



CITY OF TRINIDAD
TRINIDAD, COLORADO

The Regular Meeting of the City Council of the City of Trinidad, Colorado, will be held on Tuesday, October 1, 2013 at 7:00 P.M. in City Council Chambers at City Hall

The following items are on file for consideration of Council:

- 1) **ROLL CALL**
- 2) **APPROVAL OF MINUTES**, Regular Meeting of September 17, 2013
- 3) **PUBLIC HEARING**
 - a) New hotel and restaurant liquor license application filed by PGE Enterprises, LLC d/b/a Krackalack Sports Grill at 416 University
 - b) New beer and wine liquor license application filed by Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q at 825 San Pedro Avenue
- 4) **PETITIONS OR COMMUNICATIONS, ORAL OR WRITTEN**
- 5) **COUNCIL REPORTS**
- 6) **REPORTS BY CITY MANAGER AND CITY ATTORNEY**
- 7) **UNFINISHED BUSINESS**
 - a) Approval of Property/Casualty and Workers' Compensation insurance coverage renewal through CIRSA (Colorado Intergovernmental Risk Sharing Agency) for 2014
- 8) **MISCELLANEOUS BUSINESS**
 - a) Special Event Permit (Malt, Vinous and Spirituous) request by Arthur Roy Mitchell Memorial, Inc. at 105 E. Main Street for October 19, 2013 (Black & White Ball)
 - b) Hotel and restaurant liquor license renewal request by Image Hospitality, LLC d/b/a Quality Inn at 3125 Toupal Drive
 - c) Purchase of two trucks from Pioneer Natural Resources (one for Gas and one for Power & Light)
 - d) 2013 Non-Profit Funding
- 9) **BILLS**
- 10) **PAYROLL**, September 14, 2013 through September 27, 2013
- 11) **EXECUTIVE SESSION** --
 - a) For a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – Discussion regarding legal matters pertaining to the North Lake Dam Rehabilitation Project
 - b) For discussion of a personnel matter under C.R.S. Section 24-6-402(2)(f) and not involving: any specific employees who have requested discussion of the matter in open session; any member of this body or any elected official; the appointment of any person to fill an office of this body or of an elected official; or personnel policies that do not require the discussion of matters personal to particular employees –Formal City Attorney evaluation
- 12) **ADJOURNMENT**

Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting Audra Garrett, City Clerk, 135 N. Animas Street, Phone (719) 846-9843, or FAX (719) 846-4140. At least a 48 hour advance notice prior to the scheduled meeting would be appreciated so that arrangements can be made to locate the requested auxiliary aid(s).

The regular meeting of the City Council of the City of Trinidad, Colorado, was held on Tuesday, September 17, 2013 at 7:00 p.m. in City Council Chambers at City Hall.

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| There were present: | Mayor | Baca Gonzalez, presiding |
| | Councilmembers | Bolton, Bonato, Mattie, Miles, Shew, Velasquez |
| Also present: | City Manager | Acre |
| | City Attorney | Downs |
| | City Clerk | Garrett |

PROCLAMATION – Constitution Week – September 17, 2013 through September 23, 2013. Mayor Baca Gonzalez read aloud the proclamation and presented it to Roberta Cordova on behalf of the local Santa Fe Trail Chapter of the Daughters of the American Revolution.

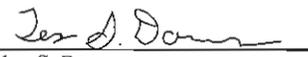
The pledge of allegiance was recited. At the request of the Mayor, a moment of silence was taken for the 21 victims of the Washington Navy yard shooting that occurred yesterday in Washington, DC and also for our neighbors in Colorado who have been affected by the destructive flooding in our state.

APPROVAL OF THE MINUTES. Regular Meeting of September 3, 2013. Councilmember Miles made a correction to the minutes on page 3, under miscellaneous business, paragraph 2, whereby it read: "She said (Councilmember Miles) that is what the City of Denver has done – they've put a moratorium on retail and over time will consider whether to allow medical marijuana establishments." Councilmember Miles corrected it to read: "... they've put a moratorium on retail and over time will consider whether to allow medical marijuana establishments to convert to retail sellers." A motion to approve the minutes as corrected was made by Councilmember Miles and seconded by Councilmember Shew. The motion carried unanimously upon roll call vote excepting Councilmember Velasquez who abstained due to her absence from that meeting.

EXECUTIVE SESSION – For a conference with the City's Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) – Discussion regarding ARPA litigation and discussion regarding legal options pertaining to the North Lake Dam Rehabilitation Project. A motion to enter into executive session for the stated purposes was made by Councilmember Bolton and was seconded by Councilmember Velasquez. The motion carried unanimously upon roll call vote and the executive session ensued at 7:10 p.m.

I, Les S. Downs, City Attorney for the City of Trinidad, do hereby attest that the executive session held on this 17th day of September, 2013, was permissible under CRS Section 24-6-402 (4)(b).

As City Attorney, it is my opinion that the discussion of the matter announced in the motion to enter into executive session constituted a privileged attorney-client communication. Therefore, it is my recommendation that no further record be kept of this executive session.



Les S. Downs
City Attorney

Upon the conclusion of the executive session the meeting resumed at 7:52 p.m.

PETITIONS OR COMMUNICATIONS, ORAL OR WRITTEN. Mayor Baca Gonzalez announced that this is an opportunity for the public to provide input to City Council on items not scheduled for public hearing. She reviewed rules of public behavior in addressing Council. All of the individuals who signed up to speak, except one, indicated they wished to speak on marijuana issues and their comments were deferred to the public hearing. She called upon Steve Bolton who signed up to speak on the dam. Mr. Bolton stated that he would wait until the next meeting since there were so many present to address other issues. His name was accordingly stricken from the list.

COUNCIL REPORTS. Councilmember Bonato reported that he and the Mayor attended the I-25 Coalition Meeting in Walsenburg recently. He said it is going along real fine and coming together. It will be a lot of hard work to accomplish what they have planned to help southern Colorado. There were a number of brochures that were supposed to go to the Welcome Center. Tara Marshall, Director of the Welcome Center, said they've received them. Councilmember Bonato asked that some be placed in the tourism trailer. He continued that on the same day he was appointed to the Purgatoire Water Conservancy Board as a representative for the City. He said he is glad to be seated on the board. Finally he reminded the public of the Ludlow memorial services to be held at 11:00 a.m. on Sunday, September 22nd, noting that it is the 100 year anniversary of the massacre.

Councilmember Velasquez had nothing to report this evening.

Councilmember Miles reported that she's been continuing work on the ARPA lawsuit that is proceeding even though the trial date has been set back. Secondly she reported that she had the great pleasure of attending ArtoCade. She said she and a group of her friends put about 100 hours into creating an art car representing her business. The turnout for the parade was ten people deep at some points along the parade route. She thanked the citizens of Trinidad for attending and Pat Patrick, Rodney Wood and Susan Palmer for their work in bringing the ArtoCade to the City. She described it as the most fun weekend she has had in Trinidad in seven years, adding that she tended bar at the A. R. Mitchell Museum for the event. Councilmember Miles extended her appreciation to all involved and said she's really looking forward to next year.

Councilmember Mattie told Council that he attended the ArtoCade and Trindie Fest. He offered constructive criticism for next year's ArtoCade event. He said the street blockage began very early and precluded access to Century

Savings and Loan's drive-up. It probably wasn't a good neighbor thing to do. He suggested it be done better next year. He next told Council that he and City Manager Acre attended the Colorado Municipal League district meeting in La Veta last evening. It was well attended by representatives for southern Colorado cities, as well as very informative and well done. There was a unique presentation from the former Lathrop youth camp which is now an alternative education facility. They have some good things happening for at-risk kids. The presentation was very impressive as were the kids who prepared the meals.

Councilmember Shew thanked the Tourism Board for bringing the ArtoCade to Trinidad. He said they did an outstanding job. It was well presented with people from out of town.

Councilmember Bolton echoed the sentiments and thanks expressed by Council members Miles and Shew with respect to ArtoCade. She additionally thanked the participants and sponsors of the ArtoCade and Kirk and Julie Loudon for their efforts with the Trindie Fest. She said it was very difficult to attend both events on the same weekend.

Mayor Baca Gonzalez reported that she attended the Patriots' Day-9/11 memorial service at the Welcome Center which was well attended and touching. She said she heard inspiring speeches. She said she also attended the Trinidad State Junior College Booster Club banquet, the Trindie Fest film festival and the ArtoCade parade as well. Finally she thanked Pastor Andrea Douden and members of the Zion Lutheran Church for the September 7th clean up along the river walk.

REPORT BY CITY MANAGER. Update Report. City Manager Acre called to Council's attention at their seating places a written update on projects he's working on rather than providing a lengthy verbal report. He asked Council to please call him if they have any questions concerning the report. He added that he'll be doing the update on a monthly basis or as milestones are hit on projects.

Colorado Passenger Rail Association Meeting. City Manager Acre informed Council on his attendance of the Colorado Passenger Rail Association Meeting on Saturday in Pueblo. They are getting geared up to work to get funding from the state to save the Southwest Chief. The funding would be to maintain that important rail service. A representative from Amtrak was there. The group is looking for \$4 million each year for transportation, not only for capital improvements but also for routine maintenance. Rick Klein, La Junta City Manager, spoke on behalf of southern Colorado regarding trying to make a rail connection into Denver. He said they'll continue to have these meetings and he would keep Council updated.

REPORT BY CITY ATTORNEY. Legal Memorandum. City Attorney Downs pointed to a confidential legal memorandum he prepared for Council and placed at their seating places. He asked Council to contact him if they have any questions concerning the same.

UNFINISHED BUSINESS. Public hearing for consideration of an ordinance of the City Council of the City of Trinidad, Colorado, providing for a moratorium until June 30, 2014, on the submission, acceptance or processing of application and the licensing, permitting, establishment or operation of any recreational marijuana business that sells, cultivates, manufactures, prepares, packages, purchases, tests, or otherwise provides for or allows the use of marijuana or marijuana products pursuant to Amendment 64, approved by the voters of the State of Colorado at the November 6, 2012, General Election, and codified as Article XVIII, Section 16 of the Colorado Constitution, including the use of land for such purpose or purposes. Mayor Baca Gonzalez declared the public hearing open and called upon Michael Clark who signed in to speak. Mr. Clark addressed Council. He reminded that the last time he and his brother were before them they gave Council information on seven United States patents that talked about marijuana as medicine. He also reminded Council that he gave them an article entitled "Marijuana and the Human Brain" that showed where marijuana works within the human brain and why it is not a drug of abuse. He said those things were written proof that marijuana is medicine. Because of the ban on medical marijuana businesses in Trinidad, card carrying marijuana users are forced to drive to Pueblo to get their doctor recommended legal medicine, people fighting cancer, with Alzheimer's, epilepsy, arthritis and some in great pain. Many of these people are on fixed incomes and can't afford to go to Pueblo to get their medicine. Mr. Clark told Council that since United States Attorney General Eric Holder made a statement regarding marijuana, especially medical marijuana, you can no longer make the excuse that the federal government is against it. He asked Council what their justification is in continuing to withhold legitimate, doctor recommended, legal medicine from the sick in their care. Mr. Clark added that their vote will reveal where their heart is as leaders and maybe show why Trinidad seems to be dying on the vine. He suggested that instead of voting for what is safe they vote for what is right and lift the ban on medical marijuana businesses.

Thomas Clark addressed Council. He read a quote to Council: "Humans have built in endogenous cannabinoid systems which control every cellular function the body makes" according to the National Institute of Health. What is a cannabinoid system? It is a system in your body that uses cannabinoids to make the body function. Cannabinoids are a group of molecules with the same kind of footprint and that footprint fits in the receptors in every cell in the body. Cannabinoids are from the cannabis plant, the hemp plant, marijuana. Are there other sources? No. The marijuana plant, this tree is symbiotic with man. It is meant for man to walk with it. He said if we starve this system the human body in some ways ceases to function, it gets sick, all of the immune system diseases, organs fail, cancers erupt. It doesn't make good sense at all to say no to the very system that saves us. He said he and his brother Mick have told people for the past 20 years that marijuana is the tree of life, the biblical tree of life. What is the tree of life? "On either side of the river was the tree of life, bearing twelve kinds of fruit, and yielding its fruit every month. And the leaves of the tree were for the healing of the nations and there shall no longer be any curse," Revelations: 22.2. He concluded that we need to accept this plant and move on.

D. Lee Phelan addressed Council. He said the discussions evolving about the marijuana issue are very simplistic, while the focus today is being camouflaged under the disguise of dispensaries for medical use. Let's be clear here, the intention is much larger than that. Mr. Phelan asked if the City wants to trade its economic security that resides today, even as little as they think that might be, for a potential smaller share of tax revenue from a small sector with a specific focus like marijuana. He continued that he is concerned that during this whole process no City official has contracted business owners who have millions invested into this community - brick and mortar businesses will have to start dealing with the decisions this Council implement - individuals businesses with tens if not hundreds of employees conducting millions in sales and tax revenue, along with the added benefit their payrolls bring. Businesses will be forced with additional costs like drug testing, rising insurance rates, on top of the ever ridiculous high utility costs and other higher costs to do business here. In 2012 the Trinidad McDonalds conducted 361,103 transactions serving more than 790,000 guests. Mr. Phelan said those guests today

are worried. Most arrive here from more conservative areas. Statistically people will stop in Trinidad and spend 'x' amount of money. Our job is to get them to stay. If they stay, they spend three times 'x'. If they stay overnight they spend ten times 'x'. It's a nice area but if they pass these drug laws they won't stop let alone stay. "Raton and Walsenburg are not that much further" were the comments he received. Mr. Phelan recalled a short time ago that this Council banned a planned dancer club. He said by allowing marijuana sales they will lose the moral authority in preventing those businesses of moral turpitude. Article 20 of the Colorado Constitution permits Council the ability to ban this process, a process that is already banned by the federal government and by more than 50 counties and cities across Colorado since the passing of this amendment. Mr. Phelan said he understands that while the federal and state administrations have turned a blind eye to the process, these administrations will change and Colorado has already begun to experience that change. The true reason this town is drying up isn't that it's not selling marijuana, it is that it doesn't have a focus on the long range economic development plan to attract responsible companies to the area and because its utilities and infrastructure are not cost effective. He said Council needs to find projects that can build this community together. Mr. Phelan concluded that he never thought that selling drugs would become our town's hope for a better future. Council should believe that it is in the best interest of the peace, health and safety of this community to ban marijuana sales within its City limits and return its focus to more important matters of real economic development and serious job creation.

Frank Leone addressed Council. He reminded that he spoke at a previous meeting whereby he voiced his opinions as far as how it affects him in his business where he has no tolerance. He said he knows most of them have been in a situation that they gave a lot of thought about and made up their minds. He said there were a couple of things said tonight that were false - one was about driving to Pueblo, but Pueblo doesn't allow marijuana in the city, Pueblo County does. In looking at the Colorado website, only 1.37% of Las Animas County's population uses medical marijuana. He said if his calculations are correct that is about 206 to 209 people. The revenue for that number would only be about \$700 to \$900 per month. He opined that not to be enough money to pay officers or insurances to take care of it. He asked why we should change Trinidad for a few people who need medical marijuana - let them go to Pueblo County. He said medical marijuana store fronts will deter family-oriented tourism, tarnish the image and reputation of Trinidad and discourage sustainable business from locating in Trinidad. Medical marijuana will ultimately reach and harm local children. He further suggested that since it is a cash-only business the City won't be able to collect the taxes on it. It is still considered a Schedule I drug. Mr. Leone urged Council to really think about the decisions they have to make and make them in the proper manner and for all the people of Trinidad and not just some.

David Boyer addressed Council. He told Council that he is a letter carrier for the United States Postal Service (USPS) for 26 years now. When he was hired he took a drug test. Anyone hired today takes a drug test. If you smoke marijuana you will not be hired by the USPS. It is a good paying job but unfortunately anyone caught on drugs working for the Postal Service will get removed and fired. He said he carried mail for a lot of years and can tell who is and who is not taking marijuana. The people taking marijuana are mostly on welfare and were never able to get a job. He said he knows one instance where a person was working at a restaurant smoking marijuana on the premises and removed from working for that company. One time in the summer he said he saw a mother with her one year old son and her mother in a car with all of the windows closed smoking pot with that one-year old baby inside that car. They were laughing and having a great time. They had the windows closed because they could get higher if they did that. Mr. Boyer said when he worked for the Allen Mine he was in a carpool for a short time. His coworkers would smoke marijuana on the way up to the mine. One of the guys was in his sections as a shuttle car runner. He asked if Council would want to be working around someone driving a big piece of machinery who is high on marijuana. Mr. Boyer said this is something Trinidad doesn't need here. He said he'd boycott it for eternity. He urged Council to think about the young people and hope to get them off of the drugs. There are a lot of people and a lot of kids on drugs now and he sees it every day on his job. He can tell who is selling the drugs. We need to keep a ban on marijuana. He concluded that he's seen too many young people that are smoking every day and they will never be able to get off of welfare as long as they are on drugs. That doesn't mean everyone, though.

Jim Blecka addressed Council. Mr. Blecka said he and his wife live in Trinidad and plan to retire here. They left Denver for Trinidad because they look forward to the lack of traffic, the historic small-town atmosphere, clean air and lower crime rates. He said they've really liked what they've seen here. They've heard that medical and recreational marijuana would provide enhanced benefits to our citizens who suffer from a variety of maladies and provide financial benefit to the community due to increased tax revenues. Mr. Blecka said that's bologna. He asked if we really want to add another division of City government to monitor, manage and enforce a new set of regulations for the sale of marijuana and home grown marijuana. What happens to City tax revenues when people start growing their own to get around the cost of buying it? There is no revenue there. Do we really want people flocking to Trinidad to purchase marijuana from other states and then driving around the City stoned? Do we want them driving back to New Mexico and Texas stoned? Does the City of Trinidad really want to sacrifice the rich history and quality of life for the financial gain of a few marijuana dealers? He said he thought not.

Tom Poss next addressed Council. He said he is 100% against recreational use of marijuana. The guy who spoke in the recent past about having to go to Pueblo must have understood that it is dangerous. He stated that if he got it in Pueblo and lit it up he'd be a hazard on an open-space road and could cause an accident. If he lit up at home and drove in town where there's more traffic he could possibly kill a pedestrian or have multiple accidents and injure other people. As far as medical marijuana is concerned, Mr. Poss said he is 110% in favor of it, although he had a hard time believing that there are 206 people in Trinidad (Las Animas County) that need it. He thought ten to 15 was a more reasonable number. He added that it is hard for him to believe that doctors are providing the recommendations for them. Mr. Poss said he is in constant pain, having neuropathy in his feet, has a bad back, four stints put in his heart, half of his right lung doesn't work, he has a bad hip and bad knee. Though he would not use marijuana, he said he is on Vicodin. There are worse people than him that need it and if it is really going to help them he said go for the marijuana, medicinal only. If you haven't had bad pain he said you should not judge other people if it helps them. They need it and should have it. On a separate note, Mr. Poss told Mayor Baca Gonzalez that he didn't need her husband telling him how to handle his campaign, as he is running for City Council. He explained that he placed some fliers at Walmart where he works 12 hours per week. The Mayor's husband went running to one of his bosses saying he was putting fliers on cars and possibly trying to get him fired. Mr. Poss said he talked to the City Clerk who said it was okay to put fliers on cars. He told the Mayor he didn't appreciate what her husband did one bit and he had better not do it again.

Marilyn Leuszler addressed Council. She said she's tried to read and learn as much as she could possibly gather about various issues and make her decisions accordingly. She said she hopes Council approves the use of medical marijuana for a couple of reasons. She has a close family member and two or three dear friends who have been diagnosed with cancer and various other illnesses who got through their chemo therapy and radiation by using medical marijuana. Not all of them continued to use it. They got through their therapies and that was the end of it. It was used as a medicinal aid to their

treatment. She continued that while she was reading as much as she could about the issue she found that it is difficult to have a lot of data and evaluation currently because Colorado and Oregon have just started this process. We don't have ten years of data to look at. She found wonderful science that quoted people on both side of the issue. Two things that stood out to her were quotes from Dr. Sanjay Gupta who has changed his opinion from being against medical marijuana to being pro use of medical marijuana for medicinal treatment after numerous research into research programs conducted across the country and finding that there's more to it than just smoking pot and getting better. He did a lot of research and has changed his opinion very vocally and apologized for being so against it earlier. The second thing she said she found was a quote from Montel Williams who suffers from Multiple Sclerosis. She read "How dare someone tell me they can prescribe Morphine, Vicodin, Percocet, make the drugs most addictive, name the most addictive drug they can give me and I can be a walking member of this society by taking that garbage. But the doctor who has prescribed it for me can't prescribe medical marijuana? Why? Because we have an idea everybody who does it sits around smoking. There are 50 different ways to utilize it. You can eat it; you can process it into a liquid or even turn it into a pill form. The willow tree was taken apart about 200 years ago and turned into aspirin and we all take it." Ms. Leuszler said that struck her quite profoundly. She reiterated her opinion that we should allow medical marijuana.

Steve Heller addressed Council. He told Council that we've heard some good arguments for and against the issue and he appreciated everyone's position. He suggested we take the middle ground and support medical marijuana, noting that it appears they've already put off the idea of recreational marijuana until June. He reminded that the majority of the Colorado voters voted to legalize marijuana and about 70% of Trinidadians, according to the paper, have spoken in favor of at least medical marijuana. Council is able to regulate locations and number of businesses, so he said he didn't see it being on Main Street but rather a side street maybe with one of the green crosses and people who need medical marijuana will be able to find it. He added that he didn't think it would be detrimental to the appearance of the City. One must realize we have marijuana sales in Trinidad. The question is do we want to leave it in the hands of pushers who promote sales by giving samples to our youth. They are doing a business and want to get that money. They will do anything they can to get people hooked on drugs. If it's legalized he said we cut the ground out from under them. He surmised that it is better to legalize and regulate it, plus we can gain much needed tax revenue. We may have people coming in from other parts of the county or the state to buy it. He told Council that he is a history major and prohibition doesn't work. Ken Burns report on marijuana versus alcohol was amazing. Alcohol is a much more dangerous drug. It has been reported that the number of deaths from alcohol is staggering - the number of deaths from marijuana is zero. Prohibition drives it underground. Really the arguments against it are mute even if they are good arguments. He concluded that if you want to support the criminal element, then they should vote no on this. If you wish to exasperate the sufferings of some of the citizens by forcing them to travel 170 miles round trip to Pueblo to legally buy marijuana, then vote no.

There being no further public comments, the hearing was closed.

Second reading of an ordinance of the City Council of the City of Trinidad, Colorado, providing for a moratorium until June 30, 2014, on the submission, acceptance or processing of application and the licensing, permitting, establishment or operation of any recreational marijuana business that sells, cultivates, manufactures, prepares, packages, purchases, tests, or otherwise provides for or allows the use of marijuana or marijuana products pursuant to Amendment 64, approved by the voters of the State of Colorado at the November 6, 2012, General Election, and codified as Article XVIII, Section 16 of the Colorado Constitution, including the use of land for such purpose or purposes. The ordinance was read, title only. A motion to approve the ordinance on second reading was made by Councilmember Mattie and seconded by Councilmember Bolton. Roll call was taken and the following votes were cast:

Aye - Bolton, Mattie, Miles, Shew, Velasquez

Nay - Bonato, Baca Gonzalez

The motion carried by majority and the ordinance will become effective on September 27, 2013.

ORDINANCE NO. 1944

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, PROVIDING FOR A MORATORIUM UNTIL JUNE 30, 2014, ON THE SUBMISSION, ACCEPTANCE OR PROCESSING OF APPLICATION AND THE LICENSING, PERMITTING, ESTABLISHMENT OR OPERATION OF ANY RECREATIONAL MARIJUANA BUSINESS THAT SELLS, CULTIVATES, MANUFACTURES, PREPARES, PACKAGES, PURCHASES, TESTS, OR OTHERWISE PROVIDES FOR OR ALLOWS THE USE OF MARIJUANA OR MARIJUANA PRODUCTS PURSUANT TO AMENDMENT 64, APPROVED BY THE VOTERS OF THE STATE OF COLORADO AT THE NOVEMBER 6, 2012, GENERAL ELECTION, AND CODIFIED AS ARTICLE XVIII, SECTION 16 OF THE COLORADO CONSTITUTION, INCLUDING THE USE OF LAND FOR SUCH PURPOSE OR PURPOSES

Public hearing for consideration of an ordinance of the City Council of the City of Trinidad, Colorado, enacting Article 12, Chapter 14 of the code of Ordinances regarding retail marijuana local licensing authority. Mayor Baca Gonzalez opened the hearing. She said the ordinance provides that should a decision be made to engage in retail sales of marijuana in the City limits the City of Trinidad (City Council) would be the local licensing authority. Carlos Lopez addressed Council and said it would behoove the City to regulate the sale and not just give the state the control. There being no further comments, the hearing was closed.

Second reading of an ordinance of the City Council of the City of Trinidad, Colorado, enacting Article 12, Chapter 14 of the Code of Ordinances regarding retail marijuana local licensing authority. The ordinance title was read aloud. Councilmember Miles moved for the approval of the ordinance on second reading and Councilmember Bolton seconded the motion. Upon roll call vote the motion carried unanimously and the ordinance will become effective on September 27, 2013.

ORDINANCE NO. 1945

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, ENACTING ARTICLE 12, CHAPTER 14 OF THE CODE OF ORDINANCES REGARDING RETAIL MARIJUANA LOCAL LICENSING AUTHORITY

Medical Marijuana - Motion to direct staff to develop an ordinance for the development of a land use code, and development of licensing regulations, for and in consideration with, medical marijuana, on or before March 1, 2014. Mayor Baca Gonzalez announced that Council has three options, to direct staff by motion to develop ordinances or approve one of the two succeeding ordinances. City Manager Acre clarified that the two ordinances would need to be approved together, so there are two options. Councilmember Miles added that the two ordinances work hand in glove. Councilmember Bolton made a motion to direct staff to develop an ordinance for the development of a land use code, and development of licensing regulations, for and in consideration with, medical marijuana, on or before March 1, 2014. Councilmember Miles seconded the motion. Mayor Baca Gonzalez asked if they approve medical marijuana would they also be allowing grow facilities. City Attorney Downs said they are not necessarily, that the type of licensing they allow will be up to Council. It is not required of Council to allow grow facilities. Councilmember Miles pointed out that home grows are allowed. City Attorney Downs said that Amendment 64, pertaining to retail marijuana, allows people to grow a minimal number of plants. Mayor Baca Gonzalez said she recalled reading or seeing a report that in Denver 60 or 70% of the marijuana at a dispensary has to be grown at the facility. She asked if that rule would apply to Trinidad if they adopt medical marijuana. City Attorney Downs said he asked CML staff attorney Rachel Allen who said there are attempts to have that accountability. However, it doesn't mean cultivation has to be done the community. They can have other places for which they provide the marijuana they sell in medical facilities. Mayor Baca Gonzalez said that a grow facility seems pretty complicated. There are nuisances from odors, air-handling requirements, and if that's the case with medical marijuana it needs to be abundantly clear. City Attorney Downs predicted there would be a great deal of requirements placed on licensees. He also suggested that part of the retail marijuana requirements will likely overlap to the medical marijuana requirements such as potency and pesticide-free product. Roll call was taken and the following votes were cast:

Aye – Bolton, Mattie, Miles, Velasquez

Nay – Bonato, Shew, Baca Gonzalez

The motion carried by majority. Mayor Baca Gonzalez stated that she believes the majority of citizens in Trinidad do not want marijuana to be readily available in Trinidad. Some individuals may say marijuana is already here illegally, so why not sell it in regulated store fronts. She said two wrongs do not make a right. Federal law lists marijuana as a Schedule I drug with no accepted medical purpose. Federal law sees no distinction between alleged medical or recreational marijuana. Federal law still overrules state and local laws. Colorado state and Trinidad local laws cannot and will not provide guaranteed protection from federal prosecution for those who choose to possess, sell or cultivate marijuana. She continued that 1.37% of the entire population of Las Animas County is authorized by state law to consume medical marijuana. That is a very small percentage of the county's population. She questioned if asking those few to drive to Pueblo County in order to buy their medicine is such an intolerable inconvenience that we must open marijuana stores within the Trinidad City limits. Oh that there should be such weeping and gnashing of teeth for the residents who routinely have to drive out of Trinidad in order to have their babies, to obtain dialysis or to obtain chemo therapy. She concluded that she believes it is the almighty dollar, not claimed inconvenience that is the real issue. She invited those present to ask themselves who stands to profit by the ready availability of marijuana in the City of Trinidad - certainly not our children. She added that Marinol, a synthetic marijuana, is available by prescription. She said she's seen it prescribed here for those in last stages of care. Councilmember Miles commented that Mayor Baca Gonzalez premised her logic that two wrongs do not making a right, but in the next paragraph said because pregnant women have to drive to Pueblo, we shouldn't have medical marijuana. She countered that to be another example of two wrongs don't make a right. Mayor Baca Gonzalez said it is an example of skewed priorities. Councilmember Miles said the federal laws rooted in the 1930s and it is time Trinidad move into the 21st century. Councilmember Mattie added that this is the tide of change. He said he was a police officer for all of those years and while he doesn't support retail marijuana he sees the benefit of medical marijuana to those persons who have medical needs. The lack of availability of chemo therapy and dialysis facilities, and facilities to have babies, he has no control over. However he said he can do something about people who suffer and need medical marijuana - he has some ability to help people in genuine need. Trinidad may not be ready for this but he said he's not sure Trinidad is ever ready for anything. He recalled all of the stores Trinidad once had; clarifying that he is not suggesting marijuana will solve our economic woes. But, we need to be proactive about our lot. He pointed to the letter Council received from the gentleman from Texas who said people will see the green cross and go past Trinidad, which may be true. But, he said there are numerous medical marijuana businesses in Manitou Springs, which is probably one of Colorado's premier tourism locations, and people go there anyway. Councilmember Mattie said if he saw a discrete green cross it would tell him that here are people who care about people and who are not afraid to embrace cutting edge technology and changes and reevaluation of priorities in life, and maybe I'm willing to invest myself in someone who is progressive rather than stagnant in obsolete tradition. Marijuana is a matter of personal choice. You don't have to do it. We cannot legislate a course for people from birth to death where they never come afoul of any danger in life; instead we must teach people to navigate all of the hazards so they make their way successfully through life. Councilmember Miles concluded that as they are weighing the evidence, pro and con, there are all these risks being argued. She concluded that she doesn't know of a single jurisdiction that has enacted medical marijuana that has walked backwards from it. If there is one she said point it out to her because she bets it is one in one thousand. That's the evidence. People embrace it, see it and keep it going.

MISCELLANEOUS BUSINESS. Hotel and restaurant liquor license renewal request by El El Si, LLC d/b/a Main Street Tap House at 308 W. Main Street. Mayor Baca Gonzalez recognized Jason Garlutz in attendance. Councilmember Bolton commended him on doing such a great job in this past year in that there were absolutely no adverse reports from any of the agencies provided to Council relative to his license. A motion to approve the license renewal was made by Councilmember Shew and seconded by Councilmember Miles. The motion carried unanimously upon roll call. Councilmember Mattie asked the number of liquor licenses there are in Trinidad. City Clerk Garrett said there are 39. Councilmember Miles commented that Colorado has the third highest incidence of liquor stores per capita and Trinidad has three times the Colorado average. Mayor Baca Gonzalez observed that there is a big difference in that the federal prosecutor's office isn't going to come swinging down on alcohol and tobacco. They are legal. Councilmember Mattie rebutted that both alcohol and tobacco are killing people by the thousands.

Approval of Property/Casualty and Workers' Compensation insurance coverage renewal through CIRSA (Colorado Intergovernmental Risk Sharing Agency) for 2014. City Manager Acre reminded Council that at their previous work session questions were asked about the insurance. Regarding the property and casualty 2013 insurance premium, the City's total cost has been about \$248,000; the 2014 premium is going up about 20% to about \$298,000. He said staff did an analysis on a deductible increase and in looking at claims history it looks like we would not see a savings at this point. The deductible is currently \$1,000. If it were increased to \$2,500 the City might see an increase between the annual contribution and

deductible of \$4,000. He suggested leaving the deductible where it is. Regarding workers' compensation, the 2013 premium cost is about \$371,000 and the 2014 quote is about \$368,000, a slight decrease. He said he likewise looked at a deductible, from \$500 to \$2,500. Currently the deductible is zero. If we had a \$500 deductible the City might see a \$6,400 savings if the level of claims is maintained. If we had a \$1,000 deductible the savings could be \$12,000. He recommended that next year we look at it to see if we can get a good track record and hold the line. One claim could negate the savings. City Manager Acre said that staff is working to update the City's safety manual and tie it to reviews. Mayor Baca Gonzalez surmised that the cost will basically be \$50,000 more next year. Councilmember Bolton asked the number of workers' compensation claims the City has had in the past 12 months. City Manager Acre said he'd get that information to Council. A motion to table the approval of the insurance renewal was made by Councilmember Bolton. Councilmember Bonato seconded the motion, which upon roll call vote carried unanimously.

Setting of Public Hearing date for Capital Budget Estimates and 2014 Annual Budget (10/15/2013). City Manager Acre told Council that in accordance with the City's Home Rule Charter he will be bringing the first draft of the budget to them on October 1st. In keeping with the Charter they need to set public hearings to receive input. He commented that he will be having budget discussions by staff at Council's work session next week to go over some changes. Councilmember Bonato moved to set the public hearings for 7:00 p.m. on October 15, 2013. The motion was seconded by Councilmember Shew. Councilmember Bolton pointed out that Council has yet to go back and revisit the non-profit and other agency funding allowances for the last half of 2013. City Manager Acre said it will be included on the ensuing work session's agenda. Roll call was taken and the motion carried unanimously.

Consideration of contract modification request for engineering services related to the North Lake Dam Rehabilitation Project. City Manager Acre told Council that the project update meeting has been moved to Wednesday and he would send out an update at that time. Mike Graber, RJH Consultants, was present and he offered to answer questions. Councilmember Shew made a motion to approve the contract modification as presented. Councilmember Bonato seconded the motion which carried by a unanimous roll call vote of Council.

BILLS. Councilmember Bonato questioned a payment to Auto Zone on page seven of the report, check number 1006 in the amount of \$2,100.00 for a GM Tire Robo Arm. He said he didn't know what that is. City Manager Acre said it is an arm that mounts to the tire changer that allows for safer removal of the larger tires at the garage. Councilmember Bolton questioned a payment on page one to Sun Construction, Inc. representing a credit of \$2,842. City Manager Acre explained that the City had withheld retainage incorrectly according to a state statute change and therefore adjusted the checks. Councilmember Bolton also questioned a substantial payment on page 16 to Sunflower Construction for North Lake Dam rehabilitation and a substantial payment to Sun Construction as well with the same description. City Manager Acre responded that the check to Sunflower Construction was incorrect and was voided. Councilmember Bolton confirmed with City Manager Acre that the checks issued to Sun Construction were for \$56,808 and \$44,223. A motion to approve payment of the bills was made by Councilmember Shew. The motion was seconded by Councilmember Bolton. Roll call was taken on the motion and it carried unanimously.

PAYROLL, August 31, 2013 through September 13, 2013. A motion to approve the payroll was made by Councilmember Bolton and seconded by Councilmember Velasquez. The motion carried unanimously.

ADJOURNMENT. There being no further business to come before Council, a motion to adjourn the regular meeting was made by Councilmember Miles and seconded by Councilmember Velasquez. The meeting was adjourned by unanimous voice vote of Council.

ATTEST:

BERNADETTE BACA GONZALEZ,
Mayor

AUDRA GARRETT, City Clerk

3a



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUNCIL MEETING: October 1, 2013
PREPARED BY: Audra Garrett, City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*
OF ATTACHMENTS:

SUBJECT: PUBLIC HEARING - New Hotel and Restaurant Liquor License request by PGE Enterprises, LLC d/b/a Krackalack Sports Grill at 416 University Street

PRESENTER: PGE Enterprises, LLC representatives

RECOMMENDED CITY COUNCIL ACTION: Conduct the public hearing.

SUMMARY STATEMENT: N/A

EXPENDITURE REQUIRED: No

SOURCE OF FUNDS: N/A

POLICY ISSUE: This is an application for a new license. The requirements to be illustrated by the applicant to the local liquor licensing authority are 1) the needs of the neighborhood are not being met by existing establishments; 2) it is the desire of the adult inhabitants of the neighborhood that this license be granted; and 3) the licensee is of good moral character to hold a liquor license.

City Council may take up to 30 days thereafter to render a decision on the application.

ALTERNATIVE: N/A

BACKGROUND INFORMATION:

- The complete application packet is provided for the hearing, including the investigative report.
- The tentative neighborhood boundary has been identified as the corporate City limits of Trinidad.
- This is a quasi-judicial matter and as such Council should only consider evidence and testimony provided during the public hearing.
- The proposed premises are under construction. If Council chooses to grant the new license its issuance would be withheld until a certificate of occupancy is issued.

3a



INVESTIGATIVE REPORT

Applicant: PGE Enterprises, LLC
Business Name: Krackalack Sports Grill
Business Address: 416 University Street
Date of Application: August 7, 2013
Date Application Filed
with Local Authority: August 20, 2013
Type of Request: New License
Type of License: Hotel and Restaurant
Hearing Date: Tuesday, October 1, 2013, 7:00 p.m.

APPLICATION CONTENTS -

Applicant's Documents: Liquor License Application - Form #DR8404
Operating Agreement
Certificate of Good Standing
Trade Name Verification
Diagram of Premises
Deed
Individual History Records-Form #DR8404-I w/attachments
Construction Deed of Trust
SBA Loan Documents
Letters of Reference
Fingerprints

City Documents: Notice of Public Hearing
Certificate of Mailing
Proof Publication on 8/30/13
Certificate of Posting
Departmental Reports

Correspondence to Applicant
Neighborhood Boundary Map

STATE AND LOCAL FEES -

| | | |
|-------------|---------------|---------------|
| State Fees: | Investigation | \$1,125.00 |
| | License | <u>500.00</u> |
| | Total | \$1,625.00 |

| | | |
|-------------|---------------|--------------|
| Local Fees: | Investigation | \$ 625.00 |
| | License | <u>75.00</u> |
| | Total | \$ 700.00 |

Local and state fees have been paid. Applicant has been advised the City's and State's investigation fee is non-refundable and in the event the liquor license is denied, license fees only shall be refunded.

LETTERS OF REFERENCE -

Letters of reference for Richard Ewing received from:

Anthony Tamez, Pueblo, CO
Ernie Meyer, Pueblo West, CO
Steven Essenburg, Pueblo, CO

Letters of reference for Roberta Ewing received from:

Anthony Tamez, Pueblo, CO
Elizabeth Lutz, Pueblo, CO
Lori Allen, Pueblo, CO

Three letters of reference each have been verified, as required by ordinance.

FINGERPRINTING -

Fingerprint cards were submitted to CBI/FBI on 8/13/2013. Results have been received and yielded no prior arrests for either party.

DEED -

The deed transfers ownership of the proposed premise on August 20, 2003 from Marjorie Lucille Fissel a/k/a Lucille Fissel to PGE Enterprises, LLC.

DIAGRAM OF PREMISES -

The diagram identifies the proposed premises, which is a ground level facility. It identifies the dining area, kitchen, patio, and bar area as well as a storage area and access points. Alcohol is proposed to be served throughout the entire proposed premise, including the proposed enclosed patio area.

SALES TAX LICENSE -

Sales Tax License #04052008-0002 was verified.

FOOD SERVICE LICENSE -

The applicant will be in contact with the Health Department to conduct a plan review and change the business name.

NOTICE OF HEARING -

Mailed to applicant – 8/23/13.
Published – 8/30/13.
Posted on the premises – 9/5/13.

DEPARTMENTAL REPORTS -

Fire Chief Anthony Trammell conducted his inspection on 9/18/2013. He reported that the exit signs will be replaced/upgraded prior to opening. He further reported that a previous inspection completed by the department on 6/3/2013 while the business was operating as Dairy Queen and no violations were found.

Building Inspector Chris Kelley conducted his inspection also on 9/18/2013. He indicated that the proposed premises are under construction that he will be monitoring for compliance.

The Police Department reported having no issues with the application on 9/3/2013.

CORRESPONDENCE TO APPLICANT -

A letter dated 8/26/2013 was sent to PGE Enterprises, LLC, advising of the procedures to follow at the hearing. A sample petition was also provided as well as a map of the designated neighborhood.

ZONING –

The proposed premise is zoned Community Commercial.

SCHOOL DISTANCES –

There is a 500-foot limitation from a school for a Tavern license type specifically. While the limitation does not exist for a Hotel and Restaurant license, information is provided for informational purposes only. The nearest school property is Trinidad Middle School which is approximately 641 feet from the nearest point of this property.

LICENSED OUTLETS WITHIN THE NEIGHBORHOOD -

The neighborhood boundary was set as the corporate boundaries of the City.

There are thirty-nine (39) licensed outlets within the City limit boundary. Of the thirty-nine (39) licensed premises, thirteen (13) are licensed as Hotel and Restaurants. The outlets are:

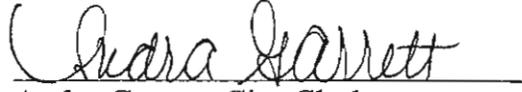
| | | |
|--------------------|------------------------------------|---------------------------|
| 3.2% - Off | J. R.'S Fuel Stop #810 | 731 E. Main Street |
| | J. R.'S #811 | 110 E. Colorado Avenue |
| | Safeway Store #722 | 457 W. Main Street |
| | Wal-Mart #962 | 2921 Toupal Drive |
| | Count: 4 | |
| 3.2% - On Premises | Creative Sale, Inc. | 700 Smith Street |
| | Count: 1 | |
| Club | Elks, BPOE | 120 S. Maple |
| | Count: 1 | |
| Hotel/Rest. | Black Jack's Saloon & Steakhouse | 225 W. Main Street |
| | Chef Liu's Restaurant | 1423 Santa Fe Trail |
| | Mission at the Bell Restaurant | 134 W. Main Street |
| | Quality Inn | 3125 Toupal Drive |
| | Rino's Restaurant | 400 E. Main Street |
| | Wonderful House Restaurant | 415 University Street |
| | Bella Luna Pizzeria | 121 W. Main Street |
| | Trinidad Holiday Inn | 3130 Santa Fe Trail Drive |
| | Main St. Tap House | 308 W. Main Street |
| | Brix | 231 E. Main Street |
| | Purgatoire & A Little Catering Co. | 516 E. Elm Street |
| | Café What a Grind | 341 N. Commercial Street |

| | | |
|-----------------------------|---|------------------------|
| Hotel/Rest w/Op Premises | Clubhouse Grille, The | 1415 Nolan Dr. |
| | Count: 13 | |
| Liquor Store | Drop City Liquor | 155 Elm Street |
| | Main Street Liquors | 803 E. Main Street |
| | Mountain Liquor | 1144 Robinson |
| | Santa Fe Trail Hops & Vines | 1530 Santa Fe Trail |
| | Tire Shop Wine & Spirits | 601 W. Main Street |
| | Trinidad Beer, Liquor & Wine Depot | 111 E. Kansas Avenue |
| | Arizona Liquor | 847 Arizona Avenue |
| | RJ's Discount Liquor | 2132 Freedom Road |
| | Count: 8 | |
| Tavern | Great Wall | 321 State Street |
| | El Rancho Cafe | 1901 Santa Fe Trail |
| | Gino's Sports Bar | 991 E. Main Street |
| | JuJo's Pub and Dance Hall | 125 N. Chestnut Street |
| | Lumber Jacks Bar & Grill | 1133 N. Linden Ave. |
| | Mantelli's | 137 W. Main Street |
| | Monte Cristo Bar | 124 Santa Fe Trail |
| | The Park | 608 Arizona Avenue |
| | Trinidad Lanes, LLC | 823 Van Buren |
| | Ole's Tavern | 2833 Toupal Drive |
| | Count: 10 | |
| Arts | Southern Colorado Repertory Theatre | 131 W. Main Street |
| | Count: 1 | |
| Beer and Wine | Mt. Carmel Health, Wellness & Community Center | 911 Robinson Avenue |
| | Count: 1 | |

Disclosure statements are provided by Councilmember Linda Velasquez and Councilmember Michelle Miles.

Dated this 20th day of September, 2013.

CITY OF TRINIDAD, COLORADO

A handwritten signature in cursive script that reads "Audra Garrett". The signature is written in black ink and is positioned above a horizontal line.

Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 20th day of September, 2013, I mailed a copy of the Investigative Report, by Certified Mail, to:

PGE Enterprises, LLC
d/b/a Krackalack Sports Grill
468 W. Player Drive
Pueblo West, CO 81007
Certified Mail # 7012 3050 0000 2305 4585



Audra Garrett, City Clerk

**COLORADO LIQUOR
 RETAIL LICENSE APPLICATION**

NEW LICENSE TRANSFER OF OWNERSHIP LICENSE RENEWAL

- ALL ANSWERS MUST BE PRINTED IN BLACK INK OR TYPEWRITTEN
- APPLICANT MUST CHECK THE APPROPRIATE BOX(ES)
- LOCAL LICENSE FEE \$ _____
- APPLICANT SHOULD OBTAIN A COPY OF THE COLORADO LIQUOR AND BEER CODE (Call 303-370-2165)

1. Applicant is applying as a
 Corporation Individual
 Partnership (includes Limited Liability and Husband and Wife Partnerships) Limited Liability Company
 Association or Other

2. Applicant If an LLC, name of LLC; if partnership, at least 2 partner's names; if corporation, name of corporation Fein Number
 PGE Enterprises, LLC 84-1569289

2a. Trade Name of Establishment (DBA) State Sales Tax No. Business Telephone
 Krackalack Sports Grill 04052008-0002 (719)845-8100

3. Address of Premises (specify exact location of premises)
 416 University

City County State ZIP Code
 Trinidad Las Animas CO 81082

4. Mailing Address (Number and Street) City or Town State ZIP Code
 468 W Player Dr Pueblo West CO 81007

5. If the premises currently have a liquor or beer license, you MUST answer the following questions:
 Present Trade Name of Establishment (DBA) Present State License No. Present Class of License Present Expiration Date

| LIAB | SECTION A | NONREFUNDABLE APPLICATION FEES | LIAB | SECTION B (CONT.) | LIQUOR LICENSE FEES |
|------|-------------------------------------|--|------|--------------------------|--|
| 2300 | <input type="checkbox"/> | Application Fee for New License | 1985 | <input type="checkbox"/> | Resort Complex License (City) |
| 2302 | <input checked="" type="checkbox"/> | Application Fee for New License - w/Concurrent Review | 1986 | <input type="checkbox"/> | Resort Complex License (County) |
| 2310 | <input type="checkbox"/> | Application Fee for Transfer | 1988 | <input type="checkbox"/> | Add Related Facility to Resort Complex... \$ 75.00 X Total |
| | | | 1990 | <input type="checkbox"/> | Club License (City) |
| | | | 1991 | <input type="checkbox"/> | Club License (County) |
| | | | 2010 | <input type="checkbox"/> | Tavern License (City) |
| | | | 2011 | <input type="checkbox"/> | Tavern License (County) |
| | | | 2012 | <input type="checkbox"/> | Manager Registration - Tavern |
| | | | 2020 | <input type="checkbox"/> | Arts License (City) |
| | | | 2021 | <input type="checkbox"/> | Arts License (County) |
| | | | 2030 | <input type="checkbox"/> | Racetrack License (City) |
| | | | 2031 | <input type="checkbox"/> | Racetrack License (County) |
| | | | 2040 | <input type="checkbox"/> | Optional Premises License (City) |
| | | | 2041 | <input type="checkbox"/> | Optional Premises License (County) |
| | | | 2045 | <input type="checkbox"/> | Vintners Restaurant License (City) |
| | | | 2046 | <input type="checkbox"/> | Vintners Restaurant License (County) |
| | | | 2220 | <input type="checkbox"/> | Add Optional Premises to H & R |
| | | | 2370 | <input type="checkbox"/> | Master File Location Fee |
| | | | 2375 | <input type="checkbox"/> | Master File Background |

DO NOT WRITE IN THIS SPACE - FOR DEPARTMENT OF REVENUE USE ONLY

LIABILITY INFORMATION

| County | City | Industry Type | License Account Number | Liability Date | License Issued Through |
|-----------------------|----------------|----------------------------|------------------------|----------------|------------------------|
| | | | | FROM | (Expiration Date) |
| | | | | TO | |
| State | City | County | Managers Reg | | |
| -750 (999) | 2180-100 (999) | 2190-100 (999) | -750 (999) | | |
| Cash Fund New License | | Cash Fund Transfer License | | TOTAL | |
| 2300-100 | | 2310-100 | | | |
| (999) | | (999) | | | |
| | | | | \$ | |

APPLICATION DOCUMENTS CHECKLIST AND WORKSHEET

Instructions: This check list should be utilized to assist applicants with filing all required documents for licensure. All documents must be properly signed and correspond with the name of the applicant exactly. All documents must be typed or legibly printed. Upon final State approval the license will be mailed to the local licensing authority. Application fees are nonrefundable.

ITEMS SUBMITTED, PLEASE CHECK ALL APPROPRIATE BOXES COMPLETED OR DOCUMENTS SUBMITTED

I. APPLICANT INFORMATION

- A. Applicant/Licensee identified.
- B. State sales tax license number listed or applied for at time of application.
- C. License type or other transaction identified.
- D. Return originals to local authority.
- E. Additional information may be required by the local licensing authority.

II. DIAGRAM OF THE PREMISES

- A. No larger than 8 1/2" X 11".
- B. Dimensions included (doesn't have to be to scale). Exterior areas should show control (fences, walls, etc.).
- C. Separate diagram for each floor (if multiple levels).
- D. Kitchen - identified if Hotel and Restaurant.

III. PROOF OF PROPERTY POSSESSION

- A. Deed in name of the Applicant ONLY (or)
- B. Lease in the name of the Applicant ONLY.
- C. Lease Assignment in the name of the Applicant (ONLY) with proper consent from the Landlord and acceptance by the Applicant.
- D. Other Agreement if not deed or lease.

