>Minimum Monthly Rent</u>
	1-12	\$15.00	\$2,146.25
	13-24	\$15.45	\$2,210.64
	25-36	\$15.91	\$2,276.46
	37-48	\$16.39	\$2,345.14
	49-60	\$16.88	\$2,415.25
	61-72	\$17.39	\$2,488.22

**Tenant's Pro Rata Share
of Common Area**

Expenses: Tenant's Pro Rata Share of Common Area expenses shall be based on Tenant's actual square footage of the Premises divided by the square footage of the then current leasable area of The Shops at Meridian Ranch, whether or not leased, but excluding telephone and electric rooms, and shall be due and payable on a monthly basis with the Monthly Rent ("Tenant's Pro Rata Share"). Estimated Common Area Expenses for the first twelve (12) months of the Lease Term shall be Six dollars and 00/100 Dollars (\$6.00) per square foot or Ten Thousand Three Hundred Two and 00/100 Dollars (\$10,302.00) per year, payable in equal installments of Eight Hundred Fifty-Eight and 50/100 Dollars (\$858.50) per month. The estimated percentage for Tenant's Pro Rata Share is 5.9% based on the current anticipated leasable area of The Shops at Meridian Ranch being 28,920 square feet.

(See Section 5.2 and Section 18.1.1)

Security Deposit: Two Thousand and 0/100 Dollars (\$2,000.00).

(See Section 29.1)

Real Estate Broker(s) (if any): Landlord Broker: Not Applicable

Tenant Broker: Not Applicable

(See Section 31.17)

ARTICLE 2: EXHIBITS

2.1 Enumeration. The exhibits enumerated in this Article and attached to this Lease are incorporated herein by reference:

- Exhibit A – The Shops at Meridian Ranch
- Exhibit B – Leased Premises
- Exhibit C – Work Letter
- Exhibit D – Rules and Regulations
- Exhibit E – Acceptance of Premises

ARTICLE 3: DESCRIPTION OF THE SHOPS AT MERIDIAN RANCH

3.1 The Shops at Meridian Ranch. As used herein, the term “The Shops at Meridian Ranch” shall mean those areas of land and the improvements, landscaping, parking, pedestrian walkways, and other features located at The Shops Filing No. 1 At Meridian Ranch Lots 1 – 4, County of El Paso, State of Colorado as shown on the unrecorded plat drawings pages one through three on Exhibit “A”. The site improvements, landscaping, parking, pedestrian walkways, and other features may be altered, relocated, or expanded from time to time by Landlord, provided that no such alteration shall materially affect Tenant’s Permitted Uses of the Premises, the visibility of the Premises, parking, or access thereto.

3.2 Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the Lease Term, at the Rent (as such terms are hereinafter defined), and upon the terms and conditions hereinafter set forth, the commercial space referred to herein as the “Premises”, described in the Basic Lease Provisions, designated by diagonal lines on the Site Plan attached as Exhibit “B”, and incorporated by reference herein (the “Premises”).

3.2.1 The Floor Area of the Premises set forth in the Basic Lease Provisions and the location delineated on Exhibit “B” are approximations. Landlord makes no representations as to the exact square footage. The approximate square footage will be determined by measuring from the centerline of demising walls to the

outside face of exterior walls of the building in which the Premises shall be located. By occupancy of the Premises by Tenant, Tenant acknowledges that he has inspected the Premises and that the area so inspected is the area leased by Tenant pursuant to the terms of this Lease.

3.2.2 The Premises shall include only the appurtenances specifically granted in this Lease, reserving to Landlord each of the following:

3.2.2.1 The space above the ceiling and below the floor of the Building; and

3.2.2.2 Exterior portions of the Building; and

3.2.2.3 The right to install, maintain, use, repair, and replace pipes, ductwork, conduits, utility lines, mechanical rooms, and wires in the areas otherwise reserved by Landlord; and

3.2.2.4 Other areas of the Building and The Shops at Meridian Ranch not designated for common use.

3.2.3 Landlord agrees that, when possible, work in the Premises undertaken by Landlord shall be performed in a manner which shall not unreasonably interfere with the normal business operations of Tenant.

3.2.4 Responsibilities and procedures for completion of improvements in and for the benefit of the Premises are set forth in the Work Letter attached as Exhibit "C" hereto and incorporated by reference herein. Improvements to be completed by Tenant are hereinafter referred to as "Tenant's Work", and improvements to be completed by Landlord are hereinafter referred to as "Landlord's Work". Tenant shall abide by procedures and regulations set forth in the Work Letter for construction of Tenant's Work. The failure to comply with such procedures or regulations on a timely basis shall constitute a breach of this Lease.

3.2.5 Except for Landlord's Work described in the Work Letter, Tenant accepts the Premises on an "**AS IS**" basis.

3.3 Common Areas. The term "Common Areas" as used in this Lease shall be deemed to include those portions of The Shops at Meridian Ranch and other areas that are designated by Landlord from time to time for the non-exclusive use, convenience, and benefit of Landlord, Tenant, other tenants of The Shops at Meridian Ranch, and other authorized users. The Common Areas shall include, without limitation, exterior walls of the Building and appurtenances thereto, automobile parking areas, driveways, roadways, sidewalks, stairways, service areas, pedestrian walkways, landscaped and planted areas, landscape and pedestrian easements on public right-of-ways, and bus stops, if any.

The use and occupation of the Premises by Tenant shall include a revocable license to use in common with others entitled thereto Common Areas as may be designated by Landlord from time to time revocable upon breach by Tenant and Tenant's failure to cure such breach within any applicable cure period. Landlord

reserves the right at any time to relocate automobile parking spaces and other amenities in the Common Areas and the identity and type of other stores and tenancies, provided that the general location and size of the Premises shall not be materially changed, reasonable access to the Premises shall be maintained, and the number of parking spaces shall not be reduced by more than twelve (12) spaces. Tenant's use of the Premises and Common Areas shall be subject to (i) the provisions of this Lease, (ii) reasonable rules and regulations referenced in Section 7.5 (the "Rules and Regulations" attached hereto as Exhibit "D" and incorporated by reference herein), and (iii) any reciprocal easement agreements or similar agreements affecting the Premises entered into by Landlord from time to time.

3.4 Restricted Common Areas. "Restricted Common Areas" shall include areas of The Shops at Meridian Ranch designated by Landlord from time to time as Restricted Common Areas. Landlord may restrict certain areas of The Shops at Meridian Ranch from free entry by Tenant or its agents, such as on-site management offices, telephone and electric rooms, roofs, and similar areas required for the orderly management and maintenance of The Shops at Meridian Ranch, or which are considered unsafe or inappropriate for unrestricted entry and use. Restricted Common Areas not freely accessible to Tenant or its agents shall nevertheless be serviced as a part of the Common Areas and expenses of such Restricted Areas shall be part of Common Area Expenses as defined herein.

ARTICLE 4: LEASE TERM

4.1 Lease Term. The "Lease Term" shall be the number of months specified in the Basic Lease Provisions and shall include any extension, renewal, or holdover thereof. The Lease Term shall commence on the earlier of the date when Tenant opens for business or the Anticipated Commencement Date specified in the Basic Lease Provisions ("Actual Commencement Date"). Notwithstanding the foregoing, Tenant shall be granted the "Fixturation Period" specified in the Basic Lease Provisions to complete alterations to be made by Tenant ("Tenant's Work"). In the event that Landlord does not deliver the Premises to Tenant in time to allow Tenant the full Fixturation Period, the Anticipated Commencement Date shall be extended by the number of days of such delay so that Tenant will have the full Fixturation Period to complete Tenant's Work.

If the Actual Commencement Date falls on other than the first day of the month, the Lease Term shall be extended by the number of days between the Actual Commencement Date and the first day of the following month. A "Lease Year" shall be each twelve (12) month period, starting with the first day of the first full month of the Lease Term, and each twelve (12) month period thereafter.

4.2. Confirmation of Actual Commencement Date. Tenant agrees to execute a supplemental agreement within ten (10) days after receipt in the form set forth in Exhibit "E" attached hereto and incorporated by reference herein, which shall confirm the Actual Commencement Date.

4.3 Landlord's Delay in Delivery. If Landlord has not delivered possession of the Premises by the Anticipated Commencement Date, Landlord shall not be liable for any damage caused for failing to deliver possession, and this Lease shall not be void or voidable, but Tenant shall not be liable for Rent (hereinafter defined) until the Actual Commencement Date. If Landlord does not deliver possession of the Premises to Tenant within six (6) months after the Anticipated Commencement Date, Tenant may elect to terminate this Lease by giving written notice to Landlord within thirty (30) days after the expiration of said six (6) month period.

4.4 Occupancy Prior to Commencement Date. With respect to any occupancy by Tenant prior to the beginning of the Lease Term, Tenant's obligations shall, in all respects other than payment of Rent and other charges, be the same as under this Lease. Landlord shall not be responsible for, or have any liability for, any loss or damage to Tenant's Work in the Premises, or other fixtures, equipment, or other property of Tenant installed or placed by Tenant in the Premises or other areas of The Shops at Meridian Ranch.

4.5 Option to Extend. Tenant shall have two (2) options to extend the term of this Lease with respect to the Premises each for an additional five (5) year period ("Option Period") upon all terms and conditions set forth in this Lease subject to the following provisions:

4.5.1 Landlord may terminate any unexercised option in the event that at any time during the term of this Lease, as extended, (i) Tenant has failed on two or more occasions, within a calendar year, to pay or caused to be paid within five (5) business days of the date any Rent or charges required by the Lease were to be paid; (ii) Tenant has abandoned the Premises; (iii) Tenant has failed to do or cause to be done any act, other than the payment of Rent or charges, required by this Lease, which breach is not cured within the applicable cure period; (iv) Tenant has assigned or transferred its interest under this Lease without Landlord's prior written consent, if such assignment or transfer required the consent of Landlord under the terms of this Lease; (v) Tenant has caused, suffered, or permitted any act of bankruptcy as defined under the terms of this Lease; or (vi) Tenant fails to exercise the first option in the case of second option.

4.5.2 Tenant shall exercise any option remaining to extend by delivery of written notice to Landlord no less than six (6) months prior to expiration of the initial Lease Term with respect to the first Option Period, six (6) months prior to the expiration of the first Option Period with respect to the second Option Period, and six (6) months prior to the expiration of the second Option Period with respect to the third Option Period.

4.5.3 Minimum Monthly Rent shall be adjusted at the commencement of each Option Period to "Fair Market Rent" as hereinafter defined. Minimum Monthly Rent shall be increased one year after the commencement of each Option Period, and annually thereafter, by an amount equal to three percent (3%) of the Minimum Monthly Rent paid in the month immediately preceding the date of adjustment.

4.5.4 "Fair Market Rent" shall be determined as follows:

4.5.4.1 Landlord shall provide Tenant with Landlord's projection of Fair Market Rent as of the commencement of the Option Period for review within thirty (30) days after receipt of said notice of exercise by Tenant of its option to extend. Tenant shall have thirty (30) days from its receipt thereof to accept or reject Landlord's projection of Fair Market Rent.

4.5.4.2 If Tenant does not accept Landlord's projection of Fair Market Rent, Landlord and Tenant shall negotiate in good faith the Fair Market Rent for a period not exceeding thirty (30) days in an effort to resolve same.

4.5.4.3 If Landlord and Tenant are unable to resolve Fair Market Rent within said thirty (30) day period, Landlord and Tenant shall each appoint a licensed real estate broker who specializes in the leasing of commercial retail property in the Colorado Springs market area. Said two appointees shall appoint a third broker with the same qualifications. Said three brokers shall then determine Fair Market Rent for the Premises at least thirty (30) days prior to the commencement of such Option Period. Expenses, if any, for this process shall be borne equally by Landlord and Tenant.

4.5.4.4 In no event shall Minimum Monthly Rent at the commencement of an Option Period be less than the Minimum Monthly Rent in the month immediately preceding the date of adjustment.

4.5.5 The exercise of Tenant's option and determination of Fair Market Rent shall be memorialized by an amendment to this Lease.

4.5.6 Tenant agrees to execute a supplemental agreement within ten (10) days after receipt in the form set forth in Exhibit "E" attached hereto and incorporated by reference herein, which shall confirm the Actual Commencement Date of such Option Period.

ARTICLE 5: RENT

5.1 Subject to Article 32 of this Lease, Tenant agrees to pay for the use and occupancy of the Premises, at the times and in the manner provided herein, on the first day of each month without set-off or deduction, commencing on the first day of the Lease Term, the Minimum Monthly Rent specified in the Basic Lease Provisions and Tenant's Pro Rata Share of Operating Expenses as Additional Rent as specified in Section 5.2. Minimum Monthly Rent and Additional Rent are hereinafter collectively referred to as "Rent."

5.1.1 Minimum Monthly Rent. Tenant shall pay during each Lease Year, monthly in advance, the Minimum Monthly Rent specified in the Basic Lease Provisions. Minimum Monthly Rent for the fifth month of the Lease Term has been delivered to Landlord upon execution and delivery of this Lease. Even if it is determined that the actual square footage of the Premises is less than the Floor Area, at no time shall the Minimum Monthly Rent set forth herein be reduced.

5.1.1.1 If the Actual Commencement Date occurs on other than the first day of the month, Rent for that month shall be prorated based upon the number of days remaining in the month and thirty (30) days.

5.1.1.2 The Minimum Monthly Rent shall be adjusted on the first day of the thirteenth (13th) full calendar month and each date which is one (1) year thereafter as set forth in the Basic Lease Provisions.

5.2 Building Operating Expenses. Tenant shall pay to Landlord as Additional Rent, Tenant's Pro Rata Share (as set forth in the Basic Lease Provisions) of "Operating Expenses," as hereinafter defined.

5.2.1 Operating Expenses shall include all costs incurred by Landlord to maintain and operate The Shops at Meridian Ranch including, but not limited to, each of the following:

5.2.1.1 "Taxes" as set forth in Section 6.1.

5.2.1.2 "Utilities and Services" as set forth in Section 8.2.

5.2.1.3 "Insurance" as set forth in Section 9.2.

5.2.1.4 "Common Area Expenses" as set forth in Section 18.1.

5.2.2 Tenant's Pro Rata Share of Operating Expenses shall be computed and paid by Tenant to Landlord as follows:

5.2.2.1 Tenant shall pay Landlord on or before the first day of each calendar month of the Lease Term Tenant's estimated Pro Rata Share of Operating Expenses ("Estimated Operating Expenses") with appropriate proration for any partial month. Landlord shall bill Tenant monthly for Estimated Operating Expenses, based upon operating experience to date and any special circumstances known to Landlord. While it is anticipated that Estimated Operating Expenses will be reviewed annually, Landlord may adjust Estimated Operating Expenses at the beginning of any calendar quarter based upon any unforeseen expense in maintaining the Building and/or Common Areas. Estimated Operating Expenses is defined as that percentage of Operating Expenses which the Floor Area of the Premises bears to the total number of square footage of the then current leasable area of The Shops at Meridian Ranch, whether or not leased, which percentage is set forth in the Basic Lease Provisions.

5.2.2.2 After the end of each calendar year, Landlord shall deliver to Tenant a statement setting forth Tenant's Pro Rata Share of Operating Expenses for the preceding calendar year. If Tenant's Pro Rata Share of Operating Expenses for the previous calendar year exceeds the Estimated Operating Expenses paid by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within ten (10) business days of receipt of a statement indicating the amount due. If the Estimated Operating Expenses paid by Tenant exceeds Tenant's Pro Rata Share of Operating Expenses for such calendar year, Landlord shall credit against Tenant's next monthly installment(s) of Rent an amount equal to the difference until the credit is exhausted. If

a credit is due from Landlord to Tenant on the date of termination of the Lease, Landlord shall pay to Tenant the amount of the credit, reduced by any amounts payable by Tenant to Landlord, within thirty (30) days of the date of termination. The obligations of Tenant and Landlord to make payments required under this Section 5.2 shall survive the expiration or earlier termination of the Lease.

5.2.2.3 Tenant's Pro Rata Share of Operating Expenses shall be prorated for any partial year.

5.2.2.4 If any dispute arises as to the amount of Operating Expenses, Tenant shall have the right, after reasonable notice and at reasonable times, to inspect accounting records for The Shops at Meridian Ranch for the current and/or immediately preceding Lease Year at the office of Landlord or Landlord's agent. Tenant's right to inspect shall be limited to once for each Lease Year. If, after such inspection, Tenant still disputes the Operating Expenses owed, a certification as to the proper amount shall be made by Landlord's Certified Public Accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Operating Expenses by more than five percent (5%). If it is determined that excess Operating Expenses were overbilled or under collected, the difference shall be handled as set forth in Section 5.2.2.2 above.

