

## DEVELOPMENT IMPROVEMENTS AGREEMENT

1. **Parties:** The parties to this Development Improvements Agreement ("Agreement") are Darren Davidson, ("Developer") and the **City of Grand Junction**, Colorado ("City").

For valuable consideration, the receipt and adequacy of which is acknowledged, the Parties agree as follows:

2. **Effective Date:** The Effective Date of the Agreement shall be the date that it is signed by the Public Works & Planning Director, which shall be no sooner than recordation of the final plat or final plan approval whichever first occurs.

### RECITALS

The Developer seeks permission to develop property, described on Exhibit A attached and incorporated by this reference ("the Property" or "Property"). The Property, known as Indium Road Industrial Park has been reviewed and approved under Planning file # SPA-2004-1881 "Development" or "the Development").

MSC-2005-104

The City seeks to protect the health, safety and general welfare of the community by requiring the completion of various improvements to the Property and limiting the harmful effects of substandard development.

A further purpose of this Agreement is to protect the City from the cost of completing necessary improvements itself; this Agreement is not executed for the benefit of materialmen, laborers or others providing work, services or material to the Developer and/or the Property or for the benefit of the owner(s), purchaser(s) or user(s) of the Property.

The mutual promises, covenants and obligations contained in this Agreement are authorized by state law, the Colorado Constitution and City's land development ordinances and regulations.

### DEVELOPER'S OBLIGATION

3. **Improvements:** The Developer shall design, construct and install, at its own expense, those on-site and off-site improvements listed on Exhibit B attached and incorporated by this reference ("Improvements" or "the Improvements").

3a. On and after the Effective Date of this Agreement the Developer agrees to pay the City for its Administration and Inspection of the Development. The hourly rate for those services is \$45.00/hour. Administration and Inspection includes but is not limited to the time expended by the City's planner, engineer, construction inspector and attorney in directing, advising, correcting and enforcing by means other than litigation, this agreement and/or the approved development plan. Making

disbursements and calling/collecting Guarantees are Administration and Inspection services and shall be charged at \$45.00/hour. See, paragraph 19 concerning attorneys' / litigation fees.

3b. The scope of this project is such that the City may have to engage independent consultants(s) to adequately provide inspection services; Developer agrees to pay such costs, in addition to all others for which Developer is responsible hereunder.

3c. The Developer's obligation to complete the Improvements is and shall be independent of any obligations of the City contained herein.

4. **Security:** To secure the performance of its obligations under this Agreement the Developer shall supply a guarantee. The Developer is required to post security in an amount of \$\_\_\_\_\_ (120% of the amount for the Improvements) in a form and with terms acceptable to the City ("Guarantee"). The Guarantee shall be in the form of a cash deposit made to the City, a letter of credit or a disbursement agreement in a form and with content approved by the City Attorney. The Guarantee specific to this Agreement is attached as Exhibit C and is incorporated by this reference as if fully set forth.

Select one: Cash  Letter of Credit (LOC) \_\_\_\_\_ Disbursement Agreement \_\_\_\_\_

5. **Standards:** The Developer shall construct the Improvements according to the City's standards and specifications.

6. **Warranty:** The Developer shall warrant the Improvements for one year following Acceptance by the City. "Warrant" or "Warranty" as used herein means the Developer shall take such steps and incur such costs as may be needed so that the Improvements or any portion or phase thereof as repaired and/or replaced, shall comply with the Development's construction plans and/or site plan, City standards and specifications at the end of the warranty period. The Developer shall warrant each repaired and/or replaced Improvement or any portion or phase thereof for one year following Acceptance of such repair and/or replacement.

6a. Upon Acceptance the Developer shall provide a Maintenance Guarantee in an amount of \$ 1097.00 (Line G2, Exhibit B, City Security).

6b. The Maintenance Guarantee shall be secured by a letter of credit, cash escrow or other form acceptable to the City.

7. **Commencement, Completion and Abandonment Periods:** The Developer shall commence work on the Improvements within 30 days from the Effective Date of this Agreement; that date is known as the "Commencement Date."

7a. The Developer shall complete the Improvements by the end of the twelfth month from the Effective Date of this Agreement; that date is known as the "Completion Date."

7b. The Developer shall not cease construction for any period of more than 60 consecutive days. If construction is ceased for 60 or more consecutive days the Director may deem the Development abandoned ("the Abandonment Period").