IV. BACKGROUND INFORMATION AND FINANCIAL DOCUMENTS

- A. Individual History Record(s) (Form DR 8404-I).
- B. Fingerprints taken and submitted to local authority. (State authority for master file applicants.)
- C. Purchase agreement, stock transfer agreement, and or authorization to transfer license.
- D. List of all notes and loans.

V. CORPORATE APPLICANT INFORMATION (If Applicable)

- A. Certificate of Incorporation (and/or)
- B. Certificate of Good Standing if incorporated more than 2 years ago.
- C. Certificate of Authorization if foreign corporation.
- D. List of officers, directors and stockholders of parent corporation (designate 1 person as "principal officer").

VI. PARTNERSHIP APPLICANT INFORMATION (If Applicable)

- A. Partnership Agreement (general or limited). Not needed if husband and wife.

VII. LIMITED LIABILITY COMPANY APPLICANT INFORMATION (If Applicable)

- A. Copy of articles of organization (date stamped by Colorado Secretary of State's Office).
- B. Copy of operating agreement.
- C. Certificate of Authority (if foreign company).

VIII. MANAGER REGISTRATION FOR HOTEL AND RESTAURANT, TAVERN LICENSES WHEN INCLUDED WITH THIS APPLICATION

- A. \$75.00 fee.
- B. Individual History Record (DR 8404-I).

| 6. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager under the age of twenty-one years? | Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | |
|--|--|---------------|-------------|----------|-----|--|--|--|--|--|--|--|--|
| 7. Has the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager ever (in Colorado or any other state); (a) been denied an alcohol beverage license? <input type="checkbox"/> <input checked="" type="checkbox"/> (b) had an alcohol beverage license suspended or revoked? <input type="checkbox"/> <input checked="" type="checkbox"/> (c) had interest in another entity that had an alcohol beverage license suspended or revoked? <input type="checkbox"/> <input checked="" type="checkbox"/> If you answered yes to 7a, b or c, explain in detail on a separate sheet. | | | | | | | | | | | | | |
| 8. Has a liquor license application (same license class), that was located within 500 feet of the proposed premises, been denied within the preceding two years? If "yes," explain in detail. <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| 9. Are the premises to be licensed within 500 feet of any public or private school that meets compulsory education requirements of Colorado law, or the principal campus of any college, university or seminary? <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| 10. Has a liquor or beer license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation)? If yes, identify the name of the business and list any current or former financial interest in said business including any loans to or from a licensee. <input checked="" type="checkbox"/> <input type="checkbox"/> | | | | | | | | | | | | | |
| 11. Does the Applicant, as listed on line 2 of this application, have legal possession of the premises by virtue of ownership, lease or other arrangement? <input checked="" type="checkbox"/> Ownership <input type="checkbox"/> Lease <input type="checkbox"/> Other (Explain in Detail) <input type="checkbox"/> <input type="checkbox"/> | | | | | | | | | | | | | |
| a. If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease: | | | | | | | | | | | | | |
| <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; padding: 2px;">Landlord</td> <td style="width:33%; padding: 2px;">Tenant</td> <td style="width:33%; padding: 2px;">Expires</td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> </tr> </table> | Landlord | Tenant | Expires | | | | | | | | | | |
| Landlord | Tenant | Expires | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Attach a diagram and outline or designate the area to be licensed (including dimensions) which shows the bars, brewery, walls, partitions, entrances, exits and what each room shall be utilized for in this business. This diagram should be no larger than 8 1/2" X 11". (Doesn't have to be to scale) | | | | | | | | | | | | | |
| 12. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies), will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money from this business. Attach a separate sheet if necessary. | | | | | | | | | | | | | |
| <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">NAME</th> <th style="width:20%;">DATE OF BIRTH</th> <th style="width:20%;">FEIN OR SSN</th> <th style="width:30%;">INTEREST</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; height: 20px;">N/A</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> | NAME | DATE OF BIRTH | FEIN OR SSN | INTEREST | N/A | | | | | | | | |
| NAME | DATE OF BIRTH | FEIN OR SSN | INTEREST | | | | | | | | | | |
| N/A | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Attach copies of all notes and security instruments, and any written agreement, or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation. | | | | | | | | | | | | | |
| 13. Optional Premises or Hotel and Restaurant Licenses with Optional Premises Has a local ordinance or resolution authorizing optional premises been adopted? Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| Number of separate Optional Premises areas requested. _____ (See License Fee Chart) | | | | | | | | | | | | | |
| 14. Liquor Licensed Drug Store applicants, answer the following: (a) Does the applicant for a Liquor Licensed Drug Store have a license issued by the Colorado Board of Pharmacy? COPY MUST BE ATTACHED. Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| 15. Club Liquor License applicants answer the following and attach: (a) Is the applicant organization operated solely for a national, social, fraternal, patriotic, political or athletic purpose and not for pecuniary gain? Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> (b) Is the applicant organization a regularly chartered branch, lodge or chapter of a national organization which is operated solely for the object of a patriotic or fraternal organization or society, but not for pecuniary gain? <input type="checkbox"/> <input checked="" type="checkbox"/> (c) How long has the club been incorporated? _____ (d) Has applicant occupied an establishment for three years (Three years required) _____ that was operated solely for the reasons stated above? <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| 16. Brew-Pub License or Vintner Restaurant Applicants answer the following: (a) Has the applicant received or applied for a Federal Permit? Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> (Copy of permit or application must be attached) | | | | | | | | | | | | | |
| 17a. Name of Manager (for all on-premises applicants) <u>Richard A Ewing</u> (If this is an application for a Hotel, Restaurant or Tavern License, the manager must also submit an Individual History Record (DR 8404-I). Date of Birth | [REDACTED] | | | | | | | | | | | | |
| 17b. Does this manager act as the manager of, or have a financial interest in, any other liquor licensed establishment in the State of Colorado? If yes, provide name, type of license and account number. Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> | | | | | | | | | | | | | |
| 18. Tax Distraint Information. Does the applicant or any other person listed on this application and including its partners, officers, directors, stockholders, members (LLC) or managing members (LLC) and any other persons with a 10% or greater financial interest in the applicant currently have an outstanding tax distraint issued to them by the Colorado Department of Revenue? Yes No <input type="checkbox"/> <input checked="" type="checkbox"/> If yes, provide an explanation and include copies of any payment agreements. | | | | | | | | | | | | | |

19. If applicant is a corporation, partnership, association or limited liability company, applicant **must list** ALL OFFICERS, DIRECTORS, GENERAL PARTNERS, AND MANAGING MEMBERS. In addition applicant **must list** any stockholders, partners, or members with OWNERSHIP OF 10% OR MORE IN THE APPLICANT. ALL PERSONS LISTED BELOW must also attach form DR 8404-I (Individual History record), and submit finger print cards to their local licensing authority.

| NAME | HOME ADDRESS, CITY & STATE | DOB | POSITION | % OWNED* |
|------------------|----------------------------|------------|-----------------|----------|
| Richard A. Ewing | [REDACTED] | [REDACTED] | Member, Manager | 51% |
| Roberta A. Ewing | [REDACTED] | [REDACTED] | Member | 49% |
| | | | | |
| | | | | |
| | | | | |

*If total ownership percentage disclosed here does not total 100% applicant must check this box
 Applicant affirms that no individual other than these disclosed herein, owns 10% or more of the applicant

Additional Documents to be submitted by type of entity

- CORPORATION Cert. of Incorp. Cert. of Good Standing (if more than 2 yrs. old) Cert. of Auth. (if a foreign corp.)
 PARTNERSHIP Partnership Agreement (General or Limited) Husband and Wife partnership (no written agreement)
 LIMITED LIABILITY COMPANY Articles of Organization Cert. of Authority (if foreign company) Operating Agrmt.
 ASSOCIATION OR OTHER Attach copy of agreements creating association or relationship between the parties

Registered Agent (if applicable)

Address for Service

OATH OF APPLICANT

I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge. I also acknowledge that it is my responsibility and the responsibility of my agents and employees to comply with the provisions of the Colorado Liquor or Beer Code which affect my license.

Authorized Signature

Title

Date

[Signature]

Member, Manager

8/6/13

REPORT AND APPROVAL OF LOCAL LICENSING AUTHORITY (CITY/COUNTY)

Date application filed with local authority

Date of local authority hearing (for new license applicants; cannot be less than 30 days from date of application 12-47-311 (1)) C.R.S.

(R 8/7/13) 8/20/13

10/1/2013

THE LOCAL LICENSING AUTHORITY HEREBY AFFIRMS:

That each person required to file DR 8404-I (Individual History Record) has:

Yes No

Been fingerprinted

Been subject to background investigation, including NCIC/CCIC check for outstanding warrants

That the local authority has conducted, or intends to conduct, an inspection of the proposed premises to ensure that the applicant is in compliance with, and aware of, liquor code provisions affecting their class of license

(Check One)

Date of Inspection or Anticipated Date 9/13/13

Upon approval of state licensing authority.

The foregoing application has been examined; and the premises, business to be conducted, and character of the applicant are satisfactory. We do report that such license, if granted, will meet the reasonable requirements of the neighborhood and the desires of the adult inhabitants, and will comply with the provisions of Title 12, Article 46 or 47, C.R.S. **THEREFORE, THIS APPLICATION IS APPROVED.**

Local Licensing Authority for

Telephone Number

TOWN, CITY
 COUNTY

Signature

Title

Date

Signature (attest)

Title

Date

10

Richard A Ewing was involved previously
in a business that had a liquor ~~license~~ license
named Sports Garden. Richard is no longer
involved in this business and has no current debt
to be paid for this business

Sports Garden is located in Pueblo, CO

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

PGE ENTERPRISES, LLC

is a **Limited Liability Company** formed or registered on 09/15/2000 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20001180676.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 09/23/2013 that have been posted, and by documents delivered to this office electronically through 09/24/2013 @ 09:29:27.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 09/24/2013 @ 09:29:27 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 8648310.



A handwritten signature in black ink, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us>, clicking on the "Certificate Confirmation" link, and entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us>, click Business Center and select "Frequently Asked Questions."

OPERATING AGREEMENT
PGE ENTERPRISES LLC,
A COLORADO LIMITED LIABILITY COMPANY

THIS AGREEMENT is made and entered into this 15th day of September, 2000, by and between PGE ENTERPRISES LLC, a Colorado Limited Liability Company (hereinafter referred to as "Company") and those persons signing this agreement (hereinafter referred to as "Members").

WHEREAS, it is advisable to have an Operating Agreement governing the operation of the Company.

NOW, THEREFORE, in consideration of the promises, covenants, performances, and mutual considerations hereinafter recited, the parties agree as follows:

SECTION 1.00 - FORMATION OF COMPANY.

1.01 ARTICLES OF ORGANIZATION: The Company is organized pursuant to the provisions of the Limited Liability Company laws of the State of Colorado and pursuant to Articles of Organization filed with the Colorado Secretary of State. The rights and obligations of the Company and the Members shall be provided in the Articles of Organization and this Operating Agreement.

1.02 CONFLICT: If there is any conflict between the provisions of the Articles of Organization and this Operating Agreement, the terms of this Operating Agreement shall control.

SECTION 2.00 - CAPITAL CONTRIBUTIONS

2.01 CONTRIBUTIONS: The capital contributions to be made by the Members, and with which the Company shall begin business, are as follows:

- a) RICHARD A. EWING - \$ 100⁰⁰
- b) ROBERTA A. EWING - \$ 100⁰⁰

2.02 ADDITIONAL CAPITAL CONTRIBUTIONS: In the event that the cash funds of the Company are insufficient to meet its operating expenses or to finance new investments deemed appropriate to the purpose of the Company as determined by the Members, the Members shall make additional capital contributions in the proportion of their capital contributions. The amount of the additional capital required by the Company and the period during which such additional capital shall be retained by the Company shall be determined by the manager.

2.03 LOANS: The Company may, as determined by the manager, borrow money from the manager or third persons. In the event that a loan agreement is negotiated with a manager or Member, he or she shall be entitled to receive interest at a rate and upon

such terms to be determined by the manager and said loan shall be repaid to the manager or Member or other person with interest as soon as the affairs of the Company will permit. The loan shall be evidenced by a Promissory Note obligating the assets to the Company. Such interest and repayment of the amount so loaned are to be entitled to priority of payment over the division and distribution of capital contributions and profit among Members.

SECTION 3.00 - MEMBERS' ACCOUNTS

3.01 CAPITAL ACCOUNTS: Separate capital accounts shall be maintained for each Member. The capital accounts of each Member shall initially reflect the amount specified in Article 2.01. No Member may withdraw any part of his or her capital account, except upon the approval of the manager. If the capital account of a Member becomes impaired, or if he or she withdraws said capital account with the approval of the manager, his or her share of subsequent capital profits shall be credited first to his or her capital account until that account has been restored, before such profits are credited to his or her income account. If, during the period when a Member's capital account is impaired or he or she has withdrawn funds therefrom as hereinbefore provided, an additional contribution is required of the Members for the purposes specified in Section 2.02, then the Member with such withdrawn or impaired capital account shall be required to contribute his or her proportionate share of the additional capital contribution and the deficiency then existing in his or her capital account, so as to return the capital account to the same proportion existing as of the date of the additional contribution. No interest shall be paid on any capital contributions to the Company.

3.02 INCOME ACCOUNTS: A separate income account shall be maintained for each Member. Company profits, losses, gains, deductions, and credits shall be charged or credited to the separate income accounts annually, unless a Member has no credit balance in his or her income account, in which event the losses shall be charged to his or her capital account, except as provided in Section 3.01. The profits, losses, gains, deductions, and credits to the Company shall be distributed or charged to the Members as provided in Section 3.03. No interest shall be paid on any credit balance in an income account.

3.03 ALLOCATIONS AMONG MEMBERS: The profits and losses of the Company shall be divided and the losses, deductions, and credits of the Company shall be borne in the following proportions:

RICHARD A. EWING
ROBERTA A. EWING

51%
49%

3.04 DISPROPORTIONATE CAPITAL ACCOUNTS: No interest or additional allocation, profits, losses, gains, deductions, and credits shall inure to any Member by reason of his or her capital account being proportionately in excess of the capital accounts of other members.

3.05 DISTRIBUTION OF ASSETS: All distributions of assets of the Company, including cash, shall be made in the same allocations among Members as described in Section 3.03. The managers shall determine in their discretion whether distributions of assets of the Company should be made to the Members; provided, however, that no distribution of assets may be made to a Member if, after giving effect to the distribution, all liabilities of the Company, other than liabilities to Members on account of their capital and income accounts, would exceed the fair value of the Company assets. A Member has no right to demand and receive any distribution from the Company in any form other than cash.

SECTION 4.00 - RULES RELATING TO MEMBERS

4.01 ADMISSION OF NEW MEMBERS: Additional members may be admitted upon the unanimous written consent of all Members.

4.02 VOTING OF MEMBERS: A Member shall be entitled to one (1) vote for each percentage interest in the Company on any matter for which Members are required to vote. A Member may vote in person or by proxy at any meeting of Members. Except as provided in Section 4.01, all decisions of Members shall be made by a majority vote at a properly called meeting of the Members at which a quorum is present, or by unanimous written consent of the Members.

4.03 MEETINGS OF MEMBERS:

a) Meetings of Members may be held at such time and place as may be determined by the managers or the person or persons calling the meeting.

b) The annual meeting of Members shall be held on the third Thursday of February in each year, or at such time and place as shall be determined by a resolution of the managers during each fiscal year of the Company.

c) Special meetings of the Members may be called by the manager or at least twenty percent (20%) of all of the Members entitled to vote at the meeting.

d) Written notice stating the place, day, and hour of the meeting, and in the case of a special meeting, the purpose for which the meeting is called shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the manager or any other person calling the meeting, to each Member of record entitled to vote at such meeting. A waiver of notice in writing signed by the Member before, at, or after the time of the meeting stated in the notice shall be equivalent to the giving of such notice.

e) By attending a meeting, a Member waives objection to the lack of notice or defect of notice, unless the Member at the beginning of the meeting objects to the holding of the

meeting or the transaction of business at the meeting. A Member who attends a meeting also waives objection to consideration at such meeting of the particular matter not within the purpose described in the notice, unless a Member objects to considering the matter when it is presented.

f) A majority of the Members entitled to vote shall constitute a quorum at the meeting of Members. If a quorum is not represented at any meeting of the Members, such meeting may be adjourned for a period not to exceed thirty (30) days at any one adjournment; provided, however, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each Member entitled to vote.

SECTION 5.00 - RULES RELATING TO MANAGERS

5.01 GENERAL POWERS: Management and the conduct of the business of the Company shall be vested in the manager(s). The manager(s) may adopt resolutions to govern his activities and the manner in which he shall perform his duties to the Company.

5.02 QUALIFICATIONS OF MANAGER: The manager must be a Member of the Company.

5.03 ELECTION NUMBER AND TERM:

a) One (1) manager shall be selected, unless the Members at a regular or special meeting determine to increase the number of managers.

b) The initial manager shall hold office until the first annual meeting of the Members and until his successor or successors have been elected and qualified. Thereafter, each manager elected by the Members shall hold office for a one (1) year term, or until his or her successor has been elected and qualified. The manager or managers shall be elected by a vote or consent of the Members at an annual meeting or at a special meeting called for that purpose.

5.04 MEETINGS AND VOTING: In the event there is more than one (1) manager, the meetings of managers shall be held at such time and place as the managers shall determine. Written notice of meetings of the managers shall be delivered at least 24 hours before the meeting personally, by telecopier or by mail actually delivered to the manager within the 24-hour period. A waiver of notice in writing signed by the manager before, at, or after the time of the meeting stated in the notice shall be equivalent to the giving of such notice. By attending a meeting, a manager waives objection to the lack of notice or defect of notice, unless at the beginning of the meeting the manager objects to the holding of the meeting or the transaction of business at the meeting. A majority of the managers entitled to vote shall constitute a quorum at the meeting of managers. All decisions of the managers shall be made by

a majority vote of the managers at a properly called meeting of the managers at which a quorum is present or by unanimous written consent of the managers.

5.05 DUTIES OF MANAGERS:

a) The managers shall have the duties and responsibilities as described in the Colorado Limited Liability Company Act, as amended from time to time.

b) The manager or managers shall execute any instruments or documents providing for the acquisition, mortgage, or disposition of the property of the Company.

c) Any debt contracted or liability incurred by the Company shall be authorized only by the manager or by a resolution of the managers, if there is more than one (1) manager, and any instruments or documents required to be executed by the Company shall be signed by the manager or any one (1) of the managers, if there is more than one, designated by a resolution of the manager or managers.

d) If there is more than one (1) manager, the managers shall designate any one (1) of the managers to be responsible for the daily and continuing operation of the business affairs of the Company. All decisions affecting the policy and management of the Company shall be made by the manager or managers. Checks must be signed by any two (2) Members of the Company, one (1) of which must be a manager or one (1) of the managers.

(e) A manager shall not be entitled to compensation, but shall be entitled to be indemnified by the Company to the extent provided by the Colorado Limited Liability Company Act, as amended from time to time, and shall be entitled to the advance of expenses, including attorney's fees in the defense or prosecution of a claim against him or her in his or her capacity as manager.

SECTION 6.00 - BOOKS

6.01 LOCATION OF RECORDS: The books of the Company shall be maintained at the principal office of the Company or at such other place as the manager or managers shall determine. Each Member shall at all times have access to the books and records of the Company for inspection and copying.

6.02 ACCESS TO RECORDS: Each Member shall be entitled to obtain from the manager, upon responsible demand for any purpose, such information reasonably related to the Member's membership interest in the Company; to have true and full information regarding the state of business and financial condition and any other information regarding the affairs of the Company; to have a copy of the Company's federal and state income tax returns for each

year promptly after they are available to the Company; and to have a formal accounting of the Company affairs whenever circumstances render an accounting just and reasonable.

6.03 ACCOUNTING RULES: The books shall be maintained on a cash basis. The fiscal year of the Company shall be a calendar year. Distributions to income accounts shall be made annually.

SECTION 7.00 - DISSOLUTION

7.01 CAUSES OF DISSOLUTION: The Company shall be dissolved upon the occurrence of any one (1) of the following events:

- a) At any time by unanimous agreement of the Members;
- b) Upon the expiration of the period fixed for the duration of the Company in its Articles of Organization;
- c) Upon the death, retirement, resignation, expulsion, bankruptcy, or dissolution of a Member.

7.02 CONTINUATION OF BUSINESS: Notwithstanding a dissolution of the Company under Section 7.01(c), the Members may elect to continue the business of the Company so long as there are at least two (2) Members remaining who then consent to do so, by purchasing the deceased, retired, resigned, expelled, or bankrupt Member's membership interest.

7.03 PURCHASE OF MEMBER'S MEMBERSHIP INTEREST:

a) If the Members elect to continue the business under Section 7.02, the purchase price of a withdrawn Member's membership interest shall be equal to the withdrawn Member's capital account as of the effective date of his withdrawal, plus his income account as of the end of the prior fiscal year, decreased by his share of the Company losses, deductions, and credits computed to the effective date, and decreased by withdrawals such as would have been charged to his or her income account during the present fiscal year to the effective date. The purchase price is subject to setoff for any damages incurred as a result of the withdrawn Member's actions and nothing in this paragraph is intended to impair the Company's right to recover damages for the withdrawn Member's wrongful dissolution of the Company by reason of the withdrawn Member's death or bankruptcy.

b) The purchase price determined under Section 7.03(a) shall be paid to the withdrawn Member in equal monthly installments over a period selected by the manager, but not to exceed sixty (60) months, with interest at the Internal Revenue Service A.F.R. rate. Said obligation shall be reduced to an unsecured Promissory Note signed by the manager on behalf of the Company.

c) The effective date shall be the date of death of a deceased Member or the date notice is delivered to the Company in the case of the bankruptcy of a Member.

d) In the event of dissolution of the Company, and if the Members do not elect to or are unable to continue the business of the Company under Section 7.03, the managers shall proceed with reasonable promptness to sell the real and personal property owned by the Company and to liquidate the business of the Company. Upon dissolution, the assets of the Company business shall be used and distributed in the following order:

i) Any liabilities and liquidating expenses of the Company will first be paid.

ii) The reasonable compensation and expenses of the managers and liquidation shall be paid.

iii) The amount then remaining shall be paid to, and divided among, the Members, in accordance with the statutory scheme for distribution and liquidation of the Company and the Colorado Limited Liability Company Act, as amended from time to time.

SECTION 8.00 - EXPULSION OF A MEMBER

8.01 REASONS FOR EXPULSION: A Member shall be expelled from the Company upon the occurrence of any of the following events:

a) If a Member shall violate any of the provisions of this Agreement.

b) If a Member's membership interest shall be subject to a charging order or tax lien which is not dismissed or resolved to the satisfaction of the manager of the Company within thirty (30) days after assessment or attachment.

8.02 NOTICE OF EXPULSION: Upon the occurrence of an event described in Section 8.01, written notice of expulsion shall be given to a violating Member either by serving the same by personal delivery or by mailing the same by certified mail to his or her last known place of residence as shown on the books of the Company. Upon the receipt of personal notice or the date of the postmark for certified mail, the violating Member shall be considered expelled and shall have no further rights as a Member of the Company, except to receive the amounts to which he or she is entitled under Section 7.03 of this Agreement.

SECTION 9.00 - BANKRUPTCY

9.01 DEFINITION: A Member shall be considered bankrupt if the Member files a Petition in Bankruptcy or an involuntary Petition in Bankruptcy is filed against a Member and the petition

is not dismissed within sixty (60) days or makes an assignment for the benefit of creditors or otherwise takes any proceeding or enters into any agreement for compounding his or her debts other than by the payment of them in full amount thereof or is otherwise regarded as insolvent under any Colorado Insolvency Act.

9.02 EFFECTIVE DATE OF BANKRUPTCY: The effective date of a Member's bankruptcy shall be the date that the manager having learned of the Member's bankruptcy shall give notice in writing stating that the Member is regarded as bankrupt under this Agreement. Such notice shall be personally served or by leaving the same at the place of business of the Member. As of the effective date, the bankrupt Member shall have no further rights as a Member of the Company, except to receive the amounts to which he or she may be entitled under Section 7.03.

SECTION 10.00 - DEATH OF A MEMBER

10.01 RIGHTS TERMINATED: Upon the death of a Member, the deceased Member's rights as a Member of the Company shall cease and terminate, except as provided in this section.

10.02 CONTINUATION: If the surviving members elect to continue the business as provided in Section 7.02, the manager shall serve notice in writing of such election within three (3) months after the death of the decedent upon the Personal Representative of the decedent and, if at the time of such election no legal representative has been appointed upon any one (1) of the known legal heirs of the decedent at the last known address of such heir, the Company shall purchase the membership interest of the deceased Member, as provided in Section 7.03, and the closing of such purchase shall be within thirty (30) days of the notice of such election.

10.03 LIQUIDATION INTEREST: If the surviving Members do not elect to continue the business or are unable to do so by law, the deceased Member shall only be entitled to his or her interest in the liquidation as stated in Section 7.03.

SECTION 11.00 - SALE OF A MEMBER'S INTEREST

11.01 VOLUNTARY SALE OR TRANSFER: In the event a Member desires to sell, assign, or otherwise transfer his or her membership interest in the Company and has obtained a bona fide offer for the sale thereof made by some person not a Member of this Company, he or she shall first offer to sell, assign, or otherwise transfer the membership interest to the other Members at the price and on the same terms as previously offered him or her. Each of the other Members shall have the right to purchase his or her proportionate share of the selling Member's membership interest. If any Member does not desire to purchase the membership interest on such terms or at such price and the entire membership interest is not purchased by the other Members, no other Member may purchase any part of the membership interest and the selling Member may then

sell, assign, or otherwise transfer his or her entire membership interest in the Company to the person making the said offer at the price offered. The intent of this provision is to require that the entire membership interest of the Member be sold intact. A purchaser of a membership interest of the Company shall not become a Member without the unanimous consent of the non-selling Members, but shall be entitled to receive the share of profits, gains, losses, deductions, credits, and distributions to which the selling Member would be entitled.

11.02 RESTRICTION ON SALE: Except as otherwise provided, no Member may sell, assign, mortgage, or otherwise encumber his or her membership interest in the Company or in its capital assets or property or enter into any agreement of any kind that will result in any person, firm, or organization becoming interested with him or her in the Company or do any act detrimental to the best interests of the Company.

SECTION 12.00 - ARBITRATION

Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in accordance with the then existing rules of the American Arbitration Association. Judgment upon the award rendered by said arbitration may be entered in any court having jurisdiction thereof. Costs of arbitration shall be paid by the loser. If any one (1) Member notifies the other Members in writing of a dispute, claim, or controversy within six (6) months of the arising of such dispute, claim, or controversy and requests that the same be arbitrated, no legal action may then be commenced thereon, except to obtain judgment on the arbitration award.

SECTION 13.00 - MISCELLANEOUS

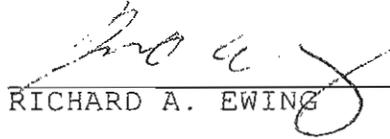
13.01 AGREEMENT BINDING: This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, administrators, successors, and assigns and each person entering into this Agreement acknowledges that this Agreement constitutes the sole and complete representation made to him or her regarding the Company, its purposes and business. No oral or written representations or warranties of any kind or nature have been made regarding the proposed investments nor any promises, guaranties, or representations regarding income or profit to be derived from any future investment.

13.02 AMENDMENT: This Agreement may be modified from time to time as necessary only by the written agreement of the Company acting through the vote or consent of its managers and the Members.

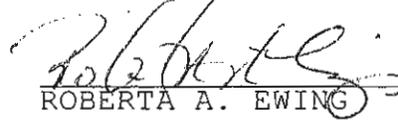
13.03 SEVERABILITY: The provisions of this Agreement are severable and separate and if any one (1) or more is voidable or void by statute or rule of law, the remaining provisions shall be severed therefrom and shall remain in full force and effect.

13.04 LAWS OF COLORADO: This Agreement and the terms are to be construed in accordance with the laws of the State of Colorado.

IN WITNESS WHEREOF, we have set our hands and seals the day and year first above written in Pueblo, Colorado.

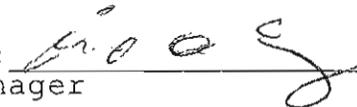


RICHARD A. EWING



ROBERTA A. EWING

PGE ENTERPRISES LLC

By: 

Manager



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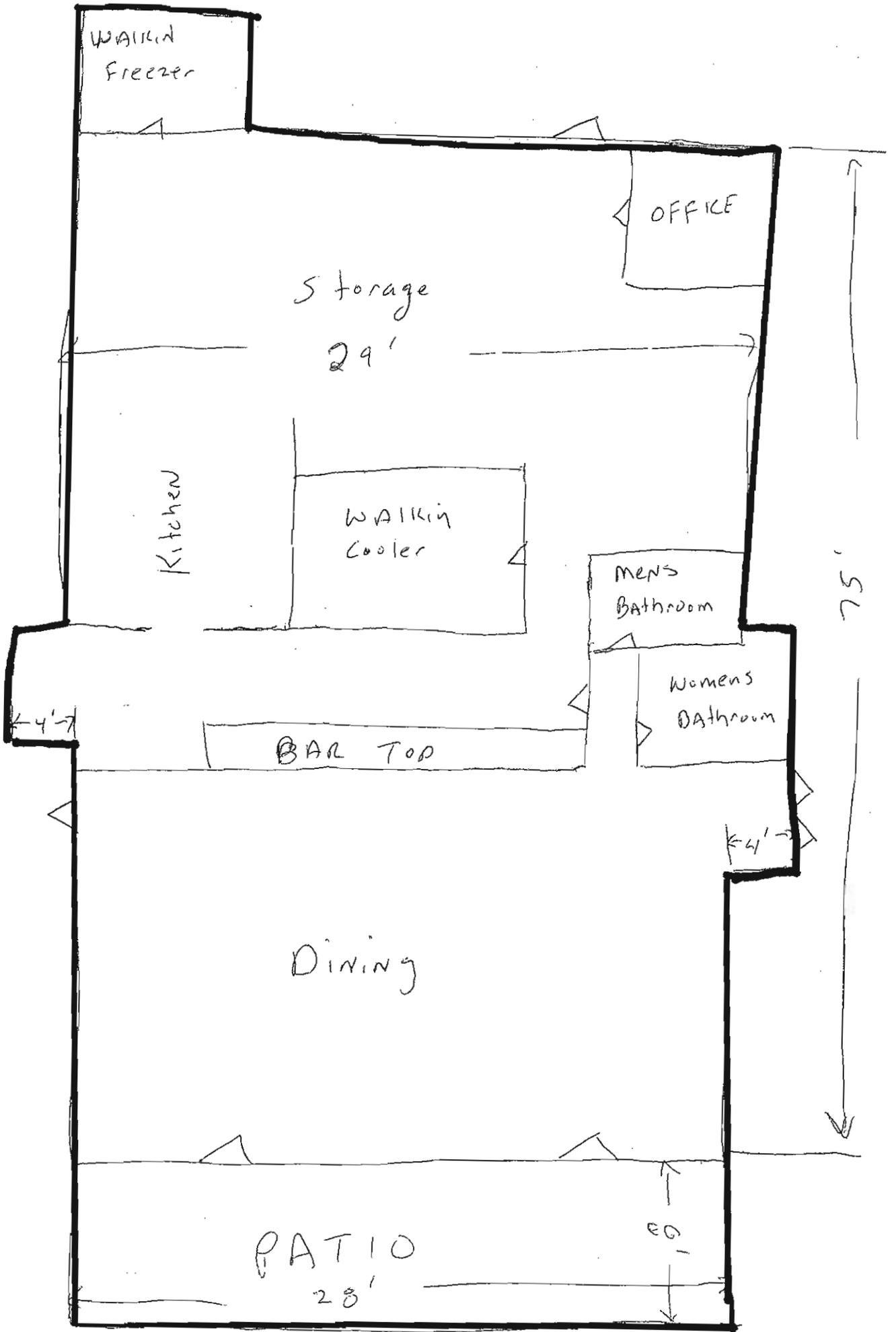
Summary

| Details | | | |
|---|-------------------------|------------------------|---------------------------|
| Trade name | Krackalack Sports Grill | | |
| Registrant name | PGE ENTERPRISES, LLC | | |
| Status | Effective | Formation Date | 08/07/2013 |
| ID number | 20131459663 | Form | Limited Liability Company |
| Renewal month | n/a | Expiration Date | n/a |
| Primary residence or usual place of business street address | n/a | | |
| Primary residence or usual place of business mailing address | n/a | | |

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Doc fee 38.50
THIS DEED, Made this *20th* day of AUGUST
in the year of our Lord TWO THOUSAND AND THREE
between:

Instrument Book Page
200300668698 OR 1031 55

MARJORIE LUCILLE FISSEL AKA LUCILLE FISSEL

whose street address is _____ City or Town
and of the said County of _____ and State of _____
of the first part, and

PGE ENTERPRISES, LLC

whose street address is *118 S. Tiffany Dr* City or Town of *Pueblo West* and of the said
County of *Pueblo* and State of *Colorado 81007* of the second part.

Witnesseth, That the said parties of the first part, for and in consideration of the sum THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS to the said party of the first part in hand paid by the said parties of the second part, the receipt thereof is hereby confessed and acknowledged, have granted, bargained, sold and conveyed, and by these present does grant, bargain, sell, convey and confirm, unto the said parties of the second part, the survivor of them, their assigns and the heirs and assigns of such survivor forever, all the following described lot or parcel of land situate, lying and being the County of LAS ANIMAS and State of COLORADO, to-wit:

LOTS 6, 7, 8, 9 AND THE EAST SEVEN AND ONE-HALF FEET OF LOT 10, BLOCK 23, TAYLOR AND SWALLOWS ADDITION TO THE CITY OF TRINIDAD, LAS ANIMAS COUNTY, COLORADO.

LOTS 30, 31, 32, 33, 34 AND 35 IN BLOCK 23 TAYLOR AND SWALLOWS ADDITION TO THE CITY OF TRINIDAD, LAS ANIMAS COUNTY, COLORADO.

Together, with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest claim and demand whatsoever of said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

To Have and to Hold the said premises above bargained and described, with the appurtenances, unto the said parties of the second part, the survivor of them, their assigns and the heirs and assigns of such survivor forever. And the said parties of the first part, for themselves, their heirs, executors, and administrators, do hereby covenant, grant, bargain and agree to and with the said parties of the second part, the survivor of them, their assigns and the heirs and assigns of such survivor, that at the time of the ensembling and delivery of these presents, are well seized of the premises above conveyed, as of good, sure, perfect absolute and indefeasible estate of inheritance, in law, in fee simple, and have good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form aforesaid and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and encumbrances of whatever kind or nature soever, EXCEPT TAXES AND ANY ALL CONDITIONS, COVENANTS, EASEMENTS, RESERVATIONS, RESTRICTIONS, ROADS, RIGHTS OF WAY OF RECORD. Right of way easement in book 859, page 173

And the above bargained premises in the quiet and peaceable possession of the said parties of the second part, the survivor of them, their assigns and the heirs and assigns of such survivor, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said parties of the first part shall and will WARRANT AND FOREVER DEFEND.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals the day and year first above written.
Signed, Sealed and Delivered in the Presence of:

Marjorie Lucille Fissel
MARJORIE LUCILLE FISSEL AKA

Lucille Fissel (SEAL)
LUCILLE FISSEL

STATE OF *Colorado*
COUNTY OF *Las Animas*

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS *20th* DAY OF *AUGUST*, 2003 BY MARJORIE LUCILLE FISSEL AKA LUCILLE FISSEL



WITNESS my hand and official seal.

My commission expires: *10-2-2004*

[Signature]
NOTARY PUBLIC

WARRANTY DEED

INDIVIDUAL HISTORY RECORD

To be completed by the following persons, as applicable: sole proprietors; general partners regardless of percentage ownership, and limited partners owning 10% or more of the partnership; all principal officers of a corporation, all directors of a corporation, and any stockholder of a corporation owning 10% or more of the outstanding stock; managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of Hotel and Restaurant or Tavern class of retail license.

NOTICE: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". Any deliberate misrepresentation or material omission may jeopardize the license application.

1. Name of Business

PGE Enterprises, LLC

2. Your Full Name (last, first, middle)

Richard Ewing

3. List any other names you have used.

4. Mailing address (if different from residence)

5. List current residence address. Include any previous addresses within the last five years (attach separate sheet if necessary).

| | STREET AND NUMBER | CITY, STATE, ZIP | FROM | TO |
|----------|-------------------|-----------------------|------|---------|
| Current | 468 W Player Dr | Pueblo West, CO 81007 | 2008 | Present |
| Previous | 855 S Cayuga, Ct | Pueblo West, CO 81067 | 1998 | 2008 |

6. List all employment within the last five years. Include any self employment. (Attach separate sheet if necessary)

| NAME OF EMPLOYER OR BUSINESS | ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) | POSITION HELD | FROM | TO |
|------------------------------|--|---------------|------|---------|
| PGE Enterprises, LLC | 468 W Player Dr, Pueblo, CO 81007 | Owner | 2000 | 2013 |
| CAE Enterprises, LLC | 468 W Player Dr, Pueblo, CO 81007 | Owner | 2010 | Present |

7. List the name(s) of relatives working in or holding a financial interest in the Colorado alcohol beverage industry.

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
| N/A | | | |
| | | | |
| | | | |

8. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? If yes, answer in detail. Yes No

Owner Sports Garden in Pueblo, CO. One year in 1997

9. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? If yes, explain in detail. Yes No

10. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? (If yes, explain in detail.)

Yes No

11. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? (If yes, explain in detail.)

Yes No

12. Have you ever had any professional license suspended, revoked, or denied? (If yes, explain in detail.)

Yes No

PERSONAL AND FINANCIAL INFORMATION

Unless otherwise provided by law, the personal information required in question #13 will be treated as confidential. The personal information required in question #13 is solely for identification purposes.

| | | | | | | | |
|--------------------------------------|-----------|-------------------------------|--------------|---|---------|--|--|
| 13a. Date of Birth | | b. Social Security Number SSN | | c. Place of Birth | | d. U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| e. If Naturalized, State where | | | | f. When | | g. Name of District Court | |
| h. Naturalization Certificate Number | | i. Date of Certification | | j. If an Alien, Give Alien's Registration Card Number | | k. Permanent Residence Card Number | |
| l. Height | m. Weight | n. Hair Color | o. Eye Color | p. Sex | q. Race | r. Do you have a current Driver's License? If so, give number and state <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |

14. Financial Information.

a. Total purchase price \$ _____ (if buying an existing business) or investment being made by the applying entity, corporation, partnership, limited liability company, other \$ 403,000

b. List the total amount of your investment in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid \$ 403,000

c. Provide details of the investment described in 14.b. You must account for all of the sources of this investment. Attach a separate sheet if needed.

| Type: Cash, Services or Equipment | Source | Amount |
|-----------------------------------|---------------------------------------|----------|
| CASH | CAE Enterprises, LLC Business Account | \$20,000 |
| | Colorado East Bank N/A | |
| | | |
| | | |

d. Loan Information (attach copies of all notes or loans)

| Name of Lender | Address | Term | Security | Amount |
|--------------------|----------------------------|-------|-------------------|---------------------------|
| International Bank | 320 N Convent Trinidad, CO | 10 yr | Property | Current Balance \$215,000 |
| SCECO | 1104 N Main St Pueblo, CO | 10 yr | Personal Property | Current Balance \$168,000 |
| | | | | |
| | | | | |
| | | | | |

Oath of Applicant

I declare under penalty of perjury that this application and all attachments are true, correct, and complete to the best of my knowledge.

| | | |
|--|-------------------------|----------------|
| Authorized Signature  | Title Member Manager | Date 8/6/13 |
|--|-------------------------|----------------|

INDIVIDUAL HISTORY RECORD

To be completed by the following persons, as applicable: sole proprietors; general partners regardless of percentage ownership, and limited partners owning 10% or more of the partnership; all principal officers of a corporation, all directors of a corporation, and any stockholder of a corporation owning 10% or more of the outstanding stock; managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of Hotel and Restaurant or Tavern class of retail license.

NOTICE: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". Any deliberate misrepresentation or material omission may jeopardize the license application.

1. Name of Business
 PGE Enterprises, LLC

2. Your Full Name (last, first, middle)
 Roberta Ewing

3. List any other names you have used.

4. Mailing address (if different from residence)

5. List current residence address. Include any previous addresses within the last five years (attach separate sheet if necessary).

| STREET AND NUMBER | CITY, STATE, ZIP | FROM | TO |
|------------------------------|----------------------|------|---------|
| Current 468 W. Player Dr. | Pueblo West Co 81007 | 2008 | present |
| Previous 855 S. Cayuga Ct | Pueblo West Co 81007 | 1998 | 2008 |

6. List all employment within the last five years. Include any self employment. (Attach separate sheet if necessary)

| NAME OF EMPLOYER OR BUSINESS | ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) | POSITION HELD | FROM | TO |
|------------------------------|--|-----------------------|-------|---------|
| Express Scripts | 1045 W 6 th St Pueblo Co 81003 | Patient Care Advocate | 11/11 | present |
| PGE Enterprises, LLC | 468 W. Player Dr Pueblo Co 81007 | Owner | 2000 | present |

7. List the name(s) of relatives working in or holding a financial interest in the Colorado alcohol beverage industry.

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
| N/A | | | |
| | | | |
| | | | |

8. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? If yes, answer in detail.
 Yes No

9. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? If yes, explain in detail.
 Yes No

10. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? (If yes, explain in detail.)

Yes No

11. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? (if yes, explain in detail.)

Yes No

12. Have you ever had any professional license suspended, revoked, or denied? (If yes, explain in detail.)

Yes No

PERSONAL AND FINANCIAL INFORMATION

Unless otherwise provided by law, the personal information required in question #13 will be treated as confidential.
The personal information required in question #13 is solely for identification purposes.

| | | | | | | | |
|--------------------------------------|-----------|-------------------------------|--------------|---|---------|--|--|
| 13a. Date of Birth | | b. Social Security Number SSN | | c. Place of Birth | | d. U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| e. If Naturalized, State where | | | | f. When | | g. Name of District Court | |
| h. Naturalization Certificate Number | | i. Date of Certification | | j. If an Alien, Give Alien's Registration Card Number | | k. Permanent Residence Card Number | |
| l. Height | m. Weight | n. Hair Color | o. Eye Color | p. Sex | q. Race | r. Do you have a current Driver's License? If so, give number and state <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |

14. Financial Information.

a. Total purchase price \$ _____ (if buying an existing business) or investment being made by the applying entity, corporation, partnership, limited liability company, other \$ 403,000

b. List the total amount of your investment in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid \$ 403,000

c. Provide details of the investment described in 14.b. You must account for all of the sources of this investment. Attach a separate sheet if needed.

| Type: Cash, Services or Equipment | Source | Amount |
|-----------------------------------|---------------------------------------|--------|
| CASH | CAE Enterprises, LLC Business Account | 20,000 |
| | Colorado East Bay R Act # [REDACTED] | |
| | | |
| | | |

d. Loan Information (attach copies of all notes or loans)

| Name of Lender | Address | Term | Security | Amount |
|--------------------|-------------------------|-------|-------------------|-------------------------|
| International Bank | 320 Convent Trinidad Co | 10 yr | Property | Current Balance 215,000 |
| SCEDD | 1104 N MAIN Pueblo Co | 10 yr | Personal Property | Current Balance 168,000 |
| | | | | |
| | | | | |
| | | | | |

Oath of Applicant

I declare under penalty of perjury that this application and all attachments are true, correct, and complete to the best of my knowledge.

| | | |
|--|-----------------|-----------------|
| Authorized Signature <i>[Signature]</i> | Title Member | Date 8/16/13 |
|--|-----------------|-----------------|

CAE Enterprises, LLC ~~is~~ ^{is} Also owned
By Richard A. Ewing and Roberta A Ewing

Richard is 51% Share Holder

And Roberta is 49% Share Holder

200300668699
Filed for Record in
LAS ANIMAS, CO
BERNARD J. GONZALES
09-04-2003 At 10:21 AM.
DEED D TRUS 36.00
Doc Fees .00
DR Book 1031 Page 56 - 62

RECORDATION REQUESTED BY:

INTERNATIONAL BANK
INTERNATIONAL BANK TRINIDAD
PO BOX 920
320 NORTH CONVENT ST.
TRINIDAD, CO 81082-0920

Instrument Book Page
200300668699 OR 1031 56

WHEN RECORDED MAIL TO:

INTERNATIONAL BANK
INTERNATIONAL BANK TRINIDAD
PO BOX 920
320 NORTH CONVENT ST.
TRINIDAD, CO 81082-0920

SEND TAX NOTICES TO:

INTERNATIONAL BANK
INTERNATIONAL BANK TRINIDAD
PO BOX 920
320 NORTH CONVENT ST.
TRINIDAD, CO 81082-0920

FOR RECORDER'S USE ONLY

CONSTRUCTION DEED OF TRUST

MAXIMUM PRINCIPAL AMOUNT SECURED. The Lien of this Deed of Trust shall not exceed at any one time \$1,028,370.64 except as allowed under applicable Colorado law.

THIS DEED OF TRUST is dated August 19, 2003, among PGE ENTERPRISES, LLC, whose address is 855 S. CAYUGA CT., PUEBLO WEST, CO 81007 ("Grantor"); INTERNATIONAL BANK, whose address is INTERNATIONAL BANK TRINIDAD, PO BOX 920, 320 NORTH CONVENT ST., TRINIDAD, CO 81082-0920 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and the Public Trustee of LAS ANIMAS County, Colorado (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor hereby irrevocably grants, transfers and assigns to Trustee for the benefit of Lender as Beneficiary all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in LAS ANIMAS County, State of Colorado:

LOTS 6, 7, 8, 9, AND THE EAST SEVEN AND ONE-HALF FEET OF LOT 10, BLOCK 23, TAYLOR ANBD SWALLOWS ADDITION, AND LOTS 30, 31, 32, 34, AND 35, IN BLOCK23, TAYLOR AND SWALLOWS ADDITION TO THE CITY OF TRINIDAD.

The Real Property or its address is commonly known as 416 UNIVERSITY, TRINIDAD, CO 81082.

FUTURE ADVANCES. Specifically, without limitation, this Deed of Trust secures, in addition to the amounts specified in the Note, all future amounts Lender in its discretion may loan to Grantor, together with all interest thereon; however, in no event shall such future advances (excluding interest) exceed in the aggregate \$504,900.00.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS ALSO GIVEN TO SECURE ANY AND ALL OF GRANTOR'S OBLIGATIONS UNDER THAT CERTAIN CONSTRUCTION LOAN AGREEMENT BETWEEN GRANTOR AND LENDER OF EVEN DATE HEREWITH. ANY EVENT OF DEFAULT UNDER THE CONSTRUCTION LOAN AGREEMENT, OR ANY OF THE RELATED DOCUMENTS REFERRED TO THEREIN, SHALL ALSO BE AN EVENT OF DEFAULT UNDER THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

CONSTRUCTION MORTGAGE. This Deed of Trust is a "construction mortgage" for the purposes of Sections 9-334 and 2A-309 of the Uniform Commercial Code, as those sections have been adopted by the State of Colorado.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained

**DEED OF TRUST
(Continued)**

Page 2

herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

Construction Loan. If some or all of the proceeds of the loan creating the Indebtedness are to be used to construct or complete construction of any Improvements on the Property, the improvements shall be completed no later than the maturity date of the Note (or such earlier date as Lender may reasonably establish) and Grantor shall pay in full all costs and expenses in connection with the work. Lender will disburse loan proceeds under such terms and conditions as Lender may deem reasonably necessary to insure that the interest created by this Deed of Trust shall have priority over all possible liens, including those of material suppliers and workmen. Lender may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness.

**DEED OF TRUST
(Continued)**

Page 3

If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause

**DEED OF TRUST
(Continued)**

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to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. Upon the full performance of all the obligations under the Note and this Deed of Trust, Trustee may, upon production of documents and fees as required under applicable law, release this Deed of Trust, and such release shall constitute a release of the lien for all such additional sums and expenditures made pursuant to this Deed of Trust. Lender agrees to cooperate with Grantor in obtaining such release and releasing the other collateral securing the Indebtedness. Any release fees required by law shall be paid by Grantor, if permitted by applicable law.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. Lender shall have the right to cause all or any part of the Real Property, and Personal Property, if Lender decides to proceed against it as if it were real property, to be sold by the Trustee according to the laws of the State of Colorado as respects foreclosures against real property. The Trustee shall give notice in accordance with the laws of Colorado. The Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including but not limited to Trustee's fees, attorneys' fees, and the cost of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled to the excess.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness.

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In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver. Receiver may be appointed by a court of competent jurisdiction upon ex parte application and without notice, notice being expressly waived.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Sale of the Property. In exercising its rights and remedies, Lender shall be free to designate on or before it files a notice of election and demand with the Trustee, that the Trustee sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Upon any sale of the Property, whether made under a power of sale granted in this Deed of Trust or pursuant to judicial proceedings, if the holder of the Note is a purchaser at such sale, it shall be entitled to use and apply all, or any portion of, the indebtedness for or in settlement or payment of all, or any portion of, the purchase price of the Property purchased, and, in such case, this Deed of Trust, the Note, and any documents evidencing expenditures secured by this Deed of Trust shall be presented to the person conducting the sale in order that the amount of indebtedness so used or applied may be credited thereon as having been paid.

Attorneys' Fees; Expenses. If Lender forecloses or institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. To the extent permitted by applicable law, Trustee shall have all of the rights and duties of Lender as set forth in this section.

NOTICES. Any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by, construed and enforced in accordance with federal law and the laws of the State of Colorado. This Deed of Trust has been accepted by Lender in the State of Colorado.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

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(Continued)

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Time Is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waive Jury. All parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Colorado as to all indebtedness secured by this Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means INTERNATIONAL BANK, and its successors and assigns.

Borrower. The word "Borrower" means PGE ENTERPRISES, LLC and includes all co-signers and co-makers signing the Note.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Grantor. The word "Grantor" means PGE ENTERPRISES, LLC.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision of this Deed of Trust, together with all interest thereon.