5.3 Late Fee. If Tenant fails to pay Rent on or before the fifth (5th) of the month, in the event that the fifth (5th) of the month lands on a weekend or a holiday then the fifth (5th) of the month will be the next business day, Tenant and Landlord agree that (i) Landlord will incur additional expenses in the form of extra collection efforts, handling costs, and potential impairment of credit on liens for which this Lease is security; (ii) it is extremely difficult and impractical to ascertain the extent of detriment; (iii) the amount described herein is and will be reasonable; and (iv) Landlord shall be entitled to recover from Tenant as liquidated damages the greater of Fifty Dollars (\$50) or six percent (6%) of the amount due ("Late Fee"). Past due amounts shall also bear interest from the date due until paid at the prime rate of Bank of America plus three percent (3%) per annum or the maximum rate permitted by law, whichever is less ("Lease Interest Rate"). Tenant shall further pay, as Additional Rent, a charge of Fifty Dollars (\$50) for each payment of Rent by check which is returned due to insufficient funds to reimburse Landlord for Landlord's costs of handling.

Landlord shall have the right to require that Tenant pay Rent in the form of a cashier's check or money order if any check of Tenant is not honored upon presentment to Tenant's bank. In addition, following the second late payment of Rent in any twelve (12) month period, Landlord shall have the option to require that Tenant increase the amount of the Security Deposit by an additional amount equal to the then Minimum Monthly Rent, which additional Security Deposit shall be retained by Landlord, and may be applied by Landlord, in the manner provided in Article 29. Notwithstanding the foregoing, the obligation to pay such Late Fee, or to pay Rent by cashier's check shall not alter or preclude Landlord's right, prior to receipt of the full delinquent Rent, to exercise any right or remedy which Landlord may have under the terms of this Lease. Furthermore, acceptance of any monies by Landlord which is less than the amount of delinquent Rent shall not constitute a waiver by Landlord of Tenant's breach or prevent

Landlord from exercising any other rights or remedies available to Landlord as provided herein or by law.

5.4 Additional Rent. Tenant shall pay all sums required to be paid pursuant to Articles 6, 9 and 18 of this Lease, and all other sums of money or charges required to be paid by Tenant to Landlord under this Lease as "Additional Rent". Minimum Monthly Rent and Additional Rent are collectively referred to in this Lease as "Rent". If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless be collectible as Additional Rent with the next installment of monthly Rent thereafter falling due. Nothing herein contained shall be deemed to suspend or delay the payment of any amount or charge at the time the same becomes due and payable hereunder, or limit any other remedy of Landlord.

It is the intent of Landlord and Tenant that all Rent provided in the Lease shall be absolutely net to Landlord, and that all costs, expenses, and obligations of every kind relating to the Premises, which may arise or become due during the Lease Term, shall be paid by Tenant or otherwise reimbursed to Landlord.

5.5 Address for Payments. All Rent and other payments due from Tenant to Landlord shall be paid at the address set forth in the Basic Lease Provisions, or at such other place as may from time to time be designated by Landlord in writing at least ten (10) days prior to the next ensuing payment date. Upon written notice from any first mortgagee that Landlord is in default pursuant to the terms of any agreement with such lender, Tenant shall pay all Rent due pursuant to the terms hereof to said lender as directed in the notice. Any Rent paid pursuant to such written notice shall be credited against Tenant's obligation for Rent due pursuant to the terms hereof.

ARTICLE 6: TAXES

6.1 Real Estate Taxes. Landlord shall pay, subject to reimbursement by Tenant of Tenant's Pro Rata Share as provided in Section 5.2 above, all Taxes (hereinafter defined) assessed or imposed, or which become a lien upon or become chargeable against The Shops at Meridian Ranch and personal property used for the benefit of The Shops at Meridian Ranch. With respect to any assessment which may be levied against or upon The Shops at Meridian Ranch, or which under the laws then in force may be evidenced by improvement or other bonds, and interest thereon, and may be paid in annual installments, only the amount of such installment, with appropriate proration for any partial year, shall be included within the computation of "Taxes".

For purposes of this Lease, "Taxes" shall be defined as and include each of the following:

6.1.1 Any form of assessment, license fee, license tax, business license tax, commercial rental tax, levy, charge, penalty, possessory interest tax, public charge, or tax, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural lighting, drainage, or

other improvement or special district thereof, as against any legal or equitable interest of Landlord in the Premises or The Shops at Meridian Ranch.

6.1.2 Any tax on Landlord's right to Rent or on other income from the Premises or The Shops at Meridian Ranch, or as against Landlord's business of leasing the Premises.

6.1.3 Any assessment, tax, fee, levy, or charge in substitution of, or in addition to, partially or totally, any assessment, tax, fee, levy, or charge previously included within the definition of real property tax. It is the intention of Tenant and Landlord that all such substitute, new, additional, and increased assessments, taxes, fees, levies, and charges be included within the definition of Taxes for purposes of this Lease.

6.1.4 Any tax allocable to or measured by the area of the Premises or Rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the State, any political subdivision thereof, city, or federal government, with respect to the receipt of Rent, or upon or with respect to the possession, leasing, operating, management, alteration, repair, use or occupancy by Tenant of the Premises, The Shops at Meridian Ranch, or any portion thereof.

6.1.5 All costs and fees incurred by Landlord to appeal or contest the amount or existence of any Taxes, or any governmental imposition or surcharge imposed or assessed against Landlord and the automobile parking areas.

6.1.6 Any tax upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises, and any and all assessments Landlord must pay pursuant to any covenants, conditions, or restrictions, reciprocal easement agreements, tenancy in common agreements, or similar restrictions affecting The Shops at Meridian Ranch or Common Areas.

6.1.7 Taxes shall not include state or federal income, franchise, inheritance, or estate taxes of Landlord, or its partners, or Taxes accruing during periods before or after the Lease Term.

6.2 Personal Property Taxes of Tenant. Tenant shall pay before delinquency all taxes, assessments, license fees, and public charges levied, assessed, or imposed upon its business operation, its trade fixtures, alterations and improvements installed by Tenant, and merchandise, and other personal property in or upon the Premises. In the event that any items of personal property are assessed with The Shops at Meridian Ranch, such assessment shall be equitably divided between Landlord and Tenant to the end that Tenant shall pay only its equitable proportion of such assessment. Landlord shall determine the equitable division based upon the valuation of items being assessed.

ARTICLE 7: POSSESSION AND USE

7.1 **Possession.** Landlord shall deliver the Premises to Tenant and Tenant shall accept the Premises subject to all applicable municipal, county, state and federal laws, statutes ordinances, and regulations governing the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject to these and to all other matters disclosed to Tenant. Tenant acknowledges that neither Landlord nor its employees or agents have made any representations or warranties as to the present or future suitability of the Premises for the conduct of Tenant's business. Notwithstanding the foregoing, Landlord warrants that the Premises are, and on the Actual Commencement Date will be, zoned for the Permitted Uses.

7.2 **Permitted Uses.** Tenant shall use the Premises solely for the Permitted Uses and under Tenant's Trade-Name specified in the Basic Lease Provisions. Tenant shall not use or permit the Premises to be used for any other use or purpose, and/or under any other Trade-Name, without the prior written consent of Landlord. Landlord's consent to any change of use or Trade-Name shall be based upon Landlord's reasonable judgment that such change does not (i) change the character of Tenant's Permitted Uses of the Premises; (ii) compete unfavorably with other tenants in The Shops at Meridian Ranch; (iii) adversely affect the image of The Shops at Meridian Ranch; or (iv) otherwise adversely affect other tenants of The Shops at Meridian Ranch, in Landlord's sole and subjective discretion. At no time during the Lease Term or any extension may the Premises be used for (i) the sale of packaged liquor and/or a business that generates more than fifty percent (50%) of its gross revenue from the sale of beer or wine for off-premises consumption (this restriction applies until April 29, 2020); (ii) the primary sale or offering of pizza. However this restriction shall not apply to a restaurant that is not primarily a pizza restaurant, but may offer pizza on their menu, for example restaurants such as, but not limited to, Wild Buffalo Wings, Chili's, Red Robin, or Ruby Tuesday's. The restricted pizza restaurants shall include, but not be limited to, Pizza Hut, Little Caesars, Black Jack and Dominoes; or (iii) the growth, sale or distribution of marijuana or any products or goods containing marijuana in any form, unless specifically approved in advance in writing by Landlord. Landlord shall not Lease any portion of The Shops At Meridian Ranch to an "adult" enterprise, including without limitation, bookstores or entertainment facilities offering pornography or live nudity or those businesses that offer marijuana.

7.3 **Right of Entry.** Landlord shall have the right to enter upon the Premises, at all reasonable times, to inspect the Premises and/or make necessary repairs thereto. In addition, during the last three (3) months of the Lease Term including any extensions thereof, Landlord shall have the right to enter the Premises during normal business hours (i) to show prospective Tenants the Premises and (ii) to post "For Lease" signs in the windows of the Premises.

7.4 **Suitability of Merchandise.** Tenant hereby acknowledges that The Shops at Meridian Ranch is designed and intended to be patronized by and acceptable to families and persons of all ages. Landlord reserves the right to prohibit all merchandise, displays, demonstrations, promotions, or any activity which Landlord, in its sole discretion, determines is obscene, pornographic, illegal, immoral, disreputable, or distasteful to the public. Tenant agrees, immediately upon demand of Landlord, to

cease any such activity. Tenant agrees not to carry on any activity which requires a license from the police without the prior written consent of Landlord, which consent shall be in the sole judgment of Landlord.

7.5 Tenant's Conduct. Tenant shall not perform any act or carry on any practice which may adversely injure The Shops at Meridian Ranch, be a nuisance or menace to, or disturb the quiet enjoyment of other lessees in The Shops at Meridian Ranch. Tenant will, at its expense, comply with all requirements with respect to the Premises of insurance underwriters and governmental authorities, including compliance with requirements for the Premises necessary to maintain reasonable fire and extended coverage insurance for The Shops at Meridian Ranch.

7.6 Rules and Regulations. Tenant, its employees, agents, licensees, and visitors will, at all times, observe and comply with the Rules and Regulations set forth in Exhibit "D." Landlord may from time to time reasonably delete, add, or amend the Rules and Regulations for the use, safety, cleanliness, and care of the Premises and The Shops at Meridian Ranch and for the comfort, quiet enjoyment, and convenience of Tenants, and their employees, agents, and customers. Modifications or additions to the Rules and Regulations will be effective upon written notice to Tenant from Landlord, or Landlord's agent. In the event of any breach of the Rules or Regulations, or any amendments or additions thereto, Landlord may enforce and pursue any remedies provided in this Lease, or at law or in equity, including the right to enjoin any breach of the Rules and Regulations. Landlord will not be liable to Tenant for a violation of the Rules and Regulations by any other Tenant, its employees, agents, visitors, or licensees, or by any other person. In the event of any conflict between the provisions of this Lease and the Rules and Regulations, the provisions of this Lease will govern.

ARTICLE 8: UTILITIES AND SERVICES

8.1 Utilities Serving the Premises. Tenant shall be solely responsible for, and shall promptly pay, all fees, deposits, and charges, including use and connection fees, standby fees, or penalties for disconnected or interrupted service for water, gas, electricity, telephone, sewer and sanitation, and any other service or utility used in or upon or furnished to the Premises.

With respect to any fees, deposits, and charges which are separately metered or individually billed to Tenant, if such charges are not paid when due, Landlord may pay the same and any amount so paid shall immediately become due to Landlord from Tenant as Additional Rent, together with interest thereon at the Lease Interest Rate plus a Late Fee.

In the event the fees, deposits, or charges are for any services which are not individually metered or billed to Tenant, Landlord shall apportion such charges or deposits among tenants in The Shops at Meridian Ranch receiving such utilities or services, based upon an equitable apportionment reasonably determined by Landlord. Tenant shall pay its apportioned share to Landlord as Additional Rent. In determining such equitable apportionment, Landlord may cause surveys of Tenant's usage of such services to be made by an independent consultant selected by Landlord.

8.2 Landlord's Responsibility. Landlord shall be responsible to provide water, sewer, electricity, and gas services to The Shops at Meridian Ranch. Notwithstanding the foregoing, Tenant shall reimburse Landlord for Tenant's Pro Rata Share of the cost of utilities serving the Building which are not separately metered and Common Areas of The Shops at Meridian Ranch as provided in Section 5.2 above. However, Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (i) the installation or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) the failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises or The Shops at Meridian Ranch, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises or The Shops at Meridian Ranch. Landlord shall not be liable under any circumstances, unless it is resulting from gross negligence or willful misconduct of Landlord, its employees or designated agents, for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services.

8.3 Landlord's Right to Cease Services. Landlord shall have the right in its reasonable discretion to reduce, interrupt or cease service of the HVAC, plumbing, electrical systems, telephone systems and/or utilities serving the Premises or The Shops at Meridian Ranch because of (i) any accident, emergency, governmental regulation and/or act of God, or (ii) the making of repairs, additions, alterations or improvements to the Premises or The Shops at Meridian Ranch until said repairs, additions, alterations or improvements shall have been completed. Landlord will give Tenant reasonable notice, when possible, of any such anticipated interruptions of service.

No such interruption, reduction or cessation of any services or utilities shall constitute (i) an eviction or disturbance of Tenant's use or possession of the Premises, (ii) an ejection of Tenant from the Premises, (iii) a breach by Landlord of any of its obligations, (iv) render Landlord liable for any damages, including but not limited to any damages or claims arising from any interruption or cessation of Tenant's business, (v) entitle Tenant to be relieved from any of its obligations under the Lease, or (vi) result in any abatement of Rent. In the event of any such interruption, reduction or cessation, Landlord shall use reasonable diligence to restore such service where it is within Landlord's control to do so.

ARTICLE 9: INDEMNITY AND INSURANCE

9.1 Indemnity by Tenant. Neither Landlord nor any mortgagee of The Shops at Meridian Ranch shall be liable for any damage or liability, or for any injury to or death of persons, or for damage to property of Tenant or any other person during the Lease Term; provided, however, Landlord may be liable for damages or injury occasioned by the gross negligence or willful misconduct of Landlord, its employees or designated agents. To the extent allowed by Colorado law, Tenant indemnifies and holds Landlord and its mortgagees harmless from any liability, on account of any claimed damages or

injury and from all liens, claim or demands, including attorney's fees, investigation costs, and reasonable costs, with respect to any claim or demand, arising out of (i) the use, condition, operation, or occupation by Tenant of the Premises (ii) any repairs, alterations, additions, or changes made by Tenant ("Alterations"); (iii) any act, omission, or negligence by Tenant or its employees,; or (iv) any failure by Tenant to comply with the terms or conditions of this Lease.

9.2 Landlord's Insurance. Landlord shall carry insurance to protect The Shops at Meridian Ranch and Landlord, as Landlord shall from time to time deem necessary, and/or as shall be required by its lenders or equity partners, based upon reasonable industry standards including, but not limited to, public liability and property damage insurance, with extended coverage, and rent loss insurance. Landlord shall pay the cost of such insurance, subject to reimbursement by Tenant of Tenant's Pro Rata Share, as provided in Section 5.2 above.

9.3 Tenant's Insurance. Tenant agrees to apply for and obtain from insurance companies reasonably acceptable to Landlord and authorized to do business in Colorado effective from and after the date on which Tenant takes possession of the Premises at Tenant's sole cost and expense, insurance coverage as follows:

(i) Comprehensive general liability coverage with limits of not less than One Million Dollars (\$1,000,000) for damage to property and not less than One Million Dollars (\$1,000,000) per person and One Million Dollars (\$1,000,000) per occurrence for injury to persons with respect to the Premises, the business operated in the Premises, and the maintenance, use, and occupancy thereof. Such public liability and property damage insurance shall specifically insure the performance by Tenant of the indemnity provided in Section 9.1;

(ii) Full coverage plate glass insurance on the Premises, including any glazing in interior and exterior walls; and

(iii) Insurance covering improvements and alterations installed by Tenant or Landlord for Tenant's benefit, trade fixtures, merchandise, and personal property in or on the Premises (collectively "Alterations"), in an amount not less than one hundred percent (100%) of their full replacement cost from time to time during the Lease Term, providing protection against any peril included within the classification "All Risk Coverage", including protection against flood, sprinkler damage, vandalism, and malicious mischief. If requested by Landlord, Tenant shall name Landlord's first mortgagee as loss payee under any such casualty insurance carried by Tenant. Any policy proceeds shall be used for the repair and replacement of the property damaged or destroyed, unless this Lease shall cease and terminate under the provisions of Section 17.2.