7c. The Commencement date and the Completion Date are as follows:

Commencement Date: October 2nd 2008  
Completion Date: April 15th, 2009

**8. Compliance with Law:** The Developer shall comply with all applicable federal, state and local laws, ordinances and regulations when fulfilling its obligations under their Agreement. When necessary to protect the public health, safety or welfare, the Developer shall be subject to laws, ordinances and regulations that become effective after the Effective Date.

**9. Notice of Defect:** The Developer by and through his/her/its engineer shall provide timely written notice to the issuer of the Guarantee and the Director when the Developer and/or his/her/its engineer has knowledge, that an Improvement or any part or portion of any Improvement either does not conform to City standards or is otherwise defective.

9a. The Developer shall correct all non-conforming construction and/or defects within thirty (30) days from the issuance of the notice by his/her/its engineer of a/the defect.

**10. Acceptance of Improvements:** The City shall not accept and/or approve any or all of the Improvements until the Developer presents a document or documents for the benefit of the City showing that the Developer owns the Improvements in fee simple, or as accepted by the City Attorney, and that there are no liens, encumbrances or other restrictions on the Improvements other than those that have been accepted by the City Attorney.

10a. Approval and/or acceptance of any Improvement(s) does not constitute a waiver by the City of any right(s) that it may have on account of any defect in or failure of the Improvement that is detected or which occurs after approval and/or acceptance.

10b. Acceptance by the City shall only occur when the City Engineer, sends a writing to such effect ("Acceptance").

**11. Reduction of Security:** Upon Acceptance of any Improvement(s) the amount which the City is entitled to draw on the Guarantee shall be reduced by an amount of \$        (Line G1, Exhibit B, Total Improvement Costs).

11a. At the written request of the Developer, the City shall execute a certificate verifying Acceptance of the Improvement and thereafter waiving its right to draw on

the Guarantee to the extent of such amount. A Developer in default under this Agreement has no right to such certification.

**12. Use of Proceeds:** The City shall use funds deposited with it, drawn or guaranteed pursuant to this Agreement only for the purpose of completing the Improvements or correcting defects in or failure of the Improvements or paying Administration and Inspection fees.

**13. Events of Default:** The following conditions, occurrences or actions shall constitute a default by the Developer:

13a. Developer's failure to complete each portion of the Improvements on or before the Completion Date;

13b. Developer's failure to demonstrate reasonable intent to correct defective construction of any Improvements within the applicable warranty period;

13c. Developer's insolvency, the appointment of a receiver for the Developer or the filing of a voluntary or involuntary petition in bankruptcy respecting the Developer. In such event the City may immediately declare a default without prior notification to the Developer;

13d. Notification to the City, by any lender with a lien on the Property, of a default by Developer on any obligation to such lender. In such event, the City may immediately declare a default without prior notification to the Developer.

13e. With regard to the Property or any portion thereof: initiation of any foreclosure action regarding any lien or encumbrance; or initiation of mechanics lien(s) procedure(s); or assignment or conveyance of the Property in lieu of foreclosure. In such event the City may immediately declare a default without prior notification to the Developer.

13f. Notification to the City from the bank issuing the Guarantee that it will not renew the Guarantee at a time when security is still required hereunder and no substitute collateral acceptable to the City has been provided by the Developer.

13g. Except as provided, the City may not declare a default until written notice has been sent to the Developer at the address shown in the development file. Notice is and shall be deemed effective two calendar days after mailing thereof by first class United States mail, postage prepaid.

**14. Measure of Damages:** The measure of damages for breach of this Agreement by the Developer shall be the reasonable cost of satisfactorily completing the Improvements, plus reasonable expenses. Expenses may include but are not limited to contracting costs, collection costs and the value of planning, engineering, legal and administrative staff time devoted to the collection/completion of the Improvements.

For Improvements upon which construction has not begun, the estimated costs of the Improvements as shown on Exhibit B shall be *prima facie* evidence of the minimum cost of completion; however, the maximum amount of the Developer's liability shall not be established by that amount or the amount of the Guarantee.

**15. City's Rights Upon Default:** When any event of default occurs, the City may draw on the Guarantee or proceed to collect any other security to the extent of the face amount of the Guarantee less eighty percent (80%) of the estimated cost (as shown on Exhibit B) of all Improvements for which the City has given its Acceptance and no warranty work is reasonably required. The City may also exercise its rights to disbursement of loan proceeds or other funds under the City improvements disbursement agreement.