Lender. The word "Lender" means INTERNATIONAL BANK, its successors and assigns.

Note. The word "Note" means the promissory note dated August 19, 2003, in the original principal amount of \$504,900.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

SERVICING AGENT AGREEMENT

| | |
|--|---|
| <i>SBA Office Name</i> Colorado District Office | <i>SBA Loan Number</i> CDC 651-124-40-07-DEN |
| | <i>SBA Loan Name</i> PGE Enterprises, LLC |
| <i>Borrower Name(s)</i> PGE Enterprises, LLC | |
| <i>Borrower Mailing Address</i> 855 Cayuga Court Pueblo West, CO 81007 | |
| <i>Operating Company Name (if different from Borrower)</i> | |
| <i>Operating Company Mailing Address</i> | |
| <i>Business Name (Name of DBA of Borrower or Operating Company)</i> | |
| <i>Certified Development Company ("CDC")</i> SCEDD Development Company | <i>CDC No.</i> 08-416 |
| <i>Statement Name (Name to appear on Colson reports to CDC)</i> PGE Enterprises, LLC | |
| <i>Central Servicing Agent ("CSA")</i> Colson Services Corp., 504 Loan Department 120 Broadway, New York, NY 10271 | |

This Agreement is based on the following facts:

1. The CDC is providing financial assistance to the Borrower evidenced by Borrower's Note and secured by collateral.
2. The CDC has issued a Debenture to fund the financial assistance.
3. The Small Business Administration ("SBA") has guaranteed the Debenture.
4. The CDC has assigned the Note and collateral to SBA as security for SBA's guarantee.
5. The Debenture has been pooled with other Debentures, and Certificates have been issued representing ownership of all or part of this pool to investors who have purchased an interest in the pool.
6. SBA has appointed a Trustee to issue Certificates, receive funds from the CSA and distribute funds to the investors.
7. SBA requires the CDC to appoint a CSA to receive and distribute the debenture funds and perform other services described in this Agreement and in the current Master Servicing Agent Agreement ("MSAA").
8. SBA has appointed Colson Services Corp. as the CSA under the MSAA.

AGREEMENTS

1. APPOINTMENT OF SERVICING AGENT

- a. The CDC appoints Colson Services Corp. as its agent to:
 - (1) Receive the proceeds from the sale of the Debenture, net of selling expenses, and, after distributing the proceeds as described in this Agreement, disburse the remaining funds to the Borrower.
 - (2) Receive monthly payments from the Borrower, credit the payments within one business day of receipt, and retain the payments in a Master Reserve Account ("MRA") until a semi-annual Debenture payment is due.
 - (3) Make semi-annual Debenture payments to the Trustee.
- b. The Borrower consents to the appointment of Colson Services Corp. as CSA.
- c. If SBA names a successor CSA under a new MSA, the successor will have the duties and rights of Colson Services Corp. under this Agreement. The Borrower and the CDC agree to accept the successor CSA.

2. THE PROJECT

a. Use of Project Proceeds

| | Dollar Amount |
|---|----------------------|
| (1) Purchase Land | \$ 0.00 |
| (2) Purchase Land and Building | \$ 385,000.00 |
| (3) Construction/Remodeling (new building, L/H imp., etc.) | \$ 79,750.00 |
| (4) Purchase/Install Equipment (includes furniture, if any) | \$ 70,250.00 |
| (5) Purchase/Install Fixtures | \$ 0.00 |
| (6) Professional Fees (appraiser, architect, legal, etc.) | \$ 5,000.00 |
| (7) Other Expenses (construction contingencies, interim interest) | \$ 21,430.92 |
| (8) Total Project Cost (Not including 504-related fees) | \$ 561,430.92 |

b. Sources of Funds

| | Dollar Amount | % Project Cost | Maturity | Interest Rate | Lien Position |
|--|----------------------|----------------|----------|---------------|---------------|
| (1) Net Debenture | \$ 224,400.00 | 40.00 % | 20 yrs | | 2nd lbf&e |
| (2) Third Party Lender * | \$ 280,500.00 | 50.00 % | 20 yrs | 7.5 % | 1st lbf&e |
| (3) Other Financing (Specify: _____) | \$ | % | | % | |
| (4) Borrower Contribution | \$ 56,530.92 | 10.00 % | | % | |
| (5) Total Project Financing | \$ 561,430.92 | 100.00% | | | |

* Third Party Lender fee is N/A, attached, to be withheld, or submitted under separate cover.

- c. **Use of Proceeds Certification.** The Borrower and CDC certify that the Use of Project Proceeds and Sources of Funds for the project described above are accurate.

3. DEBENTURE & NOTE TERM

DATE OF SBA APPROVAL JULY 21, 2003

| | (A) DEBENTURE | (B) NOTE (OR LEASE) |
|-----------------------|--|---|
| A. PRINCIPAL AMOUNT * | \$ 233,000.00 | \$ 233,000.00 |
| B. DATE | MAY 12, 2003 | MARCH 01, 2004 |
| C. INTEREST RATE ** | 5.18000 % | 5.25415 % ** |
| D. MATURITY DATE * | MAY 01, 2027 | MAY 01, 2024 |
| E. PAYMENT AMOUNT | \$ 7,108.55 (SEMI-ANNUAL) | \$ 1,568.09 (MONTHLY) *** |
| F. PAYMENT DATES | NOVEMBER 1 AND COMMENCING NOVEMBER 1, 2004 | MAY 1, THE FIRST OF EACH MONTH BEGINNING JUNE 1, 2004 |

* ITEM IN COLUMN A MUST BE IDENTICAL TO ITEM IN COLUMN B.

** THE NOTE RATE IS THE INTEREST RATE CHARGED ON THE DEBENTURE, ADJUSTED TO REFLECT MONTHLY AMORTIZATION.

*** SERVICING FEES ARE ADDED TO MONTHLY PRINCIPAL AND INTEREST PAYMENTS TO ARRIVE AT BORROWER'S TOTAL MONTHLY PAYMENT.

4. PAYMENT

A. BORROWER AGREES TO:

(1) MAKE TIMELY MONTHLY PAYMENTS TO CSA BY AUTOMATIC CLEARING HOUSE (ACH) OR FEDERAL FUND WIRE TRANSFER IF ACH IS NOT AVAILABLE, OR AS APPROVED BY CSA IN WRITING.

(2) PAY ALL FEES AND CLOSING COSTS OWED BY BORROWER AS DESCRIBED IN THIS AGREEMENT.

B. IF THE BORROWER FAILS TO MAKE TIMELY PAYMENTS, THE CDC AGREES TO COLLECT AND SEND THE DELINQUENT PAYMENTS IT COLLECTS FROM THE BORROWER TO THE CSA.

5. UNDERWRITERS' FEE

THE OFFERING OF THE CERTIFICATES TO INVESTORS THROUGH ONE OR MORE UNDERWRITERS HAS BEEN ARRANGED.

THE UNDERWRITERS' FEE FOR THIS SERVICE IS THREE-EIGHTHS OF ONE (0.4000 %) PERCENT OF THE TOTAL DEBENTURE PROCEEDS STATED IN SECTION 6.

(FOR CALCULATION OF UNDERWRITERS' FEE, SEE SECTION B.1 OF THE 504 AUTHORIZATION.)

6. DISBURSEMENT AUTHORIZATION

(Complete all information: enter 'N/A' if not applicable.)

| | <i>Dollar Amount</i> <i>(Please round to the nearest dollar)</i> |
|--|---|
| Total Debenture Amount | \$ 233,000.00 |
| a. The Underwriters' fee withheld prior to CSA receipt of funds | \$ 932.00 |
| b. Amount received by CSA | \$ 232,068.00 |
| c. The CSA will disburse the following: | |
| (1) Net Debenture Proceeds (by wire transfer) | \$ 224,400.00 |
| (2) Fees and Closing Costs (sum of (a) through (d) below) | \$ 7,049.00 |
| (a) SBA Guaranty Fee (0.005 times Net Debenture Proceeds) | \$ 1,122.00 |
| (b) Funding Fee (0.0025 times Net Debenture Proceeds) | \$ 561.00 |
| (c) CDC Processing Fee (<u>.015</u> times Net Debenture Proceeds) | \$ 3,366.00 |
| (d) CDC Closing Costs and Fees | \$ 2,000.00 |
| (3) Balance, if any, to the Borrower | \$ 619.00 |
| (4) Total CSA Disbursement (Sum of (1), (2) and (3)) | \$ 232,068.00 |

7. WIRE TRANSFER INSTRUCTIONS

a. Recipient Bank For Wire Of Net Debenture Proceeds

| | |
|--|---------------------------------------|
| <i>Name of Recipient Bank</i> International Bank | <i>City and State</i> Trinidad, CO |
| <i>Account Name</i> PGE Enterprises, LLC | <i>Account Number</i> 6631807801 |
| <i>Routing Symbol & Transaction Code (must be 9 digits)</i> 102106844 | <i>Attention of:</i> Joe DeGardo |

b. Correspondent Bank (Complete the following only if recipient bank is not a FED wire member)

| | |
|---|-----------------------|
| <i>Correspondent Bank Name</i> | <i>City and State</i> |
| <i>Account Name</i> | <i>Account Number</i> |
| <i>Routing Symbol & Transaction Code (must be 9 digits)</i> | <i>Attention of:</i> |

8. SERVICING FEES

In addition to principal and interest, the Borrower's total monthly payment includes the following servicing fees:

- a. CSA Fee: CSA receives one-tenth of one percent (1/10 of 1%) per year on the outstanding balance of the Note as determined at 5-year intervals at the beginning of each interval.
- b. CDC Servicing Fee: CDC receives $\frac{5}{8}$ of one percent (0.625 of 1 %) per year on the outstanding balance of the Note as determined at 5-year intervals at the beginning of each interval.
- c. Ongoing SBA Guarantee Fee: SBA receives $\frac{\text{four hundred twenty-five}}{\text{one thousandths}}$ of one percent (0.425 of 1 %) per year on the outstanding balance of the Note as determined at 5-year intervals at the beginning of each interval.

9. LATE PAYMENT FEE

Under the Note, if a payment is accepted after the fifteenth of the month, the Borrower must pay a late payment fee. Borrower pays any late payment fee to the CSA. CSA will remit the fee to either the CDC or SBA at the direction of SBA as compensation for additional collection efforts.

10. PREPAYMENT

The Borrower may prepay the Note or Lease in full. Partial prepayment is not allowed. Borrower must pay the sum of:

- a. all principal and interest payments, servicing-agent fees, and SBA guarantee fees up to and including the date of the next semi-annual debenture payment date;
- b. all CDC servicing fees that accrue before Borrower prepays;
- c. all late fees incurred before Borrower prepays;
- d. all expenses incurred by CDC for which Borrower is responsible;
- e. the balance owing on the Note as of the next semi-annual debenture payment date; and
- f. any prepayment premium required under the Note and Debenture.

To prepay, Borrower must give the CDC at least 45 days prior written notice. At least 10 days before the prepayment date, Borrower must wire a deposit of \$1,000 to the Servicing Agent. If the Borrower prepays, the Servicing Agent will apply the deposit to the prepayment. If Borrower does not prepay, the deposit is forfeited. The prepayment must take place on the third Thursday of the month. If the third Thursday of the month is not a business day, the payment must be made on the next business day.

11. COMPLETION OF DOCUMENTS

The Borrower and CDC authorize SBA or its designee, and the CSA, to complete any terms of the Note, Debenture, Servicing Agent Agreement, and any other loan documents which are unknown at the time of execution as soon as such terms become known.

12. INDEMNIFICATION

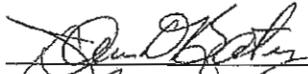
The CSA and CDC will indemnify and hold each other harmless from any and all suits, liabilities, claims, losses, costs and expenses (including reasonable attorney's fees) incurred by either as a result of the other's negligence or bad faith or failure to perform in accordance with this Agreement.

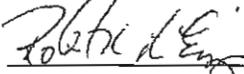
SIGNATURES

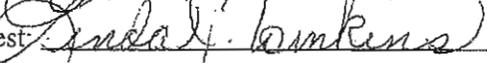
Signed this 1st day of March, 2004.

SCEDD Development Company
(Certified Development Company Name)

PGE Enterprises, LLC
(Borrower Name(s))

By: 
James D. Bates, Vice President


Roberta A. Ewing, Manager

Attest: 
Linda J. Tomkins, Secretary

(Operating Company - if not the Borrower)

ACCEPTANCE BY CSA

Colson Services Corp. accepts appointment as the CSA on this _____ day of _____, _____.

Colson Services Corp.

By: _____

PLEASE NOTE: The estimated burden for completing this form is 1 hour per response. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments on the burden should be sent to U.S. Small Business Administration, Chief, AIB, 409 3rd St., S.W., Washington D.C. 20416 and Desk Officer for the Small Business Administration, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. OMB Approval (3245-0193).

6. DISBURSEMENT AUTHORITY (ON
 COMPLETE ALL INFORMATION (ENTER "N/A" IF NOT APPLICABLE.) DOLLAR AMOUNT

(PLEASE ROUND TO THE NEAREST DOLLAR)

| | | |
|--|----|------------|
| TOTAL DEBENTURE AMOUNT | \$ | 233,000.00 |
| A. THE UNDERWRITERS' FEE WITHHELD PRIOR TO CSA RECEIPT OF FUNDS | \$ | 932.00 |
| E. AMOUNT RECEIVED BY CSA | \$ | 232,068.00 |
| C. THE CSA WILL DISBURSE THE FOLLOWING: | | |
| (1) NET DEBENTURE PROCEEDS (BY WIRE TRANSFER) | \$ | 224,400.00 |
| (2) FEES AND CLOSING COSTS (SUM OF (A) THROUGH (D) BELOW) | \$ | 7,049.00 |
| (A) SBA GUARANTY FEE (0.005 TIMES NET DEBENTURE PROCEEDS) | \$ | 1,122.00 |
| (B) FUNDING FEE (0.0025 TIMES NET DEBENTURE PROCEEDS) | \$ | 561.00 |
| (C) CDC PROCESSING FEE (0.015 TIMES NET DEBENTURE PROCEEDS) | \$ | 3,366.00 |
| (D) CDC CLOSING COSTS AND FEES | \$ | 2,000.00 |
| (3) BALANCE, IF ANY, TO THE BORROWER | \$ | 619.00 |
| (4) TOTAL CSA DISBURSEMENT (SUM OF (1), (2) AND (3)) | \$ | 232,068.00 |

7. WIRE TRANSFER INSTRUCTIONS

A. RECIPIENT BANK FOR WIRE OF NET DEBENTURE PROCEEDS

| | | |
|--|----------------------------------|----|
| NAME OF RECIPIENT BANK INTERNATIONAL BANK | CITY AND STATE TRINIDAD | CO |
| ACCOUNT NAME PGE ENTERPRISES LLC | ACCOUNT NUMBER 6631907301 | |
| ROUTING SYMBOL & TRANSACTION CODE (MUST BE 9 DIGITS) 102106844 | ATTENTION OF: JOE DECARDO | |

B. CORRESPONDENT BANK (COMPLETE THE FOLLOWING ONLY IF RECIPIENT
 BANK IS NOT A FED WIRE MEMBER)

| | |
|---|----------------|
| NAME OF CORRESPONDENT BANK | CITY AND STATE |
| ACCOUNT NAME | ACCOUNT NUMBER |
| ROUTING SYMBOL & TRANSACTION CODE (MUST BE 9 DIGITS) | ATTENTION OF: |

3. DEBENTURE & NOTE TERMS

Date of SBA approval: July 21, 2003

| | A. Debenture | B. Note (or Lease) |
|-----------------------|------------------|--|
| a. Principal Amount * | \$ 233,000.00 | \$ 233,000.00 |
| b. Date | May 12, 2004 | March 1, 2004 |
| c. Interest Rate ** | % | % ** |
| d. Maturity Date * | May 1, 2024 | May 1, 2024 |
| e. Payment Amount | \$ (Semi-Annual) | \$ (Monthly) *** |
| f. Payment Dates | Semi-Annual | The first of each month beginning <u>June 1, 2004</u> |

* Item in Column A must be identical to item in Column B

** The Note Rate is the interest rate charged on the Debenture, adjusted to reflect monthly amortization.

*** Servicing fees are added to monthly principal and interest payments to arrive at Borrower's total monthly payment.

4. PAYMENT

a. Borrower agrees to:

- (1) Make timely monthly payments to CSA by Automatic Clearing House (ACH) or Federal Fund wire transfer if ACH is not available, or as approved by CSA in writing.
- (2) Pay all fees and closing costs owed by Borrower as described in this Agreement.

b. If the Borrower fails to make timely payments, the CDC agrees to collect and send the delinquent payments it collects from the Borrower to the CSA.

5. UNDERWRITERS' FEE

The offering of the Certificates to Investors through one or more Underwriters has been arranged.

The Underwriters' fee for this service is 4/10 of 1 percent (0.400 %) percent of the total Debenture proceeds stated in Section 6.

(For calculation of Underwriters' fee, see Section B.1 of the 504 Authorization.)



NOTE
(CDC/504 LOANS)

| | |
|-------------------|---------------------------|
| SBA Loan # | CDC 651-124-40-07-DEN |
| SBA Loan Name | PGE Enterprises, LLC |
| Date | March 1, 2004 |
| Loan Amount | \$233,000.00 |
| Borrower | PGE Enterprises, LLC |
| Operating Company | PGE Enterprises, LLC |
| CDC | SCEDD Development Company |

Funding Date: May 12, 2004 * Interest Rate: _____ %

First Payment Due: June 1, 2004 * P&I Amount: \$ _____

Note Maturity Date: May 1, 2024 * Monthly Payment: \$ _____

(* blank at signing)

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of CDC the amount of

Two Hundred Thirty Three Thousand and no/100----- Dollars,

interest on the unpaid principal balance, the fees specified in the Servicing Agent Agreement, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Debenture" means the debenture issued by CDC to fund the Loan

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

"Servicing Agent Agreement" means the agreement between the Borrower and the CDC that, among other things, appoints a servicing agent ("Servicing Agent") for this Note.

U. S. SMALL BUSINESS ADMINISTRATION

NOTE

(CDC/504 LOANS)

SBA LOAN # 651214007

SBA LOAN NAME

DATE MARCH 01, 2004

LOAN AMOUNT \$ 233,000.00

BORROWER PGE ENTERPRISES, LLC

OPERATING
COMPANY

CDC SCEDD DEVELOPMENT COMPANY
08416

FUNDING DATE: MAY 12, 2004 * INTEREST RATE: 5.25419 %

FIRST PAYMENT DUE: JUNE 01, 2004 * P&I AMOUNT: \$ 1,548.09

NOTE MATURITY DATE: MAY 01, 2024 * MONTHLY PAYMENT: \$ 1,791.38
(* BLANK AT SIGNING)

1. PROMISE TO PAY:

IN RETURN FOR THE LOAN, BORROWER PROMISES TO PAY TO THE ORDER OF CDC THE AMOUNT OF

TWO HUNDRED THIRTY THREE THOUSAND AND NO/100 DOLLARS, INTEREST ON THE UNPAID PRINCIPAL BALANCE, THE FEES SPECIFIED IN THE SERVICING AGENT AGREEMENT, AND ALL OTHER AMOUNTS REQUIRED BY THIS NOTE.

2. DEFINITIONS:

"COLLATERAL" MEANS ANY PROPERTY TAKEN AS SECURITY FOR PAYMENT OF THIS NOTE OR ANY GUARANTEE OF THIS NOTE.

"DEBENTURE" MEANS THE DEBENTURE ISSUED BY CDC TO FUND THE LOAN.

"GUARANTOR" MEANS EACH PERSON OR ENTITY THAT SIGNS A GUARANTEE OF PAYMENT OF THIS NOTE.

"LOAN" MEANS THE LOAN EVIDENCED BY THIS NOTE.

"LOAN DOCUMENTS" MEANS THE DOCUMENTS RELATED TO THIS LOAN SIGNED BY BORROWER, GUARANTOR, OR ANYONE WHO FLEES COLLATERAL.

"SBA" MEANS THE SMALL BUSINESS ADMINISTRATION, AN AGENCY OF THE UNITED STATES OF AMERICA.

"SERVICING AGENT AGREEMENT" MEANS THE AGREEMENT BETWEEN THE BORROWER AND THE CDC THAT, AMONG OTHER THINGS, APPOINTS A SERVICING AGENT ("SERVICING AGENT") FOR THIS NOTE.

3. INTEREST RATE AND PAYMENTS:

The terms of the Debenture sale will establish the interest rate, P& I amount, and Monthly Payment for this Note. Borrower acknowledges that these terms are unknown when Borrower signs this Note.

- A. Once established, the interest rate is fixed. Interest begins to accrue on the Funding Date.
- B. Monthly Payments are due on the first business day of each month, beginning on the First Payment Date and continuing until the Note Maturity Date, when all unpaid amounts will be due. Borrower must pay at the place and by the method the Servicing Agent or CDC designates. The Monthly Payment includes the monthly principal and interest installment (P & I Amount), and the monthly fees in the Servicing Agent Agreement. The Servicing Agent will apply regular Monthly Payments in the following order: 1) monthly fees, 2) accrued interest, and 3) principal.

4. LATE-PAYMENT FEE:

CDC charges a late fee if the Servicing Agent receives a Monthly Payment after the fifteenth day of the month when it is due. The late fee is five percent of the payment amount, or \$100.00, whichever is greater. The late fee is in addition to the regular Monthly Payment.

5. RIGHT TO PREPAY:

Borrower may prepay this Note in full on a specific date each month set by the Servicing Agent. Borrower may not make partial prepayments. Borrower must give CDC at least 45 days' prior written notice. When it receives the notice, CDC will give Borrower prepayment instructions. At least 10 days before the payment date, Borrower must wire a non-refundable deposit of \$1,000 to the Servicing Agent. The Servicing Agent will apply the deposit to the prepayment if Borrower prepays. In any prepayment, Borrower must pay the sum of all of the following amounts due and owing through the date of the next semi-annual Debenture payment:

- A. Principal balance;
- B. Interest;
- C. SBA guarantee fees;
- D. Servicing agent fees;
- E. CDC servicing fees;
- F. Late fees;
- G. Expenses incurred by CDC for which Borrower is responsible; and
- H. Any prepayment premium.

6. PREPAYMENT PREMIUM:

If Borrower prepays during the first half of the Note term, Borrower must pay a prepayment premium. The formula for the prepayment premium is specified in the Debenture and may be obtained from CDC.

7. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan made or guaranteed by SBA.
- C. Does not preserve or account to CDC's satisfaction for any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to CDC or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to CDC or SBA;
- F. Defaults on any loan or agreement with another creditor, if CDC believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that CDC believes may materially affect Borrower's ability to pay this Note;

- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without CDC's prior written consent, except for ownership changes of up to 5 percent beginning six months after the Loan closes; or
- M. Becomes the subject of a civil or criminal action that CDC believes may materially affect Borrower's ability to pay this Note.

8. CDC'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, CDC may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; and,
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

9. CDC'S GENERAL POWERS:

Without notice and without Borrower's consent, CDC may:

- A. Bid or buy at any sale of Collateral by Lender or another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If CDC incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

10. FEDERAL LAW:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. CDC or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

11. SUCCESSORS AND ASSIGNS:

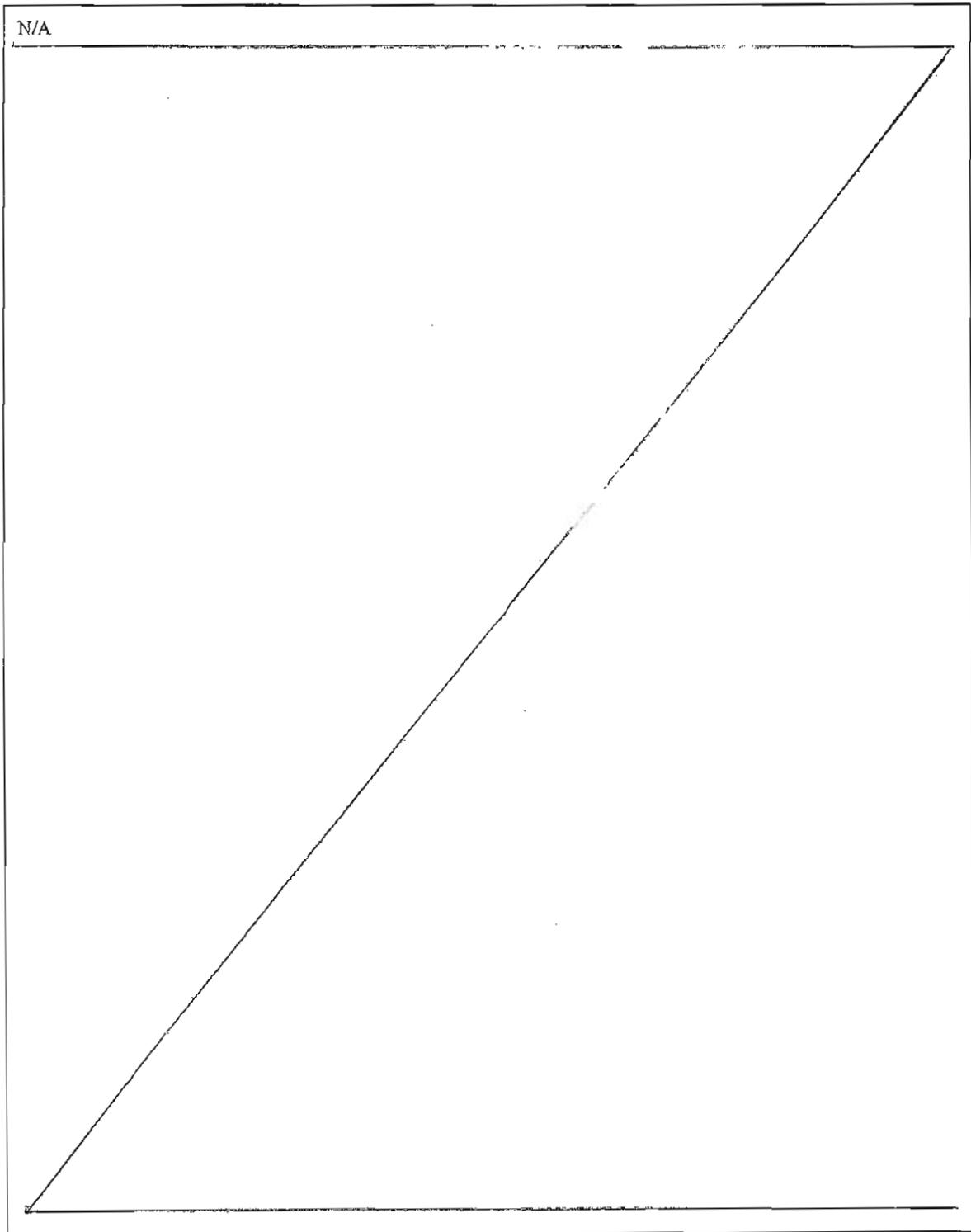
Under this Note, Borrower and Operating Company include the successors of each, and CDC includes its successors and assigns.

12. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower authorizes CDC, the Servicing Agent, or SBA to complete any blank terms in this Note and any other Loan Documents. The completed terms will bind Borrower as if they were completed prior to this Note being signed.
- C. Borrower waives all suretyship defenses.
- D. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable CDC to acquire, perfect, or maintain CDC's liens on Collateral.
- E. CDC may exercise any of its rights separately or together, as many times and in any order it chooses. CDC may delay or forgo enforcing any of its rights without giving any up.
- F. Borrower may not use any oral statement to contradict or alter the written terms of, or raise a defense to, this Note.
- G. If any part of this Note is unenforceable, all other parts remain in effect.
- H. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that CDC did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

13. STATE-SPECIFIC PROVISIONS:

N/A



- 5) Lender impaired the Collateral;
- 6) Lender did not dispose of any of the Collateral;
- 7) Lender did not conduct a commercially reasonable sale;
- 8) Lender did not obtain the fair market value of the Collateral;
- 9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
- 10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
- 11) Lender made errors or omissions in Loan Documents or administration of the Loan;
- 12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor;
- 13) Lender impaired Guarantor's suretyship rights;
- 14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- 15) Borrower has avoided liability on the Note; or
- 16) Lender has taken an action allowed under the Note, this Guarantee, or other Loan Documents.

7. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

8. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes heirs and successors, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, including, but not limited to, attorney's fees and costs.
- B. SBA NOT A CO-GUARANTOR. Guarantor's liability will continue even if SBA pays Lender. SBA is not a co-guarantor with Guarantor. Guarantor has no right of contribution from SBA.
- C. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in full.
- D. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.
- E. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- F. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.
- G. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.
- H. ORAL STATEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter the written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.
- I. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.
- J. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

10. STATE-SPECIFIC PROVISIONS:

| |
|-----|
| N/A |
|-----|

11. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all waivers.

12. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated as Guarantor under this Guarantee.

X James A. Ewing
James Ewing

All right, title and interest is hereby assigned to the Small Business Administration without recourse.

SCEDD Development Company

BY: James D. Bates
James D. Bates, Vice President

ATTEST: Linda J. Tomkins
Linda J. Tomkins, Secretary



UNCONDITIONAL GUARANTEE

| | |
|---------------|---------------------------|
| SBA Loan # | CDC 651-124-40-07-DEN |
| SBA Loan Name | PGE Enterprises, LLC |
| Guarantor | Henrietta Ewing |
| Borrower | PGE Enterprises, LLC |
| Lender | SCEDD Development Company |
| Date | March 1, 2004 |
| Note Amount | \$233,000.00 |

1. GUARANTEE:

Guarantor unconditionally guarantees payment to Lender of all amounts owing under the Note. This Guarantee remains in effect until the Note is paid in full. Guarantor must pay all amounts due under the Note when Lender makes written demand upon Guarantor. Lender is not required to seek payment from any other source before demanding payment from Guarantor.

2. NOTE:

The "Note" is the promissory note dated March 1, 2004 in the principal amount of Two Hundred Thirty Three Thousand and no/100 Dollars, from Borrower to Lender. It includes any assumption, renewal, substitution, or replacement of the Note, and multiple notes under a line of credit.

3. DEFINITIONS:

"Collateral" means any property taken as security for payment of the Note or any guarantee of the Note.

"Loan" means the loan evidenced by the Note.

"Loan Documents" means the documents related to the Loan signed by Borrower, Guarantor or any other guarantor, or anyone who pledges Collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

4. LENDER'S GENERAL POWERS:

Lender may take any of the following actions at any time, without notice, without Guarantor's consent, and without making demand upon Guarantor:

- A. Modify the terms of the Note or any other Loan Document except to increase the amounts due under the Note;
- B. Refrain from taking any action on the Note, the Collateral, or any guarantor;
- C. Release any Borrower or any guarantor of the Note;
- D. Compromise or settle with the Borrower or any guarantor of the Note;
- E. Substitute or release any of the Collateral, whether or not Lender receives anything in return;
- F. Foreclose upon or otherwise obtain, and dispose of, any Collateral at public or private sale, with or without advertisement;
- G. Bid or buy at any sale of Collateral by Lender or any other lienholder, at any price Lender chooses; and
- H. Exercise any rights it has, including those in the Note and other Loan Documents.

These actions will not release or reduce the obligations of Guarantor or create any rights or claims against Lender.

5. FEDERAL LAW:

When SBA is the holder, the Note and this Guarantee will be construed and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Guarantee, Guarantor may not claim or assert any local or state law against SBA to deny any obligation, defeat any claim of SBA, or preempt federal law.

6. RIGHTS, NOTICES, AND DEFENSES THAT GUARANTOR WAIVES:

To the extent permitted by law,

A. Guarantor waives all rights to:

- 1) Require presentment, protest, or demand upon Borrower;
- 2) Redeem any Collateral before or after Lender disposes of it;
- 3) Have any disposition of Collateral advertised; and
- 4) Require a valuation of Collateral before or after Lender disposes of it.

B. Guarantor waives any notice of:

- 1) Any default under the Note;
- 2) Presentment, dishonor, protest, or demand;
- 3) Execution of the Note;
- 4) Any action or inaction on the Note or Collateral, such as disbursements, payment, nonpayment, acceleration, intent to accelerate, assignment, collection activity, and incurring enforcement expenses;
- 5) Any change in the financial condition or business operations of Borrower or any guarantor;
- 6) Any changes in the terms of the Note or other Loan Documents, except increases in the amounts due under the Note; and
- 7) The time or place of any sale or other disposition of Collateral.

C. Guarantor waives defenses based upon any claim that:

- 1) Lender failed to obtain any guarantor;
- 2) Lender failed to obtain, perfect, or maintain a security interest in any property offered or taken as Collateral;
- 3) Lender or others improperly valued or inspected the Collateral;
- 4) The Collateral changed in value, or was neglected, lost, destroyed, or underinsured;

- 5) Lender impaired the Collateral;
- 6) Lender did not dispose of any of the Collateral;
- 7) Lender did not conduct a commercially reasonable sale;
- 8) Lender did not obtain the fair market value of the Collateral;
- 9) Lender did not make or perfect a claim upon the death or disability of Borrower or any guarantor of the Note;
- 10) The financial condition of Borrower or any guarantor was overstated or has adversely changed;
- 11) Lender made errors or omissions in Loan Documents or administration of the Loan;
- 12) Lender did not seek payment from the Borrower, any other guarantors, or any Collateral before demanding payment from Guarantor;
- 13) Lender impaired Guarantor's suretyship rights;
- 14) Lender modified the Note terms, other than to increase amounts due under the Note. If Lender modifies the Note to increase the amounts due under the Note without Guarantor's consent, Guarantor will not be liable for the increased amounts and related interest and expenses, but remains liable for all other amounts;
- 15) Borrower has avoided liability on the Note; or
- 16) Lender has taken an action allowed under the Note, this Guarantee, or other Loan Documents.

7. DUTIES AS TO COLLATERAL:

Guarantor will preserve the Collateral pledged by Guarantor to secure this Guarantee. Lender has no duty to preserve or dispose of any Collateral.

8. SUCCESSORS AND ASSIGNS:

Under this Guarantee, Guarantor includes heirs and successors, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. ENFORCEMENT EXPENSES. Guarantor promises to pay all expenses Lender incurs to enforce this Guarantee, including, but not limited to, attorney's fees and costs.
- B. SBA NOT A CO-GUARANTOR. Guarantor's liability will continue even if SBA pays Lender. SBA is not a co-guarantor with Guarantor. Guarantor has no right of contribution from SBA.
- C. SUBROGATION RIGHTS. Guarantor has no subrogation rights as to the Note or the Collateral until the Note is paid in full.
- D. JOINT AND SEVERAL LIABILITY. All individuals and entities signing as Guarantor are jointly and severally liable.
- E. DOCUMENT SIGNING. Guarantor must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- F. FINANCIAL STATEMENTS. Guarantor must give Lender financial statements as Lender requires.
- G. LENDER'S RIGHTS CUMULATIVE, NOT WAIVED. Lender may exercise any of its rights separately or together, as many times as it chooses. Lender may delay or forgo enforcing any of its rights without losing or impairing any of them.
- H. ORAL STATEMENTS NOT BINDING. Guarantor may not use an oral statement to contradict or alter the written terms of the Note or this Guarantee, or to raise a defense to this Guarantee.
- I. SEVERABILITY. If any part of this Guarantee is found to be unenforceable, all other parts will remain in effect.
- J. CONSIDERATION. The consideration for this Guarantee is the Loan or any accommodation by Lender as to the Loan.

10. STATE-SPECIFIC PROVISIONS:

| |
|-----|
| N/A |
|-----|

11. GUARANTOR ACKNOWLEDGMENT OF TERMS.

Guarantor acknowledges that Guarantor has read and understands the significance of all terms of the Note and this Guarantee, including all waivers.

12. GUARANTOR NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated as Guarantor under this Guarantee.

Henrietta Ewing
Henrietta Ewing

All right, title and interest is hereby assigned to the Small Business Administration without recourse.

SCEDD Development Company

BY: *James E. Bates*
James E. Bates, Vice President

ATTEST: *Linda J. Tomkins*
Linda J. Tomkins, Secretary

Filed for Record in
LAS ANIM CO
BERNARD GONZALES
03-02-2004 At 01:39 PM.
DEED O TRUS 26.00
Doc Fees .00
OR Book 1036 Page 896 - 900



DEED OF TRUST

(Participation)

Instrument Book Page
200400672168 OR 1036 896

THIS DEED OF TRUST, made this 1st day of March

2004, by and between PGE ENTERPRISES, LLC

hereinafter referred to as "Grantor," whose address 416 University, Trinidad, CO 81082

LAS ANIMAS COUNTY PUBLIC TRUSTEE

hereinafter referred to as "Trustee," whose address is TRINIDAD, CO

SCEDD DEVELOPMENT COMPANY

hereinafter referred to as "Beneficiary," who maintains an office and place of business at

1104 N. MAIN STREET, PUEBLO, CO 81003

in participation with the Small Business Administration, an agency of the United States.

WITNESSETH, that for and in consideration of \$1.00 and other good and valuable consideration, receipt of which is hereby acknowledged, the Grantor does hereby bargain, sell, grant, assign, and convey unto the Trustee, his successors and assigns, all of the following described property situated and being in the County of Las Animas, State of Colorado

LOTS 6, 7, 8, 9, AND THE EAST SEVEN AND ONE-HALF FEET OF LOT 10, BLOCK 23, TAYLOR AND SWALLOWS ADDITION TO THE CITY OF TRINIDAD, LAS ANIMAS COUNTY, COLORADO

AND

LOTS 30, 31, 32, 33, 34 AND 35, IN BLOCK 23, TAYLOR AND SWALLOWS ADDITION TO THE CITY OF TRINIDAD, LAS ANIMAS COUNTY, COLORADO

Together with and including all buildings, all fixtures, including but not limited to all plumbing, heating, lighting, ventilating, refrigerating, incinerating, air conditioning apparatus, and elevators (the Trustor hereby declaring that it is intended that the items herein enumerated shall be deemed to have been permanently installed as part of the realty), and all improvements now or hereafter existing thereon; the hereditaments and appurtenances and all other rights thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, and the rents, issues, and profits of the above described property. To have and to hold the same unto the Trustee, and the successors in interest of the Trustee, forever, in fee simple or such other estate, if any, as is stated herein trust, to secure the payment of a promissory note of this date, in the principal sum of Two Hundred Thirty Three Thousand and no/100 (\$233,000.00) Note matures May 1, 2024.

signed by PGE Enterprises, LLC

in behalf of SCEDD Development Company

1. This conveyance is made upon and subject to the further trust that the said Grantor shall remain in quiet and peaceably possession of the above granted and described premises and take the profits thereof to his own use until default be made in any payment of an installment due on said note or in the performance of any of the covenants or conditions contained therein or in this Deed of Trust; and, also to secure the reimbursement of the Beneficiary or any other holder of said note, the Trustee or any substitute trustee of any and all costs and expenses incurred, including reasonable attorney's fees, on account of any litigation which may arise with respect to this Trust or with respect to the indebtedness evidenced by said note, the protection and maintenance of the property hereinabove described or in obtaining possession of said property after any sale which may be made as hereinafter provided.

2. Upon the full payment of the indebtedness evidenced by said note and the interest thereon, the payment of all other sums herein provided for, the repayment of all monies advanced or expended pursuant to said note or this instrument, and upon the payment of all other proper costs, charges, commissions, and expenses, the above described property shall be released and reconveyed to and at the cost of the Grantor.

3. Upon default in any of the covenants or conditions of this instrument or of the note or loan agreement secured hereby, the Beneficiary or his assigns may without notice and without regard to the adequacy of security for the indebtedness secured, either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by the court, enter upon and take possession of said property or any part thereof, and do any acts which Beneficiary deems proper to protect the security hereof, and either with or without taking possession of said property, collect and receive the rents, royalties, issues, and profits thereof, including rents accrued and unpaid, and apply the same, less costs of operation and collection, upon the indebtedness secured by this Deed of Trust, said rents, royalties, issues, and profits, being hereby assigned to the Beneficiary as further security for the payment of such indebtedness. Exercise of rights under this paragraph shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice but shall be cumulative to any right and remedy to declare a default and to cause notice of default to be recorded as hereinafter provided, and cumulative to any other right and/or remedy hereunder, or provided by law, and may be exercised concurrently or independently. Expenses incurred by Beneficiary hereunder including reasonable attorney's fees shall be secured hereby.

4. The Grantor covenants and agrees that if he shall fail to pay said indebtedness, or any part thereof, when due, or shall fail to perform any covenant or agreement of this instrument or of the promissory note secured hereby, the entire indebtedness hereby secured shall immediately become due, payable, and collectible without notice, at the option of the Beneficiary or assigns, regardless of maturity, and the Beneficiary or assigns may enter upon said property and collect the rents and profits thereof. Upon such default in payment or performance, and before or after such entry, the Trustee, acting in the execution of this Trust, shall have the power to sell said property, and it shall be the Trustee's duty to sell said property (and in case of any default of any purchaser, to resell) at public auction, to the highest bidder, first giving four weeks' notice of the time, terms, and place of such sale, by advertisement not less than once during each of said four weeks in a newspaper published or distributed in the county or political subdivision in which said property is situated, all other notice being hereby waived by the Grantor (and the Beneficiary or any person on behalf of the Beneficiary may bid and purchase at such sale). Such sale will be held at a suitable place to be selected by the Beneficiary within said county or political subdivision. The Trustee is hereby authorized to execute and deliver to the purchaser at such sale a sufficient conveyance of said property, which conveyance shall contain recitals as to the happening of default upon which the execution of the power of sale herein granted depends; and the said Grantor hereby constitutes and appoints the Trustee as his agent and attorney in fact to make such recitals and to execute said conveyance and hereby covenants and agrees that the recitals so made shall be binding and conclusive upon the Grantor, and said conveyance shall be effectual to bar all equity or right of redemption, homestead, dower, right of appraisalment, and all other rights and exemptions of the Grantor, all of which are hereby expressly waived and conveyed to the Trustee. In the event of a sale as hereinabove provided, the Grantor, or any person in possession under the Grantor, shall then become and be tenants holding over and shall forthwith deliver possession to the purchaser at such sale or be summarily dispossessed, in accordance with the provisions of law applicable to tenants holding over. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, and are granted as cumulative to all other remedies for the collection of said indebtedness. The Beneficiary or Assigns may take any other appropriate action pursuant to state or Federal statute either in state or Federal court or otherwise for the disposition of the property.
//fee as provided in 1973 CRS 38-37-104 (1) (b)

5. In the event of a sale as provided in paragraph 4, the Trustee shall be paid a fee by the Beneficiary in an amount not in excess of ~~// percent of the gross amount of said sale or sales~~, provided, however, that the amount of such fee shall be reasonable and shall be approved by the Beneficiary as to reasonableness. Said fee shall be in addition to the costs and expenses incurred by the Trustee in conducting such sale. The amount of such costs and expenses shall be deducted and paid from the sale's proceeds. It is further agreed that if said property shall be

advertised for sale as herein provided and not sold, the Trustee shall be entitled to a reasonable fee, in an amount acceptable to the Beneficiary for the services rendered. The Trustee shall also be reimbursed by the Beneficiary for all costs and expenses incurred in connection with the advertising of said property for sale if the sale is not consummated.

6. The proceeds of any sale of said property in accordance with paragraph 4 shall be applied first to payments of fees, costs, and expenses of said sale, the expenses incurred by the Beneficiary for the purpose of protecting or maintaining said property and reasonable attorneys' fees; secondly, to payment of the indebtedness secured hereby; and thirdly, to pay any surplus or excess to the person or persons legally entitled thereto.

7. In the event said property is sold pursuant to the authorization contained in this instrument or at a judicial foreclosure sale and the proceeds are not sufficient to pay the total indebtedness secured by this instrument and evidenced by said promissory note, the Beneficiary will be entitled to a deficiency judgement for the amount of the deficiency without regard to appraisal, the Grantor having waived and assigned all rights of appraisal to the Trustee.

8. The Grantor covenants and agrees as follows:

a. He will promptly pay the indebtedness evidenced by said promissory note at the times and in the manner therein provided.

b. He will pay all taxes, assessments, water rates, and other governmental or municipal charges, fines or impositions, for which provision has not been made hereinbefore, and will promptly deliver the official receipts therefor to the Beneficiary.

c. He will pay such expenses and fees as may be incurred in the protection and maintenance of said property, including the fees of any attorney employed by the Beneficiary for the collection of any or all of the indebtedness hereby secured, of such expenses and fees as may be incurred in any foreclosure sale by the Trustee, or court proceedings or in any other litigation or proceeding affecting said property, and attorney's fees reasonably incurred in any other way.

d. The rights created by this conveyance shall remain in full force and effect during any postponement or extension of the time of the payment of the indebtedness evidenced by said note or any part thereof secured hereby.

e. He will continuously maintain hazard insurance of such type or types and in such amounts as the Beneficiary may from time to time require, on the improvements now or hereafter on said property, and will pay promptly when due any premiums therefor. All insurance shall be carried in companies acceptable to Beneficiary and the policies and renewals thereof shall be held by Beneficiary and have attached thereto loss payable clauses in favor of and in form acceptable to the Beneficiary. In the event of loss, Grantor will give immediate notice in writing to Beneficiary and Beneficiary may make proof of loss if not made promptly by Grantor, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary instead of to Grantor and Beneficiary jointly, and the insurance proceeds, or any part thereof, may be applied by Beneficiary at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event of a Trustee's sale or other transfer of title to said property in extinguishment of the indebtedness secured hereby, all right, title, and interest of the Grantor in and to any insurance policies then in force shall pass at the option of the Beneficiary to the purchaser or Beneficiary.

f. He will keep the said premises in as good order and condition as they are now and will not commit or permit any waste thereof, reasonable wear and tear excepted, and in the event of the failure of the Grantor to keep the buildings on said premises and those to be erected on said premises, or improvements thereon, in good repair, the Beneficiary may make such repairs as in the Beneficiary's discretion it may deem necessary for the proper preservation thereof, and any sums paid for such repairs shall bear interest from the date of payment at the rate specified in the note, shall be due and payable on demand and shall be fully secured by this Deed of Trust.

g. He will not without the prior written consent of the Beneficiary voluntarily create or permit to be created against the property subject to this Deed of Trust any liens inferior or superior to the lien of this Deed of Trust and further that he will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises.

h. He will not rent or assign any part of the rent of said property or demolish, remove, or substantially alter any building without the written consent of the Beneficiary.

9. In the event the Grantor fails to pay any Federal, state, or local tax assessment, income tax or other tax lien, charge, fee, or other expense charged to the property hereinabove described, the Beneficiary is hereby authorized to pay the same and any sum so paid by the Beneficiary shall be added to and become a part of the principal amount of the indebtedness evidenced by said promissory note. If the Grantor shall pay and discharge the indebtedness evidenced by said promissory note, and shall pay such sums and shall discharge all taxes and liens and the costs, fees, and expenses of making, enforcing and executing this Deed of Trust, then this Deed of Trust shall be canceled and surrendered.

10. The Grantor covenants that he is lawfully seized and possessed of and has the right to sell and convey said property; that the same is free from all encumbrances except as hereinabove recited; and that he hereby binds himself and his successors in interest to warrant and defend the title aforesaid thereto and every part thereof against the lawful claims of all persons whomsoever.

11. For better security of the indebtedness hereby secured the Grantor, upon the request of the Beneficiary, its successors or assigns, shall execute and deliver a supplemental mortgage or mortgages covering any additions, improvements, or betterments made to the property hereinabove described and all property acquired after the date hereof (all in form satisfactory to Grantee). Furthermore, should Grantor fail to cure any default in the payment of a prior or inferior encumbrance on the property described by this instrument, Grantor hereby agrees to permit Beneficiary to cure such default, but Beneficiary is not obligated to do so; and such advances shall become part of the indebtedness secured by this instrument, subject to the same terms and conditions.

12. That all awards of damages in connection with any condemnation for public use of or injury to any of said property are hereby assigned and shall be paid to Beneficiary, who may apply the same to payment of the installments last due under said note, and the Beneficiary is hereby authorized, in the name of the Grantor, to execute and deliver valid acquittances thereof and to appeal from any such award.

13. The irrevocable right to appoint a substitute trustee or trustees is hereby expressly granted to the Beneficiary, his successors or assigns, to be exercised at any time hereafter without notice and without specifying any reason therefor, by filing for record in the office where this instrument is recorded an instrument of appointment. The Grantor and the Trustee herein named or that may hereinafter be substituted hereunder expressly waive notice of the exercise of this right as well as any requirement or application to any court for the removal, appointment or substitution of any trustee hereunder.

14. Notice of the exercise of any option granted herein to the Beneficiary or to the holder of the note secured hereby is not required to be given the Grantor, the Grantor having hereby waived such notice.

15. If more than one person joins in the execution of this instrument as Grantor or if anyone so joined be of the feminine sex, the pronouns and relative words used herein shall be read as if written in the plural or feminine, respectively, and the term "Beneficiary" shall include any payee of the indebtedness hereby secured or any assignee or transferee thereof whether by operation of law or otherwise. The covenants herein contained shall bind and the rights herein granted or conveyed shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

16. In compliance with section 101.1(d) of the Rules and Regulations of the Small Business Administration [13 C.F.R. 101.1(d)], this instrument is to be construed and enforced in accordance with applicable Federal law.

17. A judicial decree, order, or judgment holding any provision or portion of this instrument invalid or unenforceable shall not in any way impair or preclude the enforcement of the remaining provisions or portions of this instrument.

18. In the event of a sale, conveyance, lease, contract for deed or transfer to any person of all or any part of the real property described, or any interest therein, or of all or any beneficial interest in Grantor (if Grantor is not a natural person or persons but is a corporation, limited liability company, partnership, trust, or other legal entity), Beneficiary may at its option declare the outstanding principal balance of the Obligations plus accrued interest thereon immediately due and payable.

IN WITNESS WHEREOF, the Grantor has executed this instrument and the Trustee and Beneficiary have accepted the delivery of this instrument as of the day and year aforesaid.

PGE ENTERPRISES, LLC

By: Roberta A. Ewing
Roberta A. Ewing, Manager

Executed and delivered in the presence of the following witnesses:

.....
.....