9.3.1 All policies of commercial liability insurance required to be obtained by Tenant shall be issued in the names of Tenant, Landlord, Landlord's property manager (the "Property Manager") and any other person or entity designated by Landlord providing funding for or having an equitable interest in The Shops at Meridian Ranch. Said policies shall be for the joint benefit and protection of Tenant, Landlord and such other designated person(s) and/or entity.

9.3.2 Executed copies of such policies of insurance, or certificates thereof, shall be delivered to Landlord within ten (10) days after issuance of each such policy. All policies shall contain a provision that Landlord and the Property Manager, although named as additional insureds, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its employees and agents because of the negligence of Tenant. As often as any such policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Tenant in like type and amount. New policies, or renewals, shall be delivered to Landlord at least ten (10) business days prior to the expiration of the term of the existing policy. All policies of insurance delivered to Landlord must contain a provision that the company writing said policies will give Landlord notice in writing at least thirty (30) days in advance of any cancellation or lapse, or the effective date of any reduction in type or amount of coverage. All policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry.

9.3.3 Tenant's obligation to carry insurance may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Tenant; provided, however, (i) Landlord shall be named as an additional insured thereunder as its interests may appear; (ii) the coverage required by this Section 9.3 will not be reduced or diminished by reason of the use of such blanket policy of insurance; and (iii) the requirements set forth herein are otherwise satisfied. If Tenant does not obtain the insurance coverage as required in this Section 9.3, Landlord may, but it is not obligated to, secure such coverage and Landlord shall be entitled to reimbursement for the cost thereof plus interest at the Lease Interest Rate as Additional Rent.

Tenant shall report in writing to Landlord any accident causing property damage when the cost to repair is reasonably estimated at more than Five Thousand Dollars (\$5,000) or involving any injury to any persons if known by Tenant and/or its employees.

9.4 Insurance Related Use Restrictions. Tenant agrees that it will not carry any stock or goods or do anything in or about the Premises that will in any way increase the rates for insurance covering The Shops at Meridian Ranch, or cause a loss of coverage for The Shops at Meridian Ranch. Tenant agrees to pay to Landlord, immediately upon demand, the amount of any increase in premiums charged to Landlord for any insurance carried by Landlord, which increase results from Tenant's violation of the foregoing restriction, whether or not Landlord has consented to Tenant's carrying said stock or goods or to Tenant's actions. If Tenant installs on the Premises any electrical equipment which overloads the electrical lines, Tenant shall, at its own expense, make all changes to its Premises necessary to correct such deficiency. Requiring the correction of any such deficiency shall not constitute Landlord's consent to such overloading. Tenant shall install any fire extinguishing equipment that Landlord's insurance underwriters or applicable fire, safety, and building codes and/or regulations may require in the Premises after Tenant's acceptance thereof.

9.5 Increases in Insurance Coverage. If, in the opinion of Landlord, Landlord's lender, or the insurance broker retained by Landlord, the amount or type of insurance carried by Tenant from time to time is determined inadequate, Tenant shall

increase or add the insurance coverage or type required to adequately protect Landlord's interest.

ARTICLE 10: ALTERATIONS

10.1 Alterations. Tenant agrees that it will not make any changes to the exterior of the Building, including adding any protective film or window covering on the storefront of the Premises, or Alterations in the Premises which cost more than Five Thousand Dollars (\$5,000), without the prior written consent of Landlord. In no event shall Tenant make any alterations to the exterior or structure of the Building. Tenant shall be responsible for the entire cost of all permitted alterations. Landlord may require that Tenant provide a performance and completion bond from an insurance company acceptable to Landlord in an amount equal to one hundred ten percent (110%) of the cost of the Alterations, guaranteeing completion of same, free and clear of liens and charges. All Alterations shall be (i) under the supervision of a competent architect or competent licensed structural engineer; (ii) made in accordance with plans and specifications which are approved in writing by Landlord before the commencement of work; (iii) done in a workmanlike manner by a licensed contractor approved in writing by Landlord; (iv) diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period of work, and (v) other terms and conditions for Tenant's Work set forth in the Work Letter, attached hereto as Exhibit "C". Any Alterations shall be performed and done strictly in accordance with all laws and ordinances relating thereto including, without limitation, all requirements of the Regional Building Department for the County of El Paso, Colorado. In performing any alterations, Tenant shall have the work performed in such a manner as not to obstruct access to the Premises or interfere with the quiet enjoyment of any other tenant in The Shops at Meridian Ranch. Roof alterations or roof penetrations may affect the roofs warranty and performance. In the event that Tenant is approved to make changes requiring work on or through the roof, Tenant shall only utilize Landlord approved contractors for this work.

10.2 Rights Upon Termination. Upon the expiration or earlier termination of this Lease, any Alterations approved by Landlord, at Landlord's option, shall not be removed by Tenant, but shall become a part of the Premises and the property of Landlord. Notwithstanding the foregoing, Alterations placed in the Premises by Tenant shall be removed by Tenant, at Tenant's expense, upon the expiration or earlier termination of this Lease if so elected by Landlord. Tenant shall immediately repair any damage to the Premises caused by such removal excepting normal wear and tear. Landlord may exercise said option as to any or all of the Alterations, either before or after the expiration or earlier termination of this Lease. If Landlord exercises such option and Tenant fails to remove the designated items prior to termination of the Lease, Landlord shall have the right to have such items removed at the expense of Tenant and may charge Tenant Rent, including Operating Expenses, for the time during which such items remain on the Premises after the date of termination. As to any Alterations that Landlord does not require Tenant to remove, title thereto shall vest in Landlord without cost to Landlord.

ARTICLE 11: MECHANIC'S LIENS

11.1 Tenant's Covenants. Tenant agrees to pay all costs for work done by it or caused to be done by it in the Premises. Tenant will keep the Premises and The Shops

at Meridian Ranch free and clear of all mechanic's liens and other liens on account of work done by Tenant or persons claiming under Tenant. To the extent allowed by Colorado law, Tenant hereby indemnifies, holds harmless, and agrees to defend Landlord against liability, loss, damages, costs, attorneys' fees, and all other expenses on account of claims of lien laborers or materialmen or others for work performed or materials furnished for Tenant or persons claiming under Tenant.

11.2 Contest of Lien. If a lien or notice of lien is filed with respect to any work done by or for Tenant, Tenant shall, within ten (10) days of the filing of such lien or notice, furnish to Landlord adequate security in the amount of the claim, plus estimated costs and interest, or a bond from a responsible corporate surety reasonably approved by Landlord in an amount adequate to insure the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Tenant shall immediately pay the same.

11.3 Right to Cure. If Tenant shall be in default in paying any charge for which a mechanic's lien claim has been filed and shall not have given Landlord security to protect The Shops at Meridian Ranch and Landlord against such claim of lien, Landlord may, but shall not be required to, pay said claim and any related costs, and the amount so paid, together with reasonable attorneys' fees and costs incurred in connection therewith, shall be immediately due from Tenant to Landlord as Rent. Tenant shall pay the same to Landlord with interest at the Lease Interest Rate from the date(s) of Landlord's payment(s).

11.4 Notice of Lien. Should any claim of lien be filed against the Premises, or any action affecting the title to The Shops at Meridian Ranch be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

ARTICLE 12: SIGNAGE

12.1 Landlord's Approval. Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises or The Shops at Meridian Ranch, including without limitation, the inside or outside of windows or doors, without the prior written consent of Landlord, which shall not be unreasonably withheld. Tenant shall submit to Landlord for approval, which approval shall not be unreasonably withheld, conditioned or delayed, a signage plan for the proposed signage for the inside of windows showing the location of the signs as well as the type of signage. Tenant will be allowed to rotate or replace individual signs shown on the approved signage plan without having to get Landlord approval each time, so long as the signage meets the required signage plan specifications. Landlord shall have the right to remove any exterior signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal and any related repairs to Tenant as Rent, payable within ten (10) days after receipt of an invoice from Landlord.

12.2 Tenant's Responsibility. Tenant, at Tenant's expense, shall furnish all signs from vendors approved by Landlord.

ARTICLE 13: FIXTURES AND PERSONAL PROPERTY

13.1 Trade Fixtures and Personal Property. Any trade fixtures and personal property installed by Tenant and not permanently affixed to the Premises shall remain the property of Tenant. Such trade fixtures and personal property specifically exclude trade fixtures and personal property in the Premises when Tenant took possession, which trade fixtures and personal property shall remain the property of Landlord. Landlord agrees that Tenant shall have the right, upon termination or expiration of the Lease Term, to remove its trade fixtures and other personal property which it may have stored or installed in the Premises. At Landlord's option, Tenant shall have the obligation to remove Tenant's trade fixtures and personal property upon termination or expiration of the Lease Term. Until termination or expiration of the Lease, Tenant may not remove any trade fixtures or personal property without the immediate replacement thereof with trade fixtures and personal property of comparable or better quality, so that Tenant shall continuously conduct business consistent with the Permitted Uses specified in the Basic Lease Provisions.

All trade fixtures and other personal property installed in or attached to the Premises by Tenant must be new, like new or in good working order when so installed or attached, unless such items are installed as a part of a theme of design from an earlier period approved by Landlord. Tenant shall replace or repair any trade fixtures and personal property of Landlord damaged by Tenant's use thereof. Tenant, at its expense, shall immediately repair any damage to the Premises and/or The Shops At Meridian Ranch by reason of the removal of any trade fixtures and personal property and shall, upon the last day of the Lease Term or date of earlier termination, leave the Premises in a neat and clean condition, free of debris, and in good condition and repair.

ARTICLE 14: ASSIGNMENT, SUBLETTING, MORTGAGING, AND CHANGE IN OWNERSHIP

14.1 Definitions. As used in this Article, the following definitions shall apply:

14.1.1 "Transfer" means any (i) voluntary or involuntary assignment of Tenant's entire interest, rights and duties in the Lease or the Premises, including Tenant's right to use, occupy, and possess the Premises, or (ii) sublease of Tenant's right to use, occupy, and possess the Premises, in whole or in part.

14.1.2 "Encumbrance" means any conditional, contingent, or deferred assignment or sublease, voluntarily or involuntarily made by Tenant, of some or all of Tenant's right to use, occupy, and possess the Premises, including, without limitation, any mortgage, deed, deed of trust, pledge, hypothecation, lien, franchise, license, concession, or other security arrangement.

14.1.3 "Change of Control" means the transfer by sale, assignment, death or incompetency, mortgage, trust, operation of law, or otherwise, of any shares, voting rights, or ownership interests (including partnership interests) which will result in a

change in the identity of the person or persons exercising, or who may exercise, effective control of Tenant, unless such change results from the trading of such shares listed on a recognized public stock exchange and such trading is not for the purpose of acquiring effective control of Tenant. If Tenant is a private corporation whose stock becomes publicly held with its shares listed on a recognized public stock exchange, the transfer of such stock from private to public ownership shall not be deemed a Change of Control.

14.1.4 "Occupancy Transaction" means any Transfer, Encumbrance, Change of Control, or other arrangement whereby the identity of the person or persons using, occupying, or possessing the Premises changes or may change, whether such change be of an immediate, deferred, conditional, exclusive, nonexclusive, permanent, or temporary nature.

14.1.5 "The Transferee" means any proposed assignee, sub Tenant, mortgagee, pledgee, or other recipient of Tenant's interest, rights, or duties in this Lease or the Premises in an Occupancy Transaction.

14.2 Restrictions on Occupancy Transactions. Landlord is entering into this Lease based upon Tenant's representation to Landlord that Tenant has the expertise and ability to successfully operate the business to be conducted by Tenant in the Premises. Because of such representations, any Occupancy Transaction shall be subject to restrictions as hereinafter provided.

14.2.1 Tenant shall not enter into any Occupancy Transaction with respect to any of Tenant's interest in the Premises without first procuring the written consent of Landlord, which consent shall not be unreasonably withheld. Any attempted Occupancy Transaction without Landlord's written consent shall be void and confer no rights upon any third person. Landlord reserves the right to refuse to give consent to an Occupancy Transaction unless Tenant remains fully liable for the unexpired portion of the Lease Term. Any release of Tenant from the rights and obligations of Tenant under this Lease following an Occupancy Transaction shall be in Landlord's sole and reasonable discretion. The consent by Landlord to any Occupancy Transaction shall not be construed to relieve Tenant or any Transferee from complying with the terms of this Article 14 with respect to any future Occupancy Transaction.

14.2.2 By way of example and without limitation, Landlord and Tenant hereby agree that it shall be reasonable for Landlord to withhold its consent if any of the following situations exist or may exist:

(i) The Transferee's proposed use of the Premises is different than the Permitted Uses described in the Basic Lease Provisions.

(ii) In Landlord's sole and reasonable discretion, the Transferee lacks sufficient ability, management and/or operating skills, and expertise to operate a successful business of this type and quality contemplated under this Lease.

(iii) The net worth of the Transferee is less than either Tenant's net worth on the Actual Commencement Date or Tenant's net worth at the time of Tenant's request for consent to Occupancy Transaction.

(iv) The Occupancy Transaction would be in violation of any covenant of Landlord respecting radius, location, use, or exclusivity in any other lease, financing agreement, or other agreement relating to The Shops at Meridian Ranch; or

(v) In Landlord's reasonable judgment, the quality of the merchandising operation and/or tenant mix in The Shops at Meridian Ranch would or could be adversely affected.

14.3 Procedures for Approval of Occupancy Transactions.

14.3.1 Should Tenant desire to enter into an Occupancy Transaction, Tenant shall request in writing Landlord's consent to such Occupancy Transaction at least sixty (60) days before the effective date of any such transaction, and shall provide Landlord with the following:

(i) The particulars of the proposed Occupancy Transaction, including its nature, all consideration to be paid, the effective date, terms and conditions, and copies of any offers, agreements, subleases, letters of commitment or intent, and/or other documents pertaining to such Occupancy Transaction.

(ii) A description of the identity, net worth, and previous business experience of the Transferee and the persons involved therein including, without limitation, copies of Transferee's latest income statement, balance sheet, and change-of-financial-position statement (with accompanying notes and disclosures of all material changes thereto) in audited form, if available, certified as accurate by the Transferee.

(iii) Business and financial references of the Transferee and the persons involved therein; and

(iv) Any further information relevant to the Occupancy Transaction which Landlord may reasonably request.

(v) Landlord's consent to such Occupancy Transaction does not release Tenant in part or in full of further liability under the Lease unless such Occupancy Transaction includes explicit releases of Tenant liabilities under the Lease.

14.3.2 Within fifteen (15) days after receipt by Landlord of the information required by Section 14.3.1 above, Landlord shall notify Tenant in writing of either Landlord's consent to the Occupancy Transaction or refusal to consent to the Occupancy Transaction.

14.4 Documentation and Expenses. Each Occupancy Transaction to which Landlord has consented shall be evidenced by an instrument made in written form satisfactory to Landlord, executed by Tenant and the Transferee. By such instrument,

the Transferee shall assume and promise to perform the terms, covenants, and conditions of this Lease which are obligations of Tenant, including the payment of Rent, subject to adjustment as hereinafter provided. Tenant shall, upon demand of Landlord, reimburse Landlord for Landlord's reasonable costs, including attorneys' fees and costs, incurred in obtaining advice, reviewing, and preparing documentation for each Occupancy Transaction for which consent has been requested.

14.5 Rent Payments by Transferee. In the event Landlord shall consent to an Occupancy Transaction, the Transferee shall thereafter pay directly to Landlord the Rent specified in this Lease.

14.6 Disposition of Profits from Occupancy Transaction. In the event that the Rent due from a Transferee in an Occupancy Transaction is greater than the Rent provided herein, any excess Rent shall be payable to Landlord.

ARTICLE 15: TENANT'S CONDUCT OF BUSINESS

15.1 Continuous Operation. Tenant shall occupy the Premises within thirty (30) days after the Actual Commencement Date and shall thereafter continuously conduct business in the Premises during such hours and on such days as shall be established from time to time by Landlord in the Rules and Regulations.

15.2 Advertising Prohibition. Tenant shall not display or sell merchandise, or allow tables, aerials, antennae, portable signs, or any other objects to be stored or placed outside of the Premises without the prior written consent of Landlord. Tenant shall remove any objects maintained in violation of this Section 15.2 immediately upon notice from Landlord, or Landlord shall be entitled to remove said objects. Within ten (10) days of receipt of an invoice from Landlord, Tenant shall reimburse Landlord for its costs and expenses in removing any of said objects, and the amount of such reimbursement shall be deemed Rent payable hereunder. In addition, Tenant shall not solicit in The Shops at Meridian Ranch without the prior written approval of Landlord.