15a. The City shall have the right to complete Improvements itself or it may contract with a third party for completion.

15b. The Developer grants to the City, its successors, assigns, agents, contractors and employees, a nonexclusive right and easement to enter the Property for the purposes of constructing, reconstructing, maintaining, inspecting and repairing the Improvements.

15c. The City may assign the proceeds of the Guarantee or other funds or assets that it may receive in accordance with this Agreement to a subsequent developer or lender that has acquired the Property by purchase, foreclosure or otherwise.

15d. That developer or lender shall then have the same rights of completion as the City if and only if the subsequent developer or lender agrees in writing to complete or correct the Improvements and provides to the City reasonable security for that obligation.

15e. These remedies are cumulative in nature and are in addition to any other remedies the City has at law or in equity.

**16. Indemnification:** The Developer expressly agrees to indemnify and hold the City, its officers, employees, agents and assigns ("City") harmless from and against all claims, costs and liabilities of every kind and nature, for injury or damage received or sustained by any person or entity in connection with or on account of the performance or non-performance of work at the Property and/or the Improvements and/or the Development that is being done pursuant to this Agreement.

16a. The Developer further agrees to aid and defend the City in the event that the City and/or the Improvements is named as a defendant in an action concerning the performance of work pursuant to this Agreement except for a suit wherein the Developer states claim(s) against the City.

16b. The Developer is not an agent, partner, joint venturer or employee of the City.

17. **No Waiver:** No waiver of any provision of this Agreement by the City shall be deemed or constitute a waiver of any other provision nor shall it be deemed or constitute a continuing waiver unless expressly provided for by a written amendment to this Agreement signed by both the City and the Developer; nor shall the waiver of any default under this Agreement be deemed a waiver of any subsequent default or defaults of the same type. The City's failure to exercise any right under this Agreement shall not constitute the approval of any wrongful or other act by the Developer or the acceptance of any Improvement.

18. **Amendment or Modification:** The parties to this Agreement may amend or modify this Agreement only by written instrument executed on behalf of the City by the City Manager or his designee and by the Developer or his/her/its authorized officer. Such amendment or modification shall be properly notarized before it may be deemed effective.

19. **Attorney's Fees:** Should either party be required to resort to litigation to enforce the terms of this Agreement, the prevailing party, plaintiff or defendant, shall be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. The City shall be entitled to claim the value of its in-house attorneys at the rate of \$125.00 per hour. If relief is awarded to both parties the attorney's fees may be equitably divided between the parties by the decision maker.

20. **Vested Rights:** This Agreement does not guarantee, represent or certify that the Developer is entitled to any other approval(s) required by the City, before the Developer is entitled to commence development beyond the scope of this Agreement or to transfer ownership of the Property being developed.

21. **Integration:** This Agreement, together with the exhibits and attachments thereto constitutes the entire Agreement between the parties. No statement(s), promise(s) or inducements(s) that is/are not contained in this Agreement shall be binding on the parties.

22. **Third Party Rights:** No person or entity who or which is not a party to this Agreement shall have any right of action under or be a beneficiary of this Agreement.

23. **Time:** For the purpose of computing the Abandonment Period and Commencement and Dates, such times in which war, civil disasters or acts of God occurs or exist shall not be included if such prevents the Developer or City from performing its obligations under the Agreement. The Developer must notify the City in writing if/when it asserts impossibility of performance under this paragraph. The City may reject the Developer's assertion, if it finds, in writing that the condition(s) that the Developer asserts do not exist.

24. **Severability:** If any part, term or provision of this Agreement is held by a court of competent jurisdiction to be illegal or otherwise unenforceable, such illegality or unenforceability shall not affect the validity of any other part, term or provision. The

rights of the parties shall be construed as if the part, term or provision was never part of the Agreement.

25. **Benefits:** The benefits of this Agreement to the Developer are personal and may not be assigned without the express written approval of the City. Such approval may not be unreasonably withheld but any unapproved assignment is void.

25a. Notwithstanding the foregoing, the burdens of this Agreement are personal obligations of the Developer and also shall be binding on the heirs, successors and assigns of the Developer and shall be a covenant(s) running with the Property.

25b. There is no prohibition on the right of the City to assign its rights under this Agreement.

25c. Upon written request from the Developer the City shall expressly release the original Developer's Guarantee and/or contract obligations if it accepts new security from any developer or lender who obtains the Property, however, no other act of the City shall constitute a release of the original Developer from his liability under this Agreement.