(Add Appropriate Acknowledgment)

STATE OF COLORADO)
COUNTY OF PUEBLO) ss.

The foregoing instrument was acknowledged before me this 1st day of March, 2004 by Roberta A. Ewing as Manager of PGE ENTERPRISES, LLC.

My Commission expires: 5/1/10

Resaly Pagotto
Notary Public



"The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations:

- a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law.
- b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect of this Loan.

Any clause in this document requiring arbitration is not enforced when SBA is the holder of the Note secured by this instrument."



U.S. Small Business Administration

SECURITY AGREEMENT

Date March 1, 2004

1. PGE Enterprises, LLC (hereinafter called "Debtor"),
(Name)
416 University, Trinidad, CO 81082, for value received,
(Address)

hereby grants to SCBDD Development Company,
(Name)
1104 N. Main Street, Pueblo, CO 81003 (hereinafter called
(Address)

"Secured Party"), a security interest in the property described below (hereinafter collectively called "Collateral") to secure the payment of the principal and interest on and all obligations under a note (hereinafter called the "Note"), dated

March 1, 2004, of the Debtor payable to the order of the Secured Party, in the principal amount of

Two Hundred Thirty Three Thousand and no/100----- Dollars (\$ 233,000.00), all renewals and

extensions of the Note, and all costs, expenses, advances and liabilities which may be made or incurred by Secured Party in the disbursement, administration and collection of the loan evidenced by the Note and in the protection, maintenance and liquidation of the security interest hereby granted with interest at the maximum legal rate on such costs, expenses, advances and liabilities. The Note and all other obligations secured hereby are herein collectively called the "Liabilities."

2. The Collateral in which this security interest is granted is all of the Debtor's property described below in reference to which an "X" or checkmark has been placed in the box applicable thereto, together with all the proceeds and products therefrom. If two such boxes are so marked, the security interest so designated secures the purchase money from the loan used by the Debtor to acquire title to the Collateral.

- a. All equipment and machinery, including power-driven machinery and equipment, furniture and fixtures now owned or hereafter acquired, together with all replacements thereof, all attachments, accessories, parts and tools belonging thereto or for use in connection therewith.
- b. All passenger and commercial motor vehicles registered for use upon public highways or streets, now owned or hereinafter acquired, together with all replacements thereof, all attachments, accessories, parts, equipment and tools belonging thereto or for use in connection therewith.
- c. All inventory, raw materials, work in process and supplies now owned or hereinafter acquired.
- d. All accounts receivable now outstanding or hereafter arising.
- e. All contract rights and general intangibles now in force or hereafter acquired.

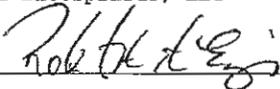
3. Debtor shall not transfer, sell or assign Debtor's interest in the Collateral nor permit any other security interest to be created thereon without Secured Party's prior written approval, except that Debtor may sell the inventory listed in Paragraph 2.c. hereof in the ordinary course of business on customary terms and at usual prices and may collect as Secured Party's agent sums due on accounts receivable and contract rights listed in Paragraphs 2.d. and 2.e. until advised otherwise by Secured Party.

"The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. b) CDC or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notices, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law deny any obligation of Borrower, or defeat any claim of SBA with respect of this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument."

4. Debtor shall keep, store or regularly garage all Collateral at locations approved by Secured Party in writing.
5. Debtor shall not conduct business under any other name than that given above nor change or reorganize the type of business entity under which it does business except upon prior written approval of Secured Party. If such approval is given, Debtor guarantees that all documents, instruments and agreements demanded by Secured Party shall be prepared and filed at Debtor's expense before such change of name or business entity occurs.
6. Debtor shall pay the filing and recording costs of any documents or instruments necessary to perfect, extend, modify, or terminate the security interest created hereunder, as demanded by Secured Party.
7. Debtor shall maintain all Collateral in good condition, pay promptly all taxes, judgments, or changes of any kind levied or assessed thereon, keep current all rent due on premises where Collateral is located, and maintain insurance on all Collateral against hazards, in such amounts and with such companies as Secured Party may demand, all such insurance policies to be in the possession of Secured Party and to contain a Lender's Loss Payable Clause naming Secured Party in a manner satisfactory to Secured Party. Debtor hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon, and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Debtor's name all proofs of loss, drafts, checks and any other documents necessary to accomplish such collections, and any persons or entities making payments to Secured Party under the terms of this Paragraph are hereby received absolutely from any obligation to see to the application of any sums so paid.
8. Debtor shall be in default hereunder if Debtor fails to perform any of the liabilities imposed hereby or any other obligation required by the various instruments or papers evidencing or securing this loan, or if the full balance of the loan becomes immediately payable under the terms of such instruments, either automatically or by declaration of the Secured Party. In the event of any default, Secured Party may, in its own discretion, cure such default and, if it does so, any expenditures made for such purpose shall be added to the principal of the Note.
9. In the event of default, Debtor shall assemble and make available all Collateral at any place designated by Secured Party. Debtor acknowledges being advised of a constitutional right to a court notice and hearing to determine whether, upon default, there is probable cause to sustain the validity of the Secured Party's claim and whether the Secured Party is entitled to possession of the Collateral and being so advised, Debtor hereby voluntarily gives up, waives and surrenders any right to a notice and hearing to determine whether there is probable cause to sustain the validity of Secured Party's claim. Any notices required pursuant to any state or local law shall be deemed reasonable if mailed by Secured Party to the persons entitled thereto at their last known addresses at least ten days prior to disposition of the Collateral, and, in reference to a private sale, need state only that Secured Party intends to negotiate such a sale. Disposition of Collateral shall be deemed commercially reasonable if made pursuant to a public offering advertised at least twice in a newspaper of general circulation in the community where the Collateral is located or by a private sale for a sum equal to or in excess of the liquidation value of the Collateral as determined by Secured Party.
10. All rights conferred on Secured Party hereby are in addition to those granted to it by any state or local law or any other law. Failure or repeated failure to enforce any rights hereunder shall not constitute an estoppel or waiver of Secured Party's rights to exercise such rights accruing prior or subsequent thereto. Secured Party shall not be liable for any loss to Collateral in its possession, nor shall such loss diminish the debt due, even if the loss is caused or contributed to by Secured Party's negligence.

PGE Enterprises, LLC

IN WITNESS WHEREOF, _____

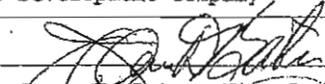
BY: 

Roberta A. Ewing, Manager

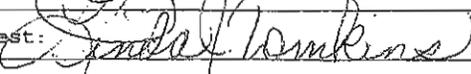
All right, title and interest is hereby assigned to _____

the Small Business Administration without recourse.

SCEDD Development Company

BY: 

James B. Bates, Vice President

Attest: 

Linda J. Tomkins, Secretary

Sales Order Number : 358910
 Store Number : 41300
 Contact Name : PGE ENTERPRISES LLC / EWING, RICHARD / EWING, JAMES



IDQ COMPANIES
 P.O. Box No. 39286
 Minneapolis, MN 55439-0286

SHIP TO
 PGE ENTERPRISES LLC / EWING,
 DAIRY QUEEN BRAZIERMES
 416 UNIVERSITY ST
 TRINIDAD, CO 81082-2543

BILL TO
 PGE ENTERPRISES LLC / EWING,
 RICHARD / EWING, JAMES
 DAIRY QUEEN LTD BRAZIER
 RICHARD EWING
 178 S TIFFANY DR
 PUEBLO WEST, CO 81007-3182

| LINE | ITEM NUMBER / DESCRIPTION | QUANTITY | UOM | UNIT PRICE | DISCOUNT | EXTENDED |
|------|---|----------|------|------------|----------|------------|
| 1 | 20003CEA <i>No Transparency</i> HOWARD 3 PIECE 2000 CAKES AND LOGS SYSTEM W/ EARS | 1 | EACH | 840.00 | | 840.00 ✓ |
| 2 | 1W7000 METRO 1W7000 30" DRIVE THRU COUNTER ASSEMBLY | 1 | EACH | 220.00 | | 220.00 ✓ |
| 4 | 034020 SERVER DOUBLE CONE DIP WARMER (D1-2) | 3 | EACH | 141.00 | | 423.00 ✓ |
| 5 | 3001008M3 HC DUKE 3/4 HORSE POWER BLIZZARD MIXER WITH LONG SRAFT | 3 | EACH | 615.00 | | 1,845.00 ✓ |
| 7 | 957R132 HC DUKE SLIM TWIN SOFT SERVE FREEZER WATER COOLED 3 PHASE W/ BLENDING HEAD | 1 | EACH | 8,335.00 | | 8,335.00 ✓ |
| 8 | 201123 HATCO OLD RAL DUAL MOUNT FOOD WARMER ASSEMBLY FOR FRENCH FRY DUMP STAND MODEL 100021 | 1 | EACH | 275.00 | | 275.00 ✓ |
| 9 | 9200600 ROUND-UP VERTICAL BUN TOASTER MODEL #VCT-50 120VOLT | 1 | EACH | 995.00 | | 995.00 ✓ |
| 11 | 230010 SERVER SINGLE FOOD WARMER | 1 | EACH | 165.00 | | 165.00 ✓ |
| 12 | DRMYCF DUAL RAIL MINI TOPPING CAB FRE MODEL ZF081SAS/1-200 | 2 | EACH | 2,450.00 | | 4,900.00 ✓ |
| 13 | 033103 SERVER COLD FUDGE PUMP | 6 | EACH | 83.00 | | 498.00 ✓ |
| 14 | 033100 SERVER HOT FUDGE WARMER W/PUMP | 6 | EACH | 165.00 | | 990.00 ✓ |
| 15 | 100065 METRO 14" X 36" PUMP STAND PACKAGED COMPLETE | 1 | EACH | 228.00 | | 228.00 ✓ |
| 16 | 905500 SCOTSMAN 465 POUND ICE MACHINE MODEL CHES06AE-1A AIR-COOLED | 1 | EACH | 1,615.00 | | 1,615.00 ✓ |

* We will attempt to accommodate your delivery request, however, we cannot guarantee the delivery date. Please contact us to discuss any timing issues.
 By signing this order, this document becomes a binding agreement, and the purchaser agrees to purchase and pay for the merchandise listed on this order. Purchaser is responsible for all applicable freight, handling charges and taxes. Freight, handling charges and taxes are estimated at this time and your invoice(s) will include the actual charges due. The sale of this merchandise is subject to IDQ Corporate credit approvals and NET 15 day payment terms.
 Returns are subject to all IDQ return policies and will require you to pay return freight, insurance if necessary and any applicable restocking charges. Special ordered and custom manufactured merchandise is not returnable.
 If there are any questions about these policies, please contact an IDQ Equipment Representative before signing this order.

| | |
|-----------------------|-----------|
| Sales Order Total : | 40,618.00 |
| Discount : | (634.00) |
| Estimated Freight : | 0.00 |
| Estimated Sales Tax : | 1,159.59 |
| Order Total : | 41,143.59 |

IDQ Sales Rep : JEFF BORSHIED Telephone : 1-800-679-8558

Requested Delivery Date : 12/1/03

Approved Signature : [Signature] Date : 10/20/03

Sales Order Number : 358950 Date : 20-OCT-2003 10:03 Per 2 of 4
 Store Number : 41300
 Contact Name : PGE ENTERPRISES LLC / EWING, RICHARD / EWING, JAMES



IDQ COMPANIES
 P.O. Box No. 39286
 Minneapolis, MN 55438-0286

SHIP TO
 PGE ENTERPRISES LLC / EWING,
 DAIRY QUEEN BRAZIERES
 416 UNIVERSITY ST
 TRINIDAD, CO 81082-2543

BILL TO
 PGE ENTERPRISES LLC / EWING,
 RICHARD / EWING, JAMES
 DAIRY QUEEN LTD BRAZIER
 RICHARD EWING
 118 S TIFFANY DR
 PUEBLO WEST, CO 81007-3582

| LINE | ITEM NUMBER / DESCRIPTION | QUANTITY | UOM | UNIT PRICE | DISCOUNT | EXTENDED |
|------|---|----------|------|------------|----------|------------|
| 17 | 915502 HT8555G SCOTSMAN GREY MODULAR ICE BIN | 1 | EACH | 555.00 | | 555.00 ✓ |
| 18 | 300009 NOR LAKE BLIZZARD PREPARATION STATION W/ BUILT IN DIP SINKS | 1 | EACH | 2,855.00 | | 2,855.00 ✓ |
| 19 | 161 COUNTER CORP DOUBLE CONDIMENT BAR FOR 100161 ONE TONE LAMINATE ***** SPEKTRUM LAMINATE 4612-90 ***** | 1 | EACH | 1,735.00 | | 1,735.00 ✓ |
| 20 | 033106 INSULATED RELISH SERVER | 1 | EACH | 134.00 | (134.00) | 0.00 / |
| 21 | 033109 POLAR WARE 1/6 SIZE PAN 4" DEEP | 3 | EACH | 6.00 | (6.00) | 0.00 / |
| 22 | 799250 SERVER ICELESS COOLER (EUTIC PACK) | 3 | EACH | 10.00 | (10.00) | 0.00 / |
| 23 | 033119 SERVER SINGLE CONDIMENT PUMP ASSEMBLY MIDDLE SPOUT | 4 | EACH | 113.00 | (113.00) | 0.00 / |
| 24 | 100166 COUNTER CORP DOUBLE TRASH RECEPTACLE ***** SPEKTRUM LAMINATE 4612-90 ***** | 2 | EACH | 645.00 | | 1,290.00 ✓ |
| 25 | ST0025 INTERMETRO 24 X 36 METROSEAL III SHELVING | 4 | EACH | 29.50 | | 118.00 ✓ |
| 26 | ST0024 INTERMETRO 24 X 48 METROSEAL III SHELVING | 8 | EACH | 36.00 | | 288.00 / |
| 27 | ST0027 INTERMETRO 74" METROSEAL III POST | 12 | EACH | 8.75 | | 105.00 / |

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 If there are any questions about these policies, please contact an IDQ Equipment Representative before signing this order.

| | |
|--|--------------------------------|
| IDQ Sales Rep : JEFF BORSHEID Telephone : 1-800-678-6556 | Sales Order Total : 40,618.00 |
| Requested Delivery Date : 12/1/03 | Discount : (634.00) |
| Approved Signature : | Estimated Freight : 0.00 |
| Date : 10/20/03 | Estimated Sales Tax : 1,159.59 |
| | Order Total : 41,143.59 |

2 1/2"
5"



Sales Order Number : 358910
 Store Number : 41300
 Contact Name : PGE ENTERPRISES LLC /
 EWING, RICHARD / EWING, JA

Date : 20-OCT-2003 10:03 Pg 3 of 4



SHIP TO
 PGE ENTERPRISES LLC / EWING,
 DAIRY QUEEN BRAZIERES
 416 UNIVERSITY ST
 TRINIDAD, CO 81082-2543

BILL TO
 PGE ENTERPRISES LLC / EWING,
 RICHARD / EWING, JAMES
 DAIRY QUEEN LTD BRAZIER
 RICHARD EWING
 118 S TIFFANY DR
 PUEBLO WEST, CO 81007-3582

IDQ COMPANIES
 P.O. Box No. 39286
 Minneapolis, MN 55439-0286

| LINE | ITEM NUMBER / DESCRIPTION | QUANTITY | UOM | UNIT PRICE | DISCOUNT | EXTENDED |
|------|---|----------|------|------------|----------|------------|
| 28 | 292033G8 DAWN GREY STONE TRASH RECPETACLE W/ DQ LOGO BASE W/ BLUE TOP | 3 | EACH | 260.00 | | 780.00 ✓ |
| 29 | 100907 COMET COOLING SYSTEM/UCGR40 FOR REFRIGERATED MIX LINE | 1 | EACH | 2,225.00 | | 2,225.00 ✓ |
| 30 | 6C00B DUKE MFG 8 DRAWER HOLDING UNIT | 1 | EACH | 3,035.00 | | 3,035.00 ✓ |
| 31 | 6C009 DUKE PAN FOR HOLDING UNIT 6C005 6C007 6C00B | 12 | EACH | 12.50 | | 150.00 ✓ |
| 32 | 291003 SCHWANS 6 BANK PARTICULATE FLAVOR DISPENSER | 1 | EACH | 350.00 | | 350.00 ✓ |
| 33 | 291002 SCHWANS 9" STAND OFF BRACE FOR 6 BANK DISPENSER | 1 | EACH | 86.00 | | 86.00 ✓ |
| 34 | 290795 SCHWANS SLIDER FOR PARTICULATE DISPENSER | 4 | EACH | 30.00 | | 120.00 ✓ |
| 35 | 291025 SCHWANS BLUE SLIDER FOR PARTICULATE DISPENSER LARGE CANDIES | 2 | EACH | 30.00 | | 60.00 ✓ |
| 36 | 140001 QUADRA TECH 4 HOLE CONE BAFFLE | 4 | EACH | 7.00 | | 28.00 ✓ |
| 37 | 140002 QUADRA TECH 3 HOLE CONE BAFFLE | 4 | EACH | 7.00 | | 28.00 ✓ |
| 38 | 300111 ACRYLIC DESIGN WHITE SET OF 4 BLIZZARD FLAVOR DISPENSER | 2 | EACH | 158.00 | | 316.00 ✓ |
| 39 | 4450-03 CARLISLE 1/4 OZ 8" BLACK BLIZZARD SPOON | 8 | EACH | 1.50 | | 12.00 ✓ |
| 40 | 300006 CARLISLE 1/2 OZ CLEAR BLIZZARD SPOON FOR BLIZZARD DISPENSERS | 8 | EACH | 2.00 | | 16.00 ✓ |

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| IDQ Sales Rep : JEFF BORSHEID | Telephone : 1-800-679-6556 | Sales Order Total : | 40,618.00 |
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 17

Sales Order Number: 358910
 Store Number: 41300
 Contact Name: PGE ENTERPRISES LLC /

Date: 20-OCT-2003 10:03

Page 4 of 4

EWING, RICHARD / EWING, JAMES



Orange Julius

SHIP TO
 PGE ENTERPRISES LLC / EWING,
 DAIRY QUEEN BRAZIERMES
 416 UNIVERSITY ST
 TRINIDAD, CO 81082-2543

BILL TO
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IDQ COMPANIES
 P.O. Box No. 39286
 Minneapolis, MN 55439-0286

| LINE | ITEM NUMBER / DESCRIPTION | QUANTITY | UOM | UNIT PRICE | DISCOUNT | EXTENDED |
|------|--|----------|------|------------|----------|------------|
| 41 | 152023 MODULAR CUP DISPENSER 3E NSF APPROVED | 3 | EACH | 30.00 | | 90.00 / |
| 42 | 152045 MODULAR CUP DISPENSER 4E AND 5E NSF APPROVED | 3 | EACH | 35.00 | | 105.00 / |
| 48 | EQ DON STEVENS INC EQ DON STEVENS INC ITEM ***** SILVERKING PREP TABLE ITEM# SKP4812, SANDWICH PREP TABLE ***** | 1 | EACH | 1,710.00 | | 1,710.00 / |
| 49 | EQ PLYHOLD SEATING EQ PLYHOLD SEATING ITEM ***** HARMONY CHAIR ITEM# 6121 ALL WHITE FRAMES 10) TOMATO SEAT PAD 10) BLUEJAY SEAT PAD ***** | 20 | EACH | 49.15 | | 983.00 / |
| 50 | EQ PLYHOLD SEATING EQ PLYHOLD SEATING ITEM ***** HARMONY CHAIR HEAD ITEM# 6120 ALL WHITE FRAME 4) TOMATO SEAT PAD 4) BLUEJAY SEAT PAD ***** | 8 | EACH | 87.25 | | 698.00 / |
| 51 | 132002L SEELYE 17" DIPSTAND LEFT HAND SINK | 1 | EACH | 725.00 | | 725.00 / |
| 52 | 141302 SEELYE ADD ON CUP DISPENSER FOR CONE CUP DISPENSER | 2 | EACH | 96.00 | | 192.00 / |

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IDQ Sales Rep : JEFF BORSHEID

Telephone : 1-800-679-8566

Requested Delivery Date :

12/1/03

Approved Signature :

Date :

10/20/03

| | |
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| Order Total : | 41,143.59 |

LOAN AGREEMENT

THIS AGREEMENT dated March 1, 2004 by and between PGE Enterprises, LLC (hereafter the "Borrowers") and SCEDD Development Company (hereafter the "Lender"), a Colorado Corporation having its principal office at 1104 N. Main Street, Pueblo, CO 81003.

WHEREAS, The Borrower has applied to the Lender for a Loan for the purpose of acquiring physical plant and/or capital equipment, (hereafter the "Acquisition Assets") and,

WHEREAS, the Lender is willing to sell a Debenture (hereafter the "Debenture") to the Federal Finance Bank the proceeds of which Debenture will be used to make such a Loan to the Borrowers on the terms and conditions hereinafter set forth:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

THE LOAN

SECTION 1.01: THE LOAN, NOTE AND RATE

Subject to the terms and conditions of this Agreement and the Authorization and Debenture Guaranty Agreement of the U.S. Small Business Administration, the Lender hereby agrees to lend the Borrowers, and the Borrowers hereby agree to borrow from the Lender and repay the Lender or its Assigns, the amount of \$233,000.00 (hereinafter call the "Loan"). The obligation of the Borrowers to repay the Loan shall be evidenced by the promissory note (hereafter the "Note") of the Borrowers in a form satisfactory to the Lender (or in the form of Exhibit A attached hereto) dated the date on which the Loan is made (hereafter known as the "Closing Date") payable to the order of the Lender for the amount of the Loan with interest on the unpaid principal as determined at the time when the Debenture of the Lender, in the amount of \$233,000.00 is sold as per the SBA Authorization and Debenture Guaranty Agreement No. CDC 651-124-40-07-DEN.

SECTION 1.02: THE TERM AND REPAYMENT

The term of the loan shall be 20 years. The Note shall be repayable in 240 equal monthly installments.

The first monthly installment shall be due and payable on June 1, 2004. All payments shall be applied first to interest and then to principal. All payments will be made promptly to the Lender at its address specified at the beginning of this Agreement, or at such other address as it may designate in writing.

SECTION 1.03: PURPOSE OF LOAN

The purpose of the loan is to purchase land ,building, equipment, and some remodeling. Borrowers agree that it will apply the funds received by it under this Agreement in accordance with the use of loan proceeds specified in the SBA Authorization and Guaranty Agreement No. CDC 651-124-40-07-DEN. The Borrowers further agree that no application of any funds received from the Lender hereunder shall be made in violation of the Small Business Investment Act of 1958, as amended, or the Regulations promulgated thereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

The Borrowers represents and covenants the following:

SECTION 2.01: DULY ORGANIZED

The Borrower is a Colorado Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Colorado and has power to enter into this Agreement and to borrow hereunder.

SECTION 2.02: DULY AUTHORIZED

The making and performance by the Borrowers of this Agreement, and the execution and delivery of the Note, and any Security Agreements and Instruments have been duly authorized by all necessary corporate action and will not violate any law, rule, regulation, order, writ, judgement, decree, determination or award presently in effect having applicability to the Borrowers or result in a breach of or constitute a default under any indenture or bank loan or credit agreement or any other agreement or instrument to which the Borrower is a party or by which it or its property may be bound or affected.

SECTION 2.03: LEGALLY BINDING INSTRUMENTS

When this Agreement is executed by the Borrowers and the Lender, and when the Note is executed and delivered by the Borrowers for value, each such instrument shall constitute the legal, valid, and binding obligation of the company in accordance with its terms. Any Security Agreements and Instruments, Financing Statements, Mortgages and other liens on chattel or real estate shall constitute legal, valid and binding liens free and clear of all prior liens and encumbrances except as provided for.

SECTION 2.04: NO LEGAL SUITS

There are no legal actions, suits, or proceedings pending or, to the knowledge of the Borrowers, threatened against the Borrowers before any court or administrative agency, which, if determined adversely to the Borrowers, would have a material adverse effect on the financial condition or business of the Borrowers.

SECTION 2.05: NO LEGAL AUTHORIZATION NEEDED

No authorization, consent or approval, or any formal exemption of any Governmental body, regulatory authorities (Federal, State or Local) or mortgagee, creditor or third party is or was necessary to the valid execution and delivery by the Borrowers of this Agreement, the Note, or any Security Agreement, Financing Statement or Mortgage except as provided for under Sections 3.09 and 3.10 herein.

SECTION 2.06: NOT IN DEFAULT

The Borrower is not in default of any obligation, covenant, or condition contained in any bond, debenture, note, or other evidence of indebtedness or any mortgage or collateral instrument securing the same.

SECTION 2.07: TAXES ARE PAID

The Borrower has filed all tax returns which are required and has paid or made provision for the payment of all taxes which have or may become due pursuant to said returns or pursuant to any assessments levied against the Borrower or its personal or real property by any taxing agency, federal, state or local. No tax liability has been asserted by the Internal Revenue Service or other taxing agency, federal, state, or local for taxes materially in excess of those already provided for and the Borrower knows of no basis for any such deficiency assessment.

SECTION 2.08: NO ADVERSE CHANGE

The Borrowers certifies that there has been no adverse change since the date of loan application in the financial condition, organization, operation, business prospects, fixed properties, or personnel of the Borrowers.

ARTICLE III

CONDITIONS OF LENDING

The obligation of the Lender to make the Loan shall be subject to the fulfillment at the time of closing of each of the following conditions:

SECTION 3.01: EXECUTION OF AUTHORIZATION

The Borrowers shall have executed and delivered to the Lenders the SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN.

SECTION 3.02: EXECUTION AND DELIVERY OF NOTE AND LOAN AGREEMENT

The Borrowers shall have executed and delivered to the Lender this Loan Agreement and the Note in a form satisfactory to the Lender and its Counsel.

SECTION 3.03: EXECUTION AND DELIVERY OF SECURITY AGREEMENT AND MORTGAGE

The Borrowers shall have executed and delivered to the Lender a Security Agreement and Financing Statements in a form satisfactory to the Lender, giving the Lender security in all of the chattel and personal property acquired with the Loan proceeds (as listed in Exhibit B attached hereto). The Borrowers also shall have executed and delivered to the Lender a Mortgage on the real estate (described in Exhibit C attached hereto). Said Security Agreement/Financing Statements and Mortgage shall be free and clear of all prior liens and encumbrances except as provided for in accordance with the SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN. Said Security Agreement, Financing Statements and Mortgage are to secure payment of the principal of the Note, the interest thereon, and any other sums payable by the Borrowers hereunder.

SECTION 3.04: EXECUTION AND RESOLUTION OF BOARD OF DIRECTORS

The Borrowers shall have executed and delivered to the Lender, a Certificate As To Managers authorizing the execution and delivery by the Borrowers of this Agreement, the Note, and Security Agreement and Mortgage.

SECTION 3.05: CORPORATE PAPERS

The Borrowers shall have delivered to the Lender copies of the Borrowers' Articles of Organization, Operating Agreement, and Certificate of Good Standing.

SECTION 3.06: EXECUTION OF CFA AGREEMENT

The Borrowers shall have executed and delivered to the Lender, the Central Fiscal Agent Agreement (SBA Form 1254) in a form satisfactory to the Lender's Counsel.

SECTION 3.07: PERSONAL GUARANTEES

The Lender shall have received a duly executed personal guaranty agreement (SBA Form 148) of Richard A. Ewing, Roberta A. Ewing, James A. Ewing and Henrietta A. Ewing.

SECTION 3.08: TITLE INSURANCE

The Borrowers shall have secured mortgage title insurance in the form and issued by companies satisfactory to the Lender, in the amount of the Loan, insuring the Lender and secured by a mortgage or deed of trust subject only to exceptions approved in the SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN. The title policy shall show no delinquent taxes or assessments affecting the real property or any part thereof on the date of closing except as approved by the Lender.

SECTION 3.09: GOVERNMENTAL APPROVAL

The Borrowers shall have secured all necessary approvals or consents, if required, of Governmental bodies having jurisdiction with respect to any construction contemplated in accordance with the use of proceeds of the SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN.

SECTION 3.10: APPROVAL OF OTHERS

The Borrowers shall have secured all necessary approvals or consents required with respect to this transaction by any mortgagor, creditor or other party having any financial interest in the Borrowers.

SECTION 3.11: OPINION OF COUNSEL

The Lender shall have received the Opinion of Counsel to the Borrowers, if required, that the Representations and Warranties are true and accurate on and as of the closing date and the Conditions of the Loan have been duly satisfied as of the closing date.

ARTICLE IV

AFFIRMATIVE COVENANTS OF THE BORROWER

The Borrower agrees to comply with the following covenants from the date hereof until the Lender has been fully repaid with interest, unless the Lender or its Assigns shall otherwise consent in writing:

SECTION 4.01: PAYMENT OF THE LOAN

The Borrowers agree to pay punctually the principal and interest on the Note according to its terms and conditions and to pay punctually any other amounts that may become due and payable to the Lender under or pursuant to the terms of this Agreement or Note.

SECTION 4.02: PAYMENT OF OTHER INDEBTEDNESS

The Borrowers agree to pay punctually the principal and interest due on any other indebtedness now or hereafter at anytime owing by the Borrowers to the Lender or any other lender.

SECTION 4.03: PAYMENT OF LOCAL INJECTION

The Borrowers agree to pay punctually the principal and interest due on a promissory note evidencing debt for the Local Injection, if applicable. Such payment shall not be made at a rate faster than or for a shorter term than the Note evidencing debt in accordance with the Authorization and Debenture Agreement No. CDC 651-124-40-07-DEN.

SECTION 4.04: PAYMENT OF CDC FEES

In consideration of the Lender's expenses associated with processing and servicing this Loan, the Borrowers agrees to pay to the Lender a processing fee of 1 1/2% of the Debenture amount at loan closing and an annual servicing fee of 1/2 of 1% of the unpaid balance payable on a monthly basis.

SECTION 4.05: CENTRAL FISCAL AGENT

The Borrowers agrees to use the services of the Central Fiscal Agent, hereafter CFA, as agent for the Lender. In consideration of the CFA's expenses associated with the origination and servicing of the Loan, the Borrowers agrees to pay the CFA an origination fee of 1/4% of the Debenture amount at the time of Loan disbursement and an annual servicing fee of 1/10% on the declining loan balance, along with a funding fee of 3/8% of the debenture and an underwriting fee of 1/2% of the debenture amount. The CFA will deposit 1/2% of the debenture amount into a non-refundable reserve account which shall become additional security for the Loan and shall remain on deposit with the CFA.

SECTION 4.06: MAINTAIN AND INSURE PROPERTY

The Borrower agrees at all times to maintain the property provided as security for this Loan in such condition and repair that the Lender's security will be adequately protected. The Borrower also agrees to maintain during the term of the Loan adequate hazard insurance policies covering fire and extended coverage and such other hazards as may be deemed appropriate in amounts and form sufficient to prevent the Borrower from becoming a coinsurer and issued by companies satisfactory to the Lender with acceptable loss payee clauses in favor of the Lender. The Borrower further agrees, if at any time during the life of the Loan the Borrower's property is declared to be within a flood hazard area, to purchase Federal Flood Insurance if available. Such insurance shall be in an amount equal to the lesser of: i) the amount of the loan; ii) the insurable value of the property; or iii) the maximum limit of coverage available. If the property is not located in a flood hazard area at the time of the Loan closing, the Borrower will provide satisfactory evidence thereof. The Borrower further agrees to maintain adequate liability and workman's compensation insurance in amounts and form satisfactory to the Lender.

SECTION 4.07: PAY ALL TAXES

The Borrower agrees to duly pay and discharge all taxes, assessments and governmental charges upon it or against its properties prior to the date of which the penalties attach thereto, except that the Borrower shall not be required to pay any such tax, assessment or governmental charge which is being contested by it in good faith and by appropriate proceedings.

SECTION 4.08: PROVIDE ADDITIONAL EQUITY

The Borrower agrees to provide additional equity funds to cover additional project costs incurred as a result of overruns or unanticipated expenses or changes in work orders in the project as specified in SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07 DEN.

SECTION 4.09: MAINTAIN EXISTENCE

The Borrower agrees to maintain its corporate existence, rights, privileges, and franchises within the State of Colorado and qualify and remain qualified as a foreign corporation in each jurisdiction in which its present or future operations or its ownership of property require such qualifications.

SECTION 4.10: PROVIDE FINANCIAL INFORMATION

The Borrower agrees to maintain adequate records and books of account, in which complete entries will be made reflecting all of its business and financial transactions, such entries to be made in accordance with generally accepted principles of good accounting practice consistently applied in the case of financial transaction.

In addition, the Borrower agrees to deliver to the Lender annual financial statements certified by an authorized officer of the Borrower, to be true and accurate copies within sixty (60) days of the close of the period and annual financial statements, prepared by an independent accountant and certified by an authorized officer of the Borrower to be true and accurate copies within ninety (90) days of the close of the period.

The Borrower further agrees to provide information, and execute and deliver any and all additional documents and instruments as may be reasonably requested by the Lender, its Assigns or Counsel, or the CFA including but not limited to:

- i) Executing the SBA Form 159 "Compensation Agreement"
- ii) Displaying the SBA Form 722 "Equal Opportunity Poster"
- iii) Executing the SBA Form 600 Series "Civil Rights Compliance Forms"
- iv) Providing information as required of the Lender by the SBA for its annual reporting requirements

The Borrower further agrees to provide written notice to the Lender of any public hearing or meeting before any administrative or other public agency which may, in any manner, affect the chattel, personal property or real estate securing the Loan.

SECTION 4.11: RIGHT TO INSPECTION

The Borrower agrees to grant the Lender, until the Note has been fully repaid with interest, the right at all reasonable hours to inspect the chattel, personal property and real estate used to secure the Loan; and the Borrower further agrees to provide the Lender free access to the Borrower's premises for the purpose of such inspection to determine the condition of the chattel, personal property and real estate.

SECTION 4.12: NULL AND VOID COVENANTS

The Borrower agrees, that in the event that any provision of this Loan Agreement or any other instrument executed at closing or the application thereof to any person or circumstances shall be declared null and void, invalid, or held for any reason to be unenforceable by a Court of competent jurisdiction, the remainder of such agreement shall

nevertheless remain in full force and effect, and to this end, the provisions of all covenants, conditions and agreements described herein are deemed separate.

SECTION 4.13: EXPENSES AND CLOSING COSTS

The Borrower agrees to pay all fees, expenses and charges in respect to the Loan, or its making or transfer to the Lender in any way connected therewith including, but not limited to, the fees and out-of-pocket expenses of local counsel employed by the Lender, title insurance and survey costs, recording and filing fees, mortgage taxes, documentary stamp, and any other taxes, fees and expenses payable in connection with this transaction and with the enforcement of this Loan Agreement and Note.

SECTION 4.14: NOTICE OF DEFAULT

The Borrower agrees to give written notice to the Lender of any event, within 15 days of the event, which constitutes an Event of Default under this Loan Agreement as described in Article VI herein or that would, with notice or lapse of time or both, constitute an Event of Default under this Loan Agreement.

SECTION 4.15: INDEMNIFICATION

The Borrower agrees to indemnify and save the Lender or its Assigns harmless against any and all liability with respect to, or resulting from, any delay in discharging any obligation of the Borrower.

SECTION 4.16: EXPENSES OF COLLECTION OR ENFORCEMENT

The Borrower agrees, if at any time the Borrower defaults on any provision of this Loan Agreement, to pay the Lender or its Assigns, in addition to any other amounts that may be due from the Borrower, an amount equal to the costs and expenses of collection, enforcement or correction or waiver of the default incurred by the Lender or its Assigns in such collection, enforcement, correction or waiver of default.

ARTICLE V

NEGATIVE COVENANTS OF THE BORROWER

The Borrower covenants and agrees that, from the date hereof until payment in full of the Note, unless the Lender or its Assigns shall otherwise consent in writing, it will not enter into any agreement or other commitment the performance of which would constitute a breach of any of the covenants contained in this Loan Agreement including, but not limited to the following covenants:

SECTION 5.01: ENCUMBER THE ACQUISITION ASSETS

The Borrower will neither create nor suffer to exist any mortgage, pledge, lien, charge, or encumbrance, including liens arising from judgments on the Acquisition Assets except as provided for by the SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN.

SECTION 5.02: SELL THE ACQUISITION ASSETS

The Borrowers will not sell, convey, or suffer to be conveyed, lease, assign, transfer or otherwise dispose of the Acquisition Assets unless approved in writing by the Small Business Administration (hereafter the SBA).

SECTION 5.03: CHANGE OWNERSHIP

The principals of the Borrowers will not permit without the written permission of the SBA any material change in the ownership structure, control, or operation of the Borrower including but not limited to i) merger into or consolidation with any other person, firm or corporation; ii) significant issuance of any shares of its capital stock having ordinary voting power for the election of members of the Board of Directors or other governing body of the Borrower; iii) changing the nature of its business as carried or at the date hereof; iv) substantial distribution, liquidation or other disposal of the Borrower's assets to the stockholders.

SECTION 5.04: CHANGE THE PROJECT

The Borrowers will neither permit nor suffer to exist without prior written SBA consent any material change in the project's plans and/or specifications submitted to the SBA in order to induce the SBA to guaranty the Debenture to be issued by the Lender as per SBA Authorization and Debenture Guaranty No. CDC 651-124-40-07-DEN. Material change will include any significant variance in the accepted plans and specifications, increases in contract prices, and/or additional financial obligations with respect to the construction and Acquisition Assets.

SECTION 5.05: BORROWER OWNERSHIP OF LENDER

During the term of the Loan, neither the Borrower nor its affiliates nor its principals nor its close associates will acquire, either directly or indirectly, an ownership position or interest in the Lender in excess of 10% of the votes or shares of the Lender.

ARTICLE VI

EVENTS OF DEFAULT

The entire unpaid principal of the Note, and the interest then accrued thereon, shall become and be immediately due and payable upon the written demand of the Lender or its Assigns, without any other notice or demand of any kind or any presentment or protest, if any one of the following events (hereafter an "Event of Default") shall occur and be continuing at the time of such demand, whether voluntarily or involuntarily, or without limitation, occurring or brought about by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rules or regulation of any administrative or governmental body, provided, however that such sum shall not be then payable if Borrower's payments, have been waived, or the time for making the Borrower's payments has been extended by the SBA.

SECTION 6.01: NONPAYMENT OF LOAN

If the Borrowers shall fail to make payment when due of any installment of principal on the Note, or interest accrued thereon and if the default shall remain unremedied for fifteen (15) days.

SECTION 6.02: NONPAYMENT OF OTHER INDEBTEDNESS

If default shall be made in the payment when due of any installment of principal or of interest on any of the Borrower's other indebtedness and if such default shall remain unremedied for fifteen (15) days.

SECTION 6.03: INCORRECT REPRESENTATION OR WARRANTY

Any representation or warranty contained in, or made in connection with the execution and delivery of, this Loan Agreement, or in any certificate furnished pursuant hereto, shall prove to have been incorrect when made in any material respect.

SECTION 6.04: DEFAULT IN COVENANTS

The Borrower shall default in the performance of any other term, covenant or agreement contained in this Loan Agreement, and such default shall continue unremedied for thirty (30) days after either: (i) it becomes known to an executive officer of the Borrower; or (ii) written notice thereof shall have been given to the Borrower by the Lender.

SECTION 6.05: VOLUNTARY INSOLVENCY

If the Borrower shall become insolvent or shall cease to pay its debts as they mature or shall voluntarily file a petition seeking reorganization of, or the appointment of a receiver, trustee, or liquidation for it or a substantial portion of its assets or to effect a plan or other arrangement with creditors, or shall be adjudicated bankrupt, or shall make a voluntary assignment for the benefit of creditors.

SECTION 6.06: INVOLUNTARY INSOLVENCY

If an involuntary petition shall be filed against the Borrower under any bankruptcy, insolvency or similar law or seeking the reorganization of, or the appointment of a receiver, trustee, or liquidator for the Borrower, or of a substantial part of the property of the Borrower, or a writ or warrant of attachment or similar process shall be issued against a substantial part of the property of the Borrower, and such petition shall not be dismissed, or such writ or warrant of attachment or similar process shall not be released or bonded, within thirty (30) days after filing of levy.

SECTION 6.07: JUDGMENTS

If any final judgment for the payment of money that is not fully covered by liability insurance and is in excess of \$10,000 shall be rendered against the Borrower, and within thirty (30) days, shall not be discharged, or an appeal therefrom taken and execution thereon effectively stayed pending such appeal, and, if such judgment be affirmed on such appeal, the same shall not be discharged within thirty (30) days.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01: WAIVER OF NOTICE

No failure or delay on the part of the Lender in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. No modification or waiver of any provision of this Loan Agreement or of the Note, nor any consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

SECTION 7.02: AMENDMENTS

The Borrower and the Lender or its Assigns, with the concurrence of the SBA, hereby expressly reserve all rights to amend any provisions of this Loan Agreement, to consent to or waive any departure from the provisions of this Loan Agreement, to amend or consent to or waive departure from the provisions of the Note, and to release or otherwise deal with any collateral security for payment of the Note provided, however, that all such amendments be in writing and executed by the Lender or its Assigns, the Borrower and the SBA.

SECTION 7.03: NOTICES

All notices, consents, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to a party hereto if mailed by certified mail, prepaid, to the Lender at its address set forth at the beginning of this Agreement, and to the Borrower at the address set forth at the end of this Loan Agreement or at such other addresses as any party may have designated in writing to any other party hereto.

SECTION 7.04: PAYMENTS

The borrower will make payments to the Lender in accordance with the terms and conditions and instructions contained in the Central Fiscal Agent Agreement (SBA Form 1254).

SECTION 7.05: SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All agreements, representations, and warranties made by the Borrowers herein or any other document or certificate delivered to the Lender in connection with the transactions contemplated by this Loan Agreement shall survive the delivery of this Agreement, the Note and the Security Agreements hereunder, and shall continue in full force and effect so long as the Note is outstanding.

SECTION 7.06: SUCCESSORS AND ASSIGNS

This Loan Agreement shall be binding upon the Borrower, its Successors, and Assigns, except that the Borrower may not assign or transfer its rights without prior written consent of the SBA. This Agreement shall inure to the benefit of the Lender, its Successors, and Assigns, and, except as otherwise expressly provided in particular provisions hereof, all subsequent holders of the Note.

SECTION 7.07: COUNTERPARTS

This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 7.08: GOVERNING LAW

This Loan Agreement and the Note and Mortgage shall be deemed contracts made under the laws of the State of Colorado and for all purposes shall be construed in accordance with the laws of said State.

SECTION 7.09: ARTICLE AND SECTION HEADINGS

Article and Section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

SECTION 7.10: WARRANTY

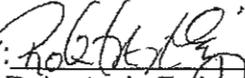
With respect to each piece of real estate collateral borrower warrants during the term of the Note that

- 1) It is and shall continue to be in full compliance with all applicable local, State and Federal environmental laws and regulations;
- 2) No proceedings alleging violations of environmental laws or regulations are pending;
- 3) It either has no knowledge of any contamination from hazardous substances or the current or former presence of hazardous substances stored or used on the property in violation of any local, State or Federal health or environmental law or regulation, or any violation of which it has knowledge has been fully corrected or is the subject of an existing mitigation plan approved by SBA;
- 4) It shall assume all responsibility and all liability for hazardous substance cleanup resulting from any contamination, past, present, or future (during its period of ownership), and shall indemnify CDC and SBA for any and all resulting liabilities or costs; and
- 5) It shall promptly notify CDC and SBA if it obtains any information which causes it to know, believe or reasonably suspect that there may be any hazardous substance in or around any of the real estate.

IN WITNESS WHEREOF, the parties hereto have each caused this Loan Agreement to be duly executed as of the day and the year first written above.

BORROWER:

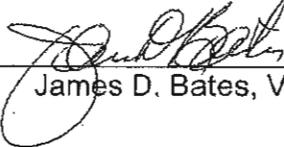
PGE Enterprises, LLC

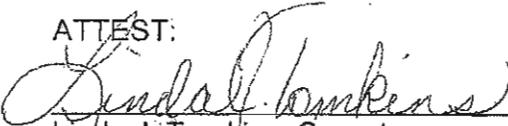
BY: 
Roberta A. Ewing, Manager

Address:
855 Cayuga Court
Pueblo West, CO 81007

LENDER:

SCEDD Development Company

BY: 
James D. Bates, Vice President

ATTEST:

Linda J. Tomkins, Secretary

Address:
1104 N. Main Street
Pueblo, CO 81003



Accounts Unlimited, L.L.C.
601 N. Main St., Suite # 211
Pueblo, CO 81003
Office 719-544-2212 Fax Line 719-546-3516

August 6, 2013

To Whom It May Concern:

I have known Richard A. Ewing for the past twelve years. I have been his accountant and friend during this period of time. Through this relationship I came to know his parents and siblings and find them all to be hard working and people of integrity. It is without reservation that I write this letter of reference on Rick's behalf. If there any specific questions that I can answer, you can reach me at the above address or phone numbers.

Respectfully Submitted,


Anthony Tamez

verified 8/29/13

To Whom It May Concern:

Rick Ewing, a smart and compassionate self-starter. His contributions to the local business and community are second to none. As a person looking from the outside, it's been a privilege to watch his contributions. Rick manages several business ventures on a regular basis all of which continue to be successful. All while accomplishing these ventures to ensure a quality lifestyle for his family Rick has always made time for community as well from organizing baseball clubs and teams to coaching them with his spare time, donating his time for many years.

Any community will be privileged to have Mr. Ewing attempting a new business venture in their area. I would strongly recommend issuing any help and or licensing that Mr. Ewing needs or applying for, his attempt at new business will be successful.

Please, if you have any questions feel free to contact me.

Thank you,


Ernie Meyer
255 S Caddoa Dr.
Pueblo West Co 81007
719.252.4443

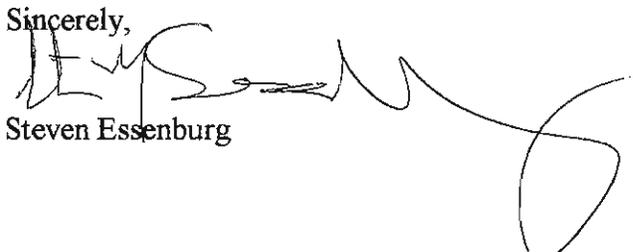
message 8/29/13
9/13/13
verified 9/13/13

8/6/13

To whom it may concern,

I have personally and professionally know Richard Ewing for the past 15 years. We have professionally done business together thru multiple investment ventures in retail locations and in the real estate market from 1997 to present and we have successfully maintained a healthy working relationship. Through out this experience our families have become close friends. Richard is actively involved in the community and demonstrates a high priority of donating his time to helping youth school and sport driven programs. If any further questions needed please feel free to call me at 719-242-3135

Sincerely,


Steven Essenburg

message 8/29/13
verified 8/29/13



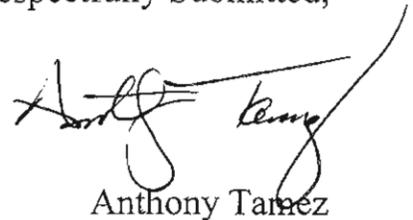
Accounts Unlimited, L.L.C.
601 N. Main St., Suite # 211
Pueblo, CO 81003
Office 719-544-2212 Fax Line 719-546-3516

August 6, 2013

To Whom It May Concern:

I have known Roberta A. Ewing for the past twelve years. I have been her accountant and friend during this period of time. Through this relationship I came to know she is hard working and a person of integrity. It is without reservation that I write this letter of reference on Roberta's behalf. If there any specific questions that I can answer, you can reach me at the above address or phone numbers.

Respectfully Submitted,



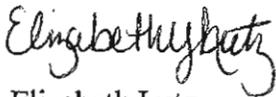
Anthony Tamez

verified 8/29/13

To Whom It May Concern:

I write this letter of reference for Roberta Ewing, whom I have known personally for eleven years. She has many positive attributes, to include being hard working, organized, trustworthy, honest and professional. She is a true friend and committed mother. It is my pleasure to write this letter on behalf of a person with the willingness to go above and beyond for the sake of others.

Sincerely,



Elizabeth Lutz

719-242-3501

message 8/29/13
verified 8/29/13

RE/MAX[®]

ASSOCIATES

1310 Highway 50 West
Pueblo, CO 81008
719-583-8383
Fax: 719-583-1999

August 3, 2013

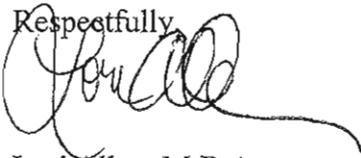
To Whom It May Concern:

I know Roberta Ewing both personally and professionally. I first met Roberta six years ago on the golf course. It didn't take long to learn that she is a trusted friend with outstanding character.

I can confirm that she is a woman of great integrity, is extremely dedicated to her family and work, and is entirely compassionate in everything she does. She is a mother of two and takes great pride in the parenting responsibilities and upbringing of her children as well as the harmony of her marriage to her husband, Rick Ewing. Not only is Roberta very active in her children's education and extracurricular activities, she is also very active in the community and other charitable events.

Professionally, I manage her rental property and find her to be ethical, responsible, prompt and open to suggestions. Her work ethic and veracity make it easy to write this letter of reference. I'm happy to provide further information if required.

Respectfully,



Lori Allen, M.B.A
Director of Property Management
Broker Associate



message 8/30/13
verified 8/30/13


DATE 08/16/2013

PD TRINIDAD
2309 E MAIN ST
TRINIDAD, CO 81082

RE: EWING, RICHARD ALAN
SOC: XXX-XX-7050

DATE OF BIRTH: [REDACTED]

No Colorado record of arrest has been located based on above name and date of birth or through a search of our fingerprint files.

The Colorado Bureau of Investigation's database contains detailed information of arrest records based upon fingerprints provided by Colorado law enforcement agencies. Arrests which are not supported by fingerprints will not be included in this database. On occasion the Colorado criminal history will contain disposition information provided by the Colorado Judicial system. Additionally, warrant information, sealed records, and juvenile records are not available to the public.

