

RESOLUTION NO. 12-99

**APPROVING AND AUTHORIZING THE LEASE BY THE CITY
OF OFFICE SPACE LOCATED AT 2650 NORTH AVENUE,
ALSO KNOWN AS REDCLIFF POINTE SHOPPING CENTER**

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO:

1. That the City Manager is hereby authorized and directed to execute the attached Lease Agreement with Valley Plaza Corporation for the lease of approximately 22,458 square feet of office space located at 2650 North Avenue in the City of Grand Junction.

2. As provided in said Lease Agreement:

(a) The term of the Lease shall be for a period of five (5) years; provided, however, that the City may terminate the Lease at the conclusion of the 18th month of the Lease, or anytime thereafter;

(b) It is the express intent of the Lease that the Demised Premises, so long as they are used and occupied by the City, be exempt from ad valorem taxation pursuant to C.R.S. 31-15-802;

(c) Monthly rent for the Demised Premises during the entire term of the Lease shall be \$12,164.75 and shall be paid as follows:

(i) the sum of \$12,164.75 shall be paid upon execution and delivery of the Lease. Said sum shall be considered full and complete payment for rent due for the first month of the Lease;

(ii) the sum of \$48,659.00 shall be paid upon execution and delivery of the Lease to a trust account or escrow account from which Valley Plaza Corporation may pay for the labor and materials needed to ready the Premises for occupancy by the City. Said sum shall be considered full and complete payment for rents due for month two (2) through month five (5), inclusive, of the Lease;

(iii) the sum of \$158,141.75 shall be paid to a trust account at the time Valley Plaza Corporation completes its performance of the duties, responsibilities and obligations as set forth in Sections 7.1 and 13.1 of the Lease Agreement. Valley Plaza Corporation may withdraw sums from said trust account in accordance with the following schedule:

(iv) on or after but not prior to July 1, 1999, Valley Plaza Corporation may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month six (6) through month eight (8), inclusive, of the Lease;

(v) on or after but not prior to October 1, 1999, Valley Plaza Corporation may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month nine (9) through month eleven (11), inclusive, of the Lease;

(vi) on or after but not prior to January 1, 2000, Valley Plaza Corporation may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month twelve (12) through month fourteen (14), inclusive, of the Lease;

(vii) on or after but not prior to April 1, 2000, Valley Plaza Corporation may withdraw the sum of \$48,659.00, said sum being full and complete payment for rents due for month fifteen (15) through month eighteen (18), inclusive, of the Lease.

The sums of money remaining in said trust account which are not attributed to rent(s) yet due and payable, exclusive of any accrued interest, shall remain the property of the City.

(viii) In the event the City continues to Lease the Premises upon the conclusion of and following the 18th month of the Lease, the City shall pay to Valley Plaza Corporation the monthly sum of \$12,164.75 on or before the first day of each month for which rent is due and payable.

PASSED and ADOPTED this 3rd day of February, 1999.

Attest:

President of the Council

City Clerk

ESCROW AGREEMENT

This ESCROW AGREEMENT (this "Agreement") is made as of the ____ day of February, 1999, by and between the Valley Plaza Corporation, (the "Landlord"), and the City of Grand Junction (the "Renter" or "City").

INTRODUCTORY PROVISIONS

- A. Landlord and Renter entered into a Lease Agreement dated February 5, 1999 (the "Lease"), which provides for the lease by Renter of certain property described in said Lease, and located at 2650 North Avenue. (the "Property").
- B. In connection with the execution of the Lease, the parties agreed that a portion of the lease price shall be escrowed as provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Landlord and Renter agree as follows:

1. Landlord and Renter agree to use the following identified interest bearing accounts: (a) as the Working Account:
Bank: Vectra Bank, 499 28 ¼ Rd, 81501
Account Number: 55000809
Signatories on said account:
Jay L Cooke or Shirley Schenck

(b): as the Quarterly Account:
Bank:
Account Number:
Signatories on said account:
Jay L. Cook or Shirley Schenck
and Tim Woodmansee, or his designee
2. Renter agrees to deposit (a) \$47,753.33 into an account which the parties term the "Working Account", on or before Monday, February 8, 1999 which amount is prepayment of the rent for the months of March through June, inclusive, 1999; and (b) upon substantial completion of the tenant improvements, \$155,198.34 which is the balance of the rent for the eighteen months which Renter presently expects to rent the property (even though Renter has the right to rent for the full five year term, as provided in the lease). The parties term this account the "Quarterly Account."
3. Interest earned in the Working Account is the property of Renter until July 1, 1999 at which time it shall become the property of Landlord and may be distributed to Landlord if the City agrees that the money in the Working Account has been properly spent and that the agreed upon work has been satisfactorily performed. Interest earnings in the Quarterly Account shall become the property of Landlord at the expiration of the Lease so long as Landlord is then in compliance with its obligations to the Renter. "Properly spent" means that Landlord has used the funds only for improvements to the City's leased space. Landlord shall have

“properly spent” the Working Account money if it delivers copies of each monthly bank statement and copies of all checks forthwith upon receipt.

4. Landlord represents that the only liens, encumbrances or taxes which encumber the Property, and the leased premises, other than the existing of record mortgage in the approximate amount of \$400,000, are as follows:

<u>Instrument</u>	<u>Date</u>	<u>Claimant</u>	<u>Amount</u>
Statement of Lien	8/31/98	Mays Concrete, Inc.	\$ 47,854.77
Statement of Lien	9/21/98	United Companies	\$ 69,693.60
Mechanic’s Lien	10/14/98	Jones Hertz Lime Co.	\$ 20,065.33
Statement of Lien	11/24/98	Butler Roofing LLC	\$ 24,374.58
Statement of Lien	11/02/98	Bud’s Signs, Inc.	\$ 14,873.64
			\$176,861.92

<u>Instrument</u>	<u>Date</u>	<u>Tax Year</u>	<u>Purchaser</u>	<u>Amount</u>
Tax Sale/Cert. of Purch.	11/17/98	1997	Marvin A. Tillman	\$ 11,853.44
Tax Sale/Cert. of Purch.	11/17/98	1997	Marvin A. Tillman	\$ 1,221.45
Tax Sale/Cert. of Purch.	11/17/98	1998	Gary Wertenberger	\$ <u>67.41</u>
				13,142.30

5. Nothing in this Agreement shall limit the Landlord's ability to re-finance its existing mortgage.

- 6. Landlord warrants and agrees that it shall hold harmless and indemnify the City against any claims, liens and encumbrances including those listed in paragraph five (5.), and any others which may arise during the term of the City's occupancy (excepting those due to the City's own actions or failure to pay).**

7. Landlord represents and warrants that, as to each of the Claimants listed in paragraph five (5.) above, Landlord has entered into written settlement agreements whereby on or before June 1, 1999, Landlord shall pay such claims and obtain releases which Landlord shall record forthwith. If, for whatever reason, Landlord has not paid such claims in full, and obtained and recorded the respective releases, on or before June 15, 1999, Landlord shall do so from the funds in the Quarterly Account or the City may do so. Any such amount paid to others are provided shall be attributed to the earliest rents possible, *i.e.*, first to July, 1999, then to August, 1999, *et cetera*.