15.3 Trash and Rubbish. Tenant agrees that all trash and rubbish of Tenant shall only be deposited within trash receptacles provided by Landlord. Garbage must be in watertight containers that do not permit any dripping or any odors to escape. Landlord shall cause trash receptacles in Common Areas to be emptied and trash removed, which service shall be charged as a part of Common Area Expenses. Any extraordinary trash generated by Tenant must be removed from The Shops at Meridian Ranch by Tenant. Should Tenant fail to use the designated trash receptacles and/or remove any extraordinary trash from The Shops at Meridian Ranch within twenty-four (24) hours after notice from Landlord to do so, Landlord may correct said problem and Tenant shall pay to Landlord the cost thereof plus a twenty percent (20%) administrative fee as Rent. Acceptance of any such charges shall not constitute a waiver by Landlord of Tenant's breach or prevent Landlord from exercising any of the other rights and remedies available to Landlord hereunder or as provided by law.

15.4 Conformance With Laws. Tenant shall, at its sole cost and expense, conform to, abide by, and comply with all laws, statutes, and ordinances, rules, and

regulations of all governmental authorities having jurisdiction over The Shops at Meridian Ranch. When permits are required from governmental authorities for a particular operation, such permits shall be secured before such operation is undertaken.

15.5 Safe and Clean Environment. Tenant shall keep the Premises in a safe, clean, wholesome, and sanitary condition to the reasonable satisfaction of Landlord, who shall have the right, upon reasonable notice, to enter and inspect the Premises and the business conducted on the Premises. Should Landlord or any representative of an appropriate governmental authority determine the Premises are not being maintained in compliance with the terms of this Lease, Landlord shall be entitled to put the Premises in a safe, clean, wholesome, and sanitary condition as required hereunder or by law and charge expenses thereby incurred to Tenant as Additional Rent.

15.6 Intentionally deleted.

ARTICLE 16: REPAIRS AND MAINTENANCE

16.1 Landlord's Obligations. As Common Area Expenses subject to reimbursement under Section 18.1, Landlord shall keep in good condition and repair the mechanical, electrical and plumbing systems, parking and landscaped areas, and foundations, exterior walls, and roof of The Shops at Meridian Ranch, except for any damage caused by any act or negligence of Tenant or its employees, agents, invitees, suppliers, licensees, and contractors, which damage Landlord shall cause to be repaired at Tenant's sole expense.

16.2 Tenant's Obligations. By accepting possession of the Premises, Tenant accepts the Premises as being in the condition called for by this Lease, except for such items as Tenant shall advise Landlord in writing within ten (10) days from the date on which Tenant accepts possession of the Premises. Except for responsibilities of Landlord to maintain Common Areas set forth in Section 18.1, Tenant shall keep and maintain the Premises and Tenant's storefront in a clean, safe, decent, healthy, and sanitary condition reasonably satisfactory to Landlord. Tenant's obligation to maintain the Premises shall include, without limitation, all plumbing and electrical facilities, windows, door frames, doors, locks, plate glass, interior walls, floors, ceilings, signs, including repair and painting thereof, and heating and air conditioning equipment. Tenant shall keep the sidewalks in front of and around the Premises free from litter, dirt, debris, and other obstructions.

16.3 HVAC Maintenance. Landlord shall contract with a reputable HVAC service company for reasonable maintenance of the heating and air-conditioning systems as a Common Area Expense.

ARTICLE 17: RECONSTRUCTION

17.1 Insured Casualty. In the event of damage or destruction of the Premises by fire, the elements, acts of God, or any other cause which damage or destruction is covered by any insurance then in effect with respect to The Shops at Meridian Ranch,

Landlord shall repair such damage or destruction and this Lease shall continue in full force and effect. Tenant, at its sole cost and expense, shall promptly repair the interior of the Premises, including improvements and alterations installed by Tenant, fixtures, furniture, furnishings, and equipment and replace all stock in trade.

17.2 Uninsured Casualty. In the event the damage or destruction of the building in which the Premises are located is not covered by insurance maintained by Tenant, Landlord shall have the option to repair or not to repair the Premises. If Landlord elects to repair the Premises, this Lease shall remain in full force and effect and Tenant, at its sole cost and expense, shall promptly repair the interior of the Premises including alterations and improvements installed by Tenant, fixtures, furniture, furnishings, and equipment and replace all stock in trade. If Landlord elects not to repair the Premises, Landlord shall give written notice of such election to Tenant within ninety (90) days of the event of damage or destruction and this Lease shall thereupon terminate.

17.3 Abatement of Rent. In the event that Landlord undertakes repairs, Tenant shall continue the operation of its business in the Premises during such repair period, to the extent reasonably practicable from the standpoint of prudent business management. Rent due from Tenant to Landlord during the period such damage or repair continues shall be abated in proportion to the degree to which Tenant's Permitted Uses of the Premises is impaired, unless such damage or repair was caused by the negligence or willful misconduct of Tenant, its employees or agents. If caused by the negligence or willful misconduct of Tenant, its employees or agents, Rent shall not be abated. In such case, Tenant shall not be entitled to any compensation or damages from Landlord for any loss of use of the Premises, The Shops at Meridian Ranch, or any inconvenience or annoyance occasioned by such damage, repair, reconstruction, or restoration.

17.4 Notice. Tenant shall give written notice to Landlord of any damage or destruction that occurs on the Premises within ten (10) days of such damage or destruction. Anything to the contrary contained in this Lease, Landlord shall not in any way be liable to Tenant for failure to make repairs as herein specifically required of it unless Tenant has previously notified the Landlord, in writing, of the need of such repairs and the Landlord has failed to commence and complete said repairs within a reasonable period of time following receipt of Tenant's written notification.

ARTICLE 18: COMMON AREA EXPENSES

18.1 Responsibility and Payment for Common Area Expenses. Landlord shall keep, or cause to be kept, the Common Areas of The Shops at Meridian Ranch in a neat, clean, and orderly condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof.

18.1.1 Tenant shall pay to Landlord as an Operating Expense Tenant's Pro Rata Share of Common Area Expenses as defined in Section 18.2 in accordance with Section 5.2 hereinabove.

18.2 Definition Common Area Expenses. The phrase "Common Area Expenses" shall include the total cost incurred in operating, maintaining, and managing The Shops at Meridian Ranch and the Common Areas, including, without limitation, each of the following:

- (i) The cost of personnel to implement services in the Common Areas.
- (ii) Sanitary control, pest control, janitorial services, and removal of trash, rubbish, garbage, and other refuse.
- (iii) Lighting, utility systems, and utility charges for the Common Areas and The Shops at Meridian Ranch. Incidental temporary power may be provided from the house meter for the construction of tenant improvements for other Tenants in The Shops at Meridian Ranch, and the cost of such incidental usage shall be included as Common Area Expenses.
- (iv) Gardening, planting, and landscaping, including the installation, repair, maintenance and replacement of all irrigation systems.
- (v) Property management fees paid to Landlord, or Landlord's agents, based upon market rates paid to other property management firms in the Colorado Springs area.
- (vi) Roof, building, and project signage maintenance, repairs and replacement.
- (vii) Parking lot sealing, line painting, restriping, sweeping, repairs, replacement and cleaning.
- (viii) Reasonable reserves, not to exceed Five Thousand Dollars (\$5,000) per year, for replacements and repairs to Common Areas.
- (ix) Maintenance, repair and replacement of any fire protection systems.
- (x) Maintenance, repair and replacement of the heating and air conditioning equipment.
- (xi) Directional signs and other markers and bumpers.
- (xii) Capital improvements to The Shops at Meridian Ranch or Common Areas, addressing access requirements, and any machinery or equipment installed therein which are required by any governmental authority or which have the effect of reducing the expenses included as Common Area Expenses and/or benefiting all lessees of the Building and/or The Shops at Meridian Ranch. Landlord shall amortize the cost of any capital improvements or additions with a life in excess of two (2) years, which capital improvement or addition cost is in excess of Five Thousand Dollars (\$5,000) using general accounting principles straight-line depreciation over the projected useful life of the improvement or addition. In such event, only the current

portion, together with reasonable interest thereon, shall be charged as Common Area Expenses. Appropriate prorations shall be made for any partial year remaining on Tenant's Lease Term.

(xiii) Capital repairs and replacements required to the roof, structure, mechanical, electrical, plumbing, or any other mechanical or structural components of The Shops at Meridian Ranch. Landlord shall amortize the cost of any capital repair or replacement with a life in excess of two (2) years, which repair cost is in excess of Five Thousand Dollars (\$5,000), using general accounting principles straight-line depreciation over the projected useful life of the mechanical or building component. In such event, only the current portion, together with reasonable interest thereon, shall be charged as Common Area Expenses. Appropriate prorations shall be made for any partial year remaining on Tenant's Lease Term.

(xiv) Seasonal and other decorations consistent with holidays and special events observed in the Falcon, Colorado area.

(xv) Maintenance of street trees and landscaping, sidewalks, pedestrian walkways, pavement embellishments, and improvements, if any, in the public right of way which affect the appearance of, or otherwise benefit, The Shops at Meridian Ranch.

(xvi) Any costs or expenses incurred in connection with any permitted changes, repairs, replacement or maintenance of Common Areas, including the cost of operation of any additional or replacement parking.

(xvii) Any other commercially reasonable charges resulting from the operation, maintenance, and management of The Shops at Meridian Ranch.

Notwithstanding any provision to the contrary, Common Area Expenses shall not include:

(i) Any expenditures incurred by Landlord in the expansion of The Shops at Meridian Ranch, or as a part of work completed by Landlord solely for the benefit of any specific tenant as a condition for entering into a new lease or lease extension.

(ii) Costs of repairs or other work occasioned by fire or other casualty covered by insurance maintained by Landlord, except for the amount of any deductible paid by Landlord pursuant to terms of Landlord's Insurance referenced in Section 9.2;

(iii) Leasing commissions and other expenses incurred in re-leasing or procuring new tenants;

(iv) Any wages, salary, or other compensation paid to any employee of Landlord, except for work performed at The Shops at Meridian Ranch;

(v) Legal fees, other than those related to the operation of The Shops at Meridian Ranch, planning fees, architectural fees, and engineering fees incurred in connection with the redevelopment and/or releasing of The Shops at Meridian Ranch;

(vi) Any late fees, penalties, interest charges, or similar fees incurred by Landlord, unless caused by Tenant or other tenants; or

(vii) Any other costs specified herein to be at Landlord's cost and expense.

(viii) Any administrative fees.

Landlord shall use due diligence to obtain goods and services required for the maintenance of Common Areas at prices competitive in the Falcon, Colorado area.

18.3 Landlord's Right to Designate Common Areas. Subject to the limitations of Section 3.3, Landlord shall at all times have the right to change the designated Common Areas, and to make such changes thereto which Landlord, in its opinion, deems to be desirable and in the best interest of tenants of The Shops at Meridian Ranch.

Landlord shall have the right, in connection with any expansion or reconfiguration of The Shops at Meridian Ranch, to construct and/or change improvements, landscaping, parking, pedestrian walkways, and other features in the Common Areas. Any change to Common Areas which costs in excess of Ten Thousand Dollars (\$10,000), increased annually by any percentage increase in the Bureau of Labor Statistics, Consumer Price Index, "All Urban Consumers" (the "Index"), as published by the United States Department of Labor for the Denver metropolitan area (all items) (1982-1984 = 100) as published immediately preceding the first day of the first full calendar month after commencement of the Lease Term and immediately preceding the first day of the thirteenth (13th) full calendar month for the first adjustment, and each one (1) year period thereafter for subsequent adjustments, which is charged as Common Area Expenses, shall require the approval of Tenant. If the Index is discontinued or revised during the Lease Term, such other government index or computation with which it is replaced shall be used to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. Nothing herein contained shall preclude Landlord from making any reasonable repairs required to keep The Shops at Meridian Ranch in a first class appearance.

18.4 Liability for Security. Tenant acknowledges that if Landlord elects to engage a security service and/or device, Landlord does not represent or guarantee that Tenant, its employees, agents or customers will be secure from losses caused by the illegal acts of third parties and does not assume responsibility to prevent any such illegal acts. In order to induce Landlord to engage such service and/or device, Tenant hereby waives any present or future claims Tenant may have against Landlord, whether known or unknown, for bodily injury or property damage or loss arising from the performance of such security service.

18.5 Parking.

18.5.1 Tenant's employees shall be permitted to park vehicles in areas designated for employee parking. Tenant's employees, customers and suppliers shall have the right, in common with customers and suppliers of other tenants, to use the Common Areas and loading areas designated from time to time by Landlord. Use of parking areas by Tenant, its employees, agents, contractors and invitees shall be in conformity with the Rules and Regulations.

18.5.2 Tenant shall only permit use of such parking areas for normal parking by customers and normal loading and unloading of supplies by suppliers. Any vehicle of Tenant or Tenant's employees and/or customers parking in the Common Areas in violation of the provisions of this Lease and/or the Rules and Regulations may, in Landlord's sole discretion, be towed away from The Shops at Meridian Ranch. In such case, for any vehicle of Tenant or Tenant's employees, the cost of towing and storage, plus a Twenty Percent (20%) administrative fee, shall be charged as Additional Rent to Tenant, and for any vehicle of Tenant's customers, the cost of towing and storage, plus a Twenty Percent (20%) administrative fee, may be charged to the customer. Notwithstanding the foregoing, Landlord may, in its sole discretion, designate specific parking stalls for the exclusive use of Tenant(s).

18.5.3 Tenant's automobiles, and automobiles of its employees, agents and invitees, are accepted for parking only. Landlord assumes no liability for fire, theft, or damage in or to any automobile, except through the gross negligence or willful misconduct of Landlord and/or its employees. Landlord shall not be responsible for articles left in any automobile, including, but not limited to CB radios, antennas, CD's, or tape cassettes or decks, and compact discs. No agent or employee of Landlord has authority to vary or increase Landlord's liability. Notice to Landlord's employees of personal property left in automobiles shall not affect the liability of Landlord.

18.5.4 Tenant shall be liable to Landlord for any loss or damage to The Shops at Meridian Ranch or injury to persons or other property caused by Tenant or Tenant's agents, employees, or contractors resulting from and/or relating to the use of the parking lot by said parties.

18.6 Control of Common Areas. Landlord shall have the right to control the use by Tenant, its employees, agents, and customers, of the automobile parking areas, driveways, entrances and exits, sidewalks and pedestrian passageways, and other Common Areas. Landlord may, at any time, exclude and restrain any person from use of Common Areas, excepting, however, bona fide customers, patrons, and suppliers of Tenant and other tenants who use said areas in accordance with the Rules and Regulations.

ARTICLE 19: DEFAULT BY LANDLORD

19.1 No Right of Termination. In the event that Tenant claims that Landlord is in breach of this Lease or that Landlord has failed to perform any of the terms, covenants, or conditions contained herein, Tenant shall give written notice of such claim

of breach to Landlord. Landlord shall have thirty (30) days after receipt of written notice, or such additional time as may be reasonably required, to cure any such breach. Landlord shall not be considered in breach of this Lease unless Tenant has followed this procedure. In any event, Tenant may not terminate this Lease because of such breach.

19.2 Limitation of Liability. In no event shall Tenant have the right to terminate this Lease or set off any claim against Rent payable hereunder because of a breach by Landlord and/or its agents unless due to the gross negligence or willful misconduct of the Landlord, in which case Tenant may terminate the Lease upon thirty (30) days written notice of such gross negligence or willful misconduct of Landlord. Tenant agrees, in the event of any actual or alleged breach hereunder by Landlord, as follows:

19.2.1 Neither Landlord nor its agents shall be liable under any circumstances for (i) injury or damage to the person or goods, wares, merchandise or other property of Tenant, whether such damage or injury is caused by or results from fire, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, The Shops at Meridian Ranch, or from other sources or places, or (ii) injury to Tenant's business or for any loss of income or profit therefrom;

19.2.2 The sole and exclusive remedy of Tenant shall be against any available insurance policies of Landlord and Tenant;

19.2.3 No member, interest holder and/or manager of Landlord shall be sued or named as a party in any suit or action (except as may be necessary to secure jurisdiction of the LLC);

19.2.4 No service of process shall be made against any member, interest holder and/or manager of Landlord (except as may be necessary to secure jurisdiction of the LLC);

19.2.5 No member, interest holder and/or manager of Landlord shall be required to answer or otherwise plead to any service of process;

19.2.6 No judgment will be taken against any member, interest holder and/or manager of Landlord;

19.2.7 Any judgment taken against any member, interest holder and/or manager of Landlord may be vacated and set aside at any time effective as of the date such judgment was entered;

19.2.8 No writ of execution will ever be levied against the assets of any member, interest holder and/or manager of Landlord;

19.2.9 These covenants and agreements are enforceable by Landlord and by any member, interest holder and/or manager of Landlord;

19.2.10 No action may be brought by Tenant against Landlord, or its successor or assigns, for any claim occurring during a period for which Tenant has represented in writing, such as an estoppel certificate, that Landlord is not in breach of the terms hereof; and

19.2.11 In no event shall any action be brought by Tenant against Landlord more than three (3) years after the action or occurrence which is the basis for the alleged claim.