25d. When the City has issued its Acceptance regarding the Improvements, the City agrees to state the same in writing, with appropriate acknowledgments.

25e. The City shall sign a release only after all warranty periods, as extended by litigation, repair or alteration work, have expired.

26. **Notice:** Any notice required or permitted by this Agreement shall be deemed effective two calendar days after deposit with the United States Postal Service, first class, postage prepaid and addressed as follows:

If to Developer: Precision Paving & Construction, Inc. Name -Developer/Company  
POB 9233 Address (Street and Mailing)  
Grand Junction, CO 81501 City, State & Zip Code  
(970) 234 7995 Darren Telephone and Fax Numbers  
(970) 234 3466 Jeffery  
jeffery@ davidsonhomes.co.com E-mail

Cc:

If to City: Office of the City Attorney  
250 North 5<sup>th</sup> Street  
Grand Junction, CO 81501

Cc: Public Works & Planning Department  
250 North 5<sup>th</sup> Street  
Grand Junction, CO 81501

27. **Recordation:** Developer shall pay the costs to record a memorandum of this Agreement (Exhibit D) in the records of the Mesa County Clerk and Recorder's Office. The Developer may, at his/her/its option record the entire agreement.

28. **Immunity:** Nothing contained in this Agreement constitutes a waiver of the City's sovereign or other immunity under any applicable law.

29. **Personal Jurisdiction and Venue:** Personal jurisdiction and venue for any action commenced by either party to this Agreement whether arising out of or relating to the Agreement, the Guarantee, the Maintenance Guarantee or any action based arising out of or under this Agreement shall be deemed to be proper only if such action is commenced in Mesa County, Colorado.

29a. The Developer expressly waives his/her/its right to bring such action in or to remove such action to any other court whether state or federal.

30. **Liability before Acceptance:** The City shall have no responsibility or liability with respect to any street or other Improvement(s), notwithstanding the use of the same by the public, unless the street or other Improvement shall have received Acceptance by the City.

30a. If the City allows a street to be constructed in stages, the Developer of the first one-half street opened for traffic shall construct the adjacent curb, gutter and sidewalk in the standard location and shall construct the required width of pavement from the edge of gutter on the side of the street nearest the property to enable an initial two-way traffic operation without on-street parking.

30b. Developer shall also construct and pay for end-transitions, intersection paving, drainage facilities and adjustments to existing utilities necessary to open the street to traffic.

30c. The City shall not issue its written Acceptance with regard to any Improvement(s) including any street, storm drainage facility, sewer, water facility or other required Improvement(s), until the Developer:


(i) furnishes to the City Engineer as-built drawings in reproducible form, blue line stamped and sealed by a professional engineer and in computer disk form and copies of results of all construction control tests required by City specification;

(ii) provides written evidence to the City Engineer under signature of a qualified expert that the earth, soils, lands and surfaces upon in and under which the Improvement(s)



have been constructed or which are necessary for the Improvements are free from toxic, hazardous and other regulated substances or materials;  
(iii) provides written evidence to the City Attorney that the title to lands underlying the Improvements are free and clear from all liens and encumbrances, except those items and encumbrances which may be approved in writing by the City Attorney; and  
(iv) provides written evidence, certified by the Developer's engineer, that the work was systematically inspected and tested and that the materials and the compaction of the materials that are required to be compacted, were in conformance with City-approved plans and specifications.

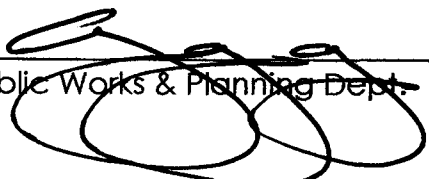
By:

 10/5/08  
Developer Date  
Darren M. Davidson - President  
Name (printed)

Corporate Attest:

\_\_\_\_\_  
Name Date

City of Grand Junction  
250 North Fifth Street  
Grand Junction, CO 81501

 11.10.08  
Public Works & Planning Dept. Date

5/15/2007

# EXHIBIT B

## IMPROVEMENTS COST ESTIMATE

DATE: \_\_\_\_\_ 10/22/08  
 DEVELOPMENT NAME: \_\_\_\_\_ Indian Road Industrial Park  
 LOCATION: \_\_\_\_\_ Grand Junction, CO.  
 PRINTED NAME OF PERSON PREPARING: \_\_\_\_\_ Jeffery Fleming – Land Planner