8. Landlord agrees that if it has not paid the tax liens listed above on or before June 15, 1999, Renter may do so using the money in the Quarterly Account.

- 9. This Agreement may not be modified, amended or altered in any way except by a writing (which may be in counterpart copies) signed by both Landlord and Renter.**

- 10. This Agreement may be signed in several counterparts, and each such counterpart shall be**

valid and enforceable against the other party or parties by whom it is signed.

City of Grand Junction

Valley Plaza Corporation

By: _____
Property Agent

By: _____
President, Jay Cooke

2/5/99 10:43 AM
agreemts\redcliff

REDCLIFF POINTE SHOPPING CENTER

LANDLORD:
VALLEY PLAZA CORPORATION

TENANT:
CITY OF GRAND JUNCTION

DATE:
February 1, 1999

Valley Plaza Corporation
Landlord

City of Grand Junction
Tenant

February 1, 1999
Date

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BASIC LEASE PROVISIONS AND ENUMERATION OF EXHIBITS

BASIC LEASE PROVISIONS:

DATE: February 1, 1999

LANDLORD: Valley Plaza Corporation

ADDRESS OF LANDLORD: P.O. Box 240186
Orchard Lake, MI 48324

TENANT: City of Grand Junction

ADDRESS OF TENANT: 250 North 5th Street
Grand Junction, CO 81501

TENANT'S TRADE NAME: City of Grand Junction

LEASED PREMISES: Space 108-110, 113-119; Containing 22,458 square feet.

LEASE TERM: Five (5) Years

COMMENCEMENT DATE: February 1, 1999

TERMINATION DATE: January 31, 2004

POSSESSION DATE: Immediately upon execution of the lease.

RENT COMMENCEMENT: February 1, 1999

PERMITTED USES: General Office Use/Normal Grand Junction City Hall
functions.

SECURITY DEPOSIT: N/A

CONTACT: Tim Woodmansee

ADDRESS OF CONTACT: 250 N. 5th Street
Grand Junction, CO 81501

RENEWAL OPTION: None

ADDRESS OF MANAGEMENT CO.: Keller Williams Realty
2650 North Avenue
Grand Junction, CO 81501

LEASE AGREEMENT

THIS LEASE is entered into as of the 1st day of February, 1999, BETWEEN Valley Plaza Corporation ("Landlord"), and the City of Grand Junction, a Colorado home rule municipality, ("Tenant").

1. GRANT OF LEASE

In consideration of the rents, covenants and agreements contained herein, Landlord leases to Tenant, and Tenant leases from Landlord certain commercial space comprising a portion of a building containing approximately 22,458 square feet in the Redcliff Pointe Shopping Center 2650 North Avenue, Grand Junction, Colorado, (the "Shopping Center"), located in the County of Mesa, State of Colorado. The leased commercial space is referred to herein as the "premises" and the location, dimensions, and approximate area thereof are delineated on Exhibit "A", which is made a part hereof. The Premises is currently identified as Units 108-110 & 113-119.

2. TERM

2.1 Length of Term. The term of this Lease shall be for a period of Five (5) consecutive years beginning on the Commencement Date as set forth below; provided, however, that Tenant may unilaterally terminate this Lease at the conclusion of the eighteenth (18th) month of this Lease, or any time thereafter; provided, however, that Tenant shall give Landlord sixty (60) days prior written notice of Tenant's intent to so terminate.

2.2 Commencement Date and Obligation to Pay Rent. The Commencement Date for this Lease Agreement and Tenant's obligation to pay rent (except as otherwise provided in Section 3 hereunder) shall commence February 1, 1999.

2.3 Tenant's Certificate. Tenant shall, within five (5) days after the Commencement Date, and thereafter at Landlord's request, execute and deliver to Landlord a written declaration in recordable form: (1) ratifying this Lease; (2) expressing the Commencement date and termination date hereof; (3) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (4) that all conditions under this Lease to be performed by Landlord have been satisfied; (5) that there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those claimed by Tenant; (6) the amount of advance rental, if any, (or none, if such is the case) paid by Tenant; (7) the date to which rental has been paid; (8) the amount of security deposited with Landlord; (9) expansion and cancellation rights; and (10) such other information in accordance with the facts as Landlord may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration, and Tenant shall be entitled to record the same.

3. RENT

Monthly rent for the Premises during the entire term of this Lease shall be \$12,164.75. Annual rent for the Premises during the entire term of this Lease shall be \$145,977.00. The total rent for the Premises during the entire term of this Lease shall be the sum of \$729,885.00. Subject to the provisions of Section 2.1, Tenant agrees to pay rent to Landlord for the Premises, at the address set forth in Section 31.4 or at such other address as Landlord may hereafter designate in writing, as follows:

(a) Contemporaneous with the execution of this Agreement by both parties, the sum of \$12,164.75 shall be paid by Tenant to Landlord, in the form of a check as full and complete payment for rent due and payable for the first month of this Lease.

(b) Contemporaneous with the execution of this Agreement by both parties, the sum of \$48,659.00 shall be paid by Tenant to a trust account or escrow account at Landlord's bank from which Landlord may pay for the labor and materials needed to ready the Premises for Tenant's occupancy. Except as provided in Section 7.2, said sum shall be non-refundable and shall be considered full and complete payment for rents due for month two (2) through month five (5), inclusive, of this Lease.

(c) Subject to the full and complete performance of the duties, responsibilities and obligations of Landlord as set forth in Sections 7.1 and 13.1, Tenant shall deposit the sum of \$158,141.75 (said sum to be considered

full and complete payment for rents due month six (6) through month eighteen (18), inclusive, of this Lease) to a trust account at Landlord's bank from which Landlord may withdraw in accordance with the following schedule:

(i) on or after but not prior to July 1, 1999, Landlord may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month six (6) through month eight (8), inclusive, of this Lease;

(ii) on or after but not prior to October 1, 1999, Landlord may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month nine (9) through month eleven (11), inclusive, of this Lease;

(iii) on or after but not prior to January 1, 2000, Landlord may withdraw the sum of \$36,494.25, said sum being full and complete payment for rents due for month twelve (12) through month fourteen (14), inclusive, of this Lease;

(iv) on or after but not prior to April 1, 2000, Landlord may withdraw the sum of \$48,659.00, said sum being full and complete payment for rents due for month fifteen (15) through month eighteen (18), inclusive, of this Lease.

The parties agree that the sums of money remaining in the trust account pursuant to this Section 3(c) which are not attributed to rent(s) yet due and payable, exclusive of any accrued interest, shall remain the property of Tenant.

(d) Subject to Tenant's right to terminate as set forth in Section 2.1, for rent(s) due following the 18th month of this Lease, Tenant shall pay to Landlord the monthly sum of \$12,164.75 on or before the first day of each month for which rent is due. Said monthly payments shall be due and payable without demand by Landlord and without any deduction or setoff whatsoever, as a fixed monthly rent for the remaining term of this Lease.

