

COMPROMISE AND SETTLEMENT AGREEMENT

THIS AGREEMENT is entered into this 27th day of February, 2026, by and between Lowe's Home Centers, LLC (hereinafter referred to as "Taxpayer" or "the Taxpayer" and the City of Grand Junction (hereinafter "City").

RECITALS

The Taxpayer is and has been engaged in the home-improvement retail business in the City of Grand Junction, Colorado. Taxpayer's compliance with the City's Sales and Use Tax Code ("Code") was audited for the three-year period of December 1, 2020 through December 31, 2023 ("Audit Period"). Upon completion of the audit, the City issued a Notice of Assessment to the Taxpayer dated October 21, 2025 (Assessment).

The Assessment asserts that over the course of the Audit Period, the Taxpayer failed to remit sales tax on certain sales transactions occurring at the Lowe's Home Center located at 2525 Rimrock Avenue in the City of Grand Junction, as well as failing to remit use tax on certain taxable items held at that location.

The Taxpayer submitted a formal written protest to the City on November 5, 2025 ("Protest"). After review of the Protest, the City proposed to revise the Assessment by letter dated January 21, 2026 (Proposal) in the interests of resolving the Protest. The Taxpayer discussed, negotiated, and agreed with the City, by and through its attorney, to end the dispute upon payment pursuant to the Proposal and the terms and conditions provided in this Agreement. A Revised Assessment was generated accordingly, dated February 25, 2026, and is attached to and incorporated by this reference into this Agreement. By and with this Agreement, the City and Taxpayer recognize that upon payment pursuant to the Revised Assessment, the matter of the tax due on the transactions during the Audit Period is fully resolved.

The following provisions are mutually agreeable terms negotiated by and between and mutually acceptable to the City and Taxpayer:

IN CONSIDERATION of the above recitals and the mutual covenants and agreements contained herein, Taxpayer and City agree as follows:

1. Taxpayer and City hereby fully resolve the matter of the under-collection/underpayment of sales and use tax, penalties, and interest during the Audit Period, and of Taxpayer's Protest for the Audit Period.
2. Taxpayer and the City agree that upon the payment of **\$239,918.70** to the City from the Taxpayer, the matter shall be fully and finally resolved. Payment is due within 30 business days of this Agreement.
3. For or relating to transactions occurring after the Audit Period, Taxpayer and City understand, stipulate, and agree that neither party has waived any claim(s) or defense(s) by

virtue of this Agreement. Neither party shall rely upon this Agreement, or the making of it, for any purpose, in any other action.

4. The Taxpayer and the City acknowledge and agree to waive any and all other legal and equitable claims and defenses that each may have or may assert in support of their respective positions in the matter of the Assessment or the Revised Assessment and relating to the Audit Period. This release of claims, demands or causes of action includes but is not limited to any and all claims, demands, obligations, actions, liabilities, damages and attorneys fees, known or unknown, of whatsoever kind and nature arising from or in any way arising out of the facts and circumstances described herein.
5. The Taxpayer agrees that adequate consideration exists for and in support of the making of this Agreement as detailed more fully herein.
6. Taxpayer and the City agree that adequate consideration exists for and in support of the waiver(s) that are made with and as a part of this Agreement as detailed more fully herein.
7. The customary rule of construction that ambiguities in an agreement are construed against the drafter is expressly waived.
8. The representations and agreements of this Agreement are not mere recitals but are contractual in nature. An unjustified breach of this Agreement shall be a basis for reinstating any suit, claim or demand that the City may have against the Taxpayer, or that the Taxpayer may have against the City.
9. By the signatures below, the Taxpayer acknowledges the foregoing and that any waiver, release and agreement are voluntarily made and are with full knowledge and understanding of the consequences. Furthermore, Taxpayer acknowledges that it has been represented by and has consulted with or has had the opportunity to consult with legal counsel prior to execution of this Agreement.
10. Taxpayer by and through the signature below does bind all partners, officers and others claiming through Taxpayer to the foregoing terms, conditions, stipulations and agreements. Taxpayer represents that the signer has full and complete authority to bind Taxpayer and the partners, officers and other claiming through Taxpayer to each and every term of this Agreement.
11. The City, by and through the signature below, does bind itself to the foregoing terms, conditions, stipulations and agreements.

DATED this 27th day of February, 2026.

Lowe's Home Centers, LLC

Marisa Gast

Marisa Gast
Manager – Indirect Tax

Approved as to form and content:

Mark Medina

Mark Medina
Silverstein & Pomerantz LLP
7979 Tufts Ave., Suite 825
Denver, CO 80237

City of Grand Junction

Mike Bennett

Mike Bennett
City Manager

Jay Valentine

Jay Valentine
Director of Finance

Approved as to form and content:

James F. Campbell

James F. Campbell
Staff Attorney