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>A. SANITARY SEWER</b>					
1	" PVC Sanitary Sewer Main	LF			\$-
2	" PVC Sanitary Sewer Main	LF			\$-
3	" PVC Sanitary Sewer Main	LF			\$-
4	Sewer services	EA or LF			\$-
5	Sanitary Sewer Manhole	EA			\$-
6	Sanitary Sewer Drop Manhole	EA			\$-
7	Connection to Existing Manhole	EA			\$-
8	Concrete Encasement	LF			\$-
					\$-
					\$-
<b>Subtotal Part A Sanitary Sewer</b>					<b>\$-</b>
<b>B. DOMESTIC WATER</b>					
1	" PVC Water Main	LF			\$-
2	" PVC Water Main	LF			\$-
3	" PVC Water Main	LF			\$-
4	" Gatevalve	EA			\$-
5	" Gatevalve	EA			\$-
6	" Gatevalve	EA			\$-
7	Water Services	EA or LF			\$-
8	Connect to Existing Water Line	EA			\$-
9	Fire Hydrant with Valve	EA			\$-
10	Utility Adjustments	EA			\$-
11	Blowoff	EA			\$-
					\$-
					\$-
					\$-
<b>Subtotal Part B - Domestic Water</b>					<b>\$-</b>

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>C1.</b>	<b>STREETS</b>				
1	" PVC Utility/Irrigation sleeves	LF			\$-
2	" PVC Utility/Irrigation sleeves	LF			\$-
3	Reconditioning	SY			\$-
4	Aggregate Base Course (Class 3)	TN			\$-
5	Aggregate Base Course (Class 6) ( " Compacted Thickness)	SY	40	\$18.00	\$720.00
6	Aggregate Base Course (Class 6) ( " Compacted Thickness)	SY			\$-
7	Hot Bituminous Paving, Grading ( 1.5 " thick)	SY			\$-
8	Hot Bituminous Paving, Grading ( " thick)	SY			\$-
9	Hot Bituminous Paving, Patching ( 1.5 " Thick)	SY	30	\$22.50	\$675.00
10	Geotextile	SY			\$-
11	Concrete Curb ( " Wide by " High)	LF			\$-
12	Concrete Curb and Gutter (2' wide)	LF			\$-
13	Concrete Curb and Gutter (1.5' wide)	LF			\$-
14	Monolithic, Vertical Curb, Gutter and Sidewalk ( ' Wide)	LF			\$-
15	Drive Over Curb, Gutter, and Sidewalk ( ' Wide)	LS	1	\$245.00	\$245.00
16	Concrete Sidewalk ( ' Wide)	LF			\$-
17	Concrete Gutter and Driveway Section ( " Thick)	SY			\$-
18	Concrete Drainage Pan ( ' Wide, " Thick)	LS	1	\$2,480.00	\$2,480.00
19	Concrete Corner Fillet	LS	1	\$960.00	\$960.00
20	Concrete Curb Ramp	SY			\$-
21	Complete Concrete Corner	SY			\$-
22	Concrete Driveway ( " Thick)	SY			\$-
23	Driveway/Concrete Repair	SY			\$-
24	Retaining Walls	LF			\$-
25	Street Signs	EA			\$-
26	Striping (New, Remove/Replace)	LF			\$-
27	Street Lights	EA			\$-
28	Signal Construction or Reconstruction	LS			\$-
29	Flowable Fill	CY			\$-
30	Sleeves, " , " PVC	LF			\$-
					\$-
					\$-