4. AD VALOREM TAXES

~~_____ (a) Real property owned, used, leased or occupied by the Tenant is exempt from advalorem taxation pursuant to C.R.S. 31-15-802, and it is the express intent of the parties that the Premises, during the term of this Lease, be exempt from ad valorem taxation; thus, the City shall not be obligated to pay any proportionate share of Real Property Taxes and the exemption of the Premises from ad valorem taxation shall be considered as Tenant's full proportionate share of and contribution to real property taxes levied against the Shopping Center; provided, however, in the event the taxing authorities include in such Real Property Taxes the value of any improvements made by Tenant, or include machinery, equipment, fixtures inventory, or other personal property of Tenant, Tenant shall pay the entire Real Estate Taxes for such items.~~

~~_____ (b) Tenant shall also be solely responsible for and shall pay before delinquency all municipal, county, state, or federal taxes assessed during the term of this Lease against any personal property of any kind, owned by or placed in, upon, or around the Premises by Tenant.~~

5. COMMON AREA EXPENSES

~~_____ Tenant shall be responsible for maintaining its share of the Common Areas of the Shopping Center and will not be obligated to contribute to the Common Area component of the triple net expenses. Tenants' sole contribution to Tenants' share of the maintenance of the Common Areas shall be limited to Tenants' performance of the following work and services during the term of Tenant's occupancy of the Premises, which the parties agree is equal to the monetary contribution Tenant would pay to Landlord as an "ordinary" Tenant:~~

~~_____ a) Maintain all landscaped areas located within the limits of the Shopping Center.~~

~~_____ b) Perform snow removal and sweeping of all parking lots located within the limits of the Shopping Center.~~

6. TENANT'S INSURANCE

Tenant is self-insured up to \$150,000 per claim with excess coverage through Lloyd's of London pursuant to its membership in the CIRSA pool. Tenant avails itself of the protection of the Governmental Immunity Act (C.R.S. 24-10-101 et. seq.). The law limits liability to up to \$150,000 per person and up to \$600,000 per occurrence, based on current statutory limits. So long as Tenant is insured through CIRSA or an equivalent organization, Tenant's self-insurance coverage shall be considered as Tenant's full proportionate share of and contribution to Tenant's required insurance coverage, and Tenant shall have no obligation to purchase public liability insurance or other coverage for protection against liability for damage claims through public use of or arising out of accidents occurring in and around the Premises. During the term of this Lease, Tenant's insurance coverage shall designate Landlord as an additional insured under the terms of Tenant's insurance. Tenant shall provide proof of coverage to Landlord, but Tenant shall not be required to pay any Proportionate Share of the cost of any insurance procured by Landlord pursuant to Section 17 hereof.

7. CONSTRUCTION

7.1 Landlord's Obligations. Landlord shall, on or before April 1, 1999, at no additional cost or expense to Tenant, pursue to completion the following work to the Premises:

~~_____ (a) extend duct work to provide adequate heating, cooling and ventilation to the Premises;~~

(b) at the locations set forth in the plan depicted on Exhibit "A" (the "Plan") attached hereto and incorporated herein by reference, install three (3) pairs of separate toilet facilities for men and women. Each toilet room shall have sufficient water closets enclosed with modern stall partitions and doors, urinals (in men's rooms), two (2) sinks, each of which shall have faucets for hot (set at 105°, if practical) and cold water. Water closets and urinals shall not be visible when the exterior door is open. Each main toilet room shall be accessible to the handicapped in accordance with the Americans with Disabilities Act Guidelines and the Uniform Federal Accessibility Standards. Where standards conflict, the more stringent shall apply. Each toilet shall contain the following equipment:

- (1) A mirror above each sink.
- (2) A toilet paper dispenser in each water closet stall, that will hold at least two rolls and allow easy, unrestricted dispensing.
- (3) A coat hook on the inside face of each door to each water closet stall.
- (4) At least one modern paper towel dispenser, soap dispenser and waste receptacle for every two lavatories.
- (5) A minimum of one (1) duplex ground fault interrupt type convenience electrical outlet.
- (6) A minimum of one (1) floor drain.
- (7) A minimum of one (1) ceiling exhaust fan, with a minimum of ten (10) air changes per hour.
- (8) Floor coverings consisting of terrazzo, ceramic tile and/or quarry tile.

(c) Install one chilled drinking fountain adjacent to each toilet room.

(d) Install carpet floor coverings to those portions of the Premises which are not taken up by toilet facilities; provided, however, that Landlord may, at Landlord's option and discretion, install resilient floor coverings or ceramic tile at entry locations.

(e) Install adequate lighting for office use. All lighting shall be capable of producing and maintaining a uniform lighting level of 50 foot-candles at working surface heights throughout the Premises. Light switches shall be located on columns or walls by door openings. No more than 500 square feet of space may be controlled by one switch.

(f) Install lighted "Exit" signs above each exterior door.

(g) Install one (1) additional exterior door at the location depicted on the Plan.

(h) Install two (2) additional interior doors at the locations depicted on the Plan.

(i) Install a 2-hour fire wall to the South wall of Unit #113.

7.2 TENANT'S REMEDIES FOR WORK NOT TIMELY COMPLETED

Landlord represents to Tenant that Landlord will complete Landlord's obligations pursuant to Section 7.1 above on or prior to April 1, 1999 ("Landlord's Completion Date"). Landlord understands that Tenant is relying upon Landlord's representations in this regard as the Tenant has scheduled the construction of a new City Hall building to coincide with Landlord's Completion Date. In the event Landlord fails, for whatever reason, to complete the work set forth in Section 7.1 by the Landlord's Completion Date, as evidenced by Landlord's failure to obtain a Certificate of Occupancy for Landlord's work, and such action by Landlord causes a delay in the beginning of Tenant's City Hall construction project, Tenant may and shall have the right to either:

(a) Automatically terminate this Lease, in which event any sums of money remaining from Section, together with all other rent(s) deposited by Tenant, shall be returned to Tenant and forfeited by Landlord. In addition, Landlord shall reimburse and pay to Tenant, Tenant's actual costs for its money spent in preparing the space, plus an amount equal to 20% of said money spent, and Tenant shall be relieved from any further obligations under this Lease Agreement; or

(b) Consider this Lease as being in full force and effect, in which event any and all costs or expenses incurred by Tenant as a result of Landlord's failure to complete Landlord's work by Landlord's Completion Date, including, but not limited to, claims for damages from Tenant's City Hall construction and relocation contractors, shall be paid by Landlord.

7.3 Tenant's Obligations. Tenant shall be responsible for any constructing any interior walls, phone, electrical data conduit/cabling and distribution throughout the space and signage. All work to be performed by Tenant shall be constructed by Tenant in a good and workmanlike manner free of any liens for labor and materials. Tenant agrees to hold Landlord harmless against any loss, liability or damage resulting from such work. Tenant shall have the right to enter the Premises and to obtain keys thereto to perform Tenant's work pursuant to this Section; in doing so, however, Tenant shall comply with directions of the Landlord and shall not unreasonably interfere with any of Landlord's activities. During such entry, all of Tenant's obligations hereunder shall be in full force and effect. Any work shall be performed by Tenant at its own cost and expense. Whenever Tenant begins its work or begins the installation of trade fixtures and furnishings, Tenant agrees to pay for the utilities (heat, gas, water, electricity) which shall be furnished to the Premises.