ARTICLE 20: DEFAULT BY TENANT

20.1 Actions or Omissions Causing Default. The occurrence of any of the following actions or omissions shall constitute a material breach of this Lease by Tenant:

20.1.1 The failure of Tenant to pay, or cause to be paid when due, Rent or other charges required by this Lease to be paid by Tenant when such failure continues for a period of five (5) business days after such Rent or other charges become due;

20.1.2 The legal abandonment of the Premises by Tenant;

20.1.3 The failure of Tenant to do, or cause to be done, any act required by this Lease, other than payment of Rent or other charges, which failure continues for a period of thirty (30) days after written notice or, if such breach cannot reasonably be cured within said thirty (30) day period, Tenant fails to commence curative action within said thirty (30) day period and diligently to pursue the same to completion, but in any event not to exceed thirty (30) days. In the event such cure reasonably requires more than thirty (30) days to complete, then Tenant shall not be in default if Tenant promptly commences the cure of such default and diligently pursues such cure to completion. Tenant acknowledges that it has committed, among other things, to continuously operate the Premises as set forth in Section 15.1, and to observe and comply with the Rules and Regulations referenced in Section 7.6;

20.1.4 Tenant causing, permitting, or suffering, without the prior written consent of Landlord, any act when this Lease requires Landlord's prior written consent or prohibits such act;

20.1.5 To the extent permitted by applicable law, any act of bankruptcy caused, suffered, or permitted by Tenant. For purposes of this Lease, "act of bankruptcy" shall include any of the following:

(i) Any general assignment or general arrangement for the benefit of creditors;

(ii) The filing of any petition by or against Tenant to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under Title 11 of the United States Code relating to bankruptcy, as amended, or comparable law

("Bankruptcy Code"), unless such petition is filed against Tenant and same is dismissed within sixty (60) days;

(iii) The appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located in the Premises or Tenant's interest in this Lease;

(iv) The attachment, execution, or other judicial seizure of substantially all of Tenant's assets located in the Premises or Tenant's interest in this Lease; or

(v) The discovery by Landlord that any financial statement given to Landlord by Tenant, or its successor-in-interest, or by any guarantor of Tenant's obligations hereunder, was false; or

20.1.6 The discovery by Landlord that any financial statement given to Landlord by Tenant, or its successor-in-interest, or by any guarantor of Tenant's obligations hereunder, was materially false.

20.2 Legal Notices. Any notice required herein shall be in lieu of, and not in addition to, any notice required by the Colorado Code of Civil Procedure. In the event that Landlord issues a three (3) day notice, or comparable document, by reason of Tenant's breach, and Tenant cures such breach, Tenant agrees to pay to Landlord the reasonable cost of preparation and delivery of same.

20.3 Rent Acceptance. Not Waiver. The acceptance by Landlord of Rent due hereunder after breach by Tenant shall not constitute a waiver of such breach, unless a writing to that effect has been delivered to Tenant.

ARTICLE 21: REMEDIES UPON DEFAULT

21.1 Landlord Election of Remedies. In the event of a breach by Tenant and Tenant has not cured such breach as allowed for in the Lease, in addition to other rights or remedies of Landlord at law or in equity, Landlord shall have the right, without further notice or demand of any kind, to do the following:

21.1.1 Terminate this Lease and Tenant's right to possession of the Premises and re-enter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or

21.1.2 Continue this Lease in effect, re-enter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or

21.1.3 Re-enter the Premises under the provisions of Section 21.1.2 above, and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises; or

21.1.4 Take any action permitted under Colorado or other applicable law.

21.2 Bankruptcy Code Limitations. If Landlord shall not be permitted to terminate this Lease as hereinabove provided because of the provisions of the Bankruptcy Code, Tenant as a debtor-in-possession, or any trustee appointed for the benefit of Tenant, agrees promptly, within no more than sixty (60) days upon request by Landlord to the Bankruptcy Court, to assume or reject this Lease. Tenant on behalf of itself and any trustee agrees not to seek or request any extension or adjournment of any application by Landlord to assume or reject this Lease with the Bankruptcy Court. In such event, Tenant, or any trustee for Tenant, may only assume this Lease if it (i) cures or provides adequate assurance that the trustee will promptly cure any breach hereunder; (ii) compensates Landlord or provides adequate assurance that Tenant will promptly compensate Landlord for any actual pecuniary loss to Landlord resulting from any breach; and (iii) provides adequate assurance of performance during the remaining Lease Term of all covenants and conditions of this Lease to be performed by Tenant. In no event, after the assumption of this Lease, shall any then-existing breach remain uncured for a period in excess of ten (10) days. Adequate assurance of performance of this Lease shall include, without limitation, reasonable assurance that (i) there is a source of payment of Rent reserved hereunder and (ii) the assumption of this Lease will not breach any provision hereunder. In the event of a filing of a petition under the Bankruptcy Code by or against Tenant, Landlord shall have no obligation to provide Tenant with any services required, unless Tenant shall have paid and is current with all payments of Minimum Monthly Rent, Common Area Expenses, and all other charges provided herein.

21.3 Action Without Termination. If Landlord re-enters the Premises under the provisions of either Sections 21.1.2 or 21.1.3 above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay Rent or other charges thereafter accruing even if Tenant surrenders possession of the Premises pursuant to a notice under the Colorado unlawful detainer statutes, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any re-entry or re-taking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to re-let the Premises for the account of Tenant, the Rent received by Landlord from such re-letting shall be applied as follows:

- (i) To the payment of any obligations other than Rent due hereunder from Tenant to Landlord;
- (ii) To the payment of any costs of such re-letting;
- (iii) To the payment of the cost of any alterations or repairs to the Premises;
- (iv) To the payment of Rent due and unpaid hereunder; and
- (v) The balance, if any, shall be held by Landlord and applied in payment of future Rent, as it becomes due.

If that portion of Rent received from the re-letting which is applied against the Rent due hereunder is less than the amount of Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs incurred by Landlord in connection with such re-letting or in making alterations and repairs to the Premises reasonably required to secure a new Tenant, which are not covered by any amounts received from the re-letting.

21.4 Damages Upon Termination. In the event that Landlord elects to terminate this Lease under the provisions of either Sections 21.1.1 or 21.1.3 above, Landlord may recover as damages from Tenant the following:

21.4.1 Rent and all other charges under this Lease accrued and unpaid at the time of termination of the Lease, plus interest thereon at the Lease Interest Rate;

21.4.2 Rent and all other charges that would have been payable under this Lease if the Lease had not been terminated, less the proceeds, if any, received by Landlord from re-letting the Premises, after deducting all costs incurred by Landlord in securing a new tenant and re-letting the Premises, including costs of remodeling and refinishing space for a new tenant, tenant concessions, brokerage commissions or agents' commissions in connection therewith, redecorating costs, attorneys' fees, and other costs and expenses incident to securing possession of and re-letting the Premises; provided, however, that Landlord shall have no obligation to re-let or attempt to re-let the Premises. Tenant shall, at Landlord's option, (i) pay such damages to Landlord on the days on which the Rent would have been payable if the Lease had not been terminated; or (ii) pay to Landlord the present value (discounted at the rate of eight percent (8%) per annum) of the balance of the Rent and other charges due under this Lease for the remainder of the Lease Term after the date of termination less the amount of rental loss that Tenant proves could be reasonably avoided; and

21.4.3 Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of business would be likely to result therefrom including, but not limited to, expenses of re-letting, attorneys' fees, real estate commissions, cost of alterations and repairs, recording fees, filing fees, and any other expenses customarily resulting from obtaining possession of the Premises and re-leasing.

21.5 Landlord's Right to Declare Forfeiture. It is understood that all covenants made by Tenant herein are conditions of this Lease. Therefore, in the event of any breach by Tenant in fulfilling any covenant, Landlord may at any time thereafter declare a forfeiture of this Lease.

21.6 Fixtures and Personal Property. In the event of abandonment, subject to the obligations of Tenant under Section 10.2, all of Tenant's furniture, fixtures, equipment, improvements, alterations and personal property left on the Premises shall, at the option of Landlord, be deemed abandoned ("Abandoned Fixtures and Personal Property"). In such event, Landlord shall have the right to take exclusive possession of

and use Abandoned Fixtures and Personal Property, rent and charge free, and/or dispose of Abandoned Fixtures and Personal Property, and Landlord is hereby relieved of any liability in doing so.

21.7 No Limitation of Remedies. The remedies given to Landlord in this Article 21 shall be in addition and supplemental to all other rights or remedies which Landlord may have under the laws then in force. Tenant hereby expressly waives all rights of redemption granted under any present or future laws in the event that Tenant abandons the Premises or Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the covenants or conditions of this Lease.

21.8 No Waiver Unless In Writing. The waiver by Landlord of any breach of this Lease shall not be deemed to be a waiver of any subsequent or other breach. The acceptance of Rent, interest, Late Fees, or other charges hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any other term, covenant, or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No covenant, term, or condition of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing by Landlord.

ARTICLE 22: EMINENT DOMAIN

22.1 Taking Resulting in Termination. If the Premises or any part thereof are appropriated or taken under the power of eminent domain by any public or quasi-public authority ("Condemnation"), this Lease shall terminate as to the part so taken as of the date of possession or as of the date of the vesting of title, whichever is earlier (the "Taking Date"). In the event that more than twenty-five percent (25%) of the Floor Area of the Premises is taken by Condemnation, and if the remaining portion of the Premises is not reasonably suitable for the conduct of business by Tenant, either Landlord or Tenant may terminate this Lease as of the Taking Date by delivery of written notice of such election within thirty (30) days after the date a petition in condemnation is filed with the court, or settlement of a condemnation in lieu of the filing of a petition in condemnation with the court is entered, or, in the absence thereof, within ten (10) days after the Taking Date. In the event of an election to terminate, Landlord and Tenant shall be released from any obligations hereunder to the other occurring after the Taking Date.

22.2 Taking Without Termination. If neither Landlord nor Tenant terminate this Lease pursuant to Section 22.1, or less than twenty-five percent (25%) of the Floor Area of the Premises is condemned, Tenant shall continue to occupy that portion of the Premises which shall not have been condemned as herein provided and the parties will proceed as follows:

22.2.1 At Landlord's expense, as soon as reasonably possible, Landlord will restore the remaining portion of the Premises;

22.2.2 Rent shall be reduced on an equitable basis, taking into account the relative value of the remaining portion of the Premises;

22.2.3 Landlord shall be entitled to receive the total award or compensation in such proceedings or any settlement thereof, except as otherwise provided in Section 22.3.

22.2.4 Tenant hereby waives any statutory rights of termination which may arise by reason of any partial taking of the Premises under the power of eminent domain, except as otherwise set forth herein.

22.3 Disposition of Award. In the event of Condemnation, whether the Lease is terminated or not, Landlord shall be entitled to the entire amount awarded or settled upon as compensation, including damages, costs and attorney fees, with respect to the Premises, but the Rent and other charges for the last month of Tenant's occupancy shall be prorated and Landlord agrees to refund to Tenant any Rent and other charges paid in advance. Notwithstanding the foregoing, Tenant shall have the right to receive compensation or damages for the loss of, or damage to, fixtures and personal property which Tenant has the right to remove, goodwill, lost profits, and for relocation costs.

22.4 Transfer Under Threat of Taking. A voluntary sale or conveyance under threat in lieu of Condemnation shall be deemed a Condemnation.

ARTICLE 23: ATTORNEYS' FEES AND COSTS

23.1 Recovery to Prevailing Party. In the event that Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease, the unsuccessful party in such action agrees to reimburse the prevailing party for the actual attorneys' fees, legal expenses, and costs incurred. The parties agree that the actual attorneys' fees and costs so incurred shall be deemed reasonable.

ARTICLE 24: SALE OR TRANSFER OF PREMISES BY LANDLORD

24.1 Release of Landlord. In the event of a sale or transfer of The Shops at Meridian Ranch and/or the Premises by Landlord, Landlord shall be freed of all liability under covenants contained in or derived from this Lease or arising out of any act, occurrence, or omission relating to the Premises and this Lease which occurs after the consummation of such sale, transfer, or assignment, provided that the transferee and/or assignee assumes all of Landlord's obligations under this Lease effective on such date.

ARTICLE 25: SUBORDINATION, ATTORNMENT, AND ESTOPPEL CERTIFICATE

25.1 Subordination. This Lease is junior, subject and subordinate to all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Project, or any portion thereof, Landlord reserves the right to place liens or encumbrances on the Project, or any part thereof or interest therein, superior in lien and effect to this Lease. This Lease shall be subject and subordinate to any and all such liens or encumbrances now or hereafter imposed by Landlord without the necessity of

Tenant's execution and delivery of any further instruments. Notwithstanding the foregoing any holder of a mortgage or deed of trust with respect to its lien, shall have the right to subordinate such lease or lien to this Lease. In the event that any such subordinated mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made, for any reason, Tenant shall attorn to and become the tenant of the successor-in-interest to Landlord, at the option of such successor-in-interest. Tenant agrees, upon the written request of Landlord or any ground lessor or mortgages or deed of trust beneficiary of landlord, to execute and deliver such further instruments evidencing the priority or subordination of this Lease. Tenant's failure to execute such further instruments within ten (10) business days after demand shall constitute a material breach of this Lease. Notwithstanding the foregoing, so long as Tenant is not in breach hereunder after the expiration of any applicable cure period, this Lease shall remain in full force and effect and Tenant shall have quiet enjoyment of possession of the Premises as provided in Section 26.1.

25.2 Attornment. In the event of any foreclosure or exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, or Landlord sells or assigns ownership of the Premises to a third party, Tenant shall attorn to the purchaser upon any such foreclosure or sale, and recognize such purchaser as Landlord under this Lease.

25.3 Estoppel Certificates. Within ten (10) business days after written request therefor by Landlord, Tenant shall execute and deliver a certificate, in such form as may be reasonably required by Landlord, to a prospective purchaser of The Shops at Meridian Ranch, assignee, or mortgagee, addressed to such party or to Landlord, certifying that this Lease is in full force and effect and that there are no defenses or offsets claimed by Tenant (if such be the case). If Tenant fails to deliver the certificate within ten (10) business days after written request therefor, Tenant irrevocably constitutes and appoints Landlord as its special attorney-in-fact solely for the purpose of executing and delivering the certificate to any third party.

ARTICLE 26: QUIET ENJOYMENT

26.1 Quiet Enjoyment. Landlord agrees that Tenant, upon timely payment of Rent and performing the other covenants and conditions of this Lease, shall quietly have and enjoy possession of the Premises during the Lease Term or any extensions thereof.

ARTICLE 27: CONSENTS AND APPROVALS

27.1 Landlord's Consent. Wherever this Lease provides that Tenant is required to obtain Landlord's consent or approval, such consent or approval must be obtained in advance and shall not be valid or effective unless consented to or approved expressly in writing in each instance. Any such consent or approval by Landlord, or its designated agent, may be given or denied in the sole and absolute discretion of any person having the right to give or deny such consent or approval, except as otherwise provided in this Lease. Landlord's consent to or approval of any act by Tenant shall not be deemed to

waive or render unnecessary Landlord's consent to or approval of any subsequent similar act by Tenant.

27.2 Reimbursement for Cost of Approvals. In addition to other obligations of Tenant set forth herein, Tenant agrees to reimburse Landlord for payment made for any municipal or other fees or charges assessed in connection with obtaining and/or processing approvals requested by Tenant under the terms of this Lease

ARTICLE 28: HAZARDOUS MATERIALS

28.1 Storage and Use. Tenant shall not use, store or permit toxic waste or other toxic or hazardous substances or materials in the Premises and/or at The Shops at Meridian Ranch, without the prior written consent of Landlord. In the event Tenant desires to use or store toxic or hazardous substances in the Premises and/or at The Shops at Meridian Ranch (including but not limited to petroleum based fuels), Tenant shall request such use in an application to Landlord which shall explain in detail the types of chemicals/substances which Tenant desires to use, the proposed location and manner of storage of same and the manner of disposition of such chemicals/substances or by-products or remains thereof.

28.2 Reporting and Labeling. Tenant shall deliver to Landlord copies of all studies, reports and other information submitted by Tenant to any governmental entity or agency regulating the use of such substances and materials, concurrently with the delivery of same to such governmental agency or entity.