Since a record may be established after the time a report was requested, the data is only valid as of the date issued. Therefore, if there is a subsequent need for the record, it is recommended another check be made.

Falsifying or altering this document with the intent to misrepresent the contents of the record is prohibited by law and may be punishable as a felony when done with intent to injure or defraud any person.

Sincerely,
Ronald C. Sloan, Director
Colorado Bureau of Investigation

FEDERAL BUREAU OF INVESTIGATION - CJIS DIVISION

CIVIL APPLICANT RESPONSE

A SEARCH OF THE FINGERPRINTS ON THE INDIVIDUAL HAS REVEALED NO PRIOR ARREST.

ICN: E2013228000000143194
OCA: CO0360100
Name: EWING, RICHARD ALAN
Date of Birth: [REDACTED]
Sex: [REDACTED]
Race: [REDACTED]
Height: [REDACTED]
Weight: [REDACTED]
SSN: [REDACTED]
Misc ID:
Captured Date: 08/15/2013
Submitted Date: 08/16/2013

DATE 08/16/2013

PD TRINIDAD
2309 E MAIN ST
TRINIDAD, CO 81082

RE: EWING, ROBERTA
SOC: XXX-XX-9812

DATE OF BIRTH: [REDACTED]

No Colorado record of arrest has been located based on above name and date of birth or through a search of our fingerprint files.

The Colorado Bureau of Investigation's database contains detailed information of arrest records based upon fingerprints provided by Colorado law enforcement agencies. Arrests which are not supported by fingerprints will not be included in this database. On occasion the Colorado criminal history will contain disposition information provided by the Colorado Judicial system. Additionally, warrant information, sealed records, and juvenile records are not available to the public.

Since a record may be established after the time a report was requested, the data is only valid as of the date issued. Therefore, if there is a subsequent need for the record, it is recommended another check be made.

Falsifying or altering this document with the intent to misrepresent the contents of the record is prohibited by law and may be punishable as a felony when done with intent to injure or defraud any person.

Sincerely,
Ronald C. Sloan, Director
Colorado Bureau of Investigation

FEDERAL BUREAU OF INVESTIGATION - CJIS DIVISION

CIVIL APPLICANT RESPONSE

A SEARCH OF THE FINGERPRINTS ON THE INDIVIDUAL HAS REVEALED NO PRIOR ARREST.

| | |
|-----------------|---------------------|
| ICN: | E201322800000141411 |
| OCA: | CO0360100 |
| Name: | EWING, ROBERTA |
| Date of Birth: | [REDACTED] |
| Sex: | [REDACTED] |
| Race: | [REDACTED] |
| Height: | [REDACTED] |
| Weight: | [REDACTED] |
| SSN: | [REDACTED] |
| Misc ID: | |
| Captured Date: | 08/15/2013 |
| Submitted Date: | 08/16/2013 |

NOTICE OF PUBLIC HEARING

PURSUANT TO THE LIQUOR LAWS OF COLORADO, PGE Enterprises, LLC d/b/a Krackalack Sports Grill, 416 University, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new hotel and restaurant license at this location to sell malt, vinous and spirituous liquors.

Hearing on application will be held on Tuesday, October 1, 2013, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

Date of Application: August 20, 2013.

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 23rd day of August, 2013.

By Order of the Trinidad City Council
Audra Garrett, City Clerk

Publish: August 30, 2013
Furnish Proof of Publication

NOTICE OF PUBLIC HEARING

PURSUANT TO THE LIQUOR LAWS OF COLORADO, PGE Enterprises, LLC d/b/a Krackalack Sports Grill, 416 University Street, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new hotel and restaurant license at this location to sell malt, vinous and spirituous liquors.

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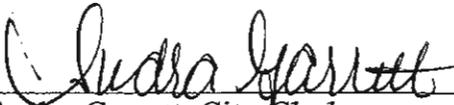
Date of Application: August 20, 2013

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 23rd day of August, 2013.

By order of the Trinidad City Council.

CITY OF TRINIDAD, COLORADO



Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 23rd day of August, 2013, I mailed the Notice of Public Hearing by first-class mail, postage pre-paid to:

PGE Enterprises, LLC
468 W. Player Drive
Pueblo West, CO 81007


Audra Garrett, City Clerk

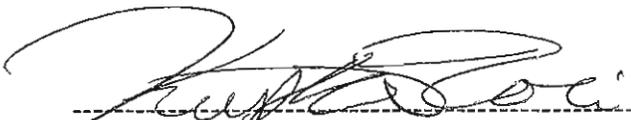
PROOF OF PUBLICATION

STATE OF COLORADO
COUNTY OF LAS ANIMAS} SS

Krysta E. Toci, of lawful age, being first duly sworn upon oath, deposes and says that she is the authorized agent of The Chronicle-News, daily newspaper of general circulation which is published and circulated in the City of Trinidad, Las Animas County, Colorado, that said newspaper is a newspaper of general circulation complying with all of the requirements of Articles I to VII, Chapter 130, 1935, Colorado Statutes Annotated, and all other laws of said State, and that said legal / notice has been so published for the period of time prescribed in said newspaper proper and not a supplement.

The attached Notice was published in said newspaper in its issue(s) dated

49750 August 30, 2013



Krysta E. Toci

Subscribed and sworn to before me this
18 day of September
A. D., 2013.



Allyson L. Sheumaker

My commission expires on August 26, 2015

ALLYSON L SHEUMAKER
NOTARY PUBLIC, STATE OF COLORADO

August 26, 2015



90

Legals

NOTICE OF PUBLIC HEARING

PURSUANT TO THE LIQUOR LAWS OF COLORADO, PGE Enterprises, LLC d/b/a Krackalack Sports Grill, 416 University, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new hotel and restaurant license at this location to sell malt, vinous and spirituous liquors.

Hearing on application will be held on Tuesday, October 1, 2013, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO

Date of Application: August 20, 2013.

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 23rd day of August, 2013.

By Order of the Trinidad City Council
Audra Garrett, City Clerk

Published: August 30, 2013

49750

ALLYSON L SHEUMAKER
NOTARY PUBLIC, STATE OF COLORADO

My Comm. Expires August 26, 2015

STATE OF COLORADO)
COUNTY OF LAS ANIMAS) SS
CITY OF TRINIDAD)

CERTIFICATE OF POSTING

I, Audra Garrett, City Clerk of the City of Trinidad, Colorado, do hereby certify that pursuant to the laws of the State of Colorado, PGE Enterprises, LLC d/b/a Krackalack Sports Grill, 416 University Street, Trinidad, CO, 81082, which business has applied for a new hotel and restaurant license to sell malt, vinous and spirituous liquors at said location, was duly posted for not less than fifteen continuous days, with the first day of posting occurring on the 5th day of September, 2013.

WITNESS, my hand and the official seal of the City of Trinidad, Colorado, this 5th day of September, 2013.

CITY OF TRINIDAD, COLORADO

(S E A L)



Audra Garrett, City Clerk

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: PGE Enterprises, LLC

dba: Krackalack Sports Grill

Address: 416 University Street

Type of License: Hotel and Restaurant

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: EXIT SIGNS WILL BE REPLACED (UPGRADED)
PRIOR TO OPENING.

INSPECTED BY TFD on 6/3/13 at DAIRY QUEEN.
NO OTHER VIOLATIONS FOUND.

9/18/13
Date

Anthony Trombetta
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: PGE Enterprises, LLC

dba: Krackalack Sports Grill

Address: 416 University Street

Type of License: Hotel and Restaurant

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: under construction will monitor

9-18-2013
Date

Chris D. Kelley
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: PGE Enterprises, LLC

dba: Krackalack Sports Grill

Address: 416 University Street

Type of License: Hotel and Restaurant

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: _____

9.3.13
Date

Charles J. Hanner
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013

Audra Garrett

From: John Martinez [jmartinez@la-h-health.org]
Sent: Wednesday, September 18, 2013 2:42 PM
To: Audra Garrett
Cc: Kerry Taube
Subject: RE: liquor license

Hi Audra,

I was contacted to change the license name from Dairy Queen to Krackalackn Sports Grill, he also informed me that he was not going to change anything in the Kitchen, at this time he does have an active license till the end of the year approved by this office as Dairy Queen..He has not submitted any plans of change, and nothing for a hotel. I feel that we have to be more aware of just what kind or menu he will have and if any equipment will be moved in or out of that kitchen, will he continue to make ice cream? Mr. Ewing needs to contact this office do a plan review. We will be glad to work with him.

John Martinez
Environmental Health Specialist III
jmartinez@la-h-health.org

Las Animas-Huerfano Counties District Health Department

Trinidad Office

412 Benedicta Ave
Trinidad, CO 81082
(Ph) 719-846-2213
(Fax)719-846-4472

Walsenburg Office

119 E. Fifth Street
Walsenburg, CO 81089
(Ph)719-738-2650
(Fax)719-738-2653

From: Audra Garrett [<mailto:audra.garrett@trinidad.co.gov>]
Sent: Wednesday, September 18, 2013 2:25 PM
To: John Martinez
Subject: liquor license

Hi John,

Please confirm compliance with your office for PGE Enterprises, LLC (the former Dairy Queen) who is applying for a hotel and restaurant liquor license, at 416 University. Thank you.

Audra Garrett, City Clerk
City of Trinidad
135 N. Animas Street
Trinidad, CO 81082
(719) 846-9843 ext. 135
(719) 846-4140 fax
audra.garrett@trinidad.co.gov



CITY of TRINIDAD

P. O. Box 880
TRINIDAD, COLORADO 81082
TELEPHONE (719) 846-9843
FAX NO. (719) 846-4140

August 26, 2013

PGE Enterprises, LLC
d/b/a Krackalack Sports Grill
416 University Street
Trinidad, CO 81082

Dear Applicant:

You recently applied for a new hotel and restaurant liquor license. The Trinidad City Council as the local liquor licensing authority has scheduled a hearing on your application for Tuesday, October 1, 2013, at 7:00 p.m. The City Council has also tentatively established the boundaries of the neighborhood in which the establishment is proposed to be located as the area within the corporate boundaries of the City of Trinidad. A map identifying the neighborhood boundaries is attached.

Below are procedures you should follow at the hearing. Remember that the approval of this application and the granting of the requested license are not automatic. Well in advance of the hearing, the information provided in the application and the other forms and questionnaires, particularly with respect to criminal convictions, needs to be reviewed. Any corrections, alterations, deletions or additions need to be provided to the City Clerk no later than one week before the scheduled hearing. A knowing misstatement in any of these forms constitutes grounds for denial of the license.

Procedures to be followed at hearing:

- A. Avoid repetitive testimony which adds little to your case.
- B. All applicants (with the exception of club licenses) have the burden of proving that the needs of the neighborhood and desires of the inhabitants are not being met. Present your evidence to support this as concisely as possible. This may be in the form of verbal testimony, petitions, or other means.

PGE Enterprises, LLC d/b/a Krackalack Sports Grill

August 26, 2013

Page 2

- C. Petitions - Before any liquor or beer license can be issued, two requirements must be affirmatively established that (1) the reasonable requirements of the neighborhood are not being met by existing outlets, and (2) that the inhabitants of the neighborhood desire that it be issued. One manner of showing this is by circulating petitions within the defined neighborhood (affected area). Many applicants use a marketing survey firm to circulate petitions. A sample petition is enclosed should you decide to do your own survey.

Please remember that because the applicant has received approval of the application by the local authority does not mean that a license will ultimately be issued. Every application is subject to review by the State of Colorado, and the Colorado Department of Revenue Liquor Enforcement Division must issue a State License before the City of Trinidad may issue a City License. The process of getting the application to the State, their review and issuance of their license, often takes three to four weeks to complete (less time if concurrent review is requested). You will be notified immediately when both the State and City licenses are ready to be mailed or picked up.

If you have any questions, please call.

Sincerely,



Audra Garrett
City Clerk

Encs.

DISCLOSURE STATEMENT

I, Linda Velasquez, hereby state and affirm that I am a member of Gino's Sports Bar, LLC, a Colorado limited liability company formed on September 9, 2011, whose principal office address is 310 Spruce Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Gino's Sports Bar, a tavern licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 991 E. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 25% interest in Gino's Sports Bar, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Linda Velasquez
Date 12/4/12

DISCLOSURE STATEMENT

I, Michelle Miles, hereby state and affirm that I am a member of Opera House Wine & Spirits, LLC, a Colorado limited liability company formed on February 22, 2010, whose principal office address is 601 W. Main Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Tire Shop Wine & Spirits, a retail liquor store licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 601 W. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 99% interest in Opera House Wine & Spirits, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Michelle Miles
Date 12/4/12

3b



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUNCIL MEETING: October 1, 2013
PREPARED BY: Audra Garrett, City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*
OF ATTACHMENTS:

SUBJECT: PUBLIC HEARING - New beer and wine liquor license application filed by Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q at 825 San Pedro Avenue

PRESENTER: Mattorano Enterprise, Inc.

RECOMMENDED CITY COUNCIL ACTION: Conduct the public hearing.

SUMMARY STATEMENT: N/A

EXPENDITURE REQUIRED: No

SOURCE OF FUNDS: N/A

POLICY ISSUE: This is an application for a new license. The requirements to be illustrated by the applicant to the local liquor licensing authority are 1) the needs of the neighborhood are not being meet by existing establishments; 2) it is the desire of the adult inhabitants of the neighborhood that this license be granted; and 3) the licensee is of good moral character to hold a liquor license.

Council may take up to 30 days to render a decision.

ALTERNATIVE: N/A

BACKGROUND INFORMATION:

- The complete application packet is provided for the hearing, including the investigative report.
- The tentative neighborhood boundary has been identified as the corporate City limits of Trinidad.
- This is a quasi-judicial matter and as such Council should only consider evidence and testimony provided during the public hearing.
- Fingerprint results for Bernadette Mattorano have not been received. The police department reports no findings for her in conducting a background check.

3b



INVESTIGATIVE REPORT

Applicant: Mattorano Enterprise, Inc.
Business Name: Lee's Bar-B-Q
Business Address: 825 San Pedro Avenue
Date of Application: August 9, 2013
Date Application Filed with Local Authority: August 20, 2013
Type of Request: New
Type of License: Beer and Wine
Hearing Date: Tuesday, October 1, 2013, 7:00 p.m.

APPLICATION CONTENTS -

Applicant's Documents: Liquor License Application - Form #DR8404
Articles of Incorporation
Certificate of Good Standing
Diagram of Premises
Lease Agreement
Loan Documents
Individual History Records-Form #DR8404-I
Letters of Reference
Fingerprints

City Documents: Notice of Public Hearing
Certificate of Mailing
Proof Publication on 8/30/13
Certificate of Posting
Departmental Reports
Correspondence to Applicant
Neighborhood Boundary Map

STATE AND LOCAL FEES -

| | | |
|-------------|---------------|---------------|
| State Fees: | Investigation | \$1,125.00 |
| | License | <u>351.25</u> |
| | Total | \$1,476.25 |

| | | |
|-------------|---------------|--------------|
| Local Fees: | Investigation | \$ 625.00 |
| | License | <u>48.75</u> |
| | Total | \$ 673.75 |

Local and state fees have been paid. Applicant has been advised the City's and State's investigation fee is non-refundable and in the event the liquor license is denied, license fees only shall be refunded.

LETTERS OF REFERENCE -

Letters of reference for Frank Mattorano received from:

Tom Beach, Trinidad, CO
Phil Rico, Trinidad, CO
Martha Gonzales, Raton, NM

Letters of reference for Bernadette Mattorano received from:

Margaret Maria, Trinidad, CO
Dominic Verquer, Trinidad, CO
Mandi Schlensker, Trinidad, CO

Three letters of reference each have been verified, as required by ordinance.

FINGERPRINTING -

Fingerprint cards were submitted to CBI/FBI on 8/13//2013. Results have not been received as of the date of this report for Bernadette Mattorano. Results received regarding Frank Mattorano yield no prior arrest records.

LEASE AGREEMENT -

A lease dated 6/1/2012 from Frank and Bernadette Mattorano, states that Mattorano Enterprise, Inc. agrees to lease the commercial property at 825 San Pedro Avenue for a period of three years.

DIAGRAM OF PREMISES -

The diagram identifies the entire indoor perimeter of the building which is ground level.

SALES TAX LICENSE -

Sales Tax License #04304085-0000 was verified.

FOOD SERVICE LICENSE -

A copy of the current food service license was provided by the applicant.

NOTICE OF HEARING -

Mailed to applicant – 8/23/13.

Published – 8/30/13.

Posted on the premises – 9/5/13.

DEPARTMENTAL REPORTS -

Fire Chief Leroy Trammell conducted his inspection on 8/30/2013 and found the applicant to have complied with their inspection of 6/14/2013.

Building Inspector Chris Kelley conducted his inspection also on 9/4/2013 and provided no concerns.

The Police Department reported having no issues with the application on 9/3/2013.

CORRESPONDENCE TO APPLICANT -

A letter dated 8/26/2013 was sent to Mattorano Enterprise, Inc., advising of the procedures to follow at the hearing. A sample petition was also provided as well as a map of the designated neighborhood.

ZONING --

The proposed premise is zoned Transitional-Neighborhood Services.

SCHOOL DISTANCES --

There is a 500-foot limitation for a Tavern license type specifically. For informational purposes, the proposed premise has been determined to be outside of 500 feet to any school. The nearest school property is Trinidad State Junior College which is 1,059 feet from the nearest point of this property.

LICENSED OUTLETS WITHIN THE NEIGHBORHOOD -

The neighborhood boundary was set as the corporate boundaries of the City.

There are thirty-nine (39) licensed outlets within the City limit boundary. Of the thirty-nine (39) licensed premises, one (1) is licensed as Beer and Wine.

The outlets are:

| | | |
|--------------|------------------------------------|---------------------------|
| 3.2% - Off | J. R.'S Fuel Stop #810 | 731 E. Main Street |
| | J. R.'S #811 | 110 E. Colorado Avenue |
| | Safeway Store #722 | 457 W. Main Street |
| | Wal-Mart #962 | 2921 Toupal Drive |
| | Count: 4 | |
| 3.2% - On | Creative Sale, Inc. | 700 Smith Street |
| | Count: 1 | |
| Club | Elks, BPOE | 120 S. Maple |
| | Count: 1 | |
| Hotel/Rest. | Black Jack's Saloon & Steakhouse | 225 W. Main Street |
| | Chef Liu's Restaurant | 1423 Santa Fe Trail |
| | Mission at the Bell Restaurant | 134 W. Main Street |
| | Quality Inn | 3125 Toupal Drive |
| | Rino's Restaurant | 400 E. Main Street |
| | Wonderful House Restaurant | 415 University Street |
| | Bella Luna Pizzeria | 121 W. Main Street |
| | Trinidad Holiday Inn | 3130 Santa Fe Trail Drive |
| | Main St. Tap House | 308 W. Main Street |
| | Brix | 231 E. Main Street |
| | Purgatoire & A Little Catering Co. | 516 E. Elm Street |
| | Café What a Grind | 341 N. Commercial Street |
| | Hotel/Rest w/Op Premises | Clubhouse Grille, The |
| Count: 13 | | |
| Liquor Store | Drop City Liquor | 155 Elm Street |
| | Main Street Liquors | 803 E. Main Street |
| | Mountain Liquor | 1144 Robinson |
| | Santa Fe Trail Hops & Vines | 1530 Santa Fe Trail |

| | |
|------------------------------------|----------------------|
| Tire Shop Wine & Spirits | 601 W. Main Street |
| Trinidad Beer, Liquor & Wine Depot | 111 E. Kansas Avenue |
| Arizona Liquor | 847 Arizona Avenue |
| RJ's Discount Liquor | 2132 Freedom Road |

Count: 8

| | | |
|--------|---------------------------|------------------------|
| Tavern | Great Wall | 321 State Street |
| | El Rancho Cafe | 1901 Santa Fe Trail |
| | Gino's Sports Bar | 991 E. Main Street |
| | JuJo's Pub and Dance Hall | 125 N. Chestnut Street |
| | Lumber Jacks Bar & Grill | 1133 N. Linden Ave. |
| | Mantelli's | 137 W. Main Street |
| | Monte Cristo Bar | 124 Santa Fe Trail |
| | The Park | 608 Arizona Avenue |
| | Trinidad Lanes, LLC | 823 Van Buren |
| | Ole's Tavern | 2833 Toupal Drive |

Count: 10

| | | |
|------|-------------------------------------|--------------------|
| Arts | Southern Colorado Repertory Theatre | 131 W. Main Street |
|------|-------------------------------------|--------------------|

Count: 1

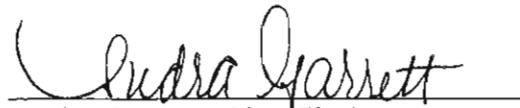
| | | |
|---------------|--|---------------------|
| Beer and Wine | Mt. Carmel Health, Wellness & Community Center | 911 Robinson Avenue |
|---------------|--|---------------------|

Count: 1

Disclosure statements are provided by Councilmember Linda Velasquez and Councilmember Michelle Miles.

Dated this 20th day of September, 2013.

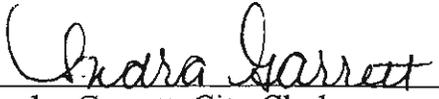
CITY OF TRINIDAD, COLORADO


Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 20th day of September, 2013, I mailed a copy of the Investigative Report, by Certified Mail, to:

Mattorano Enterprise, Inc.
d/b/a Lee's Bar-B-Q
37300 County Rd. 26.1
Trinidad, CO 81082
Certified Mail # 7012 3050 0000 2305 4592


Audra Garrett, City Clerk

APPLICATION DOCUMENTS CHECKLIST AND WORKSHEET

Instructions: This check list should be utilized to assist applicants with filing all required documents for licensure. All documents must be properly signed and correspond with the name of the applicant exactly. All documents must be typed or legibly printed. Upon final State approval the license will be mailed to the local licensing authority. Application fees are nonrefundable.

ITEMS SUBMITTED, PLEASE CHECK ALL APPROPRIATE BOXES COMPLETED OR DOCUMENTS SUBMITTED

I. APPLICANT INFORMATION

- A. Applicant/Licensee identified.
- B. State sales tax license number listed or applied for at time of application.
- C. License type or other transaction identified.
- D. Return originals to local authority.
- E. Additional information may be required by the local licensing authority.

II. DIAGRAM OF THE PREMISES

- A. No larger than 8 1/2" X 11".
- B. Dimensions included (doesn't have to be to scale). Exterior areas should show control (fences, walls, etc.).
- C. Separate diagram for each floor (if multiple levels).
- D. Kitchen - identified if Hotel and Restaurant.

III. PROOF OF PROPERTY POSSESSION

- A. Deed in name of the Applicant ONLY (or)
- B. Lease in the name of the Applicant ONLY.
- C. Lease Assignment in the name of the Applicant (ONLY) with proper consent from the Landlord and acceptance by the Applicant.
- D. Other Agreement if not deed or lease.

IV. BACKGROUND INFORMATION AND FINANCIAL DOCUMENTS

- A. Individual History Record(s) (Form DR 8404-I).
- B. Fingerprints taken and submitted to local authority. (State authority for master file applicants.)
- C. Purchase agreement, stock transfer agreement, and or authorization to transfer license.
- D. List of all notes and loans.

V. CORPORATE APPLICANT INFORMATION (If Applicable)

- A. Certificate of Incorporation (and/or)
- B. Certificate of Good Standing if incorporated more than 2 years ago.
- C. Certificate of Authorization if foreign corporation.
- D. List of officers, directors and stockholders of parent corporation (designate 1 person as "principal officer").

VI. PARTNERSHIP APPLICANT INFORMATION (If Applicable)

- A. Partnership Agreement (general or limited). Not needed if husband and wife.

VII. LIMITED LIABILITY COMPANY APPLICANT INFORMATION (If Applicable)

- A. Copy of articles of organization (date stamped by Colorado Secretary of State's Office).
- B. Copy of operating agreement.
- C. Certificate of Authority (if foreign company).

VIII. MANAGER REGISTRATION FOR HOTEL AND RESTAURANT, TAVERN LICENSES WHEN INCLUDED WITH THIS APPLICATION

- A. \$75.00 fee.
- B. Individual History Record (DR 8404-I).

6. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager under the age of twenty-one years? Yes No

7. Has the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager ever (in Colorado or any other state);
 (a) been denied an alcohol beverage license?
 (b) had an alcohol beverage license suspended or revoked?
 (c) had interest in another entity that had an alcohol beverage license suspended or revoked?
 If you answered yes to 7a, b or c, explain in detail on a separate sheet.

8. Has a liquor license application (same license class), that was located within 500 feet of the proposed premises, been denied within the preceding two years? If "yes," explain in detail.

9. Are the premises to be licensed within 500 feet of any public or private school that meets compulsory education requirements of Colorado law, or the principal campus of any college, university or seminary?

10. Has a liquor or beer license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation)? If yes, identify the name of the business and list any current or former financial interest in said business including any loans to or from a licensee.

11. Does the Applicant, as listed on line 2 of this application, have legal possession of the premises by virtue of ownership, lease or other arrangement?
 Ownership Lease Other (Explain in Detail)

a. If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:

| | | | | | |
|----------|--------------------------|--------|----------------------------------|---------|---------------|
| Landlord | <i>Bernath M Mattano</i> | Tenant | <i>Mattorano Enterprises Inc</i> | Expires | <i>6-1-15</i> |
| | <i>Rash D Mattano</i> | | | | |

Attach a diagram and outline or designate the area to be licensed (including dimensions) which shows the bars, brewery, walls, partitions, entrances, exits and what each room shall be utilized for in this business. This diagram should be no larger than 8 1/2" X 11". (Doesn't have to be to scale)

12. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies), will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money from this business. Attach a separate sheet if necessary.

| NAME | DATE OF BIRTH | FEIN OR SSN | INTEREST |
|---------------------|---------------|-------------|---------------|
| <i>Robert E Lee</i> | [REDACTED] | [REDACTED] | <i>50,000</i> |

Attach copies of all notes and security instruments, and any written agreement, or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation.

13. **Optional Premises or Hotel and Restaurant Licenses with Optional Premises**
 Has a local ordinance or resolution authorizing optional premises been adopted? Yes No

Number of separate Optional Premises areas requested. _____ (See License Fee Chart)

14. **Liquor Licensed Drug Store** applicants, answer the following:
 (a) Does the applicant for a Liquor Licensed Drug Store have a license issued by the Colorado Board of Pharmacy? COPY MUST BE ATTACHED. Yes No

15. **Club Liquor License** applicants answer the following and attach:
 (a) Is the applicant organization operated solely for a national, social, fraternal, patriotic, political or athletic purpose and not for pecuniary gain? Yes No
 (b) Is the applicant organization a regularly chartered branch, lodge or chapter of a national organization which is operated solely for the object of a patriotic or fraternal organization or society, but not for pecuniary gain?
 (c) How long has the club been incorporated? _____ (d) Has applicant occupied an establishment for three years that was operated solely for the reasons stated above?
 (Three years required)

16. **Brew-Pub License or Vintner Restaurant Applicants** answer the following:
 (a) Has the applicant received or applied for a Federal Permit? Yes No
 (Copy of permit or application must be attached)

17a. **Name of Manager (for all on-premises applicants)** *Frank Mattorano* (If this is an application for a Hotel, Restaurant or Tavern License, the manager must also submit an Individual History Record (DR 8404-I). Date of Birth [REDACTED])

17b. Does this manager act as the manager of, or have a financial interest in, any other liquor licensed establishment in the State of Colorado? If yes, provide name, type of license and account number. Yes No

18. **Tax Distraint Information.** Does the applicant or any other person listed on this application and including its partners, officers, directors, stockholders, members (LLC) or managing members (LLC) and any other persons with a 10% or greater financial interest in the applicant currently have an outstanding tax distraint issued to them by the Colorado Department of Revenue? Yes No
 If yes, provide an explanation and include copies of any payment agreements.

19. If applicant is a corporation, partnership, association or limited liability company, applicant **must list ALL OFFICERS, DIRECTORS, GENERAL PARTNERS, AND MANAGING MEMBERS.** In addition applicant **must list** any stockholders, partners, or members with **OWNERSHIP OF 10% OR MORE** IN THE APPLICANT. ALL PERSONS LISTED BELOW must also attach form DR 8404-I (Individual History record), and submit finger print cards to their local licensing authority.

| NAME | HOME ADDRESS, CITY & STATE | DOB | POSITION | % OWNED* |
|----------------------|----------------------------|------------|-----------|----------|
| Frank Mattorano | [REDACTED] Trinidad, CO | [REDACTED] | PRES. | 50% |
| Bernadette Mattorano | [REDACTED] Trinidad, CO | [REDACTED] | Sec/Treas | 50% |
| | | | | |
| | | | | |

*If total ownership percentage disclosed here does not total 100% applicant must check this box
 Applicant affirms that no individual other than these disclosed herein, owns 10% or more of the applicant

Additional Documents to be submitted by type of entity

- CORPORATION
 Cert. of Incorp.
 Cert. of Good Standing (if more than 2 yrs. old)
 Cert. of Auth. (if a foreign corp.)
 PARTNERSHIP
 Partnership Agreement (General or Limited)
 Husband and Wife partnership (no written agreement)
 LIMITED LIABILITY COMPANY
 Articles of Organization
 Cert. of Authority (if foreign company)
 Operating Agrmt.
 ASSOCIATION OR OTHER Attach copy of agreements creating association or relationship between the parties

Registered Agent (if applicable) _____ Address for Service _____

OATH OF APPLICANT

I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge. I also acknowledge that it is my responsibility and the responsibility of my agents and employees to comply with the provisions of the Colorado Liquor or Beer Code which affect my license.

Authorized Signature: [Signature]
 Title: President
 Date: 6-19-13

REPORT AND APPROVAL OF LOCAL LICENSING AUTHORITY (CITY/COUNTY)

Date application filed with local authority: 2/8/13 filed 8/20/13
 Date of local authority hearing (for new license applicants; cannot be less than 30 days from date of application 12-47-311 (1)) C.R.S.: 10/1/2013

THE LOCAL LICENSING AUTHORITY HEREBY AFFIRMS:

That each person required to file DR 8404-I (Individual History Record) has:

| | | |
|--|-------------------------------------|--------------------------|
| | Yes | No |
| <input checked="" type="checkbox"/> Been fingerprinted | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Been subject to background investigation, including NCIC/CCIC check for outstanding warrants | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

That the local authority has conducted, or intends to conduct, an inspection of the proposed premises to ensure that the applicant is in compliance with, and aware of, liquor code provisions affecting their class of license

(Check One)
 Date of Inspection or Anticipated Date 9/13/2013
 Upon approval of state licensing authority.

The foregoing application has been examined; and the premises, business to be conducted, and character of the applicant are satisfactory. We do report that such license, if granted, will meet the reasonable requirements of the neighborhood and the desires of the adult inhabitants, and will comply with the provisions of Title 12, Article 46 or 47, C.R.S. **THEREFORE, THIS APPLICATION IS APPROVED.**

Local Licensing Authority for _____ Telephone Number _____
 TOWN, CITY
 COUNTY

| | | |
|--------------------------|-------------|------------|
| Signature _____ | Title _____ | Date _____ |
| Signature (attest) _____ | Title _____ | Date _____ |



Colorado Secretary of State
 Date and Time: 05/29/2012 10:41 AM
 ID Number: 20121294091

Document must be filed electronically.
 Paper documents will not be accepted.

Document processing fee
 Fees & forms/cover sheets
 are subject to change.

\$50.00

Document number: 20121294091
 Amount Paid: \$50.00

To access other information or print
 copies of filed documents,
 visit www.sos.state.co.us and
 select Business Center.

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Incorporation for a Profit Corporation

filed pursuant to § 7-102-101 and § 7-102-102 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name for the corporation is

Mattorano Enterprise, Inc.

(The name of a corporation must contain the term or abbreviation "corporation", "incorporated", "company", "limited", "corp.", "inc.", "co." or "Ltd.". See §7-90-601, C.R.S. If the corporation is a professional or special purpose corporation, other law may apply.)

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the corporation's initial principal office is

Street address

825 San Pedro Ave.

(Street number and name)

Trinidad

(City)

CO

(State)

81082

(ZIP/Postal Code)

United States

(Country)

(Province - if applicable)

Mailing address

(leave blank if same as street address)

37300 CR 26.1

(Street number and name or Post Office Box information)

Trinidad

(City)

CO

(State)

81082

(ZIP/Postal Code)

United States

(Country)

(Province - if applicable)

3. The registered agent name and registered agent address of the corporation's initial registered agent are

Name

(if an individual)

Mattorano

(Last)

Frank

(First)

(Middle)

(Suffix)

OR

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

Street address

37300 County Road 26.1

(Street number and name)

Trinidad

(City)

CO

(State)

81082

(ZIP/Postal Code)

Mailing address

(leave blank if same as street address)

(Street number and name or Post Office Box information)

(City) CO _____

(State) (ZIP/Postal Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent above has consented to being so appointed.

4. The true name and mailing address of the incorporator are

Name (if an individual) Mattorano Frank

(Last) (First) (Middle) (Suffix)

OR

(if an entity) _____

(Caution: Do not provide both an individual and an entity name.)

Mailing address 37300 County Road 26.1

(Street number and name or Post Office Box information)

Trinidad CO 81082

(City) (State) (ZIP/Postal Code)

_____ United States

(Province - if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The corporation has one or more additional incorporators and the name and mailing address of each additional incorporator are stated in an attachment.

5. The classes of shares and number of shares of each class that the corporation is authorized to issue are as follows.

(If the following statement applies, adopt the statement by marking the box and enter the number of shares.)

The corporation is authorized to issue 1,000 common shares that shall have unlimited voting rights and are entitled to receive the net assets of the corporation upon dissolution.

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

Additional information regarding shares as required by section 7-106-101, C.R.S., is included in an attachment.

(Caution: At least one box must be marked. Both boxes may be marked, if applicable.)

6. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

This document contains additional information as provided by law.

7. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____

(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

8. The true name and mailing address of the individual causing the document to be delivered for filing are

| | | | |
|--|--------------------------|----------------------------------|-------------------------|
| Gonzales | Martha | | |
| <small>(Last)</small> | <small>(First)</small> | <small>(Middle)</small> | <small>(Suffix)</small> |
| <hr/> | | | |
| 37300 CR 26.1 | | | |
| <small>(Street number and name or Post Office Box information)</small> | | | |
| <hr/> | | | |
| Trinidad | CO | 81082 | |
| <small>(City)</small> | <small>(State)</small> | <small>(ZIP/Postal Code)</small> | |
| <hr/> | | | |
| | United States | | |
| <small>(Province - if applicable)</small> | <small>(Country)</small> | | |

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

Mattorano Enterprise, Inc.

is a **Corporation** formed or registered on 05/29/2012 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20121294091.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 04/03/2013 that have been posted, and by documents delivered to this office electronically through 04/04/2013 @ 11:42:51.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 04/04/2013 @ 11:42:51 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 8506680.



A handwritten signature in black ink, appearing to read 'Scott Gessler', is written over a horizontal line.

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us> click Business Center and select "Frequently Asked Questions."

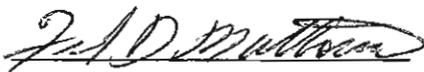
LEASE AGREEMENT

Effective June 1, 2012, MATTORANO ENTERPRISE, INC. dba Lee's Bar-B-Que agree to rent from FRANK AND BERNADETTE MATTORANO the commercial property located at 825 San Pedro Avenue, Trinidad, CO for a sum of \$1,000 monthly for a period of **three (3)** years, however may be terminated by either party with a three (3) month written notice.

Mattorano Enterprise, Inc. is responsible for all utilities and the day-to-day maintenance of the building and premises.

Frank and Bernadette Mattorano reserve the right to negotiate the monthly rental amount with prior notice to Mattorano Enterprise, Inc.

Mattorano Enterprise, Inc.



Frank Mattorano, President



Frank Mattorano



Bernadette Mattorano

AGREEMENT

Mattorano Enterprise, Inc. agrees to pay Rob Lee for the use of the Lee's BBQ trade name and the red and green chili recipe and the BBQ sauce associated with the business.

Mattorano Enterprise agrees to pay two percent (2%) of the monthly gross sales until such time the sum equals \$50,000.

Dated: July 1, 2012

Mattorano Enterprise, Inc.



Frank Mattorano



Rob Lee

5/22/2012

201200716122
Filed for Record in
LAS ANIMAS, CO
BERNARD J. GONZALES
05-11-2012 At 01:47 pm.
REL DEED TR 46.00
Doc Fees .00
OR Book 1103 Page 849 - 856
Instrument Book Page
201200716122 OR 1103 849

State of Colorado Space Above This Line For Recording Data

REAL ESTATE DEED OF TRUST

(With Future Advance Clause)

This is a Revolving Credit Arrangement

1. **DATE AND PARTIES.** The date of this Deed of Trust (Security Instrument) is 05-09-2012 and the parties, their addresses and tax identification numbers, if required, are as follows:

GRANTOR: FRANK MATTORANO AND BERNADETTE M. MATTORANO, AS JOINT TENANTS
37300 COUNTY ROAD 26.1
TRINIDAD, CO 81082

If checked, refer to the attached Addendum incorporated herein, for additional Grantors, their signatures and acknowledgments.

TRUSTEE: DONNA J. LEONETTI
LAS ANIMAS COUNTY COURTHOUSE
TRINIDAD, CO 81082

LENDER: HUERFANO COUNTY BRANCH
THE FIRST NATIONAL BANK IN TRINIDAD
ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA
135 W. SIXTH ST./P.O. BOX 1208 WALSENBURG, CO 81089

2. **CONVEYANCE.** For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debt (defined below) and Grantor's performance under this Security Instrument, Grantor irrevocably grants, conveys and sells to Trustee, in trust for the benefit of Lender, with power of sale, the following described property: PARCEL 1: LOTS 1, 2, AND 3 OF BLOCK 3, M.D.G. BACA ADDITION TO THE CITY OF TRINIDAD
PARCEL 2: LOT 4 OF BLOCK 3, EXCEPT 16 FEET OFF WEST END, M.D.G. BACA ADDITION TO THE CITY OF TRINIDAD, ACCORDING TO THE RECORDS OF THE CLERK AND RECORDER FOR LAS ANIMAS COUNTY, COLORADO.

The property is located in LAS ANIMAS (County) at 817 AND 825 SAN PEDRO
TRINIDAD (City), Colorado 81082 (Zip Code)

16279

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, crops, timber, all diversion payments or third party payments made to crop producers, all water and riparian rights, wells, ditches, reservoirs, and water stock and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described above (all referred to as "Property").

3. **MAXIMUM OBLIGATION LIMIT.** The total principal amount secured by this Security Instrument at any one time shall not exceed \$ 120,000.00. This limitation of amount does not include interest and other fees and charges validly made pursuant to this Security Instrument. Also, this limitation does not apply to advances made under the terms of this Security Instrument to protect Lender's security and to perform any of the covenants contained in this Security Instrument.
4. **SECURED DEBT AND FUTURE ADVANCES.** The term "Secured Debt" is defined as follows:
- A. Debt incurred under the terms of all promissory note(s), contract(s), guaranty(ies) or other evidence of debt described below and all their extensions, renewals, modifications or substitutions. *(When referencing the debts below it is suggested that you include items such as borrowers' names, note amounts, interest rates, maturity dates, etc.)* ONE PROMISSORY NOTE IN THE AMOUNT OF \$120,000.00 DATED MAY 9TH, 2012 SIGNED BY FRANK MATTORANO AND BERNADETTE M. MATTORANO.

- B. All future advances from Lender to Grantor or other future obligations of Grantor to Lender under any promissory note, contract, guaranty, or other evidence of debt existing now or executed after this Security Instrument whether or not this Security Instrument is specifically referenced and whether or not such future advances or future obligations are incurred for any purpose that is related or unrelated to the purpose of the Security Instrument. If more than one person signs this Security Instrument, each Grantor agrees that this Security Instrument will secure all future advances and future obligations that are given to or incurred by any one or more Grantor, or any one or more Grantor and others. All future advances and other future obligations are secured by this Security Instrument even though all or part may not yet be advanced. All future advances and other future obligations are secured as if made on the date of this Security Instrument. Nothing in this Security Instrument shall constitute a commitment to make additional or future loans or advances in any amount. Any such commitment must be agreed to in a separate writing.
- C. All obligations Grantor owes to Lender, which now exist or may later arise, to the extent not prohibited by law, including, but not limited to, liabilities for overdrafts relating to any deposit account agreement between Grantor and Lender.
- D. All additional sums advanced and expenses incurred by Lender for insuring, preserving or otherwise protecting the Property and its value and any other sums advanced and expenses incurred by Lender under the terms of this Security Instrument.

This Security Instrument will not secure any other debt if Lender fails to give any required notice of the right of rescission.

5. **PAYMENTS.** Grantor agrees that all payments under the Secured Debt will be paid when due and in accordance with the terms of the Secured Debt and this Security Instrument.
6. **WARRANTY OF TITLE.** Grantor warrants that Grantor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to irrevocably grant, convey and sell the Property to Trustee, in trust, with power of sale. Grantor also warrants that the Property is unencumbered, except for encumbrances of record.
7. **PRIOR SECURITY INTERESTS.** With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property, Grantor agrees:
- A. To make all payments when due and to perform or comply with all covenants.
- B. To promptly deliver to Lender any notices that Grantor receives from the holder.
- C. Not to allow any modification or extension of, nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent.
8. **CLAIMS AGAINST TITLE.** Grantor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Grantor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Grantor's payment. Grantor will defend title to the Property against any claims that would impact the lien of this Security Instrument. Grantor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Grantor may have against parties who supply labor or materials to maintain or improve the Property.
9. **DUE ON SALE OR ENCUMBRANCE.** Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable. This covenant shall run with the Property and shall remain in effect until the Secured Debt is paid in full and this Security Instrument is released.
10. **TRANSFER OF AN INTEREST IN THE GRANTOR.** If Grantor is an entity other than a natural person (such as a corporation or other organization), Lender may demand immediate payment if:
- A. A beneficial interest in Grantor is sold or transferred.
- B. There is a change in either the identity or number of members of a partnership or similar entity.
- C. There is a change in ownership of more than 25 percent of the voting stock of a corporation or similar entity.

(page 2 of 8)

FM B. MATTORANO

However, Lender may not demand payment in the above situations if it is prohibited by law as of the date of this Security Instrument.

11. ENTITY WARRANTIES AND REPRESENTATIONS. If Grantor is an entity other than a natural person (such as a corporation or other organization), Grantor makes to Lender the following warranties and representations which shall continue as long as the Secured Debt remains outstanding:

- A. Grantor is duly organized and validly existing in the Grantor's state of incorporation or organization. Grantor is in good standing in all states in which Grantor transacts business. Grantor has the power and authority to own the Property and to carry on its business as now being conducted and, as applicable, is qualified to do so in each state in which Grantor operates.
- B. The execution, delivery and performance of this Security Instrument by Grantor and the obligation evidenced by the Secured Debt are within the power of Grantor, have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law, or order of court or governmental agency.
- C. Other than previously disclosed in writing to Lender, Grantor has not changed its name within the last ten years and has not used any other trade or fictitious name. Without Lender's prior written consent, Grantor does not and will not use any other name and will preserve its existing name, trade names and franchises until the Secured Debt is satisfied.

12. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Grantor will keep the Property in good condition and make all repairs that are reasonably necessary. Grantor shall not commit or allow any waste, impairment, or deterioration of the Property. Grantor will keep the Property free of noxious weeds and grasses. Grantor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Grantor will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Grantor will notify Lender of all demands, proceedings, claims, and actions against Grantor, and of any loss or damage to the Property.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Grantor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Security Instrument. Grantor shall not partition or subdivide the Property without Lender's prior written consent.

Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Lender shall give Grantor notice at the time of or before an inspection specifying a reasonable purpose for the inspection. Any inspection of the Property shall be entirely for Lender's benefit and Grantor will in no way rely on Lender's inspection.

13. AUTHORITY TO PERFORM. If Grantor fails to perform any duty or any of the covenants contained in this Security Instrument, Lender may, without notice, perform or cause them to be performed. Grantor appoints Lender as attorney in fact to sign Grantor's name or pay any amount necessary for performance. Lender's right to perform for Grantor shall not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may take all steps necessary to protect Lender's security interest in the Property, including completion of the construction.

14. ASSIGNMENT OF LEASES AND RENTS. Grantor irrevocably assigns, grants and conveys to Lender as additional security all the right, title and interest in the following (Property):

- A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to, any extensions, renewals, modifications or replacements (Leases).
- B. Rents, issues and profits, including but not limited to, security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Grantor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement.

Grantor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Grantor may collect, receive, enjoy and use the Rents so long as Grantor is not in default. Grantor will not collect in advance any Rents due in future lease periods, unless Grantor first obtains Lender's written consent. Upon default, Grantor will receive any Rents in trust for Lender and Grantor will not commingle the Rents with any other funds. When Lender so directs, Grantor will endorse and deliver any payments of Rents from the Property to Lender. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Grantor agrees that this Security Instrument is immediately effective between Grantor and Lender. This Security Instrument will remain effective during any statutory redemption period until the Secured Debts are satisfied. Unless otherwise prohibited or prescribed by state law, Grantor agrees that Lender may take actual possession of the Property without the necessity of commencing any legal action or proceeding. Grantor agrees that actual possession of the Property is deemed to occur when Lender notifies Grantor of Grantor's default and demands that Grantor and Grantor's tenants pay all Rents due or to become due directly to Lender. Immediately after Lender gives Grantor the notice of default, Grantor agrees that either Lender or Grantor may immediately notify the tenants and demand that all future Rents be paid directly to Lender.

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FM [Signature]

As long as this Assignment is in effect, Grantor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Grantor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with the Leases and any applicable law. If Grantor or any party to the Lease defaults or fails to observe any applicable law, Grantor will promptly notify Lender. If Grantor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance. Grantor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Grantor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Grantor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

15. **LEASEHOLDS; CONDOMINIUMS; PLANNED UNIT DEVELOPMENTS.** Grantor agrees to comply with the provisions of any lease if this Security Instrument is on a leasehold. If the Property includes a unit in a condominium or a planned unit development, Grantor will perform all of Grantor's duties under the covenants, by-laws, or regulations of the condominium or planned unit development.

16. **DEFAULT.** Grantor will be in default if any of the following occur:

- A. Any party obligated on the Secured Debt fails to make payment when due;
- B. A breach of any term or covenant in this Security Instrument or any other document executed for the purpose of creating, securing or guarantying the Secured Debt;
- C. The making or furnishing of any verbal or written representation, statement or warranty to Lender that is false or incorrect in any material respect by Grantor or any person or entity obligated on the Secured Debt;
- D. The death, dissolution, or insolvency of, appointment of a receiver for, or application of any debtor relief law to, Grantor or any other person or entity obligated on the Secured Debt;
- E. A good faith belief by Lender at any time that Lender is insecure with respect to any person or entity obligated on the Secured Debt or that the prospect of any payment is impaired or the value of the Property is impaired;
- F. A material adverse change in Grantor's business including ownership, management, and financial conditions, which Lender in its opinion believes impairs the value of the Property or repayment of the Secured Debt; or
- G. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

17. **REMEDIES ON DEFAULT.** In some instances, federal and state law will require Lender to provide Grantor with notice of the right to cure, or other notices and may establish time schedules for foreclosure actions. Subject to these limitations, if any, Lender may accelerate the Secured Debt and foreclose this Security Instrument in a manner provided by law if Grantor is in default.

At the option of Lender, all or any part of the agreed fees and charges, accrued interest and principal shall become immediately due and payable, after giving notice if required by law, upon the occurrence of a default or anytime thereafter. In addition, Lender shall be entitled to all the remedies provided by law, the terms of the Secured Debt, this Security Instrument and any related documents, including without limitation, the power to sell the Property or foreclose on installments without acceleration.

If there is a default, Trustee shall, in addition to any other permitted remedy, at the request of the Lender, advertise and sell the Property as a whole or in separate parcels at public auction to the highest bidder for cash and convey absolute title free and clear of all right, title and interest of Grantor at such time and place as Trustee designates. Trustee shall give notice of sale including the time, terms and place of sale and a description of the Property to be sold as required by the applicable law in effect at the time of the proposed sale.

Upon sale of the Property and to the extent not prohibited by law, Trustee shall make and deliver a deed to the Property sold which conveys absolute title to the purchaser, and after first paying all fees, charges and costs, shall pay to Lender all moneys advanced for repairs, taxes, insurance, liens, assessments and prior encumbrances and interest thereon, and the principal and interest on the Secured Debt, paying the surplus, if any, to Grantor. Lender may purchase the Property. The recitals in any deed of conveyance shall be prima facie evidence of the facts set forth therein.

All remedies are distinct, cumulative and not exclusive, and the Lender is entitled to all remedies provided at law or equity, whether or not expressly set forth. The acceptance by Lender of any sum in payment or partial payment on the Secured Debt after the balance is due or is accelerated or after foreclosure proceedings are filed shall not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy on Grantor's default, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

18. **EXPENSES; ADVANCES ON COVENANTS; ATTORNEYS' FEES; COLLECTION COSTS.** Except when prohibited by law, Grantor agrees to pay all of Lender's expenses if Grantor breaches any covenant in this Security Instrument. Grantor will also pay on demand any amount incurred by Lender for insuring, inspecting, preserving or otherwise protecting the Property and Lender's security interest. These expenses will bear interest from the date of the payment until paid in full at the highest interest rate in effect as provided in the terms of the Secured Debt. Grantor agrees to pay all costs and expenses incurred by Lender in collecting, enforcing or protecting Lender's rights and remedies under this Security Instrument. This amount may include, but is not limited to, attorneys' fees, court costs, and other legal expenses. This Security Instrument shall remain in effect until released. Grantor agrees to pay for any recordation costs of such release.

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19. ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES. As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substances," "hazardous waste," "hazardous substance," or "regulated substance" under any Environmental Law.