7.4 Signs, Store Front, Roof. Tenant shall not, without Landlord's prior written consent, which shall not be unreasonably withheld, delayed or conditioned: (a) make any changes to the store front as shown in the working drawings; (b) install any exterior lighting or awnings, or any exterior decorations or paintings; (c) install any exterior windows and doors, or (d) erect or install any sign, window, or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises, excepting only dignified displays of customary type for its display windows; provided, however, that Landlord shall and does hereby grant to Tenant the

right to utilize the following sign allocations: (a) sixteen (16) square feet on each side of the free standing sign fronting North Avenue; (b) all of the sign space on the free standing sign fronting 28 Road; (c) sixty (60) square feet of building wall sign space on the North Avenue side; and (d) four hundred (400) square feet of building wall sign space on the 28 Road side. Tenant's exterior sign plans must be approved by Landlord in writing, which shall not be unreasonably withheld, delayed or conditioned. All signs installed by Tenant shall be kept in good repair and in proper operating condition at all times, shall be removed at the termination of the Lease and any damage caused by such removal shall be repaired at Tenant's expense. During Tenant's occupancy Landlord shall not install upon the roof any equipment, signs, antenna, displays, or other objects.

7.5 Changes to Shopping Center. Landlord hereby reserves the right at any time to make changes, alterations or additions, including the building and leasing of additional commercial space, in or on the building in which the Premises are contained anywhere in the Shopping Center so long as the same do not impair the access, visibility, parking, or use of the Premises by Tenant, the public and its invitees.

8. USE

Tenant shall use the Premises solely for the purpose of conducting its business, which is expressly limited to City Hall Functions, including: General Office Use. Tenant shall not use or permit the Premises to be used for any other purpose or purposes, except with the prior written consent of the Landlord, such consent not to be unreasonably withheld. Said business shall be operated exclusively under the tradename of: City of Grand Junction and its various departments. The City shall have access to the Premises at all times without limitation and without additional payment, including overtime use during other than normal business hours.

9. LAWS, WASTE, NUISANCE

Tenant covenants that it: (a) will not use or suffer or permit any person or persons to use the Premises or any part thereof, or adjacent sidewalks, for conducting thereon a secondhand store or any auction, distress, fire, bankruptcy, or going-out-of-business sale; (b) will comply with all governmental laws, ordinances, regulations, and requirements, now in force or which hereafter may be in force, or any lawful governmental body or authorities having jurisdiction over the Premises; (c) will keep the Premises and every part thereof in clean, neat, and orderly condition, free of objectionable noise, odors, or nuisances, and will in all respects and at all times, fully comply with all health and policy regulations; (d) shall not suffer, permit or commit any waste; and (e) will prohibit the sale or display of any product or material that would, in the judgement of Landlord, deteriorate the reputation of the Center. The Tenant shall be responsible and pay all damages and charges to the State or Local Government or any others for any nuisance made or suffered during the term on the Premises or the sidewalk or any way bordering thereon resulting from the activity of the Tenant.

10. MAINTENANCE

10.1 Maintenance by Tenant. Tenant, at its sole cost and expense, shall at all times keep the Premises, including exterior entrances, all glass and show window moldings and sidewalks (whether included in the description of the Premises or adjoining the same) and all partitions, doors, fixtures, equipment, and appurtenances thereof, including lighting, heating, and, plumbing fixtures, sewage facilities, electric motors, and any separate air conditioning/heating & ventilating system ("HVAC"), in good order, condition, and repair, including the replacement thereof when necessary, and including reasonable periodic painting as determined by Landlord. However, Landlord shall inspect and perform any required maintenance, repair or replacement of the electrical, plumbing and air conditioning systems and shall provide a Certificate of Occupancy prior to occupancy by Tenant.

10.2 Maintenance by Landlord. Landlord shall maintain the roof, foundation and structural components of the Shopping Center as well as the Common Areas; provided, if Landlord is required to make structural repairs by reason of Tenant's negligent act of omission, Tenant shall pay Landlord's cost for making such repairs, except to the extent of insurance coverage available. Failure of Tenant to pay such amount immediately shall constitute a default by Tenant hereunder.

10.3 Right to Cure. If either party refuses or neglects to repair property as required hereunder to the reasonable satisfaction of the other party as soon as reasonably possible after written demand, the non-defaulting

party may make such repairs without liability on its part to the other for any loss or damage that may accrue to its merchandise, fixtures, or other property or to its business by reason thereof, and upon completion thereof, the defaulting party shall pay the cost for making such repairs, immediately upon presentation of a bill therefor. Failure of the liable party to pay such amount immediately shall constitute a default hereunder.

10.4 Maintenance Firm. Landlord may elect to engage a maintenance firm to perform quarterly service to the heating, ventilating, cooling, air handling, and controls systems serving Landlord's tenants. Landlord shall pay the cost of such servicing.

11. ALTERATIONS

Tenant shall not make or cause to be made any alterations, additions or improvements or install or cause to be installed any trade fixtures, exterior signs, floor coverings, interior or exterior lighting, plumbing fixtures, or awnings, or make any changes to the store front, without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld, delayed or conditioned. Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any alterations, additions, or improvements to the Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any alterations, additions, and changes shall be done in a good and workmanlike manner and diligently prosecuted to completion such that except as absolutely necessary during the course of such work, the Premises shall at all times be a complete operating unit.

Any such alterations, additions, or changes shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work or any such alterations, additions, or changes, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Shopping Center during normal business hours. Any alterations, additions, or improvements to or of the Premises, including, but not limited to, wall covering, paneling, and built-in cabinet work, but excepting movable furniture and trade fixtures, shall at once become a part of the realty and shall be surrendered with the Premises.

12. MECHANIC'S LIENS

12.1 Should any mechanic's or other lien be filed against the Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be cancelled and discharged of record by bond or otherwise within thirty (30) days after notice from Landlord.

12.2 Landlord represents that the Shopping Center is currently encumbered by the liens enumerated in Exhibit "B" attached hereto and incorporated herein by reference. Despite such liens, Landlord represents and covenants to Tenant that: Landlord is well seized of and has good title to the Shopping Center and the Premises; Landlord has good and lawful right to grant this Lease; Landlord will defend Tenants' quiet enjoyment of the Premises against the lawful claims and demands of all persons whomsoever.

13. UTILITIES

13.1 Separate Meters. Landlord shall provide separate meters for utilities to be paid by Tenant. Landlord shall furnish in writing to Tenant, prior to occupancy by Tenant, a record of the meter numbers and verification that the meters measure only Tenant's usage and consumption. Proration is not permissible.

13.2 Interruption of Service. Landlord shall not be liable in the event of any interruption in the supply of any utility services to the Premises or Shopping Center, unless due to the negligence or intentional fault of Landlord, its employees or contractors. Tenant agrees that it will not install any equipment which will exceed or overload the capacity of any utility facilities and that if any equipment installed by Tenant shall require additional utility facilities, the same shall be installed at Tenant's expense in accordance with plans and specifications to be approved in writing by Landlord. Tenant shall be solely responsible for and shall promptly pay all charges for use or consumption for heat, sewer, water, gas, electricity, or any other utility services. Should Landlord elect to supply any utility services, Tenant agrees to purchase and pay for the same as additional rent at the applicable rates charged by the utility company furnishing the same.