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>C2.</b>	<b>BRIDGES</b>				
					\$-
1	Box Culvert Pre-Cast	LS			\$-
2	Box Culvert Cast-in-Place	LS			\$-
3	Wingwalls	LS			\$-
4	Parapet Wall	LS			\$-
5	Railing (handrail, guardrail)	LS			\$-
					\$-
					\$-
	<b>Subtotal Part C - Streets and Bridges</b>				<b>\$5,080.00</b>
<b>D1.</b>	<b>EARTHWORK</b>				
1	Mobilization	LS			\$-
2	Clearing and Grubbing	AC or LS			\$-
3	Unclassified Excavation	CY			\$-
4	Unclassified Embankment	CY			\$-
5	Silt Fence	LF			\$-
6	Watering (Dust Control)	AC or LS			\$-
<b>D2.</b>	<b>REMOVALS AND RESETTING</b>				
1	Removal of Asphalt (milling)	SY	30	\$13.50	\$405.00
2	Removal of Miscellaneous Concrete	SY			\$-
3	Remove Curb and Gutter	LF			\$-
4	Removal of Culverts	LF			\$-
5	Remove Structures	EA			\$-
6	Remove Signs	EA			\$-
7	Remove Fence	LF			\$-
8	Adjust Manhole	EA			\$-
9	Adjust Valvebox	EA			\$-
10	Relocate or Adjust Utilities	LS			\$-
<b>D3.</b>	<b>SEEDING AND SOIL RETENTION</b>				
1	Sod	SY			\$-
2	Seeding (Native)	SY or AC			\$-
3	Seeding (Bluegrass/Lawn)	SY or AC			\$-
4	Hydraulic Seed and Mulching	SY or AC			\$-
5	Soil Retention Blanket	SY			\$-

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>D4.</b>	<b>STORM DRAINAGE FACILITIES</b>				
1	Finish Grading (incl. Channels, Swales, and Ponds)	LS			\$-
2	" Storm Drain Pipe	LF			\$-
3	" Storm Drain Pipe	LF			\$-
4	" Storm Drain Pipe	LF			\$-
5	" Storm Drain Pipe	LF			\$-
6	" Storm Drain Pipe	LF			\$-
7	" Flared End Section	EA			\$-
8	" Flared End Section	EA			\$-
9	48" Storm Drain Manhole	EA			\$-
10	60" Storm Drain Manhole	EA			\$-
11	72" Storm Drain Manhole	EA			\$-
12	Manhole with Box Base	EA			\$-
13	Connection to Existing MH	EA			\$-
14	Single Curb Opening Storm Drain Inlet	EA			\$-
15	Double Curb Opening Storm Drain Inlet	EA			\$-
16	Area Storm Drain Inlet	EA			\$-
17	Detention Area Outlet structure	EA			\$-
18	Rip-Rap D <sub>50</sub> = ____"	CY			\$-
19	Sidewalk Trough Drain	EA			\$-
20	Pump Systems including Electrical	LS			\$-
	<b>Subtotal Part D - Grading and Drainage</b>				<b>\$405.00</b>

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>E1.</b>	<b>IRRIGATION</b>				
1	Connect to Existing Pipe	LS			\$-
2	" _____ Irrigation Pipe	LF			\$-
3	" _____ Irrigation Pipe	LF			\$-
4	Fittings and Valves	LS			\$-
5	Services	EA			\$-
6	Pump System and Concrete Vault	LS			\$-
7	Irrigation Structure	EA			\$-
8	Vacuum Relief and/or Air Release Valve	EA			\$-
<b>E2.</b>	<b>LANDSCAPING</b>				
1	Design/Architecture	LS			\$-
2	Earthwork	CY			\$-
3	Hardscape Features	LS			\$-
4	Plant Material & Planting	LS			\$-
5	Irrigation System	LS			\$-
6	Curbing	LF			\$-
7	Retaining Walls & Structures	LS			\$-
8	1 Year Maintenance Agrmnt.	LS			\$-
9	Topsoil				\$-
					\$-
					\$-
					\$-
<b>Subtotal Part E - Landscaping and Irrigation</b>					<b>\$-</b>

Item #	Item Description	Unit	Quantity	Unit Price	Extended Price
<b>F.</b>	<b>Miscellaneous Items</b>				
1	Construction staking/surveying	%	2.00%	\$5,485.00	
2	Developer's inspection cost	%		\$5,485.00	
3	General construction supervsn	%		\$5,485.00	
4	Quality control testing	%	2.00%	\$5,485.00	
5	Construction traffic control	%		\$5,485.00	
6	City inspection fees	%	0.50%	\$5,485.00	
7	As-builts	%	2.00%	\$5,485.00	
<b>Subtotal Part F - Miscellaneous Items</b>					<b>\$-</b>

% = Percentage of total site construction costs

**COST SUMMARY:**

<b>Total Improvement Costs</b>	<b>\$5,485.00</b>
* <b>City Security (20%)</b>	<b>\$1,097.00</b>
<b>Total Guarantee Amount</b>	<b>\$6,582.00</b>

**NOTES**

1. All prices shall be for items complete in place and accepted.
2. All pipe prices shall include excavation, pipe, bedding, backfill, and compaction.
3. Water main shall include pipe, excavation, bedding, backfill, bends, and appurtenances not itemized elsewhere.
4. All concrete items shall include Aggregate Base Course where required by the drawings.
5. Fill in the pipe type for irrigation pipe and sleeves.
6. Reconditioning shall be calculated to at least 6" outside of back of walk on both sides.
7. Units can be changed if desired, simply annotate what is used.
8. Additional lines or items may be added as needed.