28.3 Underground Tanks. In no event shall Tenant store any chemicals/substances in underground tanks. The proposed use of any chemicals/substances shall be approved by Landlord and, if necessary, by the local fire department. A label shall be affixed to the exterior of the Premises which clearly sets forth the chemicals/substances located in the Premises.

28.4 Removal by Tenant. In the event that any hazardous wastes, substances or materials are found on, under or about the Premises (or The Shops at Meridian Ranch) which were deposited by Tenant, its employees, agents and/or contractors except as authorized herein and/or otherwise approved by Landlord in writing, Tenant shall take all necessary and appropriate actions and shall, at Tenant's expense, cause the same to be cleaned up and immediately removed from The Shops at Meridian Ranch. Landlord shall, in no event, be liable or responsible for any costs or expenses incurred by Tenant related to such removal.

28.5 Code Compliance. Tenant shall at all times observe and satisfy the requirements of, and maintain the Premises in compliance with, all federal, state and local environmental protection, occupational, health and safety and similar laws, ordinances, restriction, licenses, and regulation. Should Tenant at any time receive any notice of violation of any laws, including those aforementioned, or be given a citation with respect thereto, Tenant shall (i) immediately notify Landlord of such violation or citation, (ii) provide Landlord with a copy of same, (iii) cure the deficiency set forth in the

violation or citation within fifteen (15) days after the date of receipt thereof and (iv) immediately provide Landlord with proof of curing such deficiency.

28.6 Tenant's Obligations. In the event Tenant defaults in or fails to perform or observe any of its obligations under this Article, Landlord shall have the right, but not the obligation, to perform the same. Tenant agrees to pay to Landlord on demand, all costs and expenses incurred by Landlord in connection therewith, including without limitation, attorneys' fees and costs, together with interest from the date of expenditure at the Lease Interest Rate, as Rent. Tenant hereby indemnifies Landlord and agrees to defend with counsel selected by Landlord and hold Landlord harmless for any loss incurred by or liability imposed on Landlord by reason of Tenant's failure to perform or observe any of its obligations or agreements under this Article 28. Landlord may enter the Premises at any time, without notice for the purpose of ascertaining compliance by Tenant with the requirements of this Article.

ARTICLE 29: SECURITY DEPOSIT

29.1 Security Deposit. Tenant has paid to Landlord the sum specified in the Basic Lease Provisions as a deposit ("Security Deposit"), receipt of which is hereby acknowledged. The Security Deposit shall be held by Landlord without liability for interest as security for the faithful performance by Tenant of all of the terms and conditions of this Lease. The Security Deposit may be commingled with other funds of Landlord. The Security Deposit shall not be mortgaged, assigned, transferred, or encumbered by Tenant, and any act by Tenant purporting to accomplish same shall be without force and effect and shall not be binding upon Landlord.

29.2 Use and Restoration. If Rent or any other amount payable by Tenant to Landlord hereunder shall be overdue and unpaid, or should Landlord make payments on behalf of Tenant, or Tenant fail to perform any of the covenants or conditions of this Lease, then Landlord may, at its option and without prejudice to any other remedy which Landlord may have on account thereof, apply the Security Deposit, or so much thereof as may be necessary to compensate Landlord, toward the payment of Rent, loss, or damage sustained by Landlord due to such breach by Tenant. Tenant shall immediately upon demand restore the Security Deposit to the sum previously deposited.

29.3 Disposition Upon Early Termination. Upon the expiration or earlier termination of this Lease, Landlord reserves the right to use all or a portion of the Security Deposit to (i) restore any portion of the Premises (if required by the Lease) and (ii) if not properly repaired before Tenant vacates the Premises, repair damage to the building and/or Common Areas caused by the removal of any of Tenant's signage. Landlord further reserves the right to require Tenant to post an additional Security Deposit, in an amount reasonably determined by Landlord, if Tenant completes any modifications to the interior of the Premises after Tenant takes possession thereof. Tenant hereby acknowledges and agrees that Landlord shall make a reasonable deduction from the Security Deposit upon the expiration or earlier termination of the Lease (or extension Term(s), if applicable), to prime and prepare any dark colored walls in the Premises (only) to be ready to be painted a neutral white color by Landlord.

Tenant shall not be charged for the final finish coat of paint, only the priming and preparation work.

29.4 Disposition Upon Expiration. Should Tenant comply with all said covenants and promptly pay Rent and other charges as they become due, the Security Deposit shall be returned to Tenant within sixty (60) days after the expiration of the Lease Term.

29.5 Disposition Upon Bankruptcy. In the event of bankruptcy or other debtor-collector proceedings against Tenant, any Security Deposit shall be applied to the payment of Rent and other charges first due to Landlord for the period prior to the filing of such proceedings.

29.6 Disposition Upon Sale. Landlord may deliver the Security Deposit to the purchaser of Landlord's interest in The Shops at Meridian Ranch. With such delivery, Landlord shall be discharged from any further liability with respect to the Security Deposit. This provision shall also apply to any subsequent transfers.

ARTICLE 30: HOLDING OVER

30.1 Holding Over. In the event of holding over by Tenant after the expiration or earlier termination of this Lease, Tenant shall pay as Rent for the holdover period one hundred fifty percent (150%) the total per diem Rent provided in this Lease as of the last month prior to the date of expiration or earlier termination. In the event an unauthorized holdover exceeds thirty (30) days, then Tenant also indemnifies and holds Landlord harmless from any loss, liability, and cost, including consequential and incidental damages, and reasonable attorneys' fees, related to Tenant's unauthorized holdover. Absent Landlord's consent, no holding over by Tenant and/or acceptance of Rent by Landlord shall operate to extend the Lease Term. Nothing contained in this Article 30 shall waive Landlord's right of reentry or any other right. Any holding over with the written consent of Landlord shall constitute this Lease as a month-to-month tenancy cancelable by either party upon a minimum of thirty (30) days advance written notice.

ARTICLE 31: MISCELLANEOUS

31.1 Captions. The captions of Articles and Sections of this Lease are for convenience only, and do not in any way limit or amplify the terms, covenants, and conditions of this Lease.

31.2 Parties. If more than one person or corporation is named as Tenant in this Lease and executes the same as such, the word "Tenant" wherever used in this Lease is intended to refer to all such persons or corporations, and the liability of such persons or corporations for compliance with and performance of all the terms, covenants, and conditions of this Lease shall be joint and several.

31.3 Gender. The masculine pronoun used herein shall include the feminine or the neuter, as the case may be, and the use of the singular shall include the plural.

31.4 Legal Address. Whenever provision is made under this Lease for any demand, notice, or declaration of any kind, or where it is deemed desirable or necessary by either party to give or serve any such notice, demand, or declaration to the other party, it shall be in writing and sent by United States Certified Mail, postage prepaid, or by a reputable courier, addressed to the address(es) set forth in the Basic Lease Provisions. Either party may change such address by giving written notice to the other party in the manner specified for notices herein.

31.5 Construction. The parties hereto agree that all the provisions hereof are to be construed as covenants and agreements, and the words importing such covenants and agreements shall be construed as though used in each separate paragraph hereof. All of the provisions hereof shall bind and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors, and assigns.

31.6 Relationship of Parties. It is agreed that nothing contained in this Lease shall be deemed or construed as creating a partnership or joint venture between Landlord and Tenant or between Landlord and any other party, or cause Landlord to be responsible in any way for the debts or obligations of Tenant, or any other party.

31.7 Severability. It is agreed that if any provision of this Lease shall be determined to be void by any Court of competent jurisdiction, then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties that if any provision of this Lease is capable of two constructions, only one of which would render the provision valid, then the provision shall have the meaning which renders it valid.

31.8 Warranty of Authority. If Tenant is a company, the parties executing this Lease on behalf of Tenant hereby covenant and warrant that (i) Tenant is a duly qualified company and steps have been taken prior to the date hereof to qualify Tenant to do business in Colorado; (ii) all franchise and corporate taxes have been paid to date; and (iii) all future forms, reports, fees, and other documents necessary to comply with applicable laws will be filed and/or paid when due.

31.9 Entire Agreement. No oral agreements exist between the parties hereto affecting this Lease. This Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements, and understandings, if any, between Landlord and Tenant, their employees and agents, and none thereof shall be used to interpret or construe this Lease. This Lease is and shall be considered to be the only agreement between the parties, their employees and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to such representations is based solely upon the representations and agreements contained in this Lease.

31.10 Tenants Selected by Landlord. Landlord reserves the right to effect such other tenancies in The Shops at Meridian Ranch as Landlord, in the exercise of its sole

business judgment, shall determine to best promote the interest of The Shops at Meridian Ranch. Tenant does not rely on the fact, and Landlord does not represent, that any specific tenants or number of tenants shall occupy space in The Shops at Meridian Ranch during the Lease Term.

31.11 Governing Law; Forum; Construction. The laws of the State of Colorado shall govern the validity, performance, and enforcement of this Lease. Should either party institute legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue of such suit or action shall be in El Paso County, Colorado. Although the printed provisions of this Lease were drawn by Landlord, this Lease shall not be construed either for or against Landlord or Tenant, but this Lease shall be interpreted in accordance with the general tenor of the language in an effort to reach the result intended by the language.

31.12 Force Majeure. Unless the same will cause the other party to be in default under any obligation to any third party, any prevention, delay, or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire, or other casualty, and other causes beyond the reasonable control of the party obligated to perform shall excuse the performance by such party for a period equal to any such prevention, delay, or stoppage, except the obligations imposed herein with regard to the payment of Rent and other charges to be paid by Tenant to Landlord pursuant to the terms of this Lease.

31.13 Lender Requirements. The parties agree that whenever Landlord's approval is requested and/or required, and Landlord is first required to secure the approval of its first mortgagee for such request or requirement pursuant to the terms of any loan agreement or deed of trust, Landlord may disapprove any such request, subject to applicable law, if the first mortgagee fails or refuses to grant such approval. In such case, Landlord's disapproval shall be deemed reasonable. The parties agree that this Lease shall be modified at the request of Landlord in any manner requested by a lender providing financing, provided that no such modification shall substantially affect the rights of Tenant hereunder and, in no event, shall such modification change the amount of Rent or other charges to be paid by Tenant hereunder.

31.14 Violations by Other Tenants. Landlord shall not be responsible to Tenant for the non-enforcement or violation of a provision of any other tenant at The Shops at Meridian Ranch.

31.15 Time is of Essence. Time is of the essence of each and every term and condition of this Lease.

31.16 Use of Name of Center. Landlord reserves the right to change or modify the name of the Shops at Meridian Ranch as Landlord may desire from time to time. Tenant acknowledges that the name "The Shops at Meridian Ranch" is a proprietary name held by Landlord. Tenant shall not have or acquire any property right or interest in the name of "The Shops at Meridian Ranch" or in any other name or logo for The Shops at Meridian Ranch, and shall not use "The Shops at Meridian Ranch" or any logo

for The Shops at Meridian Ranch as a part of its tradename, service mark, or business name without Landlord's prior written consent.

31.17 Real Estate Broker. Except for the broker listed in the Basic Lease Provisions, Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiations and/or execution of this Lease. Tenant hereby indemnifies and holds Landlord harmless from and agrees to defend Landlord against any costs, expenses, attorneys' fees, or liability for compensation or charges which may be claimed by any unnamed broker or agent by reason of any dealings or actions of Tenant.

ARTICLE 32: FISCAL FUNDING

32.1 Appropriation. As prescribed by State of Colorado law, it is understood and agreed this Lease is dependent upon the continuing availability of funds beyond the term of the Tenant's current fiscal period ending upon the next succeeding December 31, as financial obligations of the Tenant payable after the current calendar year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available. Further, the parties recognize that the act of appropriation is a legislative act, and the Tenant hereby covenants to take such action as is necessary under the laws applicable to the Tenant to timely and properly budget for and appropriate the funds which will permit Tenant to make all payments required under this Lease during the period to which such appropriation shall apply. In the event there shall be no funds made available, this Lease shall terminate at the end of the then current year, with no penalty or additional cost as a result thereof to the Tenant.

32.2 No Debt. To make certain the understanding of the parties because this Lease will extend beyond the current year, Landlord and Tenant understand and intend that the obligation of the Tenant to pay the monthly rental hereunder constitutes a current expense of the Tenant payable exclusively from Tenant's funds and shall not in any way be construed to be a general obligation indebtedness of the Tenant within the meaning of any provision of Sections 1, 2, 3, 4, or 5 of Article XI of the Colorado Constitution, or any other constitutional or statutory limitation or requirement applicable to the Tenant concerning the creation of indebtedness. The Tenant has not pledged the full faith and credit of the Tenant to the payment of the charges hereunder, and this Lease shall not directly or contingently obligate the Tenant to apply money from, or levy or pledge any form of taxation to, the payment of the monthly rental charges.

32.3 Notice of Nonappropriation. With such limitations in mind, Tenant contracts to lease the Premises and has reason to believe that sufficient funds will be available for the full term of this Lease. Where, for any reason, Tenant does not allocate funds for any calendar year beyond the one in which this Lease is entered into, or does not allocate funds to continue this Lease from the then current annual period, in such event, Tenant shall notify Landlord of such non-allocation of funds by sending written notice thereof to the Landlord forty-five (45) days prior to the effective date of termination.

ARTICLE 33: NO WAIVER OF GOVERNMENTAL IMMUNITY

33.1 No Waiver. The Tenant, its directors, officers, agents and employees are relying upon and do not waive or abrogate, or intend to waive or abrogate by any provision of this Lease the monetary limitations or any other rights immunities or protections afforded by the Colorado Governmental Immunity Act, C.R.S Section 24-10-101, et seq., as the same may be amended.

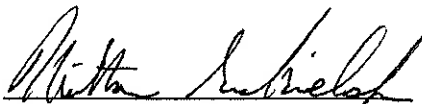
ARTICLE 34: NO PERSONAL LIABILITY

34.1 No Personal Liability. No elected official, director, officer, agent or employee of the Tenant shall be charged personally or held contractually liable by or to Landlord under any term or provision of this Lease, or because of any breach thereof, or because of its or their execution, approval or attempted execution of this Lease.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the date set forth in the Basic Lease Provisions.

TENANT:

Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado

By: 
Milton Gabrielski, President

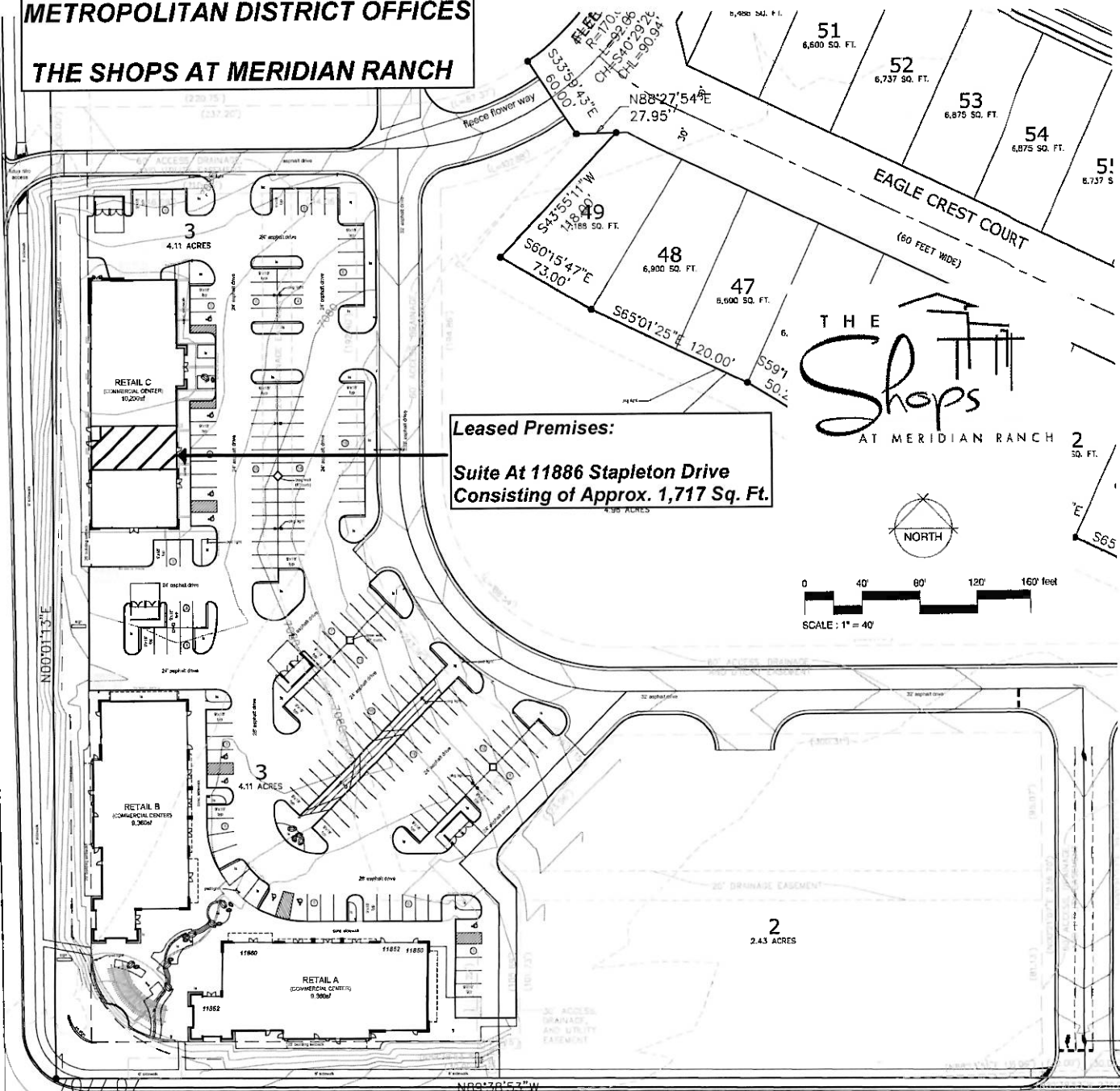
LANDLORD:

THE SHOPS AT MERIDIAN RANCH LLC, a Colorado limited liability company

By: 
Theodore Tchang, Manager

THE SHOP'S AT MERIDIAN RANCH
 FILING NO. 1, LOT 3
 SITE DEVELOPMENT PLAN
 EL PASO COUNTY, COLORADO.
 FALCON, COLORADO

EXHIBIT "A"
LEASED PREMISES
FOR MERIDIAN SERVICE
METROPOLITAN DISTRICT OFFICES
THE SHOPS AT MERIDIAN RANCH



Leased Premises:
Suite At 11886 Stapleton Drive
Consisting of Approx. 1,717 Sq. Ft.