14. COMMON AREAS

All common areas in the Shopping Center which Tenant may be permitted to use and occupy are to be used and occupied under a revocable license. All common areas and other facilities in or about the Shopping Center shall be subject to the exclusive control and management of Landlord. Landlord shall have the right to construct, maintain, and operate lighting and other facilities on all said areas and improvement; and to police the same. Landlord shall operate and maintain the common areas in such manner as Landlord in its reasonable discretion shall determine, shall have full right and authority to employ and discharge all personnel with respect thereto, and shall have the right, through reasonable rules, regulations, and/or restrictive covenants promulgated by it from time to time to control use and operation of the common areas in order that the same may occur in a proper and orderly fashion.

15. ASSIGNMENT

15.1 Assignment Prohibited. Tenant shall not transfer, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof, without the prior written consent of Landlord in each instance, such consent not to be unreasonably withheld, delayed or conditioned. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law.

Any transfer of this Lease from the Tenant by merger, consolidation, transfer of assets, or liquidation shall constitute an assignment for purposes of this Lease. In the event that Tenant hereunder is a corporation, an unincorporated association, or a partnership, the transfer, assignment, or hypothecation of any stock or interest in such corporation, association, or partnership in the aggregate in excess of forty-nine percent (49%) shall be deemed an assignment within the meaning of this Section.

15.2 Consent Required. An assignment or subletting without Landlord's consent shall be void, and shall constitute a default hereunder which, at the option of Landlord, shall result in the termination of this Lease or exercise of Landlord's other remedies hereunder. Consent to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under, or through Tenant.

15.3 Landlord's Right In Event of Assignment. If this Lease is assigned or if the Premises or any portion thereof are sublet or occupied by any person other than the Tenant, Landlord may collect rent and other charges from such assignee or other party, and apply the amount collected to the rent and other charges reserved hereunder, but such collection shall not constitute consent or waiver of the necessity of consent to such assignment, subleasing, or other transfer, nor shall such collection constitute the recognition of such assignee, sublessee, or other party as the Tenant hereunder nor shall it release Tenant from the further performance of all of the covenants and obligations of Tenant herein contained. In the event that Landlord shall consent to a sublease or assignment hereunder, Tenant shall pay to Landlord reasonable fees, not to exceed One Hundred Dollars (\$100.00), incurred in connection with processing of documents necessary to the giving of such consent. Landlord's consent to a sublease or assignment shall not operate to relieve Tenant from primary liability unless Landlord so states in writing.

16. DEFENSE

Tenant hereby agrees to defend, pay and save free and harmless Landlord, from and against any and all claims, demands, fines, suits, actions, proceedings, orders, decrees, and judgments of any kind or nature by or in favor of anyone whomsoever and from and against any and all costs and expenses, including reasonable attorney's fees, resulting from or in connection with loss of life, bodily or personal injury or property damage arising, directly or indirectly, out of or from injury or property damage arising, directly or indirectly, out of or from or on account of any occurrence in, upon, at, or from the Premises or occasioned wholly or in part through the use and occupancy of the Premises or any improvements therein or appurtenances thereto, or by any act of omission or negligence of Tenant or any subtenant, concessionaire or licensee of Tenant, or their respective employees, agents, or contractors due to their negligence. Except for the negligence or intentional wrongful acts of Landlord, its agents, employees or contractors, Tenant and all those claiming by, through, or under Tenant shall store their property in and shall occupy and use the Premises and any improvements therein and appurtenances thereto and all portions of the Shopping Center solely at their

own risk and except for the negligence or intentional wrongful acts of Landlord, its agents, employees or contractors, Tenant and all those claiming by, through, or under Tenant hereby release Landlord to the full extent permitted by law, from all claims of every kind, including loss of life, personal or bodily injury, damage to merchandise, equipment, fixtures or other property, or damage to business or from or on account of such occupancy and use or resulting from any present or future condition or state of repair thereof. Except for the negligence or intentional wrongful acts of Landlord, its agents, employees or contractors, Landlord shall not be responsible or liable for damages at any time to Tenant, or to those claiming by, through, or under Tenant for any loss of life, bodily or personal injury, or damage to property or business, or for business interruption, that may be occasioned by or through the acts, omissions, or negligence of any other persons, or any other tenants or occupants of any portion of the Shopping Center.

If either party shall default in any of the terms of this Lease, the non-defaulting party shall be entitled to recover all costs and expenses that it may incur in enforcing the terms of this Lease, including reasonable attorneys' fees.

17. INSURANCE

17.1 Common Area Fire, Casualty, and General Liability Insurance. Tenant shall procure insurance insuring against loss or damage to the Premises by reason of fire and other casualties with an A-rated qualified insurance company or companies in an amount and of such coverage as are satisfactory to and approved by Landlord, but in no event shall the amount of such insurance be less than the cost of totally replacing the Premises, exclusive of the cost of excavations footings below floor level and foundations, thereof against: (a) a loss or damage by fire; (b) all peril customarily covered under extended coverage endorsements; and (c) vandalism and malicious mischief; (d) all risk coverage for physical damage to the Premises. Landlord (and, at Landlord's option, the lender interested under any mortgage or similar instrument then affecting the Premises) shall be named as an insured on each policy. The proceeds of such insurance in case of loss or damage shall be paid to Landlord to be applied on account of the obligations of Landlord to repair and/or rebuild the Premises pursuant to this Lease.

Tenant shall procure insurance for all Common Areas used by Tenant insuring the Landlord against General Liability. The limits of liability to be carried will not be less than One Million Dollars (\$1,000,000.00) for injury or death for all persons arising out of a single accident, and not less than One Million Dollars (\$1,000,000.00) to the property of any one person or persons. During the term of this Lease, Tenant shall maintain Fire and Casualty insurance through its self insurance program, covering the areas which Tenant occupies.

17.2 Fire Insurance on Tenant's Fixtures. At all times during the term hereof, Tenant shall keep in force at its sole cost and expense, fire, all perils insurance customarily covered under extended coverage endorsements and vandalism and malicious mischief insurance in companies acceptable to Landlord, equal to the replacement cost of Tenant's improvements, trade fixtures, furnishings, equipment, and contents upon the Premises, and naming Landlord as an additional insured.

17.3 Liability Insurance on Tenant's Premises. Tenant agrees to secure and keep in force from and after the date Landlord shall deliver possession of the Premises to Tenant and throughout the Lease Term at Tenant's own cost and expense, a Comprehensive General Liability Insurance on an occurrence basis with a minimum limit of liability in an amount not less than One Million Dollars (\$1,000,000.00). This insurance coverage shall include water damage and sprinkler leakage legal liability as well as contractual liability endorsement covering the matters set forth in Section 17.1 hereof.

This insurance coverage shall also include plate glass insurance covering all plate glass in the Premises, but Tenant shall have the option to self-insure this risk.