  
 \_\_\_\_\_  
**Signature of Developer**

11/5/08  
 \_\_\_\_\_  
**Date**

(If corporation, to be signed by President and attested to by Secretary together with the corporate seals.)

I have reviewed the estimated costs and time schedule shown above and, based on the construction drawings submitted to date and the current cost of construction, I take no exception to the above.

\_\_\_\_\_  
**City Development Engineer**

\_\_\_\_\_  
**Date**

  
 \_\_\_\_\_  
**Community Development**

11.10.08  
 \_\_\_\_\_  
**Date**



MSE-2005-104

June 5, 2008

Mr. Darren Davidson  
Indian Road Industrial Park LLC  
2785 D Road  
Grand Junction, CO 81501

RE: Project Name: Indian Road Subdivision

Dear Mr. Davidson:

An initial inspection of the subdivision for initial acceptance was completed on May 5, 2008. The following punch list items need to be completed before final acceptance of the signage, asphalt and the concrete for this project are granted. No drainage items were inspected during this site visit.

Concrete

- Item 1. The curb return at the north east corner of Lang Drive and Indian Road is broken in 2 places and needs to be replaced.
- Item 2. The curb return at the south west corner of Lang Drive and Indian Road is broken and needs to be replaced.
- Item 3. The cross pan at 381 Indian Road is broken in three places and needs to be replaced.
- Item 4. The concrete drain trough that crosses Winters Ave. is broken in several places. This trough needs to be replaced. When it is replaced the asphalt shall be milled 6 feet wide parallel to the trough and replaced.
- Item 5. The concrete pan located at 27 ½ and Winters Ave. is broken in two places and needs to be replaced.
- Item 6. The concrete fillet located at the north west corner of the intersection of Winters Ave. and 27 ½ Road is broken and needs to be replaced.
- Item 7. The drainage at the intersection of 27 ½ Road and Winters Ave. needs to be checked. It does not appear to be draining correctly to the south. This is a concrete problem.
- Item 8. The concrete curb and gutter located approximately 100 feet west of the Sprendrup build on the north side of Winters Ave. is broken and needs to be replaced.
- Item 9. Indian Road : There are about a dozen stones that have cracks on the East & West sides and there are about 6 stones that have chunks taken out. All of this concrete needs to be replaced.
- Item 10. Lang Drive: There are 3 stones that have cracks on the North side and need to be replaced.



Item 11. Winters Ave.: East side of Indian Road has 13 stones that are cracked and need to be replaced. The west side of Indian Road has 2 stones that are cracked and need to be replaced.

Asphalt

Item 1. The asphalt around the Ute water vales located at Lang Drive and Indian Road. The valve boxes must be brought to the finished asphalt grade. The Ute valve boxes in the rest of the streets need to be checked by the developer to make sure they match the City specification. This includes the ones in Winters Ave.

Item 2. The asphalt paving along some of the streets is settling to at or below the edge of the concrete. The City will require that the asphalt be brought to the standard of ½ inch above the concrete. The City will meet with you on site to determine the location of the problems and discuss methods for the repair.

Traffic Signs

Item 1. There are only two ERM's (end of road marker) on the west leg of Lang Dr. Needs to be three.

Item 2. The D3's (street name signs) for Winters Ave. & Indian Rd. Are missing. Need to be re-installed on R1-1 (stop sign) located on the SW corner of the intersection.

Item 3. Need to install an R2-1(25) (speed limit sign) on the south side of Winters Ave. east of 27 ½ Rd.

Please contact Mark Barslund to mark out the locations of the concrete replacements and when the above items have been corrected.

Initial acceptance for the project will be granted when the City has received and accepted the following items:

Item 1. Final acceptance letter from Central Grand Valley Sanitation District.

Item 2. Final acceptance letter from Ute Water Conservancy District.

Item 3. One full size paper copy of the as-built plans for the development signed and sealed by the Engineer of Record.

Item 4. One computer disk with the as-built plans as both XXX.dwg and XXX.dwf files

Item 5. Final concrete and asphalt test results, including testing and materials certifications.