THE Shops
 AT MERIDIAN RANCH

NORTH

0 40' 80' 120' 160' feet
 SCALE: 1" = 40'

meridian rd.

stapleton drive

EXHIBIT "C"

WORK LETTER

**THE SHOPS AT MERIDIAN RANCH
MERIDIAN SERVICE METROPOLITAN DISTRICT
11886 Stapleton Drive
Falcon, Colorado 80831**

I. INTRODUCTION

- A. The Shops at Meridian Ranch have been designed to be a high quality retail center. To maintain this quality, it is important that tenant improvements be professionally completed with the least disturbance to other Tenants and that the Common Areas are consistently maintained at a high standard.
- B. This Work Letter is for the mutual benefit of all tenants of the Shops at Meridian Ranch. In the event of any conflict between the Work Letter and the Lease, the Lease shall govern.

II. LANDLORD'S ARCHITECT

- A. When Landlord's architect (the "Project Architect") has completed drawings of the basic shell of the building (the "Building") covering the Premises, or if such drawings have already been completed, then concurrently with the execution of this Lease, Landlord shall deliver a floor plan and other appropriate mechanical, electrical and structural drawings of the Premises ("Landlord's Plans") to Tenant's Architect reasonably required for Tenant to complete Tenant's Work as hereafter defined.

III. TENANT'S ARCHITECT

- A. Selection Approval. Tenant shall retain, at Tenant's expense, the services of a licensed architect and/or recognized interior designer ("Tenant's Architect") for the design of the improvements to include interior design, signage, mechanical, plumbing and electrical systems, and utilities. The selection of such firm is at the discretion of Tenant, subject to the reasonable approval of Landlord.
- B. Field Measurement. Tenant's Architect shall be responsible to field measure the Premises and advise Landlord of any discrepancies within ten (10) days of receipt of Landlord's Plans.
- C. Utility Verification. Tenant's Architect shall verify that the utilities available to the Premises are adequate to satisfy Tenant's requirements.

IV. TENANT'S PLAN SUBMISSION PROCEDURES

- A. Tenant agrees to submit to Landlord, within thirty (30) days after receipt of Landlord's Plans, preliminary working drawings and specifications prepared by Tenant's Architect ("Preliminary Drawings"), which drawings shall indicate the requirements of Tenant's Work. Drawings shall be in conformance with all applicable governmental rules and regulations, including, but not limited to, building and safety codes. The Preliminary Drawings are subject to Landlord's approval, or conditional approval, with notice of required changes, in writing. In the event such Preliminary Drawings are not so approved, for any reason whatsoever, within sixty (60) days from the date on which Tenant has been provided with Landlord's Plans, Landlord, in Landlord's sole discretion,

may terminate the Lease upon written notice from Landlord to Tenant, in which event the Lease shall be null and void and of no further force and effect.

- B. Tenant shall prepare final plans and specifications (the "Working Drawings") and deliver a complete copy of the Working Drawings to Landlord within fifteen (15) days after approval, or after conditional approval, with any required changes to the Preliminary Drawings made. Landlord shall have fifteen (15) days thereafter within which to examine and approve the Working Drawings, in writing, or provide notice of further required changes, if any, and revised Working Drawings shall be delivered to Landlord within fifteen (15) days after any such notice.
- C. Any additional charges, expenses, or costs arising by reason of any subsequent change, modification, or alteration of Landlord's Plans and any modifications to the Preliminary Drawings and/or Working Drawings shall be at the sole cost and expense of Tenant. Landlord shall have the right to demand payment for said change, modification or alterations to Landlord's Plans prior to its performance of any work on the Premises.
- D. The Premises shall be constructed in accordance with all governmental codes and regulations for the County of El Paso and the State of Colorado. Tenant shall be liable and shall remit to Landlord upon written notice any additional costs caused by changes that are required by any governmental agencies so that Tenant's space is in conformity with all applicable codes. Upon opening for business, Tenant shall obtain a Certificate of Occupancy from the appropriate municipal authority and forward a copy to the Landlord.

V. TENANT'S CONTRACTOR

- A. Licensed Contractors. Each contractor and subcontractor engaged by Tenant to perform Tenant's Work ("Tenant's Contractor") shall be licensed in the State of Colorado. The selection of such firm(s) is at the discretion of Tenant, subject to the reasonable approval of Landlord. By approving Tenant's Contractor, Landlord assumes no liability for the work completed by, or other obligation of, Tenant's Contractor.
- B. Coordination. Tenant's Contractor shall coordinate Tenant's Work with all other work being performed or to be performed at or in connection with The Shops at Meridian Ranch so that Tenant's Work does not interfere with or delay the completion of such other work or the orderly operation of business by other tenants in The Shops at Meridian Ranch.
- C. Material Storage. Tenant's Contractor shall not use any space outside of the Premises and within The Shops at Meridian Ranch and/or sidewalks or adjacent streets for storage, handling, or moving of materials and equipment, and/or for the location of any field office or facilities required for construction personnel without the prior written authorization of Landlord. Construction vehicles shall be prohibited from parking in The Shops at Meridian Ranch, except in accordance with parking regulations for day parking in the Parking Lot, or as otherwise authorized by Landlord in writing.
- D. Debris Removal. Tenant's Contractor shall remove and dispose of all debris and rubbish caused by or resulting from Tenant's Work on a daily basis. No trash receptacles or carts will be allowed to be stored, even temporarily, in the Common Areas, including the Parking Lot, on sidewalks or adjacent streets. Upon completion of Tenant's Work, Tenant's Contractor shall remove all temporary structures, surplus materials, debris and rubbish remaining within The Shops at Meridian Ranch that has been brought in or created as a result of Tenant's Work. If Tenant's Contractor shall neglect, refuse or fail to remove any temporary structures, surplus materials, debris and rubbish within twenty-four (24) hours after notice to Tenant from Landlord, Landlord may remove or cause same to be removed, and Tenant shall pay the expense of removal and hold Landlord harmless therefrom.

- E. Insurance – OSHA Compliance. In addition to the requirements of the Lease, and without any limitation thereof, Tenant's Contractor shall (i) comply with all governmental rules and regulations including applicable OSHA standards and (ii) carry workers' compensation and commercial liability insurance (including property damage) ("Course of Construction Insurance"), with limits and in a form approved in advance, by Landlord and issued by insurance companies approved in advance by Landlord. Landlord, Tenant, the Property Manager, and the contractor and/or subcontractors procuring the insurance shall be named insureds (or named as additional insureds) in each policy of said liability insurance, which policy shall have a cross-liability endorsement or its equivalent. Certificates evidencing the foregoing insurance shall be delivered to Landlord before any work is commenced by Tenant's Contractor and before his equipment and/or materials are brought to The Shops at Meridian Ranch.

VI. TENANT'S WORK

- A. Tenant's Work. All remodeling in the Premises to be completed by Tenant shall be performed diligently and in a first class manner at Tenant's expense. Tenant's Work shall include all components described in Tenant's approved Working Drawings including, but not limited to, the purchase, installation, and performance of the following additions and modifications to Landlord's Work:
1. Demising metal stud walls, from floor to roof deck, interior partitions and glazed walls within the Premises, including drywall and taping on exterior walls and drywall and taping on, and R-19 insulation in, demising walls.
 2. Ceilings.
 3. Interior painting, wallpaper and other finishes.
 4. Concrete floors complete.
 5. Floor covering and floor finishes, preparations of surfaces to receive same, and any special reinforcing, raised areas or depressions in the concrete floor.
 6. Excluding fixtures and accessories listed under Landlord's Work below, plumbing fixtures and accessories, toilets, water heaters, water treatment systems and drinking fountains, thereto connected to services as shown in Landlord's Plans. Grease traps have been installed in Common Areas by Landlord to receive drainage from any food preparation areas having pot sinks or other grease producing appliances that discharge grease into the waste system at locations specified in Landlord's Plans.
 7. Internal communications, security, fire detection, and alarm systems.
 8. Fixtures and furnishings.
 9. Signs, including exterior outlet for exterior sign.
 10. The distribution of heating, cooling or ventilating equipment and ducting and outlets within the Premises including revisions required by local building codes or otherwise.
 11. Telephone and cable service and equipment, telephone conduit, cabinets and outlets within the Premises, including wiring from the terminal board existing in the telephone room in the basement, through existing conduits which are provided to the Premises, or the addition of conduits from the telephone room, if required.
 12. Electrical work and equipment, including lighting.

13. Modifications due to Tenant's use or specifications of the fire sprinkler system servicing the Premises.
- B. Contractor's Warranty. Tenant shall ensure that Tenant's Contractor shall guarantee that portion thereof for which he is responsible against any defects in workmanship and materials for a period of not less than one (1) year from the date of final completion of Tenant's Work. The correction of such work shall include, without limitation, all expenses and corrections to, or in connection with, the structure of The Shops at Meridian Ranch, should the building be damaged or affected by defective work or by the repair or replacement of such defective work. All such warranties or guarantees as to materials and workmanship with respect to Tenant's Work shall be contained in Tenant's agreement with Tenant's Contractor. Tenant shall require Tenant's Contractor to require each subcontractor to include such warranties or guarantees in each subcontract, and all such warranties or guarantees shall be so written so that same shall inure to the benefit of both Tenant and Landlord, as their respective interests may appear, and so that same may be directly enforced by Tenant or Landlord. Tenant hereby covenants to give to Landlord an assignment or other assurance necessary to perfect such right to permit enforcement by Landlord.
- C. Landlord's Inspection. Landlord's prior inspection and written approval shall be a condition precedent to Landlord's acceptance of Tenant's Work as being complete and in accordance with Tenant's approved Working Drawings. Tenant shall give Landlord at least five (5) working days prior written notice of the anticipated completion date of Tenant's Work.
- D. Liens. Tenant shall be required to settle and/or bond against any mechanic's or materialman's liens, or other similar liens, filed against The Shops at Meridian Ranch as a result of Tenant's Work in accordance with the provisions relating to such liens in the Lease. Tenant shall reimburse Landlord in full, and indemnify, defend and hold Landlord harmless from and against any liability, cost or expense incurred by Landlord in connection with any such lien. Landlord shall be permitted to record and/or post a notice of non-responsibility on and/or in the Premises to alert Tenant's Contractor that Landlord shall not be liable for the cost of Tenant's Work.
- E. Notice of Completion. Tenant shall, within ten (10) working days after completion of Tenant's Work, execute and file of record, or cause to be filed of record, a notice of completion with respect thereto in a form complying with the applicable provisions of Colorado law specifying the name of Tenant's Contractor and the work done. Tenant shall furnish a conformed copy thereof to Landlord upon recordation. If Tenant fails to record said notice, Tenant hereby appoints Landlord as Tenant's attorney-in-fact for the purpose of executing and filing same on behalf of Tenant. This power of attorney is coupled with an interest in the Lease and is irrevocable. If Landlord is required to prepare and record a notice of completion, Tenant shall reimburse Landlord for its costs incurred in completing such requirements plus a twenty percent (20%) administrative fee.

VII. CONSTRUCTION RULES AND REGULATIONS

To expedite the completion of Tenant's Work with the least amount of inconvenience to all concerned, the following Construction Rules and Regulations are applicable to Tenant, its employees, contractors, and agents:

- A. Timely Completion. The interior of the Premises shall, as soon as practically possible, be constructed by Tenant at Tenant's expense, in accordance with Tenant's approved Working Drawings. Tenant agrees to pursue Tenant's Work diligently to completion, complying with all applicable city, county, State and federal laws, ordinances and regulations relating thereto.
- B. Permits. Tenant shall obtain and transmit copies to Landlord of all permits and approvals with respect to Tenant's Work required or given by the Regional Building Department for the County of El Paso and/or any utility service, unless Landlord shall have already obtained said permit(s)

and/or utility service(s). Tenant must furnish evidence of permits to Landlord prior to the commencement of Tenant's Work.

- C. Security. Tenant will be responsible for the security of the Premises during construction and shall take all necessary steps to secure the same. Landlord shall have no liability for any loss or damage, including theft of building materials, equipment or supplies.
- D. Working Hours. Work in the Premises which does not involve core drilling, saw cutting, or other procedures likely to disturb other tenants shall be completed during regular working hours which shall be 6:00 a.m. to 6:00 p.m., Monday through Friday, or such other hours as may be approved by the Property Manager in writing. Work which may affect systems in the building or disturb other Tenants shall be completed at other times arranged in advance with the Property Manager.
- E. Public Safety. It is the responsibility of Tenant to ensure that Tenant's Contractor exercises caution in matters relating to public safety and to prevent damage to the building and other leased areas.
- F. Cleanliness of the Common Areas. Tenant shall ensure that Tenant's Contractor keeps the Common Areas, including the walkways, landscaping, parking lot, sidewalks and adjacent streets in an absolutely clean and neat condition at all times. If Tenant's Contractor fails to promptly cure such default, Landlord may prohibit Tenant's Contractor from entering The Shops at Meridian Ranch until such cure is completed. If any contractor violates this provision more than twice in any calendar year, Landlord may prohibit such contractor from working on The Shops at Meridian Ranch.
- G. Loading. The following limitations shall be observed by the Tenant in the conduct of Tenant's Work:
 - 1. No suspended loads will be attached to the underside of the roof structure, with the exception of normal suspended ceiling and light fixtures, without Landlord's prior written approval.
 - 2. No wall mounted fixtures will be applied to demising walls, other than those approved in writing by Landlord. Tenant acknowledges that the standard steel stud and drywall demising walls are not designed to support wall mounted fixtures.
 - 3. Tenant shall pay for any costs resulting from structural changes necessitated by increased floor loading beyond the original design specifications and additional equipment required as a result of such installations.
- H. Restrooms. Restrooms may be used only for personal functions. Cleaning of tools or painting equipment will not be allowed in the restrooms.

VIII. LANDLORD'S WORK

- A. Landlord's Work shall include the purchase and installation of each of the following:
 - 1. Electrical Service Panel: 200 amp, 3 phase 120/208 volt service with 42 circuit electric panel. Landlord shall make its best efforts to work with Tenant in placing electrical outlets in locations best suited for Tenant's layout.
 - 2. Grease Interceptor: Common grease interceptor and separate grease wastewater line to the Premises.