17.4 Provisions to be Contained in Policies. All insurance provided for in this Lease by Tenant shall be by CIRSA as set forth in Section 6. A copy of the policy or a certificate of insurance shall be delivered to the Landlord within ten (10) days after the date of commencement of the term of this Lease or on or before the day Tenant begins Tenant's work on the Premises, whichever is first. The policy or policies shall provide by its terms that it is noncancellable except on twenty (20) days prior written notice to Landlord. At least twenty (20) days prior to the expiration date of any policy, the original renewal policy for such insurance shall be delivered by Tenant to the Landlord. Within twenty (20) days after the premium on any policy shall fall due and payable, the Landlord shall be furnished with

satisfactory evidence of its payment. All policies shall name Landlord, any person, firms, or corporation reasonably designated by Landlord, and Tenant as insured. All policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. All such insurance shall specifically insure the performance by Tenant of the agreement as to liability contained in Article 16. All such insurance shall provide that the coverage afforded shall not be affected by the performance of any work in or about the Premises.

17.5 Subrogation. Each party hereto waives its right to subrogation against the other for any reason whatsoever, and any insurance policies herein required to be procured by either shall contain an express waiver of any right of subrogation by the insurer against the other.

17.6 Lenders. Any mortgage lender interested in any part of the Shopping Center may, at Landlord's option, be afforded coverage under any policy required to be secured by Landlord or Tenant hereunder, by use of a mortgagee's endorsement to the policy concerned.

17.7 Blanket Policy. If the Tenant provides any insurance required by this Lease in the form of a blanket policy, the Tenant shall furnish satisfactory proof that such blanket policy complies in all respects with the provisions of this Lease, and that the coverage thereunder is at least equal to the coverage which would be provided under a separate policy covering only the Premises.

17.8 Increase in Insurance Premiums. Tenant shall not stock, use, or sell any article or do anything in or about the Premises which may be prohibited by Landlord's insurance policies carried on the remainder of the Shopping Center or any endorsements or forms attached thereto, or which will increase any insurance rates and premiums on the other buildings in the Shopping Center. Tenant shall pay on demand any increase in premiums for Landlord's insurance that may be charged on such insurance carried by Landlord resulting from Tenant's use and occupancy of the Premises or the Shopping Center, whether or not Landlord has consented to the same.

17.9 Proof of Insurance. Each party shall provide the other with proof of insurance provided under this Article upon the commencement date, and every year subsequent thereto.

18. DAMAGE BY CASUALTY

If the Premises or the Shopping Center shall be partially damaged by a casualty insured under Landlord's insurance policy, Landlord shall, upon receipt of the insurance proceeds and to the extent of those proceeds repair the Shopping Center and or Premises and until repair is complete, the minimum rent shall be abated proportionately as to that portion of the Premises rendered untenable. Notwithstanding, the foregoing, if: (a) the Premises by reason of such occurrence are rendered wholly untenable, or (b) the Premises should be damaged as a result of a risk which is not covered by Landlord's insurance, or (c) the Premises should be damaged in whole or in part during the last year of the term or of any renewal hereof, or (d) the Premises or the building of which it is a part, whether the Premises are damaged or not, or all of the buildings which then comprise the Shopping Center, should be damaged to the extent of fifty percent (50) or more of the then monetary value thereof, Tenant may cancel this Lease. If (a) through (d) above occur, or if (e) any or all of the buildings or common Areas of the Shopping Center are damaged, whether or not the Premises are damaged, to an extent that the Shopping Center cannot in the sole reasonable judgment of Landlord, be operated as an integral unit, then and in any such event, Landlord may either elect to repair the damage or may cancel this Lease by notice of cancellation within sixty (60) days after such event and thereupon this Lease shall expire; however, Tenant may choose to repair the Premises, in which event, rent shall abate and this Lease shall continue in full force and effect.

19. CONDEMNATION

19.1 Total Condemnation. If the whole of the Premises shall be acquired or taken by condemnation proceeding, then this Lease shall cease and terminate as of the date of title vesting in such proceeding.

19.2 Partial Condemnation. If any part of the Premises shall be taken as aforesaid, and such partial taking shall render that portion not so taken unsuitable for the business of Tenant, then this Lease shall cease and terminate as aforesaid. If such partial taking is not extensive enough to render the Premises unsuitable for the business of Tenant, then this Lease shall continue in effect except that the minimum rent shall be reduced in the same proportion that

the floor area of the Premises (including basement, if an) taken bears to the original floor area demised and Landlord shall, upon receipt of the award in condemnation, make all necessary repairs or alterations to the building in which the Premises are located so as to constitute the portion of the building not taken a complete architectural unit and restore the Premises as near as possible to its before-condemnation condition.

19.3 Award. Tenant shall not be entitled to and expressly waives all claim to any condemnation award paid to the Landlord for any taking, whether whole or partial and whether for diminution in value of the leasehold or to the fee, although Tenant shall have the right, to the extent that the same shall not reduce Landlord's award, to claim from the condemnor, but not from the Landlord, such compensation as may be recoverable by Tenant in its own right for damages to Tenant's business and fixtures.

19.4 Definition. As used in this Section, the term "condemnation proceeding" means any action or proceeding in which any interest in the Premises is taken for any public or quasi-public purposes by any lawful authority through exercise of the power of eminent domain or right of condemnation or by purchase or otherwise in lieu thereof.

20. EVENTS BY DEFAULT, REMEDIES

20.1 Default by Tenant. Upon the occurrence of any of the following events, Landlord shall have the remedies set forth in Section 20.2 of this Lease:

(a) Tenant fails to pay any rental or any other sum due hereunder within thirty (30) days after the same shall be due.

(b) Tenant fails to perform any other term, condition, or covenant to be performed by it pursuant to this Lease within thirty (30) days after written notice of such default shall have been given to Tenant by Landlord, or to commence performance of any term, condition or covenant which would take more than thirty (30) days to complete.

(c) Tenant or its agent shall falsify any report required to be furnished to Landlord hereunder.

(d) Tenant or any guarantor of this Lease shall become bankrupt or insolvent or file any debtor proceedings or have taken against such party in any court pursuant to state or federal statute, a petition in bankruptcy or insolvency, reorganization, or appointment of a receiver or trustee; or Tenant petitions for or enters into an arrangement; or suffers this Lease to be taken under a writ of execution.

20.2 Remedies. Upon the occurrence of the events set forth in Section 20.1, Landlord shall have the option to:

(a) Initiate an action in Mesa County, Colorado, to collect by suit or otherwise each installment of rent or other sum as it becomes due hereunder, or enforce, by suit or otherwise, any other term or provision hereof on the part of Tenant required to be kept of performed.

(b) Initiate an action in Mesa County, Colorado, to terminate Tenant's right to possession of the Premises. No act by Landlord other than giving notice to Tenant of intent to terminate shall terminate the Tenant's right to possession. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. Upon termination, Landlord may recover from the Tenant, in addition to any other remedy it may have, (i) the unpaid rent that had been earned at the time of termination of the Tenant's right to possession; (ii) the cost of recovering the lease premises; and (iii) the excess, if any, of rental due pursuant to the provisions of this lease for the remainder of the stated term over the then reasonable rental value of the lease premises for the remainder of the stated term, which amount shall be immediately due and payable by Tenant to Landlord.