Grantor represents, warrants and agrees that:

- A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.
 - B. Except as previously disclosed and acknowledged in writing to Lender, Grantor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
 - C. Grantor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Grantor will take all necessary remedial action in accordance with Environmental Law.
 - D. Except as previously disclosed and acknowledged in writing to Lender, Grantor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Grantor or any tenant of any Environmental Law. Grantor will immediately notify Lender in writing as soon as Grantor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
 - E. Except as previously disclosed and acknowledged in writing to Lender, Grantor and every tenant have been, are and shall remain in full compliance with any applicable Environmental Law.
 - F. Except as previously disclosed and acknowledged in writing to Lender, there are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
 - G. Grantor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
 - H. Grantor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Grantor and any tenant are in compliance with applicable Environmental Law.
 - I. Upon Lender's request and at any time, Grantor agrees, at Grantor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
 - J. Lender has the right, but not the obligation, to perform any of Grantor's obligations under this section at Grantor's expense.
 - K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Grantor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Security Instrument and in return Grantor will provide Lender with collateral of at least equal value to the Property secured by this Security Instrument without prejudice to any of Lender's rights under this Security Instrument.
 - L. Notwithstanding any of the language contained in this Security Instrument to the contrary, the terms of this section shall survive any foreclosure or satisfaction of this Security Instrument regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.
- 20. CONDEMNATION.** Grantor will give Lender prompt notice of any pending or threatened action, by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Grantor authorizes Lender to intervene in Grantor's name in any of the above described actions or claims. Grantor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds shall be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.
- 21. INSURANCE.** Grantor agrees to maintain insurance as follows:
- A. Grantor shall keep the Property insured against loss by fire, flood, theft and other hazards and risks reasonably associated with the Property due to its type and location. This insurance shall be maintained in the amounts and for the periods that Lender requires. What Lender requires pursuant to the preceding two

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sentences can change during the term of the Secured Debt. The insurance carrier providing the insurance shall be chosen by Grantor subject to Lender's approval, which shall not be unreasonably withheld. If Grantor fails to maintain the coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property according to the terms of this Security Instrument.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard "mortgage clause" and, where applicable, "loss payee clause." Grantor shall immediately notify Lender of cancellation or termination of the insurance. Lender shall have the right to hold the policies and renewals. If Lender requires, Grantor shall immediately give to Lender all receipts of paid premiums and renewal notices. Upon loss, Grantor shall give immediate notice to the insurance carrier and Lender. Lender may make proof of loss if not made immediately by Grantor.

Unless otherwise agreed in writing, all insurance proceeds shall be applied to restoration or repair of the Property or to the Secured Debt, whether or not then due, at Lender's option. Any application of proceeds to principal shall not extend or postpone the due date of scheduled payment nor change the amount of any payments. Any excess will be paid to the Grantor. If the Property is acquired by Lender, Grantor's right to any insurance policies and proceeds resulting from damage to the Property before the acquisition shall pass to Lender to the extent of the Secured Debt immediately before the acquisition.

- B. Grantor agrees to maintain comprehensive general liability insurance naming Lender as an additional insured in an amount acceptable to Lender, insuring against claims arising from any accident or occurrence in or on the Property.
- C. Grantor agrees to maintain rental loss or business interruption insurance, as required by Lender, in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing), under a form of policy acceptable to Lender.
22. **ESCROW FOR TAXES AND INSURANCE.** Unless otherwise provided in a separate agreement, Grantor will not be required to pay to Lender funds for taxes and insurance in escrow.
23. **FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS.** Grantor will provide to Lender upon request, any financial statement or information Lender may deem reasonably necessary. Grantor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Grantor's obligations under this Security Instrument and Lender's lien status on the Property.
24. **JOINT AND INDIVIDUAL LIABILITY; CO-SIGNERS; SUCCESSORS AND ASSIGNS BOUND.** All duties under this Security Instrument are joint and individual. If Grantor signs this Security Instrument but does not sign an evidence of debt, Grantor does so only to mortgage Grantor's interest in the Property to secure payment of the Secured Debt and Grantor does not agree to be personally liable on the Secured Debt. If this Security Instrument secures a guaranty between Lender and Grantor, Grantor agrees to waive any rights that may prevent Lender from bringing any action or claim against Grantor or any party indebted under the obligation. These rights may include, but are not limited to, any anti-deficiency or one-action laws. Grantor agrees that Lender and any party to this Security Instrument may extend, modify or make any change in the terms of this Security Instrument or any evidence of debt without Grantor's consent. Such a change will not release Grantor from the terms of this Security Instrument. The duties and benefits of this Security Instrument shall bind and benefit the successors and assigns of Grantor and Lender.
25. **APPLICABLE LAW; SEVERABILITY; INTERPRETATION.** This Security Instrument is governed by the laws of the jurisdiction in which Lender is located, except to the extent otherwise required by the laws of the jurisdiction where the Property is located. This Security Instrument is complete and fully integrated. This Security Instrument may not be amended or modified by oral agreement. Any section in this Security Instrument, attachments, or any agreement related to the Secured Debt that conflicts with applicable law will not be effective, unless that law expressly or impliedly permits the variations by written agreement. If any section of this Security Instrument cannot be enforced according to its terms, that section will be severed and will not affect the enforceability of the remainder of this Security Instrument. Whenever used, the singular shall include the plural and the plural the singular. The captions and headings of the sections of this Security Instrument are for convenience only and are not to be used to interpret or define the terms of this Security Instrument. Time is of the essence in this Security Instrument.
26. **NOTICE.** Unless otherwise required by law, any notice shall be given by delivering it or by mailing it by first class mail to the appropriate party's address on page 1 of this Security Instrument, or to any other address designated in writing. Notice to one grantor will be deemed to be notice to all grantors.
27. **WAIVERS.** Except to the extent prohibited by law, Grantor waives all appraisal, homestead exemption and marshalling of liens and assets relating to the Property.
28. **U.C.C. PROVISIONS.** If checked, the following are applicable to, but do not limit, this Security Instrument:
- Construction Loan.** This Security Instrument secures an obligation incurred for the construction of an improvement on the Property.
 - Fixture Filing.** Grantor grants to Lender a security interest in all goods that Grantor owns now or in the future and that are or will become fixtures related to the Property.
 - Crops; Timber; Minerals; Rents, Issues and Profits.** Grantor grants to Lender a security interest in all crops, timber, and minerals located on the Property as well as all rents, issues, and profits of them including, but not limited to, all Conservation Reserve Program (CRP) and Payment in Kind (PIK) payments and similar governmental programs (all of which shall also be included in the term "Property").
 - Personal Property.** Grantor grants to Lender a security interest in all personal property located on or connected with the Property, including all farm products, inventory, equipment, accounts, documents,

(page 6 of 8)

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instruments, chattel paper, general intangibles, and all other items of personal property Grantor owns now or in the future and that are used or useful in the construction, ownership, operation, management, or maintenance of the Property (all of which shall also be included in the term "Property"). The term "personal property" specifically excludes that property described as "household goods" secured in connection with a "consumer" loan as those terms are defined in applicable federal regulations governing unfair and deceptive credit practices.

- Filing As Financing Statement.** Grantor agrees and acknowledges that this Security Instrument also suffices as a financing statement and any carbon, photographic or other reproduction may be filed of record for purposes of Article 9 of the Uniform Commercial Code.

29. OTHER TERMS. If checked, the following are applicable to this Security Instrument:

- Line of Credit.** The Secured Debt includes a revolving line of credit provision. Although the Secured Debt may be reduced to a zero balance, this Security Instrument will remain in effect until released.
- Agricultural Property.** Grantor covenants and warrants that the Property will be used principally for agricultural or farming purposes and that Grantor is an individual or entity allowed to own agricultural land as specified by law.
- Separate Assignment.** The Grantor has executed or will execute a separate assignment of leases and rents. If the separate assignment of leases and rents is properly executed and recorded, then the separate assignment will supersede this Security Instrument's "Assignment of Leases and Rents" section.
- Additional Terms.**

SIGNATURES: By signing below, Grantor agrees to the terms and covenants contained in this Security Instrument and in any attachments. Grantor also acknowledges receipt of a copy of this Security Instrument on the date stated on page 1.

Entity Name: _____

Frank D. Mattorano 5/19/12
 (Signature) (Date)
 FRANK MATTORANO

Bernadette M. Mattorano 5/19/12
 (Signature) (Date)
 BERNADETTE M. MATTORANO

(Signature) (Date)

(Signature) (Date)

ACKNOWLEDGMENT:

STATE OF COLORADO, COUNTY OF LAS ANIMAS) ss.
The foregoing instrument was acknowledged before me this 9TH day of MAY, 2012
by FRANK MATTORANO; BERNADETTE M. MATTORANO, AS JOINT TENANTS
My commission expires: 9-16-2014.



Susan K. Gutierrez
(Notary Public)
100 E. Main St., Trinidad, CO 81052

STATE OF _____, COUNTY OF _____) ss.
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ (Title(s))
of _____ (Name of Business or Entity)
a _____ on behalf of the business or entity.
My commission expires:

(Notary Public)

Bmm (page 8 of 8)

PM

| | | |
|--|--|--|
| FRANK MATTORANO; BERNADETTE M. MATTORANO 37300 COUNTY ROAD 26.1 TRINIDAD, CO 81082 | HUERFANO COUNTY BRANCH THE FIRST NATIONAL BANK IN TRINIDAD 135 W. SIXTH ST./P.O. BOX 1209 WALSLENBURG, CO 81089 | Loan Number _____ Date 05-09-2012 Maturity Date 05-09-2032 Loan Amount \$ 120,000.00 Renewal Of _____ OFFICER: V CUSIMANO |
| BORROWER'S NAME AND ADDRESS: "I" includes each borrower above, jointly and severally. | LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns. | |

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of ONE HUNDRED TWENTY THOUSAND AND NO/100 Dollars \$ 120,000.00

Single Advance: I will receive all of this principal sum on 05-09-2012. No additional advances are contemplated under this note.

Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____.

Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 05-09-2012 at the rate of 7.000 % per year until 05-10-2012.

Variable Rate: This rate may then change as stated below.

Index Rate: The future rate will be 0.250 PERCENT BELOW the following index rate: 25 BASIS POINTS BELOW THE FIRST NATIONAL BANK IN TRINIDAD'S COMMERCIAL/AGRICULTURAL PRIME RATE ON LOANS OF THIS TYPE.

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.

Frequency and Timing: The rate on this note may change as often as EVERY DAY BEGINNING 05-10-2012. A change in the interest rate will take effect ON THE SAME DAY.

Limitations: During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %. The rate may not change more than _____ % each _____.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change. The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a ACTUAL/ACTUAL basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

on the same fixed or variable rate basis in effect before maturity (as indicated above).

at a rate equal to _____.

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of 5.000% OF THE LATE AMOUNT.

ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: DOC PREP \$300 ORIGINATION \$600 FLOOD CET \$30 FILING FEES \$96 TITLE INS. \$150 CLOSING \$150

PAYMENTS: I agree to pay this note as follows:

240 MONTHLY PAYMENTS OF \$930.41 BEGINNING 06-09-2012. THIS IS A VARIABLE RATE LOAN AND THE PAYMENT AMOUNTS MAY CHANGE.

ADDITIONAL TERMS:

I AGREE TO PAY A MINIMUM FINANCE CHARGE OF \$25.00 IF I PAY THIS LOAN OFF BEFORE YOU HAVE EARNED THAT MUCH IN FINANCE CHARGES

DOC PREP.....\$300
ORIGINATION.....600
FLOOD CERT.....30
PROCEEDS TO DOTTER ABSTRACT.....\$119,070.00

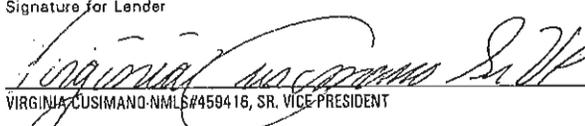
THIS LOAN IS SECURED BY A 1ST DEED DN 825 SAN PEDRO-LEE'S INCLUDING ALL FURNITURE, FIXTURES AND EQUIPMENT & A HOME AT 817 SAN PEDRO

SECURITY: This note is separately secured by (describe separate document by type and date):
ONE DEED OF TRUST IN THE AMOUNT OF \$120,000.00 DATED MAY 9TH, 2012 SIGNED BY FRANK MATTORANO AND BERNADETTE M. MATTORANO
(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

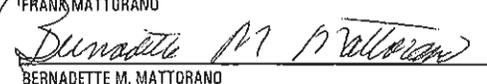
PURPOSE: The purpose of this loan is COMMERCIAL-PURCHASE LEE'S BAR, B QUE AND HOME @817 & 825 SAN PEDRO

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

Signature for Lender


VIRGINIA CUSIMANO-NMLS#459416, SR. VICE-PRESIDENT


FRANK MATTORANO


BERNADETTE M. MATTORANO

| BORROWER NAME AND ADDRESS | LENDER NAME AND ADDRESS | LOAN DESCRIPTION |
|--|--|---|
| FRANK MATTORANO; BERNADETTE M. MATTORANO 37300 COUNTY ROAD 26.1 TRINIDAD, CO 81082 | HUERFANO COUNTY BRANCH THE FIRST NATIONAL BANK IN TRINIDAD 135 W. SIXTH ST., P.O. BOX 1209 WALSENBURG, CO 81089 | Number _____ Amount \$ 120,000.00 Date 06-09-2012 |

Refer to the attached Signature Addendum, incorporated herein, for additional Borrowers and their signatures.

COMMERCIAL LOAN AGREEMENT

LOAN STRUCTURE. This Commercial Loan Agreement (Agreement) contemplates a single advance term Loan a multiple advance draw Loan a revolving multiple advance draw Loan. The principal balance will not exceed \$ 120,000.00. Borrower will pay down a revolving draw Loan's outstanding Principal to \$ _____ (Pay Down Balance) _____ (Time Period). This Loan is for agricultural business purposes.

Borrower may not voluntarily prepay the Loan in full at any time. Borrower may prepay the Loan under the following terms and conditions (Any partial prepayment will not excuse any later scheduled payments until the Loan is paid in full.):

LATE CHARGES. If a payment is made more than 10 days after it is due, Borrower will pay a late charge of 5.000% OF THE LATE AMOUNT

FEES. Borrower agrees to pay the following fees in connection with this Loan at closing or as otherwise requested by Lender:

REQUESTS FOR ADVANCES. Borrower authorizes Lender to honor a request for an advance from Borrower or any person authorized by Borrower. The requests for an advance must be in writing, by telephone, or any other manner agreed upon by Borrower and Lender, and must specify the requested amount and date and be accompanied with any agreements, documents, and instruments that Lender requires for the Loan. Lender will make same day advances, on any day that Lender is open for business, when the request is received before _____ (Advance Cut-Off Time). Lender will disburse the advance into Borrower's demand deposit account (if any), account number _____, or in any other agreed upon manner. All advances will be made in United States dollars.

- These requests must be made by at least _____ (Number Required To Draw) persons, acting together, of those persons authorized to act on Borrower's behalf.
- Advances will be made in the amount of at least \$ _____ (Minimum Amount Of Advance).
- Advances will be made no more frequently than _____ (Minimum Frequency Of Advance).
- Discretionary Advances. Lender will make all Loan advances at Lender's sole discretion.
- Obligatory Advances. Lender will make all Loan advances subject to this Agreement's terms and conditions.

FINANCIAL INFORMATION. Borrower will prepare and maintain Borrower's financial records using consistently applied generally accepted accounting principles then in effect. Borrower will provide Lender with financial information in a form acceptable to Lender and under the following terms.

- A. **Frequency.** Annually, Borrower will provide to Lender Borrower's financial statements, tax returns, annual internal audit reports or those prepared by independent accountants within 105 days after the close of each fiscal year. Any annual financial statements that Borrower provides will be audited statements. reviewed statements. compiled statements.
 Borrower will provide Lender with interim financial reports on a QUARTERLY (Monthly, Quarterly) basis, and within 30 days after the close of this business period. Interim financial statements will be audited reviewed compiled statements.
- B. **Requested Information.** Borrower will provide Lender with any other information about Borrower's operations, financial affairs and condition within _____ days after Lender's request.
- C. **Leverage Ratio.** Borrower will maintain at all times a ratio of total liabilities to tangible net worth, determined under consistently applied generally accepted accounting principles, of _____ (Total Liabilities to Tangible Net Worth Ratio) or less.
- D. **Minimum Tangible Net Worth.** Borrower will maintain at all times a total tangible net worth, determined under consistently applied generally accepted accounting principles, of \$ _____ (Minimum Tangible Net Worth) or more. Tangible net worth is the amount by which total assets exceed total liabilities. For determining tangible net worth, total assets will exclude all intangible assets, including without limitation goodwill, patents, trademarks, trade names, copyrights, and franchises, and will also exclude any accounts receivable that do not provide for a repayment schedule.
- E. **Minimum Current Ratio.** Borrower will maintain at all times a ratio of current assets to current liabilities, determined under consistently applied generally accepted accounting principles, of _____ (Minimum Current Ratio) or more.
- F. **Minimum Working Capital.** Borrower will maintain at all times a working capital, determined under consistently applied generally accepted accounting principles by subtracting current liabilities from current assets, of \$ _____ (Minimum Working Capital) or more. For this determination, current assets exclude _____ (Excluded Current Assets). Likewise, current liabilities include (1) all obligations payable on demand or within one year after the date on which the determination is made, and (2) final maturities and sinking fund payments required to be made within one year after the date on which the determination is made, but exclude all liabilities or obligations that Borrower may renew or extend to a date more than one year from the date of this determination.

ATTACHMENTS. The following documents are incorporated by reference into this Agreement: Asset Based Financing Agreement addendum dated _____ Commercial Security Agreement addendum dated _____ Other _____

ADDITIONAL TERMS:

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (BORROWER) AND US (LENDER) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT. BY SIGNING THIS AGREEMENT, THE PARTIES AFFIRM THAT NO UNWRITTEN ORAL AGREEMENT EXISTS BETWEEN THEM.

SIGNATURES. By signing under seal, I agree to all the terms and conditions beginning on page 1 through the bottom of page 2 of this Agreement. Borrower also acknowledges receipt of a copy of this Agreement.

BORROWER:

Entity Name _____ (Seal)
 Signature Frank Mattorano Date 5-9-12 (Seal)
 Signature Bernadette M. Mattorano Date 5/9/12 (Seal)

LENDER:

Entity Name HUERFANO COUNTY BRANCH, THE FIRST NATIONAL BANK IN TRINIDAD
 Signature Virginia Cusimano #459416, SR. VICE PRESIDENT Date _____ (Seal)
 COMMERCIAL LOAN AGREEMENT: to be used with Form COMM-NOTE
 Expens[®] 1999, 2001 Bankers Systems, Inc., St. Cloud, MN Form COMM-AGREE 7/1/2004

INDIVIDUAL HISTORY RECORD

To be completed by the following persons, as applicable: sole proprietors; general partners regardless of percentage ownership, and limited partners owning 10% or more of the partnership; all principal officers of a corporation, all directors of a corporation, and any stockholder of a corporation owning 10% or more of the outstanding stock; managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of Hotel and Restaurant or Tavern class of retail license.

NOTICE: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". Any deliberate misrepresentation or material omission may jeopardize the license application.

1. Name of Business

Mattorano Enterprise Inc

2. Your Full Name (last, first, middle)

Mattorano Bernadette M

3. List any other names you have used.

4. Mailing address (if different from residence)

5. List current residence address. Include any previous addresses within the last five years (attach separate sheet if necessary).

| | STREET AND NUMBER | CITY, STATE, ZIP | FROM | TO |
|----------|-------------------|--------------------|------|---------|
| Current | 37300 Co Rd 26.1 | Trinidad, CO 81082 | 74 | Present |
| Previous | | | | |

6. List all employment within the last five years. Include any self employment. (Attach separate sheet if necessary)

| NAME OF EMPLOYER OR BUSINESS | ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) | POSITION HELD | FROM | TO |
|------------------------------|--|---------------|------|---------|
| Wal Mart 0962 | Tougal Dr Trinidad CO 81082 | Clerk | 86 | Present |
| | | | | |
| | | | | |

7. List the name(s) of relatives working in or holding a financial interest in the Colorado alcohol beverage industry.

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
| None | | | |
| | | | |
| | | | |
| | | | |

8. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? If yes, answer in detail.

Yes No

9. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? If yes, explain in detail.

Yes No

10. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? (If yes, explain in detail.)

Yes No

11. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? (if yes, explain in detail.)

Yes No

12. Have you ever had any professional license suspended, revoked, or denied? (If yes, explain in detail.)

Yes No

PERSONAL AND FINANCIAL INFORMATION

Unless otherwise provided by law, the personal information required in question #13 will be treated as confidential. The personal information required in question #13 is solely for identification purposes.

| | | | |
|--------------------------------------|---|---|---|
| 13a. Date of Birth [REDACTED] | b. Social Security Number SSN [REDACTED] | c. Place of Birth [REDACTED] | d. U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| e. If Naturalized, State where | | f. When | g. Name of District Court |
| h. Naturalization Certificate Number | | i. Date of Certification | j. If an Alien, Give Alien's Registration Card Number |
| k. Permanent Residence Card Number | | | |
| l. Height [REDACTED] | m. Weight [REDACTED] | n. Hair Color [REDACTED] | o. Eye Color [REDACTED] |
| p. Sex [REDACTED] | q. Race [REDACTED] | r. Do you have a current Driver's License? If so, give number and state <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No [REDACTED] | |

14. Financial Information.

a. Total purchase price \$ _____ (if buying an existing business) or investment being made by the applying entity, corporation, partnership, limited liability company, other \$ 170,000

b. List the total amount of your investment in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid \$ 170,000.00

c. Provide details of the investment described in 14.b. You must account for all of the sources of this investment. Attach a separate sheet if needed.

| Type: Cash, Services or Equipment | Source | Amount |
|-----------------------------------|----------------------------|---------|
| Operating Cash equipment | 1st National Bank Trinidad | 120,000 |
| Robert E Lee | Robert E Lee | 50,000 |
| | | |
| | | |

d. Loan Information (attach copies of all notes or loans)

| Name of Lender | Address | Term | Security | Amount |
|---------------------|----------------------------------|-------|----------|---------|
| First National Bank | 100 E Main Trinidad | 20 yr | Building | 120,000 |
| Robert E Lee | 219 W Tapscott Trinidad see Rgmt | | None | 50,000 |
| | | | | |
| | | | | |
| | | | | |

Oath of Applicant

I declare under penalty of perjury that this application and all attachments are true, correct, and complete to the best of my knowledge.

| | | |
|--|---------------------------|------------------------|
| Authorized Signature <u>Bernadette Matthews</u> | Title <u>Sec/Treas</u> | Date <u>6-19-13</u> |
|--|---------------------------|------------------------|

INDIVIDUAL HISTORY RECORD

To be completed by the following persons, as applicable: sole proprietors; general partners regardless of percentage ownership, and limited partners owning 10% or more of the partnership; all principal officers of a corporation, all directors of a corporation, and any stockholder of a corporation owning 10% or more of the outstanding stock; managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of Hotel and Restaurant or Tavern class of retail license.

NOTICE: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". Any deliberate misrepresentation or material omission may jeopardize the license application.

1. Name of Business Mattorano Enterprise, Inc.

2. Your Full Name (last, first, middle) Mattorano, Frank

3. List any other names you have used.

4. Mailing address (if different from residence)

5. List current residence address. Include any previous addresses within the last five years (attach separate sheet if necessary).

| STREET AND NUMBER | CITY, STATE, ZIP | FROM | TO |
|--|---------------------------|------------|----------------|
| Current <u>37300 County Road 26-1</u> | <u>Trinidad, CO 81082</u> | <u>7/1</u> | <u>Present</u> |
| Previous | | | |

6. List all employment within the last five years. Include any self employment. (Attach separate sheet if necessary)

| NAME OF EMPLOYER OR BUSINESS | ADDRESS (STREET, NUMBER, CITY, STATE, ZIP) | POSITION HELD | FROM | TO |
|------------------------------------|--|---------------|----------------|----------------|
| <u>Mattorano Enterprise, Inc</u> | <u>825 San Pedro, Trinidad, CO 81082</u> | <u>OWNER</u> | <u>5/29/12</u> | <u>Present</u> |
| <u>Mattorano Construction, Inc</u> | <u>37300 C.R. 26-1 Trinidad, CO 81082</u> | <u>OWNER</u> | <u>78</u> | <u>Present</u> |
| | | | | |

* List the name(s) of relatives working in or holding a financial interest in the Colorado alcohol beverage industry.

| NAME OF RELATIVE | RELATIONSHIP TO YOU | POSITION HELD | NAME OF LICENSEE |
|------------------|---------------------|---------------|------------------|
| <u>None</u> | | | |
| | | | |
| | | | |
| | | | |

8. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? If yes, answer in detail. Yes No

9. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? If yes, explain in detail. Yes No

10. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? (If yes, explain in detail.)
 Yes No

11. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? (if yes, explain in detail.)
 Yes No

12. Have you ever had any professional license suspended, revoked, or denied? (If yes, explain in detail.)
 Yes No

PERSONAL AND FINANCIAL INFORMATION

Unless otherwise provided by law, the personal information required in question #13 will be treated as confidential.
 The personal information required in question #13 is solely for identification purposes.

| | | | |
|--------------------------------------|---|---|---|
| 13a. Date of Birth [REDACTED] | b. Social Security Number SSN [REDACTED] | c. Place of Birth [REDACTED] | d. U.S. Citizen? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| e. If Naturalized, State where | | f. When | g. Name of District Court |
| h. Naturalization Certificate Number | i. Date of Certification | j. If an Alien, Give Alien's Registration Card Number | k. Permanent Residence Card Number |
| l. Height [REDACTED] | m. Weight [REDACTED] | n. Hair Color [REDACTED] | o. Eye Color [REDACTED] |
| p. Sex [REDACTED] | q. Race [REDACTED] | r. Do you have a current Driver's License? If so, give number and state <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No [REDACTED] | |

14. Financial Information.

a. Total purchase price \$ _____ (if buying an existing business) or investment being made by the applying entity, corporation, partnership, limited liability company, other \$ 1,70,000

b. List the total amount of your investment in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid \$ 170,000

c. Provide details of the investment described in 14.b. You must account for all of the sources of this investment. Attach a separate sheet if needed.

| Type: Cash, Services or Equipment | Source | Amount |
|-----------------------------------|--|----------|
| Operating Cash equipment | 1 st National Bank Trinidad | 120,000- |
| Robert E Lee | Robert E Lee | 50,000 X |
| | | |
| | | |

d. Loan Information (attach copies of all notes or loans)

| Name of Lender | Address | Term | Security | Amount |
|---------------------|------------------------|----------|----------|----------|
| First National Bank | 100 E. Main Trinidad | 20 yr | building | 120,000 |
| Robert E Lee | 219 W Topoka, Trinidad | see Agmt | none | 50,000 X |
| | | | | |
| | | | | |
| | | | | |

Oath of Applicant

I declare under penalty of perjury that this application and all attachments are true, correct, and complete to the best of my knowledge.

| | | |
|--|--|------------------------|
| Authorized Signature <u>[Signature]</u> | Title <u>Owner-Operator - President</u> | Date <u>6-19-13</u> |
|--|--|------------------------|

April 4, 2013

To: Whom this may concern

This letter is being written on behalf of Bernadette Mattorano and her pursuit of a liquor license for Lee's BBQ. As an employee of the Trinidad Ambulance District I have known Bernadette for the 11 years and can state that she is an honest and trustworthy person.

As a residence in the City of Trinidad I feel that Lee's BBQ is a great place to have dinner with family and friends.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Maria".

Margaret Maria
14386 Hwy 239
Trinidad Co, 81082

verified
9/3/13

April 1, 2013

To: Whom this may concern

This letter is being written on behalf of Bernadette Mattorano and her pursuit of a liquor license for Lee's BBQ. As an owner operator of Verquer Livestock Supplies. I have known Bernadette for the past 20 years and can state that she is an honest and trustworthy person.

Since Bernadette and her husband have taken over Lee's BBQ they have shown a great pride in providing quality food and service.

Sincerely,



Dominic Verquer
14377 Hwy 239
Trinidad Co, 81082

message 8/30/13
verified 9/13/13

April 18, 2013

To: Whom this may concern

This letter is being written on behalf of Bernadette Mattorano and her pursuit of a liquor license for Lee's BBQ. As an employee of the City of Trinidad I have known Bernadette for the 10 years and can state that she is an honest and trustworthy person.

As a residence in the City of Trinidad I feel that Lee's BBQ is a great place to have dinner with family and friends.

Sincerely,

Mandi Schlensker

Mandi Schlensker
37310 Cr 26.1
Trinidad Co, 81082

verified
9/6/13

January 1, 2013

To Whom It May Concern:

This letter is being written on behalf of Frank Mattorano and his pursuit of a liquor license for Lee' Bar-B-Que in Trinidad, Colorado. As an employee of Trinidad Builders Supply, I have known and dealt with Frank, as a contractor, for more than fifteen years and can state that he has handled his business practices with professionalism and honesty.

As a local resident making an investment in the local economy and keeping a "landmark" business in our area, I feel he is doing a lot of hard work and is a credit to the Trinidad area.

I would urge this application be accepted and approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Beach", with a stylized, cursive script.

Tom Beach
31104 Old Sopris Rd.
Trinidad, CO 81082
719-846-8684

verified
8/30/13



"Your Building Materials Center in the Center of Town"

December 26, 2012

Mayor Baca-Gonzalez and Trinidad City Council Members

Your Honor and Council Men and Women:

This letter is written in support of Lee's Bar-B-Que , and owners Frank and Bernadette Mattorano, to be granted a liquor license for their business. The Mattoranos are a well respected family and Trinidad Builders Supply has worked with their contracting business for many years. We believe that they will be honest and responsible where serving liquor at Lee's is concerned.

Trinidad is fortunate that these people have stepped up, invested in, and reopened one of the oldest dining establishments in our town; an establishment that, quite possibly, would have been permanently closed without their interest in keeping it a thriving part of our community.

Sincerely,

A handwritten signature in cursive script that reads "Phil Rico".

Phil Rico
VP/Manager
Trinidad Builders Supply

*verified
8/30/13*

December 1, 2012

TO WHOM IT MAY CONCERN:

I am writing this letter on behalf of Frank and Bernadette Mattorano in their quest to be granted a liquor application for Lee's Bar-B-Que. I have known the Mattoranos for many years on a professional level and they have always handled their obligations in a timely manner and have run their business competently.

The investment that they are making in small town Trinidad is a credit to their character and desire to see their home town prosper.

Please do not hesitate to contact me if additional information is needed.

Sincerely,

A handwritten signature in cursive script that reads "Martha Gonzales". The signature is written in black ink and is positioned above the printed name.

Martha Gonzales

304 South 4th Street
Raton, NM 87740
(575) 707.0405

message 8/30/13
verified 8/30/13

DATE 08/16/2013

PD TRINIDAD
2309 E MAIN ST
TRINIDAD, CO 81082

RE: MATTORANO, FRANK

DATE OF BIRTH: [REDACTED]

No Colorado record of arrest has been located based on above name and date of birth or through a search of our fingerprint files.

The Colorado Bureau of Investigation's database contains detailed information of arrest records based upon fingerprints provided by Colorado law enforcement agencies. Arrests which are not supported by fingerprints will not be included in this database. On occasion the Colorado criminal history will contain disposition information provided by the Colorado Judicial system. Additionally, warrant information, sealed records, and juvenile records are not available to the public.

Since a record may be established after the time a report was requested, the data is only valid as of the date issued. Therefore, if there is a subsequent need for the record, it is recommended another check be made.

Falsifying or altering this document with the intent to misrepresent the contents of the record is prohibited by law and may be punishable as a felony when done with intent to injure or defraud any person.

Sincerely,
Ronald C. Sloan, Director
Colorado Bureau of Investigation

FEDERAL BUREAU OF INVESTIGATION - CJIS DIVISION

CIVIL APPLICANT RESPONSE

A SEARCH OF THE FINGERPRINTS ON THE INDIVIDUAL HAS REVEALED NO PRIOR ARREST.

ICN: E201322800000141635
OCA: CO0360100
Name: MATTORANO, FRANK
Date of Birth: [REDACTED]
Sex: [REDACTED]
Race: [REDACTED]
Height: [REDACTED]
Weight: [REDACTED]
SSN: [REDACTED]
Misc ID: [REDACTED]
Captured Date: 08/15/2013
Submitted Date: 08/16/2013



Trinidad Police Department

2309 E Main St.
Trinidad, Co 81082
(719) 846-4441 (719) 846-3728 (fax)

September 24, 2013

To Audra Garrett
From Det Sgt Phil Martin

A handwritten signature in black ink, appearing to be "P. Martin", is written over the name "Det Sgt Phil Martin".

RE: background check Bernadette Mattorano

To whom it may concern:

A check of various public data bases was done on the above listed subject with NO RECORD FOUND.

If there are any other questions regarding this matter, please feel free to contact me

NOTICE OF PUBLIC HEARING

PURSUANT TO THE LIQUOR LAWS OF COLORADO, Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q, 825 San Pedro Avenue, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new Beer and Wine license at this location to sell fermented malt and vinous beverages.

Hearing on application will be held on Tuesday, October 1, 2013, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

Date of Application: August 20, 2013.

Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 23rd day of August, 2013.

By Order of the Trinidad City Council
Audra Garrett, City Clerk

Publish: August 30, 2013
Furnish Proof of Publication

NOTICE OF PUBLIC HEARING

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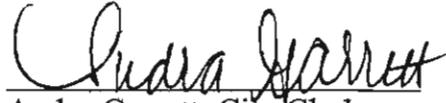
CITY OF TRINIDAD, COLORADO


Audra Garrett, City Clerk

CERTIFICATE OF MAILING

I hereby certify that on the 23rd day of August, 2013, I mailed the Notice of Public Hearing by first-class mail, postage pre-paid to:

Mattorano Enterprise, Inc.
37300 County Rd. 26.1
Trinidad, CO 81082


Audra Garrett, City Clerk

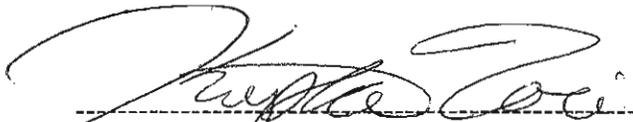
PROOF OF PUBLICATION

STATE OF COLORADO
COUNTY OF LAS ANIMAS } SS

Krysta E. Toci, of lawful age, being first duly sworn upon oath, deposes and says that she is the authorized agent of The Chronicle-News, daily newspaper of general circulation which is published and circulated in the City of Trinidad, Las Animas County, Colorado, that said newspaper is a newspaper of general circulation complying with all of the requirements of Articles I to VII, Chapter 130, 1935, Colorado Statutes Annotated, and all other laws of said State, and that said legal / notice has been so published for the period of time prescribed in said newspaper proper and not a supplement.

The attached Notice was published in said newspaper in its issue(s) dated

49751 August 30, 2013



Krysta E. Toci

Subscribed and sworn to before me this
18 day of September
A. D., 2013.



Allyson L. Sheumaker

My commission expires on August 26, 2015



My Comm. Expires August 26, 2015

The Chronicle-News Trinidad, Colorado

90 **Legals**

NOTICE OF PUBLIC HEARING

PURSUANT TO THE LIQUOR LAWS OF COLORADO, Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q, 825 San Pedro Avenue, Trinidad, CO, has requested the licensing officials of the City of Trinidad to grant a new Beer and Wine license at this location to sell fermented malt and vinous beverages.

Hearing on application will be held on Tuesday, October 1, 2013, at 7:00 p.m. in the Council Chambers, City Hall, 135 N. Animas Street, Trinidad, CO.

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Remonstrances may be filed with the City Clerk's Office, 135 N. Animas, Trinidad, CO.

Dated this 23rd day of August, 2013.

By Order of the Trinidad City Council
Audra Garrett, City Clerk

Published: August 30, 2013 49751

STATE OF COLORADO)

COUNTY OF LAS ANIMAS) SS

CITY OF TRINIDAD)

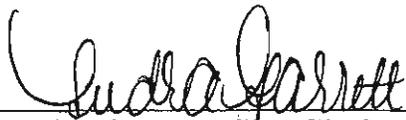
CERTIFICATE OF POSTING

I, Audra Garrett, City Clerk of the City of Trinidad, Colorado, do hereby certify that pursuant to the laws of the State of Colorado, Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q, 825 San Pedro Avenue, Trinidad, CO, 81082, which business has applied for a new beer and wine license to sell malt and vinous liquors at said location, was duly posted for not less than fifteen continuous days, with the first day of posting occurring on the 5th day of September, 2013.

WITNESS, my hand and the official seal of the City of Trinidad, Colorado, this 5th day of September, 2013.

CITY OF TRINIDAD, COLORADO

(SEAL)



Audra Garrett, City Clerk

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Mattorano Enterprise, Inc.

dba: Lee's Bar-B-Q

Address: 825 San Pedro Avenue

Type of License: Beer and Wine

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: Complied w/ inspection of 6/14/13

8/30/13
Date

Chief A. Trammell
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Mattorano Enterprise, Inc.

dba: Lee's Bar-B-Q

Address: 825 San Pedro Avenue

Type of License: Beer and Wine

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: _____

9-4-2013
Date

Chi S. Kelley
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013

8/28/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Mattorano Enterprise, Inc.

dba: Lee's Bar-B-Q

Address: 825 San Pedro Avenue

Type of License: Beer and Wine

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013, 7:00 p.m.

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: _____

9-3-13
Date


Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 18, 2013



CITY of TRINIDAD

P. O. Box 880
TRINIDAD, COLORADO 81082
TELEPHONE (719) 846-9843
FAX NO. (719) 846-4140

August 26, 2013

Mattorano Enterprise, Inc.
d/b/a Lee's Bar-B-Q
37300 County Rd. 26.1
Trinidad, CO 81082

Dear Applicant:

You recently applied for a new beer and wine liquor license. The Trinidad City Council as the local liquor licensing authority has scheduled a hearing on your application for Tuesday, October 1, 2013, at 7:00 p.m. The City Council has also tentatively established the boundaries of the neighborhood in which the establishment is proposed to be located as the area within the corporate boundaries of the City of Trinidad. A map identifying the neighborhood boundaries is attached.

Below are procedures you should follow at the hearing. Remember that the approval of this application and the granting of the requested license are not automatic. Well in advance of the hearing, the information provided in the application and the other forms and questionnaires, particularly with respect to criminal convictions, needs to be reviewed. Any corrections, alterations, deletions or additions need to be provided to the City Clerk no later than one week before the scheduled hearing. A knowing misstatement in any of these forms constitutes grounds for denial of the license.

Procedures to be followed at hearing:

- A. Avoid repetitive testimony which adds little to your case.
- B. All applicants (with the exception of club licenses) have the burden of proving that the needs of the neighborhood and desires of the inhabitants are not being met. Present your evidence to support this as concisely as possible. This may be in the form of verbal testimony, petitions, or other means.

Mattorano Enterprise, Inc. d/b/a Lee's Bar-B-Q
August 26, 2013
Page 2

- C. Petitions - Before any liquor or beer license can be issued, two requirements must be affirmatively established that (1) the reasonable requirements of the neighborhood are not being met by existing outlets, and (2) that the inhabitants of the neighborhood desire that it be issued. One manner of showing this is by circulating petitions within the defined neighborhood (affected area). Many applicants use a marketing survey firm to circulate petitions. A sample petition is enclosed should you decide to do your own survey.

Please remember that because the applicant has received approval of the application by the local authority does not mean that a license will ultimately be issued. Every application is subject to review by the State of Colorado, and the Colorado Department of Revenue Liquor Enforcement Division must issue a State License before the City of Trinidad may issue a City License. The process of getting the application to the State, their review and issuance of their license, often takes three to four weeks to complete (less time if concurrent review is requested). You will be notified immediately when both the State and City licenses are ready to be mailed or picked up.

If you have any questions, please call.

Sincerely,



Audra Garrett
City Clerk

Encs.

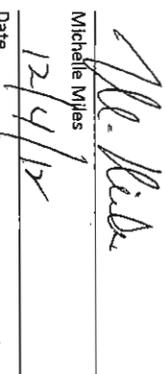
DISCLOSURE STATEMENT

I, Linda Velasquez, hereby state and affirm that I am a member of Gino's Sports Bar, LLC, a Colorado limited liability company formed on September 9, 2011, whose principal office address is 310 Spruce Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Gino's Sports Bar, a tavern licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 991 E. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 25% interest in Gino's Sports Bar, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Linda Velasquez
12/4/12
Date

DISCLOSURE STATEMENT

I, Michelle Miles, hereby state and affirm that I am a member of Opera House Wine & Spirits, LLC, a Colorado limited liability company formed on February 22, 2010, whose principal office address is 601 W. Main Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Tire Shop Wine & Spirits, a retail liquor store licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 601 W. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 99% interest in Opera House Wine & Spirits, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Michelle Miles
12/4/12
Date

7a



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUCL MEETING:

October 1, 2013

PREPARED BY:

Anna Ridolfi, Executive Assistant

DEPT. HEAD SIGNATURE:

OF ATTACHMENTS:

2

SUBJECT: 2014 Property Casualty and Workers' Compensation Preliminary Contribution Quotations

PRESENTER: Tom Acre, City Manager

RECOMMENDED CITY COUNCIL ACTION: Staff is requesting City Council approval of the 2014 Property Casualty and Workers' Compensation Preliminary Quotations.

SUMMARY STATEMENT: CIRSA has provided property/casualty and workers' compensation coverage for the City of Trinidad for over twenty-five years.

EXPENDITURE REQUIRED: \$642,126

SOURCE OF FUNDS: To be allocated within the 2014 Operating Budget

POLICY ISSUE: Property/casualty and workers' compensation coverage.

ALTERNATIVE: The City of Trinidad could choose to withdraw membership from CIRSA and request that staff seek alternative coverage for property/casualty and workers' compensation.

BACKGROUND INFORMATION: CIRSA uses individually experience rates each of their members to determine premium cost. The effect of our entity's individual experience is shown on the attached quotation as the "Impact of Loss Experience." A review of the property casualty claims for this year through August reveal 13 claims with total incurred losses of \$25,833. For workers' compensation this year, eight claims for \$35,909 have been reported and no loss trends have been identified with these claims. CIRSA has authorized qualifying members to utilize a portion of their member equity account balance to reduce their 2014 contribution. The City of Trinidad has been successful at using loss control techniques to control our losses allowing an applicable credit on our 2014 contribution. The 2014 contribution amount reflects a 7 ½ % increase over 2013.

7a

**CIRSA Workers' Compensation Pool
Preliminary 2014 Contribution Quotation for:
Trinidad**

To Continue This Deductible/SCP
Option for 2014 Initial Here:

Current Deductible or SCP:

(or choose another option below)

Contribution Before Reserve and Loss Experience: \$265,145
 Reserve Fund Contribution: \$21,479
 Impact of Loss Experience: \$91,272
 Total 2014 Preliminary Quotation Before Credits: **\$377,896**

Credit Options: You must write in the amount that you wish to use. Amounts may be split between available options.

| Credit WC Contribution | Deposit / Leave in Account | Send Check | Credit PC Contribution |
|------------------------|----------------------------|------------|------------------------|
| | | | |
| | | | |

2013 Loss Control (LC) Audit Credit: (\$9,887)
 Balance Remaining from Prior Years' LC Credits: \$0

**Preliminary Quotation At Current Deductible
With All Available Credits Applied: \$368,009**

Or, select a different deductible option:

Revised Quote To Accept a New Deductible Option for 2014,
Initial Next to the Option (Choose Only One):

| Deductible/SCP (Before Credits) | Revised Quote (Before Credits) |
|---------------------------------|--------------------------------|
| \$500 | \$364,901 |
| \$1,000 | \$353,350 |
| \$2,500 | \$341,798 |

**CIRSA Property/Casualty Pool
Preliminary 2014 Contribution Quotation for:
Trinidad**

Current Deductibles:

| | Auto | Physical Damage | Property ** | To Continue with This Deductible Option for 2014 Initial Here: |
|-------------|---------|-----------------|-------------|--|
| Liability * | \$1,000 | \$1,000 | \$1,000 | |

(or choose another option below)

Contribution Before Reserve and Loss Experience: \$283,701
 Reserve Fund Contribution: \$0
 Impact of Loss Experience: \$25,900
 Total 2014 Preliminary Quotation Before Credits: \$309,601

Credit Options: You must write in the amount that you wish to use. Amounts may be split between available options.

| Credit PC Contribution | Deposit / Leave in Account | Send Check | Credit WC Contribution |
|------------------------|----------------------------|------------|------------------------|
| | | | |
| | | | |
| | | | |

2013 Loss Control Audit Credit: (\$3,345)
 Balance Remaining from Prior Year's LC Credits: \$0
 PC Member Equity Account Adjustment: (\$7,593)

**Preliminary Quotation at Current Deductible
With All Available Credits Applied: \$298,663**

Or, select a different deductible option:

| | Auto | Physical Damage | Property ** | Revised Quote (Before Credits) | To Accept a New Deductible Option for 2014, Initial Next to the Option (Choose Only One): |
|-------------|----------|-----------------|-------------|--------------------------------|---|
| Liability * | \$2,500 | \$2,500 | \$2,500 | \$298,834 | |
| | \$5,000 | \$5,000 | \$5,000 | \$287,278 | |
| | \$10,000 | \$10,000 | \$10,000 | \$272,568 | |

8a



CITY OF TRINIDAD, COLORADO
1876

COUNCIL COMMUNICATION

CITY COUNCIL MEETING: October 1, 2013
PREPARED BY: Andra Garrett, City Clerk
DEPT. HEAD SIGNATURE: *Andra Garrett*
OF ATTACHMENTS: 11

SUBJECT: Special Event Permit (Malt, Vinous and Spirituous) request by Arthur Roy Mitchell Memorial, Inc. at 105 E. Main Street for October 19, 2013 (Black & White Ball)

PRESENTER: Arthur Roy Mitchell Memorial, Inc. representative

RECOMMENDED CITY COUNCIL ACTION: Consider approval of the permit as requested

SUMMARY STATEMENT: N/A

EXPENDITURE REQUIRED: No

SOURCE OF FUNDS: N/A

POLICY ISSUE: N/A

ALTERNATIVE: N/A

BACKGROUND INFORMATION:

- The application is in order.
- The departmental report from the Building Inspector and Fire Chief reflected compliance. The Fire Department Safety Plan was approved by the Fire Chief.
- Police Department recommends following the security plan.
- Disclosure statements provided by Council members Miles and Velasquez are attached.
- Appropriate fees have been paid.

8a

APPLICATION FOR A SPECIAL EVENTS PERMIT

Department Use Only

IN ORDER TO QUALIFY FOR A SPECIAL EVENTS PERMIT, YOU MUST BE NONPROFIT
 AND ONE OF THE FOLLOWING (See back for details.)

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> SOCIAL | <input type="checkbox"/> ATHLETIC | <input type="checkbox"/> PHILANTHROPIC INSTITUTION |
| <input type="checkbox"/> FRATERNAL | <input type="checkbox"/> CHARTERED BRANCH, LODGE OR CHAPTER | <input type="checkbox"/> POLITICAL CANDIDATE |
| <input type="checkbox"/> PATRIOTIC | <input type="checkbox"/> OF A NATIONAL ORGANIZATION OR SOCIETY | <input type="checkbox"/> MUNICIPALITY OWNING ARTS FACILITIES |
| <input type="checkbox"/> POLITICAL | <input type="checkbox"/> RELIGIOUS INSTITUTION | |

| LIAB | TYPE OF SPECIAL EVENT APPLICANT IS APPLYING FOR: |
|--|--|
| 2110 <input checked="" type="checkbox"/> | MALT, VINOUS AND SPIRITUOUS LIQUOR \$25.00 PER DAY |
| 2170 <input type="checkbox"/> | FERMENTED MALT BEVERAGE (3.2 Beer) \$10.00 PER DAY |

| DO NOT WRITE IN THIS SPACE |
|----------------------------|
| LIQUOR PERMIT NUMBER |
| 00607604 - 0000 |

| | |
|--|-----------------------------------|
| 1. NAME OF APPLICANT ORGANIZATION OR POLITICAL CANDIDATE <i>Arthur Roy Mitchell Memorial Inc.</i> | State Sales Tax Number (Required) |
|--|-----------------------------------|

| |
|---|
| 2. MAILING ADDRESS OF ORGANIZATION OR POLITICAL CANDIDATE (include street, city/town and ZIP) <i>150 E. Main St. Trinidad, CO 81082</i> |
|---|

| |
|---|
| 3. ADDRESS OF PLACE TO HAVE SPECIAL EVENT (include street, city/town and ZIP) <i>150 E. Main St. Trinidad, CO 81082</i> |
|---|

| NAME | DATE OF BIRTH | HOME ADDRESS (Street, City, State, ZIP) | PHONE NUMBER |
|------|---------------|---|--------------|
|------|---------------|---|--------------|

| | | | |
|---|--|--|--|
| 4. PRES./SECY OF ORG. or POLITICAL CANDIDATE <i>Paula Little</i> | | | |
|---|--|--|--|

| | | | |
|---|--|--|--|
| 5. EVENT MANAGER <i>Paula Little</i> | | | |
|---|--|--|--|

| |
|---|
| 6. HAS APPLICANT ORGANIZATION OR POLITICAL CANDIDATE BEEN ISSUED A SPECIAL EVENT PERMIT THIS CALENDAR YEAR? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES HOW MANY DAYS? _____ |
|---|

| |
|--|
| 7. IS PREMISES NOW LICENSED UNDER STATE LIQUOR OR BEER CODE? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES TO WHOM? _____ |
|--|

| |
|---|
| 8. DOES THE APPLICANT HAVE POSSESSION OR WRITTEN PERMISSION FOR THE USE OF THE PREMISES TO BE LICENSED? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|---|

| LIST BELOW THE EXACT DATE(S) FOR WHICH APPLICATION IS BEING MADE FOR PERMIT | | | | | | | | | | | |
|---|-------------|------|-----------------|------|-------|------|----|------|-------|------|----|
| Date | Hours | From | To | Date | Hours | From | To | Date | Hours | From | To |
| <i>OCT 19</i> | <i>7 pm</i> | | <i>midnight</i> | | | | | | | | |

OATH OF APPLICANT

I declare under penalty of perjury in the second degree that I have read the foregoing application and all attachments thereto, and that all information therein is true, correct, and complete to the best of my knowledge.

| | | |
|----------------------------------|--------------------------|-----------------------|
| SIGNATURE <i>Paula Little</i> | TITLE <i>Director</i> | DATE <i>9/5/12</i> |
|----------------------------------|--------------------------|-----------------------|

REPORT AND APPROVAL OF LOCAL LICENSING AUTHORITY (CITY OR COUNTY)

The foregoing application has been examined and the premises, business conducted and character of the applicant is satisfactory, and we do report that such permit, if granted, will comply with the provisions of Title 12, Article 48, C.R.S., as amended.