3. Sign Outlet: One (1) duplex outlet at two building wall locations designated by Landlord.
4. Telephone and Cable: Two (2) – one inch (1”) empty conduits stubbed from the telephone room to the Premises above the ceiling.
5. Air Conditioning and Heating: Refrigerated air conditioning and heating per Landlord’s design, providing at least four (4) tons of capacity to include thermostats and economizers.
6. Fire Sprinklers: Fire sprinklers adequate to satisfy City and County Code requirements for the shell building. Any modifications due to Tenant’s use or specifications shall be at Tenant’s expense.
7. Doors: Per Landlord’s design.
8. Roof: The roof shall be designed to support exhaust fan(s) as reasonably required for the operation of the Premises as a pet grooming business.
9. Gas and Water Lines: Gas line and water line shall be adequately sized to handle Tenant’s needs and stubbed to the rear of the Premises.
10. A-List Membership: Landlord will provide Tenant a one year Antler Creek Golf Course A-List non-prime single membership with the Tenant Improvement Allowance below.

IX. LANDLORD’S FUNDING OF TENANT’S WORK

- A. Landlord shall reimburse Tenant Thirty and 53/100 Dollars (\$30.53) per square foot of the Floor Area for the cost of Tenant’s Work made in or to the Premises, but not to exceed the sum of Forty Thousand One Hundred Forty Five and 00/100 Dollars (\$40,145.00) (“Tenant Improvement Allowance”).
- B. The Tenant Improvement Allowance shall be payable by Landlord to Tenant within thirty (30) days after submission by Tenant to Landlord of all of the following:
 1. As-built plans for any plumbing, mechanical, and/or electrical changes to Tenant’s approved Working Drawings, including a hard copy detailing such work;
 2. A detailed cost breakdown for any of Tenant’s Work completed in the Premises, which is the basis for Tenant’s request for the Tenant Improvement Allowance;
 3. Paid invoices and lien releases evidencing the payment of amounts due for Tenant’s Work completed in the Premises; and
 4. Tenant is open for business in the Premises.
- C. The Tenant Improvement Allowance can only be used for Tenant’s Work in the Premises, not including furniture and fixtures.
- D. Except as otherwise provided in the Lease and this Exhibit “C”, Tenant accepts the Premises on an “AS IS” basis, subject to Landlord’s obligations of maintenance and repair pursuant to the Lease which shall continue in full force and effect.

EXHIBIT "D"

RULES AND REGULATIONS FOR MERIDIAN SERVICE METROPOLITAN DISTRICT LEASE

THE SHOPS AT MERIDIAN RANCH

11886 Stapleton Drive
Falcon, Colorado 80831

I. GENERAL

- A. While certain specific requirements for conduct and/or business operations are established by these Rules and Regulations, general rules of courtesy and reasonable business procedures must also be observed in order that the common good of all tenants is served.
- B. The Rules and Regulations for the commercial retail center located at the northeast corner of Meridian Road and Stapleton Drive, Falcon, Colorado ("The Shops at Meridian Ranch") are intended to ensure the quiet enjoyment of Tenant and other tenants to establish a reasonable business environment for the conduct of Tenant's business, its employees, and clients.
- C. The Rules and Regulations will be revised as necessary from time to time, in Landlord's reasonable judgment, to meet the needs of the majority of the tenants of The Shops at Meridian Ranch. If a tenant has suggestions for revision of the Rules and Regulations, the matter should be brought to the attention of the property manager selected by Landlord ("Property Manager").
- D. Every tenant is expected to read and be familiar with the Rules and Regulations. Tenant, or its local manager, shall read the Rules and Regulations, execute a statement prepared by Landlord verifying that she/he has read same, and deliver such signature page to the Property Manager.
- E. The Property Manager may take any reasonable action required to ensure compliance with the Rules and Regulations. Notwithstanding the foregoing, Landlord and/or the Property Manager shall not be responsible or liable to any tenant for the failure to enforce the Rules and Regulations.
- F. If Tenant, or its employees, observes an infraction of the Rules and Regulations which they believe may have a negative impact on the conduct of their business, Tenant should report this infraction to the Property Manager as soon as possible in order to permit the Property Manager to take effective action.

II. BUSINESS OPERATIONS

- A. Tenant, and/or its employees, shall immediately report to the Property Manager any theft, or other illegal activity that is observed in The Shops at Meridian Ranch.
- B. Neither Tenant, nor its employees, agents, visitors, or licensees shall at any time bring to or keep on the Premises any flammable, combustible or explosive fluid, chemical or substance or any toxic, hazardous or radioactive matter, except combustible fluids or toxic substances required to be used in the ordinary course of business and contained in appropriate containers to prevent a leakage and/or fire.

- C. Tenant shall not perform any act or carry on any practice which may injure The Shops at Meridian Ranch, be a nuisance or menace to, or disturb the quiet enjoyment of other tenants in The Shops at Meridian Ranch.
- D. Tenant will, at its expense, comply with all requirements of insurance underwriters and governmental authorities having jurisdiction over the Premises, including compliance necessary for the maintenance of reasonable fire and extended coverage insurance for the Premises and The Shops at Meridian Ranch.
- E. No curtains, blinds, shades, screens, film or other materials shall be attached to or hung in, or used in connection with, any window or door of the Premises, without the prior written consent of Landlord.
- F. Tenant shall not use the Premises for lodging or sleeping or for any immoral or illegal purposes. No one shall be permitted to remain on the Premises who is under the influence of alcohol or drugs. No illegal drugs, controlled substances or marijuana shall be allowed on the Premises at any time. The violation of this provision shall be considered a material breach of the Lease.
- G. No additional locks or bolts of any kind shall be placed upon any of the doors or windows of the Premises by Tenant, nor shall any changes be made to the locks or the mechanism approved and/or installed by Landlord. Tenant must, upon the termination of its tenancy, return to Landlord all keys to the Premises, internal offices, storerooms, and toilet rooms. Tenant shall furnish Landlord with a key to the Premises to permit access during emergencies or provide Landlord with written advise of Tenant's designated representative(s) who will be available at all times to permit access in the case of an emergency. If a key to the Premises is not provided to Landlord, Tenant shall be responsible for the cost of damages resulting from a forced entry necessitated by an emergency.
- H. Tenant shall not cause or permit any unusual or objectionable odors to be produced on or permeate from the Premises.
- I. The sidewalks, halls and passages shall not be used by Tenant for any purpose other than for ingress to and egress from the Premises. Landlord retains the right to control and prevent access thereto from all persons whose presence, in the judgment of Property Manager, shall be prejudicial to the safety, character, reputation and interests of The Shops at Meridian Ranch or its tenants. Nothing herein contained shall be construed to prevent access to persons with whom Tenant deals in the ordinary course of its business, unless such persons are engaged in illegal activities.
- J. Telephone and electric rooms and the roof are not for the use of the general public. Tenant, its employees, agents and clients, shall not go in or upon unauthorized areas of the building without the written consent of Landlord or the Property Manager. Tenant shall not damage or penetrate any part of the roof without written approval of the Landlord. Any and all approved roof penetrations by the Tenant shall be done by the Landlord approved contractor.
- K. Tenant shall warehouse, store, and/or stock in the Premises only such goods, wares, and merchandise as Tenant intends to offer for sale at retail from or upon the Premises. This shall not preclude occasional emergency transfers of merchandise to other stores of Tenant, if any, located outside The Shops at Meridian Ranch. Tenant shall use for office, clerical, or other non-selling purposes only such space in the Premises as is from time to time reasonably required for Tenant's business in the Premises.

- L. Tenant agrees that it will not permit any person to use the Premises, or any part thereof, to conduct a secondhand store, auction, distress or fire sale, bankruptcy, or going-out-of-business sale, or for any purpose in violation of the laws, ordinances, regulations, and requirements of all duly constituted lawful authorities.
- M. Tenant shall not display or sell merchandise, or allow carts, tables, aeriols, antennae, portable signs, or any other objects to be stored or placed outside the walls of the Premises without Landlord's prior written consent. Tenant shall remove any objects maintained in violation of this provision immediately upon notice from Landlord or Landlord shall be entitled to remove said objects. Promptly upon demand from Landlord, Tenant shall reimburse Landlord for its costs and expenses in removing any of said objects. The amount of such reimbursement shall be treated as Additional Rent payable under the terms of this Lease. In addition, Tenant will not solicit in the Common Areas of The Shops at Meridian Ranch without the prior written approval of Landlord.
- N. Window cleaning, including the cleaning of inside windows, shall be done by Tenant or its agents at reasonable times determined by Landlord.
- O. Toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than for which they were constructed and no foreign substance of any kind shall be thrown therein. The expense of any breakage, stoppage or damage, resulting from the violation of this Rule, by Tenant, its employees, agents, and clients shall be borne by Tenant.
- P. Landlord will direct electricians as to where and how telephone, computer, and other wires servicing the Premises are to be introduced. No boring or cutting for wires or stringing of wires will be allowed without the written consent of Landlord.
- Q. If Tenant installs on the Premises any electrical equipment which overloads the electrical lines, Tenant shall, at its own expense, make all changes to its Premises necessary to correct such deficiency. Requiring and permitting correction of such deficiency shall not constitute Landlord's consent to such overloading.
- R. Tenant shall install any fire extinguishing equipment that Landlord's insurance underwriters or applicable fire, safety, and building codes and/or regulations may require after Tenant's acceptance of the Premises.
- S. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Landlord. The expense of removal of any floor covering and repairing any damage resulting from a violation of this Rule by Tenant, its employees, contractors or agents, shall be borne by Tenant.
- T. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof. Tenant shall pay the cost of repairs resulting from violating the foregoing provision.
- U. Tenant shall see that the doors to the Premises are closed and securely locked before leaving the Premises. Tenant must observe strict care and caution that all water faucets or water apparatus in the Premises are entirely shut off before Tenant or its employees leave the Premises.
- V. Tenant shall not obstruct, alter, or in any way impair the efficient operation of the heating, ventilating and air conditioning system serving the Premises. Tenant shall not place any obstructions on the air supply or exhaust grilles so as to interfere with air flow. Electric floor space heaters shall not be used.

- W. No skateboards or animals of any kind shall be brought into or kept in or about The Shops at Meridian Ranch unless specifically approved in writing by Landlord in the Lease Permitted Uses.
- X. Tenant, upon the expiration or earlier termination of the Lease Term, shall deliver to the Landlord keys to the Premises which were furnished to Tenant. In the event of loss of any keys so furnished, Tenant shall pay Landlord the greater of (i) Fifty Dollars (\$50.00) or (ii) the cost of replacing the key(s).
- Y. Any construction in the Premises shall be subject to the conditions and restrictions set forth in the Work Letter.
- Z. Tenant, its employees, contractors, and/or agents shall not turn off any utilities serving the building in which the Premises are located without the prior written consent of Landlord. Tenant hereby indemnifies and holds harmless Landlord from any damages to The Shops at Meridian Ranch and/or other tenant which results from the loss of service caused by such breach.
- AA. Landlord has provided separate sanitary sewer waste and grease waste lines to the Premises. The grease waste line is connected to a grease interceptor that requires regular maintenance and inspections. Tenant shall connect its waste systems to either the sanitary sewer waste line or to the grease waste line as required by all agencies including but not limited to Meridian Service Metropolitan District, Regional Building Department and the El Paso County Health Department. If Tenant has connected its waste system to the grease waste line Tenant shall be responsible for the costs, maintenance and inspections of the grease interceptor. In the event that other Tenants are connected to the grease waste line then the Tenants that are connected to the grease waste line shall be responsible for the costs, maintenance and inspections proportional to their Leased square footage.

III. DELIVERIES

- A. The carrying in or out of any safes, furniture, or bulky matter of any description must take place during non-business hours scheduled with the Property Manager. The persons employed by Tenant for such work must be approved by the Property Manager and provide appropriate insurance as reasonably determined by the Property Manager, based upon the scope of their work. All damages done to The Shops at Meridian Ranch by moving or maintaining a safe or other personal property shall be repaired at the sole expense of Tenant.
- B. Deliveries shall be conducted in an expeditious manner. No delivery vehicle shall be left unattended in front of the building for more than ten (10) minutes, without the approval of the Property Manager.
- C. No furniture shall be placed in front of the Building without the prior written consent of the Property Manager. Landlord shall have the right to remove all non-permitted furniture, without notice to Tenant and at the expense of the Tenant.
- D. Tenant shall be responsible to reimburse Landlord for the cost to repair any damage to the building and/or required maintenance of Common Areas resulting from deliveries made to the Premises.

IV. PARKING

- A. Landlord shall have exclusive control over the parking lot and vehicular entries and exits (collectively, the "Parking Lot").
- B. Tenant and its employees shall not park in the parking spaces immediately adjacent to the buildings.
- C. Landlord shall have the right to designate such portions (not exceeding ten (10) spaces) of the Parking Lot for the exclusive use of designated tenants, and/or their employees and customers, as Landlord may deem appropriate from time to time.
- D. Landlord reserves the right to preclude any vehicles from entering the Parking Lot, or thereafter remove such vehicle from the Parking Lot, if, in the reasonable judgment of the Property Manager, such vehicle creates an unsafe or unclean environment or otherwise creates a nuisance. Vehicles creating excessive exhaust, leaking oil, or with distasteful language, signage, or advertising displayed on the vehicle will be excluded and/or removed, if necessary.
- E. Any vehicle left in the Parking Lot overnight must first receive the approval of the Property Manager. If such approval is not first obtained, the Property Manager may remove such vehicle as hereinafter provided.
- F. Vehicles must be parked entirely within the painted stall lines of a single parking stall. Parking is prohibited in areas not striped for parking, including, but not limited to, aisles, where "no parking" signs are posted, access ramps to the Parking Lot, and along driveways providing access to the Building.
- G. All directional signs and arrows must be observed.
- H. The speed limit within the Parking Lot shall be five (5) miles per hour.
- I. Washing, waxing, cleaning or servicing of any vehicle in the Parking Lot is prohibited.
- J. Every driver of a vehicle that enters the Parking Lot is required to park and lock his own vehicle. All responsibility for damage or theft to or theft of a vehicle is assumed by the vehicle owner.
- K. Any vehicle left in the Parking Lot which violates any provision of the Rules and Regulations, or the Lease, may be ticketed for illegal parking by the appropriate governmental agency and/or removed by the Property Manager to a secured lot without notice to Tenant or the owner of the vehicle. If the person violating the Rules and Regulations is Tenant, its employee, or agent, Tenant shall pay to Landlord the cost to remove and store such vehicle, plus a twenty percent (20%) administrative fee, as Rent within ten (10) days of receipt of an invoice from Landlord.

V. SIGNAGE

- A. Tenant shall not affix or maintain upon the exterior of the Premises (or within twenty-four (24) inches of the exterior of the Premises), or interior of doors or windows which face onto Common Areas, any signs, decorations, advertising placards, names, insignia, trademarks, neon tubes, awnings, descriptive material, or any other similar items, without prior written consent of Landlord.
- B. All signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant, in content and style approved by Landlord, and by a vendor

approved by Landlord subject to approval by the Regional Building Department for El Paso County.

- C. No advertising or other medium shall be utilized by Tenant which can be heard or experienced outside the Premises, including, but not limited to, flashing lights, searchlights, loudspeakers, phonographs, radios, or television;
- D. Tenant shall not display, paint, or place, or cause to be displayed, painted or placed, any handbills, bumper stickers, or other advertising devices on any vehicle parked at The Shops at Meridian Ranch. Tenant shall not distribute in the Common Areas, or on sidewalks adjacent to The Shops at Meridian Ranch, any handbills or other advertising devices;
- E. Tenant shall not display, paint, or place, or cause to be displayed, painted, or placed, any materials advertising going-out-of-business, auction, or other distress sale without Landlord's prior written approval, which approval may be given or withheld in Landlord's sole discretion.
- F. Landlord shall have the right, unless Landlord has given prior written consent, to remove any such sign, placard, picture, advertisement, name or notice, without notice to and at the expense of Tenant. Landlord shall pay Landlord as Additional Rent for costs incurred to remove any signage not approved in writing by Landlord, plus a twenty percent (20%) administrative fee.

Tenant:

Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado

By:

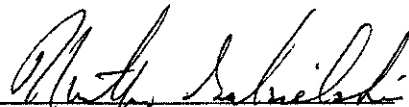

Milton Gabrielski, President

EXHIBIT "E"

ACCEPTANCE OF PREMISES FOR MERIDIAN SERVICE METROPOLITAN DISTRICT

THE SHOPS AT MERIDIAN RANCH

11886 Stapleton Drive
Falcon, Colorado 80831

TENANT: Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado

LANDLORD: The Shops At Meridian Ranch LLC, a Colorado Limited Liability Company.

LEASE DATE: _____

TERM OF LEASE: Six (6) years, with two (2) – five (5) year options

ADDRESS OF PREMISES: 11858 Stapleton Drive
Falcon, Colorado 80831

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

The Premises are accepted by Tenant as required under the terms of its Lease Agreement with Landlord. The above described Lease term commences and expires on the dates set forth above.

TENANT:

Meridian Service Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado

Milton Gabrielski, President

Date _____