(c) Landlord may cure the default at Tenant's cost. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall

be due immediately from Tenant to Landlord upon demand by Landlord, together with interest thereon at the rate of ten percent (10%) per annum from the date the sum is paid by Landlord until Landlord is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

21. ACCESS TO PREMISES

Landlord or its duly authorized agent shall have the right to place, maintain, and repair all utility equipment of any kind in, upon and under the Premises as may be necessary for the servicing of the Premises and other portions of the Shopping Center. Landlord or its duly authorized agent shall also have the right to enter the Premises at reasonable times during Tenant's business hours to inspect the same or to exhibit the same to prospective purchasers, mortgagees, tenants, and lessees, and to make such repairs, additions, alterations, or improvements as allowed, to take all material upon said Premises that may be required therefor without the same constituting an actual or constructive eviction of Tenant in whole or in part and the rents reserved herein shall in no way abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise. Landlord shall make its best efforts to keep to a minimum any interference with Tenant, Tenant's business and customers as a result of Landlord's exercise of any of its rights under this Section 21. During the two (2) months prior to expiration of this Lease or of any renewal term, Landlord or its duly authorized agent may place upon the Premises "To Let" or "For Sale" signs which Tenant shall permit to remain thereon.

22. CONTRACTOR

With respect to each of Landlord's obligations under any provision of this Lease concerning creation, demolition or reconstruction of the Premises, the building containing the same, or other improvements in the Shopping Center, the obligation concerned shall be fulfilled either: (a) By Landlord's arranging to have demolition or construction accomplished by one (1) or more contractors licensed in the City in which the Shopping Center is located (any of which contractors may, at Landlord's option, be a corporation or other entity directly or indirectly affiliated with or controlled by Landlord); (b) If, at the time Landlord is required to fulfill such obligation, it is the holder of a license authorizing it to act as a contractor within such City, by Landlord's participating in creation or construction of the improvements concerned in the capacity of contractor. Any construction or building permits required for creation or reconstruction of the Premises, the building containing the same, or other improvements in the Shopping Center shall be obtained by Landlord's contractors or, if Landlord acts as such, by Landlord itself.

23. FINANCING

23.1 Subordination. Upon request of Landlord, and conditioned upon receipt of nondisturbance agreements from the lienholders, Tenant will subordinate its rights hereunder to the lien of any mortgage or mortgages, or lien or other security interest resulting from any other method of financing or refinancing, now or hereafter in force against the land and/or buildings hereafter placed upon the land of which the Premises are a part and to all advances made or thereafter to be made upon the security thereof. The provisions of this Section notwithstanding, so long as Tenant is not in default hereunder, this Lease shall remain in full force and effect for the full term hereof and shall not be terminated as a result of any foreclosure or sale or transfer in lieu of such proceedings pursuant to a mortgage or other instrument to which Tenant has subordinated its rights pursuant hereto.

23.2 Amendment. Tenant agrees that from time to time, it shall, if so requested by Landlord, and if doing so will not substantially and adversely affect Tenant's economic interest under this Lease, join with Landlord in amending the terms of this Lease so as to meet the reasonable needs or requirements of any lender which is considering furnishing or which has furnished any of the financing referred to in Section 23.1 above.

24. ATTORNMENT

In the event of the sale or assignment of Landlord's interest in the building of which the Premises are a part, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under, any mortgage or other security instrument made by Landlord covering the Premises, Tenant shall attorn to the assignee or purchaser and recognize such purchaser as Landlord under this Lease, so long as the assignee or purchaser assumes Landlord's obligations under this Lease.

25. RIGHT TO CURE

In the event of breach, default, or noncompliance hereunder by either party, the other party shall, before exercising any right of remedy available to it under this Lease, give the first party written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice, Tenant has been notified in writing (by way of Notice of Assignment of Rents and Leases, or otherwise) of the address of a lender which has furnished any of the financing referred to in hereof, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by registered mail, transmit a copy thereof to such lender. For the thirty (30) days following the giving of the notice(s) required by the foregoing portion of this Section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within thirty (30) days, the parties and lender shall have the right to cure the breach, default, or noncompliance involved.

26. QUIET ENJOYMENT

Tenant, upon paying the rents and observing and performing all of the terms, covenants, and conditions on its part to be performed hereunder, shall peaceably and quietly enjoy the Premises for the term hereof.

27. SURRENDER OF PREMISES

At the expiration of this Lease, Tenant shall surrender the Premises in as good condition as they were in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and shall deliver all keys to Landlord. Before surrendering the Premises, Tenant shall remove all of its personal property and trade fixtures and shall repair any damage caused by such property or the removal thereof. If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same shall be deemed abandoned and shall become the property of the Landlord.

28. HOLDING OVER

Unless otherwise agreed to in writing by Landlord and Tenant, if the Tenant retains possession of the Premises or any part thereof after the termination of the term, such holding over shall be deemed to be tenancy from month-to-month at a monthly rental equal to one hundred twenty-five percent (125%) of the monthly installment of minimum rent due under the terms of the Lease from the month next preceding the commencement of the holdover period, and Tenant shall remain liable for all other payments provided for hereunder, and such holding over shall be subject to all of the other terms and conditions of the Lease. In addition to rent, Tenant agrees to pay the Landlord for all damages, consequential as well as direct, sustained by Landlord resulting or arising from Tenant's possession. No such holding over shall be deemed to constitute a renewal or extension of the term of the Lease. If Tenant should holdover under the terms of this Article, Tenant agrees that it will provide a thirty (30) day notice to Landlord prior to terminating the month to month tenancy and vacating the premises.

29. ATTORNEY'S FEES

In the event that at any time during the term of this Lease, either Landlord or the Tenant institutes any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, then the unsuccessful party in such action or proceedings agrees to reimburse the successful party for the reasonable expenses of such action including reasonable attorneys' fees, incurred therein by the successful party.

30. PAST DUE SUMS

If either party fails to pay, when the same is due and payable, any rent, additional rent, or other sum required to be paid by it hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at the rate of fifteen percent (15%) per annum. Notwithstanding the foregoing, however, Landlord's right concerning such interest and service fee shall be limited by the maximum amount which may properly be charged by Landlord for such purposes under applicable law.

31. MISCELLANEOUS PROVISIONS

31.1 No partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.

31.2 Force Majeure. Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder (except as to the payment of rent) when prevented from so doing by cause or causes beyond said party's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or services, or acts of God.

31.3 No Waiver. Failure of a party to insist upon the strict performance of any provision or to exercise any option hereunder shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver be in writing signed by the party making the waiver.

31.4 Notices. Any notice, demand, request, or other instruments which may be or is required to be given under this Lease shall be delivered in person or sent by United States certified or registered mail, postage prepaid, and shall be addressed (a) if to Landlord, at the place specified for payment of rent, and (b) if to Tenant, either at the Premises or at any current address for Tenant which is known to Landlord. Either party may designate such other address as shall be given by written notice. Such notice, demand, request, or other instrument shall be deemed delivered effective as of the third day after the day on which it was mailed pursuant hereto.

To Landlord:	Valley Plaza Corporation P.O. Box 240186 Orchard Lake, MI 48324	To Tenant:	Real Estate Manager City of Grand Junction 250 North 5th Street Grand Junction, CO 81501
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With Copy to: City Attorney
City of Grand Junction
250 North 5th Street
Grand Junction, CO 81501

31.5 Recording. Tenant shall have the right to record a memorandum of this Lease. Landlord, at its option and at any time, may file this Lease for record with the Recorder of the County in which the Shopping Center is located.