THEREFORE, THIS APPLICATION IS APPROVED.

| | | |
|---|---|--|
| LOCAL LICENSING AUTHORITY (CITY OR COUNTY) <i>Trinidad</i> | <input checked="" type="checkbox"/> CITY <input type="checkbox"/> COUNTY | TELEPHONE NUMBER OF CITY/COUNTY CLERK <i>(719) 846-9843</i> |
|---|---|--|

| | | |
|-----------|-----------------------|------|
| SIGNATURE | TITLE <i>Mayor</i> | DATE |
|-----------|-----------------------|------|

DO NOT WRITE IN THIS SPACE - FOR DEPARTMENT OF REVENUE USE ONLY

LIABILITY INFORMATION

| License Account Number | Liability Date | State | TOTAL |
|------------------------|----------------|------------|-------|
| | | -750 (999) | \$ |

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

ARTHUR ROY MITCHELL MEMORIAL INC.

is a **Nonprofit Corporation** formed or registered on 02/20/1979 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 19871365333.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 06/01/2011 that have been posted, and by documents delivered to this office electronically through 06/03/2011 @ 13:32:48.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 06/03/2011 @ 13:32:48 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 7961741.



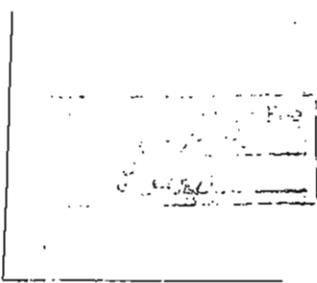
Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us> by [CertificateSearchCriteria.do](#) entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us> click Business Center and select "Frequently Asked Questions."

This Deed, Made this 31st day of May 1970

between City of Trinidad, whose street address is 135 N. Animas, City of Trinidad.



County of Las Animas and State of Colorado, of the first part, and A. R. Mitchell Memorial, Inc. whose legal address is 131 West Main Street, City of Trinidad,

County of Las Animas and State of Colorado, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of Two Hundred Seventy-Eight Thousand Five Hundred (\$278,500.00) DOLLARS

of the second part, do hereby confess and acknowledge that the said party of the second part, has granted, bargained, sold and conveyed, and by these does grant, bargain, sell, convey and confirm, unto the said party of the first part, its heirs and assigns forever, all the following described lots or parcels of land, situate, lying and being in the City of Trinidad, County of Las Animas and State of Colorado, to-wit:

All of Lot 2 in Block 100, in the City of Trinidad, Colorado, also the easterly 10 inches of Lot 3 in said Block 100, as more particularly described in Warranty Deed recorded July 21, 1905 in Book 128, at Page 200 of the records of the office of the County Clerk and Recorder of (continued on Page Two)

TOGETHER with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the said party of the first part, either in law or equity, of, to and to the above-mentioned premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD The said premises above bargained and described, with the appurtenances, unto the said party of the second part, and its assigns forever. And the said party of the first part, for itself, its heirs and assigns, do hereby covenant, grant, bargain and agree to and with the said party of the second part, and its assigns, that at the time of the enrolling and delivery of these premises, well seized of the premises above conveyed, as of good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and encumbrances of whatever kind or nature soever.

Subject to the terms and conditions contained in the Contract for Sale of Real Property, entered into between the Party of the First Part and the Party of the Second Part on the above date which is attached hereto and incorporated herein by reference as Attachment "A".

and the above bargained premises in the quiet and peaceable possession of the said party of the second part, its heirs and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said party of the first part shall and will WARRANT AND FOREVER DEFEND.

IN WITNESS WHEREOF, The said party of the first part has hereunto set its hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Notary seal area with three 'SEAL' markings and a signature.

STATE OF COLORADO County of Las Animas

The foregoing instrument was acknowledged before me this 31st day of May 1970 by A. R. Mitchell Memorial, Inc.

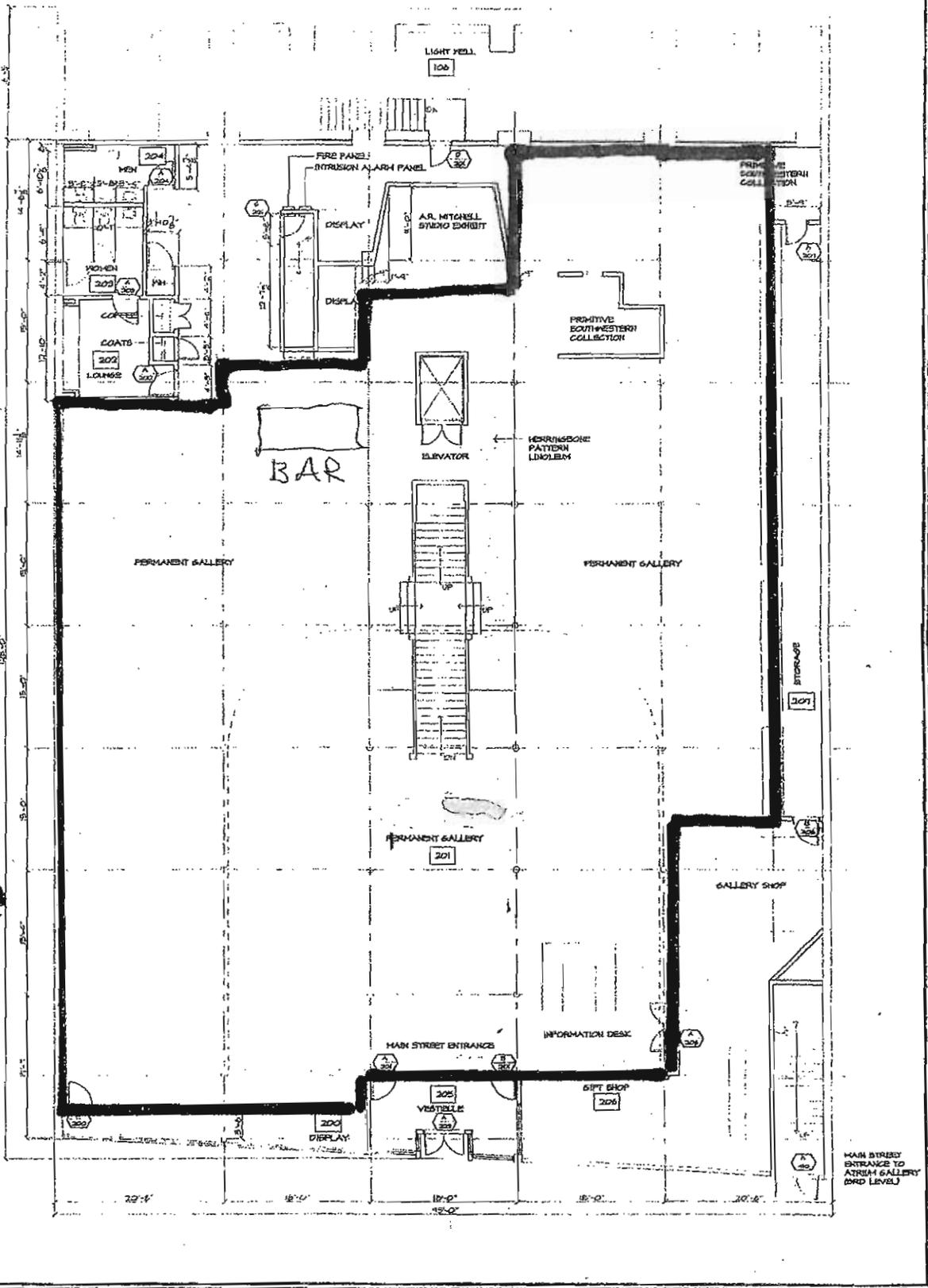
My commission expires 10/1/71 Witness my hand and official seal.

Notary Public signature and title.

Land Description Continued
Page Two

of the County of Las Animas and State of Colorado subject to the terms and provisions of that certain contract and Deed dated June 22, 1905, and recorded July 21, 1905, in Book 134 at Page 295, said last mentioned records, together with all improvements thereon.

GROUND FLOOR PLAN



SCALE: 3/8" = 1'-0"



0 4 8 16 32

12.08.02
 A1
 2018-12-08

A.R. MITCHELL MUSEUM
 JAMISON BUILDING
 150 EAST MAIN STREET
 TRINIDAD, COLORADO

THE FLORIN GROUP 2400 S. Tejon, Suite 112, Colorado Springs, Colorado 80903 (719) 471-8422
 Architectural Engineering, Historic Preservation



9/6/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Arthur Roy Mitchell Memorial, Inc.

dba: Black & White Ball – 10/19/2013

Address: 150 E. Main Street

Type of License: Malt, Vinous and Spirituous

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: CORRECTED VIOLATIONS OF 6/19/13 INSPECTION

9/17/13
Date

Anthony Trammell
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 20, 2013

Sept. 6, 2013
PL

FIRE SAFETY PLAN FOR

The Mitchell Museum

150 E. Main St.

Trinidad, CO 81082

719 846-4224

Mitchellmusucm@gwestoffice.net

SPECIAL EVENT: "BLACK & WHITE BALL,

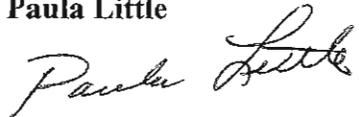
1.Sat. Oct 19, 2013, about 250-300 expected at the museum. Dance, food, music, entertainment.

Drinks will be served at the BAR in the back of the museum on the 1st floor

- 1.Exit routes are clearly marked. There are 2 main exits near the front door.**
- 2.The means of egress are illuminated at all times.**
- 3.The building served by the means of egress is occupied.**
- 4.The flow of egress travel will not be interrupted by any building element.**
- 5.Obstructions shall not be placed in the required width of means of egress.**
- 6.The occupancy load as determined by Trinidad Fire Department will be strictly adhered to by the A.R. Mitchell Museum and its staff and security.**
- 7.Fire extinguishers shall be appropriate to the Special Event in quantity and size, and shall have been inspected by a certified inspection company.**
- 8.Smoke and carbon monoxide detectors shall be operable.**
- 9.The A.R. Mitchell Museum will not be using excessive extension cords.**

Submitted by:

Paula Little



Director

9/6/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Arthur Roy Mitchell Memorial, Inc.

dba: Black & White Ball – 10/19/2013

Address: 150 E. Main Street

Type of License: Malt, Vinous and Spirituous

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: _____

9-12-13
Date

Chris S. Kelly
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 20, 2013

9/6/2013

**DEPARTMENTAL INSPECTION REPORT
3.2 % BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE**

Applicant's Name: A.R. Mitchell Memorial, Inc.

DBA: Black & White Ball - 10/19/13

Business Address: 150 E. Main Street

Type of License: Malt, Vinous and Spirituous

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS:

Follow approved security plan (copy attached). In addition, no one showing signs of intoxication may serve alcohol and servers must not consume alcohol.

9-11-13
Date

Charles J. Howell
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 20, 2013

Sept. 5, 2013

**Security Plan for the A. R. Mitchell Museum
“Black and White Ball” on Saturday, Oct 19, 2013
Requesting a liquor license**

I. DESCRIPTION

This event is a fund-raiser dinner dance

There will be dancing, food, music and entertainment. There is a \$30 entry fee.

- II. Beer, wine, & liquor will be served in the back of the museum from 7:00pm until midnight.
- III. We are expecting about 250-300 people.

II. SECURITY

We have 4 volunteer security persons, all w/ a security badge.

- 1. **They will have security I.D.'s at the exit/entrance to the museum.**

They will carry cellphones to immediately notify law enforcement should the need arise.

- 2. **The Trinidad Police Department shall be notified of any and all criminal events like fights, theft, assault, etc. that occur during the event.**
- 3. **Trinidad Police Dept. personnel shall conduct walk-throughs of the event as deemed necessary by the Chief of Police.**

III. LIQUOR SERVICE

- 1. **All persons responsible for the service of alcoholic beverages shall be TIPS certified.**
- 2. **The bar will require a minimum of 3 persons to operate the bar.**
- 3. **No person selling alcohol will consume alcohol.**
- 4. **Personnel operating the bar should pay special attention to ensure that underage person ARE NOT being served alcohol. Personnel will also ensure that overly intoxicated persons are not being served (As per CRS and Municipal Code.) Any violations of the Colorado Beer and Alcohol Code and Trinidad Municipal Alcohol Code shall be immediately brought to the attention of security, who shall immediately notify TPD.**
- 5. **No person who is not designated as a bar employee will be allowed behind the bar. Any unauthorized person found behind the bar will be removed from the event. Security will notify TPD for appropriate enforcement action.**
- 6. **The event will have in place an accounting system for tracking all bar receipts and tip receipts. A TIP jar will not be left where it can be accessed by unauthorized persons.**
- 7. **No person will be allowed to bring alcoholic beverages into the street. No person is allowed to take alcoholic beverages out of the event area. Appropriate action will be taken for said violations.**

8. A minimum of 1 person shall be assigned to the bar to check ID to ensure that customers are of the legal drinking age. NO ID NO ALCOHOL. Wristbands will be distributed.

IV. MAP OF EVENT

1. A map is enclosed. This details the locations of restrooms, and emergency exit points, and location of bar.

V. OCCUPANCY CERTIFICATION

1. The events will not exceed the occupancy rating as provided by the Trinidad Fire Dept.
2. Exits shall be kept free-flowing and clear of obstruction at all times.

Penla Little

STATE OF COLORADO)
COUNTY OF LAS ANIMAS) SS
CITY OF TRINIDAD)

CERTIFICATE OF POSTING

I, Audra Garrett, City Clerk of the City of Trinidad, Colorado, do hereby certify that pursuant to the laws of the State of Colorado, and the ordinances of the City of Trinidad, Arthur Roy Mitchell Memorial, Inc., 150 E. Main Street, Trinidad, Colorado, which business has applied for a Special Events Permit, to sell and dispense Malt, Vinous and Spirituous Liquors at 150 E. Main Street, Trinidad, Colorado, on October 1, 2013, was duly posted for no less than ten continuous days, with the first day of posting occurring on the 11th day September, 2013.

WITNESS, my hand and the official seal of the City of Trinidad, Colorado, this 11th day of September, 2013.

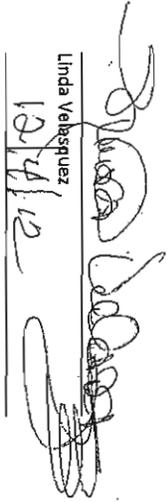
(S E A L)

CITY OF TRINIDAD, COLORADO

Audra Garrett, City Clerk

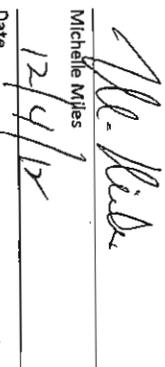
DISCLOSURE STATEMENT

I, Linda Velasquez, hereby state and affirm that I am a member of Gino's Sports Bar, LLC, a Colorado limited liability company formed on September 9, 2011, whose principal office address is 310 Spruce Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Gino's Sports Bar, a tavern licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 991 E. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 25% interest in Gino's Sports Bar, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Linda Velasquez
Date 12/4/12

DISCLOSURE STATEMENT

I, Michelle Miles, hereby state and affirm that I am a member of Opera House Wine & Spirits, LLC, a Colorado limited liability company formed on February 22, 2010, whose principal office address is 601 W. Main Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Fire Shop Wine & Spirits, a retail liquor store licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 601 W. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 99% interest in Opera House Wine & Spirits, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Michelle Miles
Date 12/4/12

8b



COUNCIL COMMUNICATION

CITY COUNCIL MEETING: October 1, 2013
PREPARED BY: Audra Garrett, City Clerk
DEPT. HEAD SIGNATURE: *Audra Garrett*
OF ATTACHMENTS: 6

SUBJECT: Hotel and restaurant liquor license renewal request by Image Hospitality, LLC d/b/a Quality Inn at 3125 Toupal Drive

PRESENTER: Representative of Image Hospitality, LLC

RECOMMENDED CITY COUNCIL ACTION: Consider renewal of the license

SUMMARY STATEMENT: N/A

EXPENDITURE REQUIRED: No

SOURCE OF FUNDS: N/A

POLICY ISSUE: N/A

ALTERNATIVE: N/A

BACKGROUND INFORMATION:

- The application is in order.
- The departmental report from the Fire Department indicates an inspection will be required prior to the restaurant reopening. The Building Inspector advises that the licensee needs to secure their CO2 bottles. Police Department indicated having no issues with the renewal.
- The Health Department reported compliance.
- Disclosure statements provided by Council members Miles and Velasquez are attached.
- Appropriate fees have been paid.

8b

LIQUOR OR 3.2 BEER LICENSE RENEWAL APPLICATION

| Fees Due | |
|--------------------------------|----------|
| Renewal Fee | \$500.00 |
| Storage Permit \$100 x _____ | _____ |
| Optional Premise \$100 x _____ | _____ |
| Related Resort \$75 x _____ | _____ |
| Amount Due/Paid | |

QUALITY INN
 3125 TOUPAL DR
 TRINIDAD CO 81082-8742

Make check payable to: Colorado Department of Revenue. The State may convert your check to a one-time electronic banking transaction. Your bank account may be debited as early as the same day received by the State. If converted, your check will not be returned. If your check is rejected due to insufficient or uncollected funds, the Department may collect the payment amount directly from your banking account electronically.

PLEASE VERIFY & UPDATE ALL INFORMATION BELOW

RETURN TO CITY OR COUNTY LICENSING AUTHORITY BY DUE DATE

| | | | | |
|--|---|------------------------------------|-------------------------------|--------------------------------|
| Licensee Name IMAGE HOSPITALITY LLC | | DBA QUALITY INN | | |
| Liquor License # 42870940000 | License Type Hotel & Restaurant (city) | Sales Tax License # 42870940000 | Expiration Date 11/17/2013 | Due Date 10/3/2013 |
| Street Address 3125 TOUPAL DR TRINIDAD CO 81082-8742 | | | | Phone Number (719) 497 8000 |
| Mailing Address 3125 TOUPAL DR TRINIDAD CO 81082-8742 | | | | |
| Operating Manager <i>Harry Patel</i> | Date of Birth [REDACTED] | Home Address [REDACTED] | | Phone Number 719-497-8000 |

1. Do you have legal possession of the premises at the street address above? YES NO
 Is the premises owned or rented? Owned Rented* *If rented, expiration date of lease _____
2. Since the date of filing of the last annual application, has there been any change in financial interest (new notes, loans, owners, etc.) or organizational structure (addition or deletion of officers, directors, managing members or general partners)? If yes, explain in detail and attach a listing of all liquor businesses in which these new lenders, owners (other than licensed financial institutions), officers, directors, managing members, or general partners are materially interested. YES NO
NOTE TO CORPORATION, LIMITED LIABILITY COMPANY AND PARTNERSHIP APPLICANTS: If you have added or deleted any officers, directors, managing members, general partners or persons with 10% or more interest in your business, you must complete and return immediately to your Local Licensing Authority, Form DR 8177: Corporation, Limited Liability Company or Partnership Report of Changes, along with all supporting documentation and fees.
3. Since the date of filing of the last annual application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been convicted of a crime? If yes, attach a detailed explanation. YES NO
4. Since the date of filing of the last annual application, has the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) been denied an alcohol beverage license, had an alcohol beverage license suspended or revoked, or had interest in any entity that had an alcohol beverage license denied, suspended or revoked? If yes, attach a detailed explanation. YES NO
5. Does the applicant or any of its agents, owners, managers, partners or lenders (other than licensed financial institutions) have a direct or indirect interest in any other Colorado liquor license, including loans to or from any licensee or interest in a loan to any licensee? If yes, attach a detailed explanation. YES NO
6. **SOLE PROPRIETORSHIPS, HUSBAND-WIFE PARTNERSHIPS AND PARTNERS IN GENERAL PARTNERSHIPS:** Each person must complete and sign the DR 4679: Affidavit – Restriction on Public Benefits (available online or by calling 303-205-2300) and **attach a copy of their driver's license, state-issued ID or valid passport.**

AFFIRMATION & CONSENT

I declare under penalty of perjury in the second degree that this application and all attachments are true, correct and complete to the best of my knowledge.

| | |
|--|------------------------|
| Type or Print Name of Applicant/Authorized Agent of Business <i>Harry Patel</i> | Title <i>@owner</i> |
| Signature <i>[Signature]</i> | Date 9/19/13 |

REPORT & APPROVAL OF CITY OR COUNTY LICENSING AUTHORITY

The foregoing application has been examined and the premises, business conducted and character of the applicant are satisfactory, and we do hereby report that such license, if granted, will comply with the provisions of Title 12, Articles 46 and 47, C.R.S. **THEREFORE THIS APPLICATION IS APPROVED.**

| | |
|---|----------------|
| Local Licensing Authority For Trinidad | Date |
| Signature | Title Mayor |
| | Attest |

9/19/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Image Hospitality, LLC

dba: Quality Inn

Address: 3125 Toupal Drive

Type of License: Hotel and restaurant

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: WILL NEED RESTAURANT INSPECTED
PRIOR TO OPENING (2 MONTHS)

9/24/13
Date

Anthony Trammell
Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 25, 2013

9/19/13

DEPARTMENTAL INSPECTION REPORT
3.2% BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE

Applicant: Image Hospitality, LLC

dba: Quality Inn

Address: 3125 Toupal Drive

Type of License: Hotel and restaurant

Renewal Transfer Change of Location New Special Event

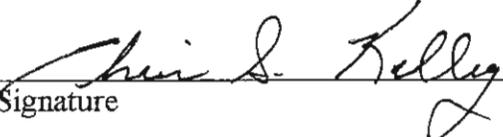
FOR CONSIDERATION AT
COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS: SACONIA CO2 bottles (3)

9-23-2013
Date


Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 25, 2013

9/19/2013

**DEPARTMENTAL INSPECTION REPORT
3.2 % BEER (FERMENTED MALT BEVERAGE)
OR LIQUOR LICENSE**

Applicant's Name: Image Hospitality, LLC

DBA: Quality Inn

Business Address: 3125 Toupal Drive

Type of License: Hotel & Restaurant

Renewal Transfer Change of Location New Special Event

FOR CONSIDERATION AT

COUNCIL MEETING DATE: October 1, 2013

DEPARTMENT REVIEW

DEPARTMENT: FIRE / INSPECTION / POLICE / HEALTH DEPARTMENT

COMMENTS:

No records found

9.24.13
Date


Signature

RETURN TO THE CITY CLERK'S OFFICE BEFORE: September 25, 2013

Audra Garrett

From: John Martinez [jmartinez@la-h-health.org]
Sent: Monday, September 23, 2013 8:12 AM
To: Audra Garrett
Subject: RE: liquor license

Hi Audra,

Image Hospitality, LLC d/b/a Quality Inn at 3125 Toupal Drive is in compliance with this Office.

John Martinez

Environmental Health Specialist III

jmartinez@la-h-health.org

Las Animas-Huerfano Counties District Health Department

Trinidad Office

412 Benedicta Ave
Trinidad, CO 81082
(Ph) 719-846-2213
(Fax) 719-846-4472

Walsenburg Office

119 E. Fifth Street
Walsenburg, CO 81089
(Ph) 719-738-2650
(Fax) 719-738-2653

From: Audra Garrett [mailto:audra.garrett@trinidad.co.gov]
Sent: Thursday, September 19, 2013 11:18 AM
To: John Martinez
Subject: liquor license

Hi John,

Please confirm compliance with your office for Image Hospitality, LLC d/b/a Quality Inn at 3125 Toupal Drive.

Audra Garrett, City Clerk

City of Trinidad

135 N. Animas Street

Trinidad, CO 81082

(719) 846-9843 ext. 135

(719) 846-4140 fax

audra.garrett@trinidad.co.gov

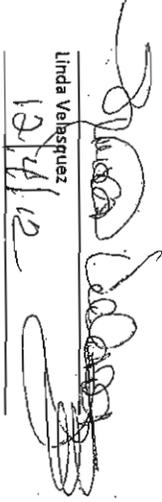


Information from ESET NOD32 Antivirus, version of virus signature database 8820 (20130919)

The message was checked by ESET NOD32 Antivirus.

DISCLOSURE STATEMENT

I, Linda Velasquez, hereby state and affirm that I am a member of Gino's Sports Bar, LLC, a Colorado limited liability company formed on September 9, 2011, whose principal office address is 310 Spruce Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Gino's Sports Bar, a tavern licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 991 E. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 25% interest in Gino's Sports Bar, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Linda Velasquez
Date 12/4/12

DISCLOSURE STATEMENT

I, Michelle Miles, hereby state and affirm that I am a member of Opera House Wine & Spirits, LLC, a Colorado limited liability company formed on February 22, 2010, whose principal office address is 601 W. Main Street, Trinidad, Colorado, 81082; that said limited liability company owns and operates Tire Shop Wine & Spirits, a retail liquor store licensed entity, licensed under Title 12, Articles 46 or 47, CRS 1973, as amended of the State of Colorado and under Chapter 3 of the Municipal Code of the City of Trinidad, located at 601 W. Main Street, in the City of Trinidad, County of Las Animas, State of Colorado; that I hold a 99% interest in Opera House Wine & Spirits, LLC; and, that I am able to act independently upon liquor licensing matters that come before the Trinidad City Council, the local liquor licensing authority, of which I am a member.


Michelle Miles
Date 12/4/12

8C



CITY OF TRINIDAD, COLORADO
1876

Council Communication

City Council Meeting: October 1, 2013
Prepared: September 25, 2013
Dept. Head Signature: 
of Attachments: 1

SUBJECT: Authorization to Expend Budgeted Funds for Vehicle Purchases

Presenter: Tom Acre, City Manager

Recommended City Council Action: Staff recommends City Council consider approval of the vehicle purchase and the resulting ability to re-assign and dispose of vehicles.

Summary Statement: Pioneer Natural Resources has been in the process of converting their vehicles to operate using Compressed Natural Gas (CNG). In doing this, they are in the position to offer the City several vehicles at an attractive price. These vehicles were not scheduled for replacement this year; however we have been offered this opportunity that we believe is a cost effective solution for vehicle replacement. In doing some research on-line comparable vehicles range are in excess of \$25,000. City Council previously supported staff's recommendation to purchase similar vehicles from Pioneer.

As with the previous purchase, staff believes this is an excellent opportunity to leverage public funds and is a cost effective solution for vehicle replacement. The vehicles they are offering at this time are 2011 and 2012 F250 Super Cab 4x4 XL Ford extended cabs with 37,500 and 29,764 miles for \$17,900 and \$19,400 respectively. The vehicles being replaced were going to be considered for replacement in the near future; however we have been offered this opportunity that we believe is cost effective at this time. In doing some research on-line, comparable vehicles range in excess of \$25,000.

This vehicle purchase will allow us to replace the following vehicles.

Power and Light Department - E7 with approximately 95,000 miles will be sold with the proceeds going back into the Power and Light Fund.

Gas Department - G3 with 55,000 will go to the Maintenance Division, replacing M-7 an older two wheel drive vehicle which will be sold.

8C

It has been past practice that vehicles are purchased from the enterprise funds and then their older vehicles have been handed down to divisions within the General Fund budget. We try to replace vehicles and hand them down with sufficient miles to allow additional years of service. Staff has agreed that we do not need to add utility boxes to the new vehicles for now. We have several vehicles that we will be offering for sale through a bid process to the general public later this fall.

Expenditure Required: Approximately \$38,000

Source of Funds: Gas Department and Power and Light Funds.

Policy Issue: Should we expend budgeted funds to replace vehicles at this time.

Alternative: City Council could direct staff to not proceed with this item.

Background Information: In the 2013 approved budget Power and Light budgeted \$40,000 to replace a vehicle. By taking advantage of the opportunity to purchase slightly used vehicles from Pioneer, we have funds remaining to purchase a second vehicle this year. In the Gas fund budget for 2013, the gas department had anticipated purchasing a large air compressor for \$28,000. The Gas Department purchased a smaller air compressor and has funds remaining for this purchase and any funds remaining will not be expended this year.

Attached is an inventory of vehicles currently in the fleet.

CITY OF TRINIDAD 2013 STREET VEHICLES

| UNIT # | YEAR, MAKE, MODEL | LAST SERVICE | MILEAGE |
|--------------------|--------------------------|---------------------|----------------|
| POLICE DEPT | | | |
| PD 671 | 2007 DODGE CHARGER | 2/21/13 | 48625 |
| PD 875 | 2007 DODGE CHARGER | 6/3/2013 | 39389 |
| PD 1550 | 1994 CHEVY CAPRICE | 12/16/2010 | 133834 |
| PD 1590 | 1995 FORD RANGER | 3/13/2013 | 145985 |
| PD 1607 | 2004 FORD EXPEDITION | 9/18/2013 | 98127 |
| PD 2338 | 1990 FORD VAN | 8/4/2011 | 79532 |
| PD 2784 | 2005 FORD CROWN VIC | 8/27/2013 | 94853 |
| PD 2788 | 2005 FORD CROWN VIC | 7/9/2013 | 86768 |
| PD 2790 | 1996 CHEVY CAPRICE | 2/23/2012 | 137693 |
| PD 3088 | 2003 FORD CROWN VIC | 9/4/2013 | 118136 |
| PD 3616 | 2005 CHEVY IMPALA | 7/10/2013 | 74040 |
| PD 4031 | 2005 FORD CROWN VIC | 9/4/2013 | 83022 |
| PD 4123 | 2009 FORD EXPLORER | 8/14/2013 | 50362 |
| PD 4179 | 2013 DODGE CHARGER | 7/23/2013 | 14954 |
| PD 4180 | 2013 DODGE CHARGER | 9/18/2013 | 15272 |
| PD 4181 | 2013 DODGE CHARGER | 7/16/2013 | 15495 |
| PD 4182 | 2013 DODGE CHARGER | 4/16/2013 | 4451 |
| PD 4183 | 2013 DODGE CHARGER | 7/22/2013 | 19288 |
| PD 4400 | 2003 DODGE INTREPID | 3/29/2013 | 116516 |
| PD 5272 | 2009 DODGE CHARGER | 7/24/2013 | 29817 |
| PD 5273 | 2009 DODGE CHARGER | 4/17/2013 | 35713 |

| | | | |
|-------------|------------------------|-----------|--------|
| PD 5322 | 2002 FORD F 150 | 7/1/2013 | 149743 |
| PD 5893 | 2003 FORD CROWN VIC | 8/13/2013 | 111180 |
| PD 5985 | 2007 CHEVY TRAILBLASER | 6/27/2013 | 84846 |
| PD 6442 | 2006 CHEVY TRAILBLASER | 8/16/2013 | 81791 |
| PD 6981 | 2005 FORD CROWN VIC | 7/12/2013 | 124433 |
| PD 7823 | 2000 DODGE VAN | 4/29/2013 | 96052 |
| PD 7994 | 2004 FORD CROWN VIC | 9/13/2013 | 124000 |
| PD 8170 | 2007 CHEVY TRAILBLASER | 5/6/2013 | 78901 |
| CAMO TRUCKS | | | |
| PD 0817 | 1985 CHEVY K 20 PU | 10/2/2012 | 60171 |
| PD 7982 | 1985 CHEVY K 20 PU | 10/2/2012 | 65192 |
| HUMMERS | | | |
| PD 4694 | 1990 HUMVEE | 6/1/2013 | 81762 |
| PD 8922 | 1990 HUMVEE | 6/1/2013 | 88706 |

ENGINEERING

| | | | |
|-----|--------------------------|-----------|-------|
| R 3 | 2001 DODGE RAM | 9/4/2013 | 84620 |
| M 4 | 1999 PLYMOUTH BREEZE | 8/27/2013 | 93407 |
| | * FROM MAINTENANCE TO IT | | |

FIRE DEPT

| | | | |
|----------|------------------------|------------|--------|
| E 1 | 1998 SMEAL PUMPER | 6/18/2013 | NA |
| E 1 | 1993 PIERCE ARROW | 3/28/2013 | 116211 |
| E 2 | 2002 SILVER FOX PUMPER | 12/27/2012 | 46323 |
| AERIAL 1 | 1975 LADDER TRUCK | 5/14/2013 | 14027 |

| | | | |
|-----------|--------------------|-----------|-------|
| CHIEFS | 1998 JEEP CHEROKEE | 1/16/2013 | 95114 |
| RED TRUCK | 2008 FORD F 250 PU | 9/12/2013 | 27433 |
| B 2930 | 2009 DODGE RAM | 2/28/2012 | 4304 |

GAS DEPT

| | | | |
|------|--|-----------|-------|
| G 1 | 2008 FORD F 250 | 3/12/2013 | 25775 |
| G 2 | 2008 FORD F 250 | 8/26/2013 | 37664 |
| G 3 | 2001 DODGE Q CAB * TO BE TRANSFERRED TO MAINTENANCE | 8/15/2013 | 52293 |
| G 4 | 2003 FORD F 250 | 8/12/2013 | 69609 |
| G 5 | 2001 DODGE Q CAB | 4/17/2013 | 51830 |
| G 6 | 2007 FORD F 350 | 8/14/2013 | 15613 |
| G 8 | 2003 FORD F 250 | 6/10/2013 | 78348 |
| G 9 | 1993 DODGE DUMP | 3/19/2008 | 11300 |
| G 10 | 1991 CHEVY DUMP | 5/9/2011 | 49434 |

INSPECTION

| | | | |
|-----|------------------|-----------|-------|
| I 1 | 2008 FORD RANGER | 6/12/2013 | 31090 |
|-----|------------------|-----------|-------|

LANDFILL

| | | | |
|-----|-------------------------------------|-----------|----|
| L 1 | 1990 CHEVY PU * FROM MAINTENANCE | 9/12/2013 | NA |
| L 9 | 1988 CHEVY PU * TO BE SCRAPPED | 7/16/2013 | NA |

MAINTENANCE DEPT

| | | | |
|---------------------------------|-------------------|------------|--------|
| M 1 | 2009 FORD F 250 | 8/9/2013 | 24065 |
| M 2 | 2001 DODGE Q CAB | 11/29/2012 | 101180 |
| M 3 | 1992 DODGE 250 PU | 3/28/2013 | 116182 |
| M 5 | 1994 CHEVY S 10 | 6/7/2012 | 74268 |
| * TO BE TRANSFERRED TO LANDFILL | | | |
| M 7 | 1990 CHEVY PU | 3/13/2013 | NA |
| * TO BE SOLD | | | |

PARKS DEPT

| | | | |
|-------------------|-------------------------|------------|--------|
| P 1 | 2008 FORD F 250 | 10/15/2012 | 14015 |
| P 2 | 2001 FORD F 350 | 9/19/2013 | 95411 |
| P 3 | 2012 FORD F 250 | 7/30/2013 | 6006 |
| P 4 | 1990 CHEVY 1 TON | 1/25/2013 | NA |
| P 5 | 1990 CHEVY ½ TON | 7/30/2012 | NA |
| P 6 | 1996 DODGE RAM | 5/1/2013 | 70904 |
| P 7 | 2003 FORD F 250 | 9/12/2013 | 133155 |
| * FROM WATER DEPT | | | |
| P 8 | 2005 FORD F 250 | 7/26/2013 | 48499 |
| P 10 | 1988 CHEVY BUCKET TRUCK | 11/17/2003 | 48075 |
| * TO BE SOLD | | | |
| P 14 | 1990 CHEVY PU | 5/9/2013 | NA |

SPORTS & REC

| | | | |
|------|-----------------|-----------|-------|
| VAN | 2001 DODGE VAN | 3/1/2012 | 82302 |
| SR 1 | 1994 CHEVY S 10 | 9/12/2013 | 58178 |

| | | | |
|------|---------------------|------------|-------|
| SR 2 | 1988 CHEVY ½ TON PU | 8/1/2013 | 93475 |
| SR 3 | 2007 FORD F 150 | 10/18/2012 | 13702 |

POWER & LIGHT

| | | | |
|--------------|------------------------|-----------|-------|
| E 1 | 2000 INTERNATIONAL | 8/5/2012 | 21753 |
| E 2 | 2002 FORD F 550 AERIAL | 6/24/2013 | 59811 |
| E 3 | 2012 FORD F 250 | 9/23/2013 | 38222 |
| E 4 | 1996 FORD F 800 | 3/18/2009 | 10342 |
| E 6 | 1991 GMC DIGGER TRUCK | 2/13/2013 | 26799 |
| E 7 | 1999 FORD DIESEL 4X4 | 8/19/2013 | 90369 |
| * TO BE SOLD | | | |

| | | | |
|------|-------------------|-----------|-------|
| E 9 | 2004 FORD PU | 7/1/2013 | 67573 |
| E 10 | 2001 AERIAL TRUCK | 6/4/2013 | 31302 |
| E 11 | 2003 INT AERIAL | 8/21/2013 | 47612 |
| E 14 | 1991 DUMP TRUCK | 6/4/2013 | 27896 |
| E 15 | 1995 CHEVY S 10 | 9/10/2010 | 61110 |

SEWER DEPT

| | | | |
|-----|----------------------|-----------|--------|
| S 1 | 2000 DODGE ½ TON 4X4 | 9/4/2013 | 81976 |
| S 2 | 2000 DODGE Q CAB | 8/21/2013 | 154908 |
| S 3 | 1993 DODGE ¾ TON | 5/14/2013 | 132858 |
| S 4 | 2000 DODGE ½ TON | 8/26/2013 | 114165 |
| S 5 | 1993 CHEVY DUMP | 9/27/2011 | 31704 |
| S 6 | 2003 JETVAC | 8/2/2013 | 17970 |
| S 8 | 1995 FORD RANGER | 8/12/2013 | 116704 |

| | | | |
|------|------------------|-----------|--------|
| S 9 | 1994 FORD VAN | 6/11/2008 | 118903 |
| S 10 | 1990 CHEVY 1 TON | 9/14/2011 | 25101 |
| S 12 | 2008 FORD F 250 | 6/7/2013 | 64276 |

STREET & BRIDGE

| | | | |
|------|-------------------------------------|------------|--------|
| R 2 | 2005 FORD CLUB CAB | 7/11/2013 | 60382 |
| R 4 | 1994 DODGE 250 * TO BE SOLD | 5/9/2013 | 109507 |
| R 5 | 1996 CHEVY CREW CAB * TO BE SOLD | 3/22/2013 | 148895 |
| R 7 | 2001 DODGE Q CAB | 7/17/2013 | 183543 |
| R 8 | 1992 DODGE ½ TON | 5/1/2012 | 146490 |
| R9 | 1987 CHEVY DUMP * TO BE SOLD | 3/15/2013 | 124888 |
| R 14 | 1991 CHEVY DUMP | 9/3/2013 | 86826 |
| R 16 | 1981 MAC WATER TRUCK | 3/29/2013 | NA |
| R 17 | 2004 FORD F 650 | 4/22/2013 | 19252 |
| R 18 | 2005 FORD F 650 | 10/24/2012 | 13374 |
| R 19 | 2002 SWEEPER | 7/15/2013 | |
| R 25 | 2009 FORD F 350 | 4/17/2013 | 11504 |
| R 26 | 2009 FORD F 350 | 4/9/2013 | 10758 |
| R 28 | 2011 FORD F 250 | 8/26/2013 | 46649 |
| R 29 | 2001 FORD F 250 | 8/1/2013 | 167337 |

WATER DEPT

| | | | |
|------|--------------------|-----------|--------|
| W 1 | 2011 FORD F 250 | 9/18/2013 | 43458 |
| W 2 | 2011 FORD F 250 | 9/1/2013 | 36578 |
| W 3 | 2008 FORD RANGER | 9/20/2013 | 51784 |
| W 4 | 2005 FORD 4X4 | 6/11/2013 | 69500 |
| W 5 | 2003 JEEP CHEROKEE | 2/11/2013 | 56890 |
| W 7 | 2011 FORD F 250 | 9/12/2013 | 27583 |
| W 8 | 2008 FORD F 350 | 6/5/2013 | 10171 |
| W 9 | 2008 FORD RANGER | 9/23/2013 | 117875 |
| W 10 | 1993 KENWORTH | 5/17/2013 | 745468 |
| W 11 | 2000 FORD F 250 | 7/15/2013 | 102363 |
| W 12 | 2008 FORD RANGER | 9/11/2013 | 115310 |
| W 13 | 2005 FORD 4X4 | 6/13/2013 | 65532 |
| W 14 | 2003 FORD 4X4 | 9/20/2013 | 94765 |
| W 15 | 1995 FORD PU | 9/10/2013 | 183977 |

TROLLEY

| | | | |
|---------|----------------------|----------|--------------------|
| TROLLEY | 1998 FRH TROLLEY BUS | 5/7/2013 | 130900 (4/15/2009) |
|---------|----------------------|----------|--------------------|

CITY MANAGER

| | | | |
|-----|--------------------|-----------|-------|
| R 1 | 2005 DODGE DURANGO | 3/11/2013 | 44154 |
|-----|--------------------|-----------|-------|

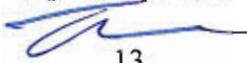
POOL CARS

| | | | |
|---------|-------------------|-----------|-------|
| IT 1560 | 94 CHEVY CAPRICE | 2/22/2012 | NA |
| E 5 | 2002 JEEP LIBERTY | 3/11/2013 | 73919 |



CITY OF TRINIDAD, COLORADO
1876

Council Communication

City Council Meeting: October 1, 2013
Prepared: September 26, 2013
Dept. Head Signature: 
of Attachments: 13



SUBJECT: Non-Profit Funding Discussion

Presenter: Tom Acre, City Manager

Recommended City Council Action: Staff is seeking direction and action by City Council regarding the non-profit allocation for the second half of 2013.

Summary Statement: City Council discussed this item at the City Council Work Session on September 24, 2013. City Council requested staff bring this forward for further consideration and action at the October 1, 2013 meeting. Staff is also providing suggestions on how we proceed for the 2014 budget to streamline the process.

In the approved 2013 budget, City Council allocated funding to non-profits and authorized the release of one-half of the approved allocation during the first six-months of 2013 as shown in the attached table.

There are several organizations such as Noah's Ark, Crossroads Turning Points and Trinidad-Las Animas County Economic Development that provide necessary services on behalf of the City. These organizations provide services that benefit the citizens of Trinidad that if not funded through the City's budget process would result in either the city needing to directly provide the service at an increased cost or to not provide the service.

In reference to the allocation of the remaining budgeted funds in the 2013 approved Budget, City Council has several options.

- City Council could authorize funding the second half of the non-profit requests such that they receive the full funding as proposed for 2013 in the approved budget.
- City Council could take the remaining funds that were budgeted for in the 2013 budget and request proposals from various non-profits.



- City Council could choose to fund only the non-profits that provide services that are deemed necessary, City funding is required by contract and/or if not otherwise provided would be required from the City. This would include, Trinidad-Las Animas County Economic Development Corporation, Trinidad and Las Animas County Chamber of Commerce, Trinidad Arts & Cultural Advisory Commission and H. R. Sayre Senior Center. We have met the contract requirements for Crossroads Turning Points, Inc. and Noah's Ark Animal Welfare Association.
- City Council could choose to not authorize the release of additional funds to non-profits due to budgetary concerns.

In reference to the 2014 budget process, staff recommends the following process.

- Include the following organizations as line items in the budget;

Crossroads Turning Points, Inc. (required per contract)
 Noah's Ark Animal Welfare Association (required per contract)
 Trinidad-Las Animas County Economic Development Corporation
 Trinidad and Las Animas County Chamber of Commerce
 Trinidad Arts & Cultural Advisory Commission
 H. R. Sayre Senior Center

- Add a line -item to City Council's portion of the budget for a set amount and not identify specific organizations for funding.

Staff recommends that instead of allocating specific amounts for individual non-profits in the budget, that we budget a set amount in a line item titled - Non-Profit Support Grants in City Council's portion of the budget. Once the budget is adopted in December, then the council through staff would solicit grant applications from non-profits for funding in 2014. Another option that council could consider is providing a set amount of funding to the Trinidad Community Foundation, ear-marked for grant awards to organizations that provide service to the community.

Expenditure Required: Expenditure will depend on action by City Council

Source of Funds: Funds have been appropriated in the 2013 approved Budget.

Policy Issue: Funding and allocation for non-profits.

Alternative: City Council can elect to allocate all, none or a portion of the second half of 2013 nonprofit funding.

Background Information: During the budget discussions in late 2012, the decision was made by City Council to budget the full amount of non-profit funding planned for 2013 and to allocate

one-half of the funding for at that time, with the remaining funding to be allocated based on the City's ability to fund. Copies of the contracts between the City and Crossroads Turning Points and Noah's Ark were previously provided to City Council in conjunction with the May 28, 2013 work session.

At the September 24, 2013 City Council Work Session, City Council inquired about what other agreements we had with organizations that provide services on behalf of the City and about a past financial commitment to the Trinidad Arts & Cultural Advisory Commission. The City has an agreement with the H.R. Sayre Senior Center where by the City is required to pay for utility charges and is responsible for grass cutting and snow removal. The City does not have a contractual agreement in place regarding funding for the Trinidad Las Animas County Economic Development Corporation, Trinidad and Las Animas County Chamber of Commerce, and the Trinidad Arts & Cultural Advisory Commission. However, in 1998, City Council passed a Resolution establishing guidelines for the \$10,000 budgeted that year. Staff has attached the various agreements we have in place for the organizations listed below.

Crossroads Turning Points, Inc.
Noah's Ark Animal Welfare Association
Trinidad-Las Animas County Economic Development Corporation
Trinidad Arts & Cultural Advisory Commission
H. R. Sayre Senior Center

2013 BUDGET REQUESTS BY AREA AGENCIES

| AGENCY NAME | 2012 AWARD | 2013 REQUEST | 2013 PROPOSED | FIRST HALF 2013 ALLOCATION |
|---|------------------|------------------|------------------|----------------------------|
| Crossroads Turning Points, Inc.* | \$24,000 | \$26,000 | \$24,000 | \$26,000 |
| Trinidad & Las Animas County Chamber of Commerce | \$12,600 | \$18,000 | \$12,600 | \$6,300 |
| Noah's Ark Animal Welfare Association | \$25,000 | \$35,000 | \$25,000 | \$12,500 |
| Advocates Against Domestic Assault | \$6,970 | \$11,500 | \$6,970 | \$3,485 |
| H.R. Sayre Senior Center | \$19,350 | \$20,000 | \$19,350 | \$9,675 |
| Trinidad-Las Animas County Economic Development | \$10,800 | \$25,000 | \$10,800 | \$5,400 |
| Trinidad Arts & Cultural Advisory Commission | \$4,500 | \$5,000 | \$4,500 | \$4,500 |
| Southern Colorado Repertory Theatre | \$0 | \$25,000 | \$0 | \$0 |
| Southern Colorado Developmental Disabilities Services, Inc. | \$1,350 | \$10,000 | \$1,350 | \$675 |
| Culebra Range Community Coalition | \$1,000 | \$5,000 | \$0 | \$0 |
| Trinidad Area Arts Council | \$4,500 | \$5,000 | \$4,500 | \$2,250 |
| Southern Colorado Youth Academy | \$0 | \$5,000 | \$0 | \$0 |
| Youth Advisory Council | \$4,500 | \$4,500 | \$4,500 | \$2,250 |
| Trinidad Municipal Golf Association | \$0 | \$45,000 | \$0 | \$0 |
| Farmer's Market | \$1,000 | \$0 | \$1,000 | \$0 |
| A.R. Mitchell Museum | \$0 | \$5,000 | \$0 | \$0 |
| TOTALS | \$115,570 | \$245,000 | \$114,570 | \$73,035 |

*NOTE: Contractually Trinidad is required to fully fund as discussed at the May 28, 2013 City Council Work Session

AGREEMENT

Instrument Book Page
200300665008 OR 1024 1475

THIS AGREEMENT entered into this 1st day of January 2003 by and between the City of Trinidad (hereinafter referred to as the "City") and Crossroads Managed Care Systems, Inc. (hereinafter referred to as the "Contractor").

WITNESSETH:

WHEREAS, the Contractor is a Non-Profit Corporation providing detoxification/evaluation services to the City of Trinidad and surrounding areas; and

WHEREAS, the City has budgeted the sum of \$24,000.00 for the 2003 allocation as a fee paid to the Contractor to purchase services beyond state subsidized services; and

WHEREAS, the parties agree that an Agreement should be entered into setting out the duties and obligations of each party to the other.

NOW, THEREFORE, in consideration of the foregoing and of mutual covenants and agreements herein contained, the City and Contractor agree as follows:

1. This Agreement shall be in force and effect from January 1, 2003, until December 31, 2003, and may be renewed for periods not to exceed one year by mutual agreement of the parties.
2. The City shall pay to the Contractor the total sum of \$24,000.00 payable at the rate of \$2,000.00 per month, due to the Contractor no later than the 10th of the month to subsidize detoxification/evaluation services at a non-hospital location approved and licensed by the Colorado Department of Human Services, Alcohol & Drug Abuse Division (hereinafter referred to as ADAD).
3. The Contractor shall provide non-medical detoxification/evaluation services per ADAD Licensing Standards and Regulations to individuals who meet criteria for admission and current provider agreement with Signal Behavioral Health Network, Inc. The determination that a referred individual is appropriate and meets criteria for admission into the Detoxification/Evaluation Unit is solely at the discretion of the Contractor and Signal Behavioral Health Network, Inc. Clients are admitted voluntarily or per C.R.S. §25-1-310. Units shall be staffed per ADAD Standards and Regulations for Alcohol and Drug Abuse Treatment.
4. The Contractor shall furnish to the Trinidad City Manager a projected annual budget and provide monthly financial reports of the Trinidad Detoxification/Evaluation Unit. Financial reports shall be made in accordance with generally accepted accounting practices and shall contain a certification that City funds, if any, have been expended in accordance with applicable law and this Agreement. The Contractor shall

provide the City with an audited annual report for the Trinidad Detoxification/Evaluation Unit within 120 days following the close of the Contractor's fiscal year ending June 30th.

5. The Contractor acknowledges that funds shall not be used for lobbying for the purpose of influencing pending or proposed legislation, and that discrimination, based on the grounds of race, color, national origin, religion, age, or as an otherwise qualified disabled person in participation or employment is strictly prohibited.

6. The Contractor shall report significant increases or reduction in services listed below within thirty (30) days:

- A. Number of beds
- B. Episodes
- C. Days of service

Increases or reduction may result in financial adjustments to either party based on renegotiations. The Contractor reserves the right to discontinue to provide services based on said renegotiations.

7. The Contractor shall at all times be deemed an independent contractor, and neither the Contractor nor its officers, agents, and employees shall at any time be deemed employees or agents of the City. The Contractor shall be solely responsible for the acts of its officers, agents, and employees and all withholding taxes, Social Security, employment compensation, Workman's Compensation, or other taxes, and shall hold the City harmless and indemnify the City from all claims for the same.

8. The Contractor agrees to indemnify, and save harmless, the City and its officers, agents, and employees from and against any and all claims, liabilities, judgements, costs, expenses, penalties, and attorney fees arising from injuries to persons, or damages to property, or based upon or arising out of the performance, or non-performance of the Agreement by the Contractor, or out of any violations by the Contractor of any statute, ordinance, rule, or regulation.

9. This Agreement may be terminated at any time by the City or Contractor with thirty (30) days prior written notice. In the event of Unit closure, the City shall continue to provide funds set forth in this Agreement up to the closure of the Detox Program.

10. Termination of this Agreement shall not release or discharge the Contractor from any obligations incurred prior to the date of termination and provisions of Paragraphs 5, 7, and 8 hereof shall survive such termination.

11. No addition, alteration, amendment, or modification of the terms of this Agreement, nor verbal understandings of the parties, their officers, agents, or employees shall be valid unless reduced to writing and executed by the parties hereto.

12. The Contractor shall not assign this Agreement in whole or part without the prior written consent of the City.

13. Notice shall be deemed to have been duly given if mailed by First Class Mail, postage prepaid to:

If to City: City Clerk
City of Trinidad
P. O. Box 880
Trinidad, CO 81082

If to Contractor: Leroy Lucero, CEO
Crossroads Managed Care Systems, Inc.
509 East 13th Street
Pueblo, CO 81003-2940

On such other addresses the Contractor and the City shall hereafter designate in writing delivered to the other party.

IN WITNESS WHEREOF, the City and the Contractor have executed this Agreement on the day and year first above written.

CITY OF TRINIDAD

CROSSROADS MANAGED CARE SYSTEMS, INC.

BY: Joseph A. Reorda
Joseph A. Reorda, Mayor

BY: Leroy Lucero
Leroy Lucero, Chief Executive Officer

ATTEST: Lydia Shea
Lydia Shea, City Clerk

ATTEST: Kathy Cline
Kathy Cline, Treasurer

APPROVED AS TO FORM:

Bruce Billings
Bruce Billings, City Attorney

Approved by City Council: February 4, 2003

AGREEMENT

Instrument Book Page
200500677948 OR 1045 1099

THIS AGREEMENT entered into this 7th day of January 2005 by and between the City of Trinidad (hereinafter referred to as the "City") and Crossroads' Turning Points, Inc., (hereinafter referred to as "CTP").

WITNESSETH:

WHEREAS, CTP is a Non-Profit Corporation providing detoxification/evaluation services to the City of Trinidad and surrounding areas; and

WHEREAS, the City has budgeted the sum of Twenty Four Thousand Dollars (\$24,000) for the 2005 allocation as a fee paid to CTP to purchase services beyond state subsidized services; and

WHEREAS, the parties agree that an Agreement should be entered into setting out the duties and obligations of each party to the other.

NOW, THEREFORE, in consideration of the foregoing and of mutual covenants and agreements herein contained, the City and CTP agree as follows:

1. This Agreement shall be in force and in effect from January 1, 2005, until December 31, 2005, and may be renewed for periods not to exceed one year by mutual agreement of the parties.

2. The City shall pay to CTP the total sum of Twenty Four Thousand Dollars (\$24,000) payable at the rate of Two Thousand Dollars (\$2,000) per month, due to CTP no later than the tenth (10th) day of the month to subsidize detoxification/evaluation services at a non-hospital location approved and licensed by the Colorado Department of Human Services, Alcohol and Drug Abuse Division (hereinafter referred to as ADAD).

3. CTP shall provide non-medical detoxification/evaluation services per ADAD Licensing Standards and Regulations to individuals who meet criteria for admission and per current provider agreement with Signal Behavioral Health Network, Inc. The determination that a referred individual is appropriate and meets criteria for admission into the detoxification program is solely at the discretion of CTP and Signal Behavioral Health Network, Inc. Clients are admitted voluntarily, or per C.R.S. §25-1-310. The detoxification unit shall be staffed per ADAD Licensing Standards and Regulations for Alcohol and Drug Abuse Treatment.

4. CTP shall furnish to the Trinidad City Manager a projected annual budget and provide monthly financial reports of the Trinidad detoxification unit. Financial reports shall be made in accordance with generally accepted accounting practices and shall contain a certification that City funds, if any, have been expended in accordance with applicable law and this Agreement. CTP shall provide the

City with an audited annual report for the Trinidad detoxification unit within One Hundred Twenty (120) days following the close of CTP's fiscal year ending June 30.

5. CTP acknowledges that funds shall not be used for lobbying for the purpose of influencing pending or proposed legislation, and that discrimination, based on the grounds of race, color, national origin, religion, age, or as an otherwise qualified disabled person in participation or employment is strictly prohibited.

6. CTP shall report significant increases or reduction in services, including but not limited to the below services within thirty (30) days:

- A. Number of beds
- B. Episodes
- C. Days of service

Increases or reduction may result in financial adjustments to either party based on renegotiations. CTP reserves the right to discontinue to provide services based on said renegotiations. The City reserves the right to terminate the Agreement without the notice specified in Paragraph 9, if renegotiations result in the discontinuation of services.

7. CTP shall at all times be deemed an independent contractor, and neither CTP nor its officers, agents, and employees shall at any time be deemed employees or agents of the City. CTP shall be solely responsible for the acts of its officers, agents, and employees and all withholding taxes, Social Security, employment compensation, Workers' Compensation, or other taxes, and shall hold the City harmless and indemnify the City from all claims for the same.

8. CTP agrees to indemnify, and save harmless, the City and its officers, agents, and employees from and against any and all claims, liabilities, judgements, costs, expenses, penalties, and attorney fees arising from injuries to persons, or damages to property, or based upon or arising out of the performance, or non-performance of the Agreement by CTP, or out of any violations by CTP of any statute, ordinance, rule, or regulation.

9. The City or CTP may terminate this Agreement at any time with thirty (30) days prior written notice. In the event of unit closure, the City shall continue to provide funds set forth in this Agreement up to the closure of the Trinidad detoxification unit.

10. Termination of this Agreement shall not release or discharge CTP from any obligations incurred prior to the date of termination and provisions of Paragraphs 5, 7, and 8 hereof shall survive such termination.

11. It is mutually understood by the City and CTP that in the event State of Colorado funding was to cease, then this Agreement would be terminated, and responsibility of both parties would be ended.

12. No addition, alteration, amendment, or modification of the terms of this Agreement, nor verbal understandings of the parties, their officers, agents, or employees shall be valid unless reduced to writing and executed by the parties hereto.

13. CTP shall not assign this Agreement in whole or part without the prior written consent of the City.

14. Notice shall be deemed to have been duly given if mailed by First Class Mail, postage prepaid to:

If to City: City Clerk
City of Trinidad
P. O. Box 880
Trinidad, Colorado 81082

If to CTP: Leroy Lucero, Chief Executive Officer/President
Crossroads' Turning Points, Inc.
509 East 13th Street
Pueblo, Colorado 81001-2940

On such other addresses, CTP and the City shall hereafter designate in writing delivered to the other party.

IN WITNESS WHEREOF, the City and CTP have executed this Agreement on the day and year first above written.

CITY OF TRINIDAD

CROSSROADS' TURNING POINTS, INC.

BY: Joseph A. Reorda
Joseph A. Reorda, Mayor

BY: Leroy Lucero
Leroy Lucero
Chief Executive Officer/President

ATTEST: Audra Fatur
Audra Fatur, Acting City Clerk

ATTEST: Michael Tearpak
Michael Tearpak, Secretary

APPROVED AS TO FORM:

Eugene A. Duran
Eugene A. Duran, City Attorney

Approved by City Council: January 18, 2005

200100656598
Filed for Record in
LAS ANIMAS, CO
BERNARD J. GONZALES
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Doc Fees .00
OR 1011 Page 1054 - 1055

**ANIMAL SHELTER SERVICES CONTRACT
AND LEASE AGREEMENT**

Instrument Book Page
200100656598 OR 1011 1054

This agreement is entered into between the City of Trinidad, Colorado, a municipal corporation (hereinafter "City"), and Noah's Ark Animal Welfare Association, Inc., a Colorado non-profit corporation, 244 North Chestnut, Trinidad, CO 81082 (hereinafter "Contractor"), in Trinidad, Colorado, to be effective on December 6, 2001 (the "Commencement Date").

WHEREAS, City presently operates a municipal facility for the confinement and care of stray, abandoned, lost and unwanted pet animals as part of the City's animal control responsibilities; and

WHEREAS, given its limited staff and other resources, City desires to privatize the sheltering and care of stray and lost or abandoned animals in an effort to improve the delivery of humane animal care services, the reunification of pet animals with their owners, and the placement of abandoned yet adoptable pet animals with new owners; and

WHEREAS, City desires to retain and employ the services of Contractor as an experienced animal protection and care provider and to assume the operation of the City's animal shelter facilities.

NOW, THEREFORE, in consideration of the promises, terms and conditions as set forth below, and for good and valuable consideration, the adequacy and receipt of same which are hereby acknowledged by both parties, it is agreed as follows:

LEASE OF SHELTER FACILITIES

1. Effective upon the Commencement Date of this agreement, City does hereby convey possession and lease to Contractor City's animal shelter facilities situated at 244 North Chestnut, Trinidad, Colorado (the "Shelter"), inclusive of the animal shelter building, kennel facilities, and all that land currently enclosed with fencing appurtenant to the shelter building (Parcel A), plus those unsubdivided parcels of land to the west and north of the shelter building as identified and illustrated as Parcels B and C, respectively, on the attached Trinidad Shelter Site Plan (the "Site Plan"), which plan is incorporated herein and made a part hereof as Exhibit 1 (collectively known as the "Leased Premises"). Contractor shall take possession of existing food, medical and cleaning supplies existing on the Leased Premises upon the commencement date.

2. The term of the lease for the Leased Premises as herein provided shall correspond to the term of this agreement.

3. Contractor shall pay to City rent at the rate of one dollar (\$1.00) per year for each year, or part thereof, Contractor occupies and operates the Leased Premises under the terms of this agreement.

removed from the Leased Premises, and the Leased Premises shall be restored to their original pre-lease condition, normal wear and tear excepted.

8. All improvements made by Contractor under the terms of this agreement shall comply with all zoning, building and/or other applicable codes or regulations pertinent thereto. In the event any real property or other taxes are assessed and become due on such improvements or the Leased Premises as a result of Contractor's occupancy and use of same, Contractor shall timely pay such taxes, subject to any appeal or relief from same as may be provided by law.

9. It is the desire, intention and goal of the City and Contractor that improvements undertaken to the Shelter and shelter facilities shall be directed at bringing the facilities into compliance with all standards and/or requirements applicable to a licensed pet animal facility or pound under the Colorado Pet Animal Care and Facilities Act, C.R.S. §§ 35-80-101, *et seq.*, as amended.

SHELTER LICENSURE AND SERVICES

10. The following terms when used in this section or otherwise in this agreement shall mean as follows:

Days means days during which the Shelter is open to the public.

Dispose or *disposition* means adoption of a pet animal, return of a pet animal to its owner, release of a pet animal to an animal rescue group licensed under Colorado law, release of a pet animal to a licensed pet animal care facility or rehabilitator, or euthanasia.

Euthanasia means to produce a humane death by means accepted and/or endorsed by the American Veterinary Medical Association.

Pet animal means dogs, cats, rabbits, guinea pigs, hamsters, mice, ferrets, birds, or any other species of domesticated warm-blooded animal sold, transferred, owned or retained for the purpose of being kept as a companion or household pet, except livestock.

Livestock means cattle, horses, mules, burros, sheep, poultry, swine, llama and goats, regardless of use, and any animal that is used for working purposes on a farm or ranch, and any other animal designated by the Colorado Commissioner of Agriculture, which animal is raised for food or fiber production.

11. Contractor will, prior to the expiration of the initial term of this agreement, make and implement such policies and procedures regarding the sheltering and care of pet animals, and undertake such improvements and/or repairs to the Shelter, so as to obtain licensure for the Shelter from the Colorado Department of Agriculture under the Colorado Pet Animal Care and Facilities Act.

12. Contractor shall accept, shelter and provide care for all pet animals picked-up, captured or otherwise originating from within the jurisdictional boundaries of the City, or

19. Contractor shall at no time sell, transfer, provide or make available any animal under its care to any person or private or public facility for use in medical or any other kind of research or experimentation.

20. Contractor shall not participate in the practice commonly known as "red-tagging," which, for purposes of this agreement, means the placement of a healthy, amiable pet animal in isolation without affording an opportunity for the animal to be adopted.

21. Whenever Contractor acquires or accepts a stray or abandoned pet animal from a private person, it shall obtain as much information as reasonably available from such person, inclusive of the person's name, address and telephone number, as will allow City to investigate and follow-up the circumstances of the animal's status.

22. Nothing contained in this agreement shall prohibit Contractor from sheltering and caring for any pet animal for any period of time beyond those minimum holding periods as otherwise established in this agreement.

23. Contractor shall provide City Animal Control Personnel with a current key and/or lock combination with which to gain access to the Shelter during those days or hours when the Contractor's staff is off-duty.

24. Contractor shall not release a dog or cat to its owner or another authorized person without proof that such animal is currently, or will be promptly, vaccinated for rabies. Owners of unvaccinated animals will be required to present evidence of a prepaid vaccination and a scheduled appointment date with a veterinarian for having the animal vaccinated.

25. Contractor shall not release a pet animal required to be licensed by City without proof that such animal is currently licensed. If such proof cannot be provided or produced, Contractor shall instruct the animal's owner to obtain such license, and Contractor shall maintain the care and custody of the animal until the owner returns with proof that such license has been obtained.

26. Contractor shall establish and collect fees for the impoundment and care of animals housed at the Shelter. All revenue(s) generated and/or derived from such fees shall be the property of Contractor.

27. Contractor shall not release a pet animal to its owner or other authorized person without first assessing and collecting from such person all fees and charges for the impoundment and care of the animal. If there is an outstanding citation for a violation of any municipal animal control or licensing ordinance with regard to the animal, Contractor shall advise and direct the owner to immediately contact City for purposes of satisfying same and shall provide the owner with the appropriate address and telephone number. If an owner comes forward to claim an animal with no prior identification, the animal will be held pending identification of the owner and issuance of any required citations.

a. The officer or employee delivering the animal to the Shelter shall complete an impound form used by Contractor.

b. After admission of the animal to the facility, Contractor shall undertake reasonable efforts to determine the owner of the animal and, if the owner is known, take reasonable steps to notify the owner of the animal's location and status. City shall provide Contractor reasonable assistance in efforts to identify the animal's owner.

36. Stray or abandoned pet animals impounded by private parties:

a. The person delivering the animal to the Shelter shall complete the impound form used by Contractor.

b. Contractor shall obtain the name, address, telephone number, driver's license number, if any, and signature of the person delivering the animal.

c. Contractor shall undertake reasonable efforts to determine the owner of the animal and, if the owner is known, take reasonable steps to notify the owner of the animal's location and status. City shall provide Contractor reasonable assistance in efforts to identify the animal's owner.

37. Private parties wishing to forfeit their own animals shall be placed on a "as space allows" waiting list for admission to the Shelter. Animals shall be accepted as space becomes available in the order as entered on the admissions waiting list.

38. Injured, disabled or ill animals shall be evaluated by Contractor upon admission to the Shelter to determine whether emergency veterinarian examination, care or treatment is reasonably necessary. Contractor shall be responsible for the reasonable costs of emergency treatment deemed necessary by the licensed veterinarian to stabilize an injured or ill pet animal when there is no known owner for the animal, or when a known owner cannot be located in sufficient time to authorize such emergency treatment in advance. The owner of any animal receiving emergency treatment shall ultimately be responsible to pay the cost for all emergency treatment or care provided the animal, and/or to reimburse Contractor therefor, which cost or reimbursement shall be paid upon the owner reclaiming the animal unless alternative payment arrangements are made in writing with Contractor.

39. Except as otherwise provided for in this agreement, Contractor may, within its discretion, dispose of any pet animal not reclaimed or adopted upon the expiration of the required holding period.

40. Impounded animals which in the professional opinion of a veterinarian are experiencing extreme pain or suffering may be euthanized immediately after Contractor has exhausted reasonable efforts to contact the animal's owner, if known. For animals with identification, or whose owner is otherwise known, Contractor shall exercise reasonable efforts

DEFAULT

45. If Contractor violates any of the terms or conditions herein contained, and continues in such violation(s) for a period of ninety (90) days after written notice thereof by certified mail from City to Contractor, then City shall have the option to declare this agreement terminated and the lease of the Leased Premises forfeited, whereupon Contractor shall immediately and peaceably surrender possession and vacate the Leased Premises. The City's written notice shall specify the provision(s) of the agreement violated, the information available to City upon which it relied in concluding that a violation exists, and the action required of Contractor to cure the violation.

46. If City violates any of the terms or conditions herein contained, and continues in such violation(s) for a period of ninety (90) days after written notice thereof by certified mail from Contractor to City, excepting a failure to timely make a payment to Contractor as required hereunder, then Contractor shall have the option to declare this agreement terminated and vacate the Leased Premises while removing its property therefrom. In the event a default should arise from the City's failure to timely make a payment to Contractor as required hereunder, then Contractor may, at its option, deem this agreement terminated fourteen (14) days after notice of such default by Contractor to City, and vacate the Leased Premises.

CITY'S ADDITIONAL OBLIGATIONS AND CRUELTY/ABUSE INVESTIGATIONS

47. City shall throughout the term of this agreement continue to manage and operate the City's Animal Control Program, inclusive of the provision and maintenance of animal control vehicles. City shall also maintain exclusive authority with regard to the disposition of dangerous and/or vicious animals.

48. City shall have sole responsibility to investigate and prosecute animal abuse and neglect cases.

PERFORMANCE REVIEW

49. A performance review shall be conducted between City and Contractor every thirty days for the first six months of this agreement, and every sixty days thereafter. The performance review shall be undertaken by a committee which shall consist of two City Councilmen, the Police Chief and an Animal Control Officer and two members of Contractor's association. During the review the quality of the performance of both parties under the agreement shall be assessed.

TERM OF AGREEMENT--RENEWAL TERMS

50. The initial term of this agreement shall be one (1) year commencing from the date first written above. Not less than sixty (60) days prior to the expiration of the initial, or any subsequent renewal term, the City and Contractor shall confer for purposes of negotiating the renewal and/or extension of the agreement. In the event the parties are unable to agree upon the

56. This agreement shall not become effective or be valid absent the approval of same by the City Council for the City of Trinidad by duly passed ordinance, a copy of which shall be appended hereto.

IN WITNESS WHEREOF the parties have executed this agreement by the authorized signatures as listed below.

For Noah's Ark Animal Welfare Association, Inc.

By: Diane F. Meredith
Title: President
Date: 12/5/01

For the City of Trinidad

By: [Signature]
Title: Mayor
Date: December 5, 2001

Attest: [Signature]
City Clerk

STATE OF COLORADO)
COUNTY OF San Animas) ss.

Subscribed and sworn to before me by Diane F. Meredith as President of Noah's Ark Animal Welfare Association, on this 5th day of December, 2001.

Witness my hand and official seal.



[Signature]
Notary Public

My commission expires: 03/18/2003

STATE OF COLORADO)
COUNTY OF _____) ss.

**ANIMAL SHELTER SERVICE CONTRACT
AND LEASE AGREEMENT**

Instrument Book Page
200300666318 OR 1026 1910

This Agreement is entered into between the City of Trinidad, Colorado, a municipal corporation (hereinafter "City"), and Noah's Ark Animal Welfare Association, Inc., a Colorado non-profit corporation, 244 North Chestnut, Trinidad, CO 81082 (hereinafter "Contractor"), in Trinidad, Colorado, to be effective on April 15, 2003 (the "Commencement Date").

WHEREAS, City presently operates a municipal facility for the confinement and care of stray, abandoned, lost and unwanted pet animals as part of the City's animal control responsibilities; and

WHEREAS, given its limited staff and other resources, City desires to privatize the sheltering and care of stray and lost or abandoned animals in an effort to improve the delivery of humane animal care services, the reunification of pet animals with their owners, and the placement of abandoned yet adoptable pet animals with new owners; and

WHEREAS, City desires to retain and employ the services of Contractor as an experienced animal protection and care provider and to assume the operation of the City's animal shelter facilities.

NOW, THEREFORE, in consideration of the promises, terms and conditions as set forth below, and for good and valuable consideration, the adequacy and receipt of same, which are hereby acknowledged by both parties, it is agreed as follows:

LEASE OF SHELTER FACILITIES

1. Effective upon the Commencement Date of this Agreement, City does continue to convey possession and lease to Contractor City's animal shelter facilities situated at 244 North Chestnut, Trinidad, Colorado (the "Shelter"), inclusive of the animal shelter building, kennel facilities, and all that land currently enclosed with fencing appurtenant to the shelter building (Parcel A), plus those unsubdivided parcels of land to the west and north of the shelter building as identified and illustrated as Parcels B and C, respectively, on the attached Trinidad Shelter Site Plan (the "Site Plan"), which plan is incorporated herein and made a part hereof as Exhibit 1 (collectively known as the "Leased Premises").

2. The term of the lease for the Leased Premises as herein provided shall correspond to the term of this Agreement.

3. Contractor shall pay to City rent at the rate of one dollar (\$1.00) per year for each year, or part thereof, Contractor occupies and operates the Leased Premises under the terms of this Agreement.

4. City shall pay Contractor the sum of fifteen hundred dollars (\$1,500) for payment of gas and electricity, serving the Leased Premises, and shall provide or pay for trash pickup and dead animal disposal. City shall continue the current arrangement with City maintenance regarding water/sewage expenses.

5. Contractor shall keep the Leased Premises in a safe and good operating

10. Contractor will maintain such policies and procedures regarding the sheltering and care of pet animals, and undertake such improvements and/or repairs to the Shelter, so as to maintain licensure for the Shelter from the Colorado Department of Agriculture under the Colorado Pet Animals Care and Facilities Act.

11. Contractor shall accept, shelter and provide care for all pet animals picked-up, captured or otherwise originating from within the jurisdictional boundaries of the City, or delivered to the Shelter by residents or employees of the City, inclusive of law enforcement personnel. Notwithstanding the foregoing, Contractor shall not knowingly accept animals originating beyond the City's boundaries or owned by non-City residents.

12. Contractor shall provide care for all pet animals placed in the Shelter in accordance with accepted and generally recognized good animal shelter and veterinary practices. Contractor shall have responsibility for performing euthanasia except in such emergency situations as noted in Section 17 and 46 below.

13. Contractor shall at all times operate and maintain the Shelter in accordance with federal and state law and regulation governing the licensure and operation of pet animal facilities and/or shelters. Such licensure is to include Contractor's obtaining such license(s) as necessary to provide access to and use of controlled substances utilized in the euthanasia of pet animals.

14. Except for injured, ill or disabled pet animals that are experiencing extreme pain or suffering, all pet animals delivered to or held by Contractor under the terms of this Agreement and not reclaimed by their owner or other authorized person shall be held and cared for by Contractor for not less than the minimum holding period specified by state law before they become available for adoption or otherwise disposed of. At the time of the execution of this Agreement, such minimum holding period is five (5) days, except that Contractor may determine that a pet animal without identification may be disposed of in three (3) days if Contractor determines the Shelter has not additional resources to care for such pet animal, or determines that such pet animal is dangerous. As used herein, "days" means on which the Shelter is open to the public.

15. If Contractor acquires or comes into possession of a pet animal from its owner, or the authorized representative of the owner, the pet animal will become the property of Contractor at the time of transfer of the pet animal, and the pet animal may be disposed of by and at the discretion of Contractor.

16. If a pet animal is reasonably determined to be abandoned, such pet animal shall become the property of Contractor and may be disposed of by and at the discretion of Contractor.

17. Pet animals delivered to Contractor which in the opinion of a veterinarian are experiencing extreme pain or suffering may be disposed of by Contractor through euthanasia after Contractor has exhausted reasonable efforts to contact the animal's owner; however, for pet animals with identification, or whose owner is otherwise known, Contractor shall exhaust reasonable efforts to contact the animal's owner for up to twenty-four (24) hours before euthanizing the animal. Contractor may seek and obtain reasonable assistance from City's law enforcement personnel in attempting to contact an owner as required under this provision. City may also euthanize pet animals in instances where the animal is suffering extreme pain and when communication with Contractor is not available or cannot be performed expeditiously. However,

28. Contractor shall establish and collect fees for the adoption of pet animals and shall not release for adoption, or adopt out, any dog or cat that is not spayed or neutered; except that persons adopting puppies or kittens that are deemed too young for spaying or neutering shall be required to sign an agreement specifying that (i) they shall have the animal spayed or neutered, (ii) the veterinarian that will perform the procedure, (iii) the anticipated date for the procedure, and (iv) a release of information authorizing Contractor to verify with the veterinarian that the procedure was performed. Persons adopting non-spayed/neutered puppies and kittens shall also pay a deposit in an amount established by Contractor, which amount shall be returned to the pet owner, without interest, upon proof that the puppy or kitten has been spayed or neutered. If proof that an adopted puppy or kitten has been spayed or neutered is not provided to Contractor within ninety (90) days after payment of the deposit, then such deposit shall be automatically forfeited and become the property of Contractor. Contractor shall prepare and provide an appropriate written notice regarding the spay/neuter deposit to persons adopting puppies and kittens.

29. Contractor shall provide a shelter manager to oversee shelter operations, protocols and medical care decisions not less than twenty (20) hours per week, Monday through Friday, and a part-time caretaker for weekends, holidays and emergencies. The shelter manager and caretaker shall be employees of the Contractor, and Contractor shall provide workers' compensation insurance, unemployment insurance and make all wage withholdings as required by all federal, state and local taxing authorities.

30. Contractor shall implement a Shelter Volunteer Program to facilitate good and regular animal care, and to provide socialization and behavioral training for animals so as to enhance their adoptability.

31. Contractor will provide an animal care/shelter Hot Line, Adoption Program, Foster Home Program and an animal Spay/Neuter Program.

32. Contractor shall make the Shelter open to the public a minimum of twenty (20) hours per week, Monday through Saturday.

33. Contractor shall maintain contemporaneous and accurate records of the total number, type and sex of all animals impounded at the Shelter, the number of animals brought to the Shelter by owners and/or citizens, and those brought to the Shelter by City personnel; the total number and type of animals reclaimed by their owner(s) and the total number of animals euthanized. Contractor shall also maintain and make available such records as reasonably requested by City.

IMPOUNDING PROCEDURES FOR STRAY ANIMALS

34. Stray or abandoned pet animals impounded by law enforcement or other City personnel:

a. The officer or employee delivering the animal to the Shelter shall complete an impound form used by Contractor.

b. After admission of the animal to the facility, Contractor shall undertake reasonable efforts to determine the owner of the animal and, if the owner is known, take reasonable steps to notify the owner of the animal's location and status. City shall provide Contractor reasonable assistance in efforts to identify the animal's owner.

Hundred dollars (\$9,200.00) for all shelter services delivered by Contractor under this Agreement. Such payment shall be made in equal monthly installments over the term of this Agreement and any extension thereof. City shall provide for the payment of gas and electricity as noted in paragraph 4. All financial commitments made by the City within this Agreement are subject to Section 51 of this Agreement.

INSURANCE

42. Contractor shall at all times during the term(s) of this Agreement maintain a policy or policies of general public liability and property casualty insurance insuring itself, the City, and the Leased Premises from any and all claims, injuries, damages, casualties and losses of any kind whatsoever, including death, as may arise from the Contractor's errors, omissions, negligence, operations or activities committed or occurring while performing under this Agreement. Such insurance shall act as primary insurance for the Leased Premises, be issued by a company authorized to do business in Colorado, and be in amounts for general liability purposes not less than those liability limits for governmental entities established under the Colorado Governmental Immunity Act, C.R.S. §24-10-114, as amended. Currently, such limits are \$150,000.00 per person and \$600,000.00 in the aggregate per occurrence. City shall be named as a co-insured or additional insured on all insurance policies required under this paragraph. Contractor, upon request, shall furnish City written confirmation of such insurance policy or policies and the effective dates thereof. Casualty coverage shall reasonably reflect the reasonable replacement cost of the Shelter.

43. Contractor shall not be responsible for damage or destruction to the Leased Premises beyond its cause or control. In the event the Lease Premises are damaged or destroyed by causes determined to be within Contractor's control, normal wear and tear excepted, Contractor shall promptly repair, restore, or rebuild same to the condition and operational status as existed prior to such damage or destruction utilizing the proceeds from the insurance policy or policies required hereunder. Alternatively, Contractor may chose to terminate this Agreement and vacate the Leased Premises, subject to Contractor repairing and restoring said premises to the conditions existing thereon at the time Contractor first entered onto same. Contractor may also terminate the Agreement if the Leased Premise are destroyed or damaged as the result of causes beyond its control and City fails to promptly reconstruct or repair same.

DEFAULT

44. If Contractor violates any of the terms or conditions herein contained, and continues in such violation(s) for a period of ninety (90) days after written notice thereof by certified mail from the City to Contractor, then City shall have the option to declare this Agreement terminated and the lease of the Leased Premises forfeited, whereupon Contractor shall immediately and peaceably surrender possession and vacate the Leased Premises. The City's written notice shall specify the provision(s) of the Agreement violated, the information available to City upon which is relied in concluding that a violation exists, and the action required of Contractor to cure the violation.

45. If City violates any of the terms or conditions herein contained, and continues in such violation(s) for a period of ninety (90) days after written notice thereof by certified mail from Contractor to City, excepting a failure to timely make a payment to Contractor as required hereunder, then Contractor shall have the option to declare this Agreement terminated and vacate the Leased Premises while removing its property therefrom. In the event a default should arise from the City's failure to timely make a payment to Contractor as required hereunder, then

waive or lessen the protections and limitations provided to the City under the Colorado Governmental Immunity Act or any other law.

53. The following persons will serve as the parties' contact persons for purpose of providing notice(s) or authorizations as called for under this Agreement:

For Contractor

For City

Paula Manini
Diane Gledhill, President

Jim Soltis, City Manager

P.O. Box 478

P.O. Box 880

(719) 846-9070

(719) 846-9843 (719) 846-4140

President
Title

City Manager
Title

54. This Agreement constitutes the entire understanding and Agreement between the parties and supersedes any prior Agreement(s) or understanding(s) between them relating to the subject matters hereof.

LEASE AGREEMENT

This LEASE AGREEMENT made and entered into this 2nd day of February, 1999, by and between the CITY OF TRINIDAD (CITY) and FISHER'S PEAK SENIOR CITIZEN'S CENTER (SENIOR CENTER).

WITNESSETH:

WHEREAS, the CITY has acquired the real property located at 1222 San Pedro, Trinidad, Colorado 81082 for the purpose of constructing a SENIOR CENTER thereon; and

WHEREAS, the CITY has constructed a building on said site to be used as a SENIOR CENTER.

NOW, THEREFORE, in consideration of the terms and conditions set forth below, the parties agree as follows:

1. The CITY agrees to lease the above-described property and the building located thereon with the exception of the large kitchen to the FISHER'S PEAK SENIOR CENTER.
2. The term of the Agreement shall be for a period of one year, commencing with the effective date of the Agreement. The Agreement shall be automatically renewed for subsequent one-year periods for an indefinite period of time unless either party shall provide written notice of the intent to terminate the Agreement to the other at least thirty (30) days prior to the expiration of any one-year term.
3. The SENIOR CENTER shall pay the CITY the sum of One Dollar (\$1.00) per year for the lease of the above-described premises.
4. The Manager of the SENIOR CENTER shall have primary responsibility for the day-to-day management of the leased premises.
5. The SENIOR CENTER shall:
 - (a) Hire, supervise, and train all necessary staff members;
 - (b) Operate the leased premises in a safe and responsible manner.
 - (c) Maintain the leased premises in a clean and sanitary condition.

The parties acknowledge and agree that if the SENIOR CENTER fails or neglects to perform or observe any of the SENIOR CENTER'S obligations, duties, or responsibilities set forth above, such failure and/or neglect shall be considered to be material noncompliance with the terms and conditions of this Agreement.

14. Non-discrimination. The SENIOR CENTER agrees that no person, on the grounds of race, color, religion, sex, or national origin, shall be excluded from participation in, denied the benefit of, or be otherwise subjected to discrimination by the SENIOR CENTER on the leased premises.

15. Non-discrimination in Employment Opportunities. The SENIOR CENTER assures that it will comply with pertinent federal and state statutes, executive orders, and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap, be discriminated against in any employment opportunity offered by the SENIOR CENTER.

16. Strict Compliance of Laws. The SENIOR CENTER agrees to observe and obey, during the term of this Agreement, any and all laws, ordinances, rules, and regulations which have been or may be enacted or promulgated by the United States, State of Colorado, the CITY, or any other governmental entity or agency having jurisdiction over the leased premises.

17. Termination. This Agreement may be terminated by either party, for any reason, upon thirty (30) days written notice to the other party.

18. General Covenants.

- (a) All notices which are required or which may be given thereunder shall be considered as properly given if delivered in writing, personally, or sent by certified mail, postage prepaid, and addressed as follows:

If to the CITY OF TRINIDAD:

City of Trinidad
135 N. Animas Street
P.O. Box 880
Trinidad, CO 81082

If to the SENIOR CENTER:

Fisher's Peak Senior Citizen Center
1222 San Pedro
Trinidad, CO 81082

Notices served by mail shall be deemed to be given on the date of which such notice is deposited in the United States mail.

- (b) This notice incorporates all of the obligations, agreements and understandings of the parties hereto, and there are not oral agreements or understandings between the parties hereto concerning the subject covered by this Agreement.
- (c) This Agreement may be amended, changed, or modified, only upon the written consent of both parties.

RESOLUTION NO. 792

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRINIDAD,
COLORADO, CREATING AN ARTS AND CULTURE ADVISORY COMMISSION

WHEREAS, a recent analysis of economic development issues conducted by the University of Denver Graduate School of Business reflected an opportunity for economic enhancement through the pursuit of arts and culture within the community; and

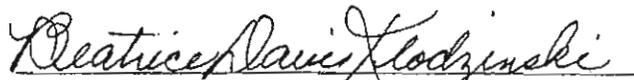
WHEREAS, incorporated in that economic development analysis was an expression of support by the public within the community for pursuit of arts and culture opportunities as a means of enhancement of tourism attraction.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, that:

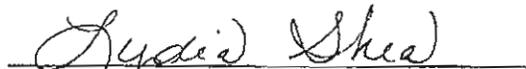
1. There is hereby created an Arts and Culture Advisory Commission to advise City Council on means and methods of coordination of artistic and cultural entities within the community to enhance tourism within the community.

2. The Arts and Culture Advisory Commission shall be comprised of seven (7) members, with each member of City Council nominating one member who shall serve for a period of time coincident with the term of office of that member of City Council making such nomination. That Commission shall choose a chairperson and shall periodically meet for the purpose of developing recommendations to the Trinidad City Council on issues of arts and culture.

INTRODUCED, READ AND ADOPTED this 5th day of January, 1993.


BEATRICE DAVIS KLODZINSKI, Mayor

ATTEST:


LYDIA SHEA, City Clerk

RESOLUTION NO. 1040

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRINIDAD,
COLORADO ESTABLISHING GUIDELINES FOR THE EXPENDITURES
OF CITY FUNDS BY THE CITY'S ARTS AND CULTURE ADVISORY
COMMISSION

WHEREAS, City Council adopted Resolution No. 792 on January 5, 1993 establishing the Arts and Culture Advisory Commission for the purpose of developing recommendations to the City Council on issues of arts and culture; and

WHEREAS, City Council has in the past provided funding to the Arts and Culture Advisory Commission to fund artistic and cultural programs; and

WHEREAS, the City Council has budgeted \$10,000.00 for such purpose for the 1998 Budget Year; and

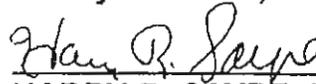
WHEREAS, certain guidelines are needed with respect to the expenditure of such funds by the Arts and Culture Advisory Commission.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, that:

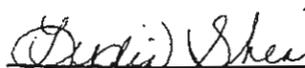
The Arts and Culture Advisory Commission shall be subject to the following guidelines in the expenditure of City funds for artistic and cultural programs:

1. At least one funded program per year shall consist of a performance by a performer or performers who reside(s) and is/are based outside the Trinidad-Las Animas County geographical area.
2. No funds shall be expended for a fund-raising event unless the amount of money provided by the Commission for fund-raising purposes is refunded in total to the City promptly after the fund-raising event has taken place.

INTRODUCED, READ AND ADOPTED this 3rd day of March, 1998.


HARRY R. SAYRE, Mayor

ATTEST:


LYDIA SHEA, City Clerk

RESOLUTION NO. 1243

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRINIDAD,
COLORADO MODIFYING THE GUIDELINES FOR THE EXPENDITURES
OF CITY FUNDS BY THE CITY'S ARTS AND CULTURE ADVISORY
COMMISSION

WHEREAS, City Council adopted Resolution 1040 that established guidelines for the expenditure of City funds by the City's Arts and Culture Advisory Commission;

WHEREAS, the Arts and Culture Advisory Commission has advised City Council that public art is a priority that must be addressed in the City of Trinidad;

WHEREAS, City Council acknowledges the benefit of adding public art and now finds it necessary to modify the guidelines set forth in Resolution 1040.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, that:

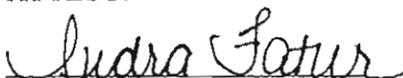
The Arts and Culture Advisory Commission shall be subject to the following guidelines in the expenditure of City funds for artistic and cultural programs:

1. Funds can be expended to acquire public art for placement on public property within the City of Trinidad, Colorado.
2. Depending on the allocation of funds, the Arts and Culture Advisory Commission may fund a performance by a performer(s) from outside the Trinidad/Las Animas County geographical area.
3. No funds shall be expended for a fund-raising event unless the amount of money provided by the Arts and Culture Advisory Commission for fund-raising purposes is refunded in total to the City promptly after the fund-raising event has taken place. If fund-raising is used to defray the costs of acquiring public art, the funds raised for such purpose shall be kept in a separate account for that purpose, and an accounting shall be provided to the City Manager.

INTRODUCED, READ AND ADOPTED this 3rd day of February, 2004.


JOSEPH A. REORDA, Mayor

ATTEST:


AUDRA FATUR, Acting City Clerk

ORDINANCE NO. 1750

AN ORDINANCE MODIFYING SECTION 2-59 OF THE CODE OF ORDINANCES OF THE CITY OF TRINIDAD, COLORADO

WHEREAS, Section 2-59 of the Code of Ordinances and Section 8.2 of the City Charter allow for the creation of agencies, boards, commissions and bureaus as the Council may, from time to time, deem necessary for the proper conduct of City functions; and

WHEREAS, Resolution No. 792 created an Arts and Culture Advisory Commission which called for the composition of the Commission by appointments to such commission by individual Councilmembers; and

WHEREAS, Resolution Nos. 1040 and 1243 adopted guidelines for the expenditures of City funds by the City's Arts and Culture Advisory Commission, and

WHEREAS, it is the desire of City Council to make uniform and consistent the appointments of all boards, committees and commissions by establishing criteria regarding appointments, removal, and meeting attendance.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO, that:

Section 2-59.1 is hereby enacted as follows:

Section 2-59.1. Arts and Culture Advisory Commission.

- (1) There is hereby created an Arts and Culture Advisory Commission to advise City Council on means and methods of coordination of artistic and cultural entities within the community to enhance tourism within the community.
- (2) The Arts and Culture Advisory Commission shall be comprised of seven (7) members who meet the qualifications as set forth in Section 8.3 of the Home Rule Charter of the City of Trinidad, to be appointed by the entire City Council. The terms of the members of the Board shall be for a duration of four (4) years and shall be made to ensure the overlapping of terms. The Commission shall choose a chair person and shall periodically meet for the purpose of developing recommendations to the Trinidad City Council on issues of arts and culture. The Board shall elect a Chairperson, Vice-Chairperson, and Recording Secretary.
- (3) Funds can be expended to acquire public art for placement on public property within the City of Trinidad, Colorado.
- (4) Depending on the allocation of funds, the Arts and Culture Advisory Commission may fund a performance by a performer(s) from outside the Trinidad/Las Animas County geographical area.

- (5) No funds shall be expended for a fund-raising event unless the amount of money provided by the Arts and Culture Advisory Commission for fund-raising purposes is refunded in total to the City promptly after the fund-raising event has taken place. If fund-raising is used to defray the costs of acquiring public art, the funds raised for such purpose shall be kept in a separate account for that purpose, and an accounting shall be provided to the City Manager.
- (6) Vacancies on the Arts and Culture Advisory Commission shall be filled by appointment by the Council for the remainder of the unexpired term. In the event that an unexpired term is for a period of less than six (6) months, the Council may appoint a replacement for the regular term plus the unexpired portion of the vacated term. Members of commission shall be subject to removal for just cause by a majority vote of the Council. Just cause shall include but not be limited to inefficiency, neglect of duty, acts detrimental to the City's interests, malfeasance in office, or excessive absences. Absences of three consecutive meetings or three absences in a six-month rolling period shall be cause for evaluation by City Council for the purpose of consideration of the member's removal.
- (7) The City Clerk shall advertise vacancies in a newspaper of general circulation requesting that interested individuals submit a letter so indicating their interest and qualifications for the position advertised.

INTRODUCED BY COUNCIL MEMBER SANDOVAL, READ AND ORDERED
PUBLISHED, this 16th day of March, 2004.

FINALLY PASSED AND APPROVED this 6th day of April , 2004.

EFFECTIVE DATE OF THIS ORDINANCE SHALL BE the 16th day of April,
2004.


JOSEPH A. REORDA, Mayor

ATTEST:


AUDRA FATUR, Acting City Clerk

AGREEMENT

THIS AGREEMENT made and entered into this 22nd day of December, 1993, by and between the City of Trinidad, Colorado ("City") and the Trinidad-Las Animas County Economic Development Corporation also known as Trinidad-Las Animas County Community Resources, Inc. ("Economic Development").

THE PARTIES HERETO AGREE AS FOLLOWS:

1. The City for the sum of One Dollar (\$1.00) and other good and valuable consideration agrees to convey the following described real property located in Las Animas County, Colorado to Economic Development;

Sites 2, 4, 5, 8, 10 and 11 of the First Filing of the Trinidad Industrial Park Subdivision in Las Animas County, Colorado

2. The Conveyance of the above-described real property shall be by Special Warranty Deed.

3. The purpose of the conveyance of the above-described real property is to enable Economic Development to sell the sites to prospective business owners to facilitate industrial development in the Trinidad Industrial Park.

4. Economic Development agrees to comply with the following terms and conditions of the conveyance of said real property:

a. Economic Development shall adhere to the Protective Covenants of the Trinidad Industrial Park and shall require any future lessees or purchasers of the above-described sites to adhere to such Protective Covenants, except to the extent that the Protective Covenants may be waived and or modified by the City.

b. Economic Development shall use any and all proceeds its receives from all subsequent leases and/or sales of any of the above-described sites solely for the further development and improvement of the Trinidad Industrial Park.

c. Economic Development agrees to re-acquire from the purchaser any site which remains unimproved for a period of three (3) years from the date of its sale or such lesser period as may be agreed to between the purchaser and Economic Development. Such re-acquisition shall occur immediately upon the expiration of the three (3) year or lesser period at the original purchase price. Such re-acquired sites shall be re-marketed for sale.

d. Economic Development agrees to sign a petition to annex to the City without an election any of the above-described real

AGREEMENT

THIS AGREEMENT made and entered into this 14th day of April, 1995, by and between the City of Trinidad, Colorado ("City") and the Trinidad-Las Animas County Economic Development Corporation also known as Trinidad-Las Animas County Community Resources, Inc. ("Economic Development").

THE PARTIES HERETO AGREE AS FOLLOWS:

1. The City for the sum of One Dollar (\$1.00) and other good and valuable consideration agrees to convey the following described real property located in Las Animas County, Colorado to Economic Development:

ATTACHMENT "A"

2. The Conveyance of the above-described real property shall be by Special Warranty Deed and shall be conditioned upon the City reserving an easement unto itself measuring twenty feet (20') wide (ten feet either side of centerline) for the sewer collective line which exists under and through the described property for maintenance and operation of said sewer line. Said easement is identified as Attachment "B".

3. The purpose of the conveyance of the above-described real property is to enable Economic Development to sell the sites to prospective business owners to facilitate industrial development in the Trinidad Industrial Park.

4. Economic Development agrees to comply with the following terms and conditions of the conveyance of said real property;

a. Economic Development shall adhere to the Protective Covenants of the Trinidad Industrial Park and shall require any future lessees or purchasers of the above-described sites to adhere to such Protective Covenants, except to the extent that the Protective Covenants may be waived and or modified by the City.

b. Economic Development shall use any and all proceeds it receives from all subsequent leases and/or sales of any of the above-described sites solely for the further development and improvement of the Trinidad Industrial Park.

c. Economic Development agrees to re-acquire from the purchaser any site which remains unimproved for a period of three (3) years from the date of its sale or such lesser period as may be agreed to between the purchaser and Economic Development. Such re-acquisition shall occur immediately upon the expiration of the three (3) year or lesser period at the original purchase price. Such re-acquired sites shall be re-marketed for sale.

"ATTACHMENT A"

All that property East of Highway in Sec. 6, T,33S, R.63W.
of the Sixth Principal Meridian:

Beginning at the North 1/4 Corner of said Sec. 6:

1. Thence N. 89°49' W along the N line of Sec. 6, a distance of 116.5 ft.;
2. Thence S. 7°04' W a distance of 2327.5 feet;
3. Thence N. 27°30' E a distance of 799.8 feet;
4. Thence N. 1°12' E a distance of 1600.4 ft. to the point of beginning, containing 16.82 Acres.

Part of Section 31 Twp. 32 South of Range 63 West of the 6th
Principal Meridian, Described as follows:

Beginning at the point of intersection between the North line of
Sec. 6, Twp. 33 South of Range 63 West of the 6th P.M., and the
East R/W line of I-25 Highway; whence the North 1/4 corner of
said Sec. 6 bears S89°49' E a distance of 116.5 ft.;

1. Thence S. 89°49' E a distance of 2687.3 ft.;
2. Thence N. 0°05' W a distance of 5240.8 ft.;
3. Thence N. 89°16' W a distance of 2028.2 ft.;
4. Thence S. 7°04' W, a distance of 5297.2 ft. to the point of beginning.

Less the length of 5574.6 ft. by 100 ft. width.

Total net acreage: 271.213 acres.

Beginning at the SE corner of Se. 30, T. 32S., R. 63 W. of the
Sixth Principal Meridian:

1. Thence N. 0°44' E. a distance of 1333.3 ft. to the South R/W
line of the El Moro Road;
2. Thence N. 82°16' W a distance of 896.3 ft. to a point;
3. Thence N. 87°27' W. a distance of 319.4 ft. to a point;
4. Thence N. 72°02' W. a distance of 543.6 ft. to a point;
5. Thence S. 79°17' W. a distance of 156.7 ft. to a point;
6. Thence S. 18°12' W. a distance of 406.0 ft. to a point;
7. Thence S. 7°04' W. (along the East I-25 R/W) a distance of
1187.2 ft. to a point;
8. Thence S. 89°16' E. a distance of 2136.2 feet to the point
of beginning less that portion constituting First Filing of
the Trinidad Industrial Park officially approved by the
Board of County Commissioners of Las Animas County,
Colorado on April 11, 1975.

FIRST REVISION TO AGREEMENT
BETWEEN THE CITY OF TRINIDAD AND TRINIDAD-LAS ANIMAS COUNTY ECONOMIC
DEVELOPMENT CORPORATION

The City of Trinidad, Colorado, a Colorado municipal corporation, the "City", and Trinidad-Las Animas County Economic Development Corporation, "TLACED", hereby agree as follows:

Background and Purpose

The parties have entered into an agreement dated and effective as of April 14, 1995. Said agreement was recorded in Las Animas County, Colorado, records on April 18, 1995, in Book 915, Pages 73-76, Reception No. 611291.

Pursuant to Paragraph 2c of the original agreement, the parties agreed that TLACED would re-acquire from the purchaser any site which remained unimproved for a period of three (3) years from the date of its sale or such lesser period as may be agreed to between the purchaser and TLACED. Such re-acquisition was to occur immediately upon the expiration of the three (3) years or lesser period at the original purchase price and such re-acquired sites were to be re-marketed for sale.

TLACED has submitted to the City a request to amend the original agreement by removing the conditions set forth in Paragraph 2c of said agreement.

slb 4c

First Revision

1. Paragraph ^{*slb 4c*} 2c of the original Agreement between the City and TLACED, dated and effective as of April 14, 1995, is hereby rescinded in its entirety.
2. This First Revision to the Agreement is effective as of the date of approval by the City, on February 5, 2008.
3. The Protective Covenants of the Trinidad Industrial Park shall be amended to reflect the change affected by this revision.
4. All other terms, conditions, and provisions of the original Agreement, except as specifically modified by this revision, shall remain the same and in full force and effect.