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

31.7 Broker's Commissions. Landlord shall be responsible for the payment of any brokerage commission or finder's fees in connection with the execution of this Lease, and agrees to indemnify Tenant, and hold it harmless from all liabilities arising from any such claim (including, without limitation, the cost of legal fees in connection therewith).

31.8 Tenant Defined; Use of Pronouns. The word "Tenant" shall be deemed and taken to mean each and every person or party executing this document as a Tenant herein. If there is more than one (1) Tenant, any notice required or permitted by the terms of this Lease may be given by or to anyone thereof, and shall have the same force and effect as if given by or to all thereof. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, partnership, corporation, or group of two (2) or more individuals or corporations. The necessary grammatical changes required to make the provisions of the Lease apply in the plural sense where there is more than one (1) Landlord or Tenant and to corporations, associations, partnerships, or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

31.9 Provisions Binding, Etc. Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, heirs, successors and assigns. Each provision

to be performed by Tenant shall be construed to be both a covenant and a condition, and if there shall be more than one (1) Tenant, they shall all be bound jointly and severally, by such provisions. In the event of any sale or assignment (except for purposes of security or collateral) by Landlord of the Shopping Center, the Premises, or this Lease, Landlord's interest, from and after the Commencement Date, whichever is later, shall automatically pass to Landlord's successor in interest.

31.10 Entire Agreement, Etc. This Lease and the exhibits, Riders, and/or Addenda, if any, attached hereto, set forth the entire agreement between the parties. All exhibits, Riders, or Addenda mentioned in this Lease are incorporated herein by reference. Any guaranty attached hereto is an integral part of this Lease and constitutes consideration given to Landlord to enter into this Lease. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties. Submission of this Lease for examination does not constitute an option for the Premises and becomes effective as a lease only upon execution and delivery thereof by Landlord to Tenant. If any provision contained in a Rider or Addenda is inconsistent with a provision in the body of this Lease, the provision contained in said Rider or Addenda shall control. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any section or paragraph.

31.11 Governing Law. This lease shall be governed by the Laws of the State of Colorado. Venue for any action initiated pursuant to this Lease Agreement shall be in Mesa County, Colorado.

31.12 City Council Approval. Tenant's obligations under this Lease Agreement are subject to and contingent upon the consent and approval of this Lease Agreement by the City Council of the City of Grand Junction. In the event the City Council fails to consent to and approve this Lease on or before February 3, 1999, this Lease shall automatically become void and of no effect and neither party shall have any further rights under this Agreement.

32. AUTHORITY OF SIGNATORIES

Each person executing this Lease individually and personally represents and warrants that he is duly authorized to execute and deliver the same on behalf of the entity for which he is signing (whether it be a corporation, general or limited partnership, or otherwise) and that this Lease is binding upon said entity in accordance with its terms.

33. EXPANSION

The location and boundaries of the Premises is outlined on diagrams of the Shopping Center which are marked "Exhibit A" attached to the Lease and made a part hereof. Exhibit A will show the general layout of the Shopping Center. Landlord reserves the right to make alterations or additions to, and to build additional stories on the buildings of which the Premises forms a part, and to add buildings adjoining the same or elsewhere in the Shopping Center, so long as the parking is not reduced nor the visibility affected.

34. RULES AND REGULATIONS

Tenant agrees to comply with and observe all reasonable rules and regulations established by Landlord from time to time, provided the same shall apply uniformly to all tenants of the shopping center. Tenant's failure substantially to keep and observe said rules and regulations shall constitute a breach of the terms of this lease in the same manner as if the rules and regulations were contained herein as covenants. In the case of any conflict between said rules and regulations and this lease, this lease shall be controlling.

35. INSPECTION

Tenant agrees that in taking this lease, it is governed by its own inspection of the Premises and its own judgement of its desirability for its purposes, and has not been governed or influenced by any representation of Landlord as to the condition and character of the building containing the Premises, or as to the earning capacity thereof; that no agreements, stipulations, reservations, exceptions, or conditions whatsoever have been made or entered into in regard to said Premises or this lease, which will in any way vary, contradict or impair the validity of this lease or of any of its

terms and conditions, and that no modification of this lease shall be binding unless it be in writing and executed and acknowledged in due form for recording by all of the parties hereto. Furthermore, Tenant takes this lease and the demised premises subject to all recorded easements and restrictions affecting the occupation and use thereof, and subject to all statutes, ordinances and regulations of competent governmental authority affecting the occupancy and use thereof, the construction and maintenance of improvements thereon, and the businesses and occupations to be engaged in by Tenant, in force now and subsequently during the term of this lease.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date hereof.

LANDLORD: Valley Plaza Corporation TENANT: City of Grand Junction

By: _____ By: _____
Jay L. Cooke, President City Manger

Date: _____ Date: _____

Attested to By: _____
City Clerk

Date: _____

FOR LANDLORD:

STATE OF _____)
COUNTY OF _____) S.S.

On this _____ day of _____, 19____, before me, a Notary Public in and for the jurisdiction aforesaid, personally appeared _____, the _____ of _____, who is personally known to me to be the identical person whose name is affixed to the above document and he/she acknowledged the instrument is his/her voluntary act and deed, and the voluntary act and deed of said _____.

Notary Public

(Notarial Seal) My Commission expires _____

FOR TENANT (CORPORATION):

STATE OF COLORADO)
COUNTY OF MESA) S.S.

On this _____ day of _____, 19____, before me, a Notary Public in and for the jurisdiction aforesaid, personally appeared _____ as _____ City Manager and _____ as _____ City Clerk of the city of Grand Junction, a Colorado home rule municipality, who are personally known to me to be the identical persons whose names are affixed to the above document and acknowledged the instrument is their voluntary act and deed, and the voluntary act and deed of said City of Grand Junction.

Notary Public

(Notarial Seal) My Commission expires _____

FOR TENANT:

STATE OF _____)
COUNTY OF _____) S.S.

On this _____ day of _____, 19____, before me, a Notary Public in and for the jurisdiction aforesaid, personally appeared _____, the _____ of _____, who is personally known to me to be the identical person whose name is affixed to the above document and he/she acknowledged the instrument is his/her voluntary act and deed, and the voluntary act and deed of said _____.

Notary Public

(Notarial Seal) My Commission expires _____

EXHIBIT "B"
Existing Liens

Instrument	Date	Book	Page	Claimant
Statement of Lien	08/31/98 2493	116		Mays Concrete, Inc.
Statement of Lien	09/21/98 2496	647		United Companies
Mechanic's Lien Statement	10/14/98 2504	647		Jones Heartz Lime Co.
Notice of Lis Pendens	10/20/98 2505	355		Mays Concrete, Inc.
Statement of Lien	11/24/98 2523	252		Butler Roofing, LLC
Amended Statement of Lien	12/02/98 2526	654		Butler Roofing, LLC
Statement of Lien	11/02/98 2526	675		Bud's Signs, Inc.
Tax Lien Sale	11/17/98 2517	559		Marvin A. Tillman
Tax Lien Sale	11/17/98 2517	560		Marvin A. Tillman
Tax Lien Sale	11/17/98 2517	567		Gary R. & Monica Wertenberger