Item 6. Final engineer's inspection reports for the development.

Item 7. A maintenance agreement

Item 8. A financial guarantee for 20% of the total infrastructure improvements.

Item 9. A Detention basin certification from the Professional Engineer of Record.

Please submit the above items as soon as possible, so we can start the one year warranty for this project.

Sincerely,

Mike Best, Project Specialist

Electronic copy:

Greg Moberg, Planning Services Supervisor  
Ken Fisher, Development Engineer  
Peggy Sharpe, Administrative Assistant  
David Van Wagoner, Street System  
Ron Key, Water Distribution System  
Ed Tolen, Ute Water

Mark Barslund, Development Inspector  
Shelly Dackonish, Staff Attorney  
Darren Starr, Streets Manager  
Chris Spears, Storm Drainage System  
Larry Brown, Sewage Collection System

Date: June 12th, 2006

City of Grand Junction  
Attn: Laura Lamberty, Development Engineer  
Community Development Department  
250 N. 5<sup>th</sup> Street  
Grand Junction, CO 81501

Re: Development Improvements Agreement Extension  
Extension of Completion Date for the DIA  
Project: MEC-2005-104, Name of project: Indian Road Industrial Park

Dear Laura :

An extension of the Completion Date for the Development Improvements Agreement ("DIA") is being requested for the project captioned above. The completion date set forth in the DIA is April 15th, 2006. Additional time is needed to complete required improvements.

**Attached is the revised development schedule.** It is requested that the Completion Date be extended for an additional 1 Year days/months/year (circle the appropriate period). The necessary bank/issuer/disburser has acknowledged and consented to the extension of the letter of credit or disbursement agreement as requested. (No bank/issuer/disburser signature is required if the security is cash.)

Developer:

Indian Road Industrial Park LLC

Darren Davidson   
Print Name

STATE OF COLORADO     )  
  ) ss  
COUNTY OF MESA        )


Acknowledged before me and subscribed in my presence by  
DARREN M. DAVIDSON as N/A for  
Indian Road Industrial Park LLC on this the 12<sup>th</sup> day of June 2006  
2006.

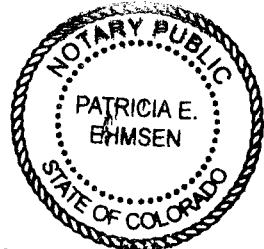
Witness my hand and seal.  
My commission expires: 6/29/2008

Patricia E. Ehmsen

Notary Public

Acknowledge and consent to extension of security for the DIA:

  
\_\_\_\_\_  
Signature  
Clay H. Tully  
\_\_\_\_\_  
Print Name  
President  
\_\_\_\_\_  
Title  
Alpha Bank     Date 6/14/06  
\_\_\_\_\_  
Company/Bank



My Commission Expires 06/29/2008



PUBLIC WORKS  
& PLANNING

April 17, 2009

Indian Road Industrial Park  
P.O. Box 3200  
Grand Junction, CO 81502

**RE: Notice of Final Acceptance - Indian Road Industrial Park**

Project Name: Indian Road Industrial Park

The City has conducted a warranty inspection of the project and any needed follow-up inspections. The public infrastructure improvements have been found to be in satisfactory condition. All requirements for the final acceptance for the Project have been fulfilled.

The Developer's warranty obligation, for all materials and workmanship, has concluded and all warranty obligations are hereby released.

The following improvements within the public right-of-way are accepted for future maintenance by the City:

Public streets:

- All public streets as shown on the Project plans.

Storm drainage system:

- Storm drain pipes, inlets and manholes within the public right of way.
- Maintenance of the detention pond and outlet works is the responsibility of the homeowners association.

Water distribution system:

- N/A – Served by Ute Water

Sanitary sewer:

- N/A – Served by Central Grand Valley Sewer District

The Developer shall contact the Planner for release of the Development Improvements Agreement, the Maintenance Agreement and any financial security attached to the Project.

Sincerely,

A handwritten signature in cursive script that reads "Ken Fischer".

Kenneth E. Fischer, P.E.  
Development Engineer

Electronic copy:

Senta Costello, Senior Planner  
Peggy Sharpe, Administrative Assistant  
David Van Wagoner – Street System

Mark Barslund, Development Inspector  
Doug Cline, Streets Manager  
Chris Spears – Storm Drainage System

## MAINTENANCE GUARANTEE

1. **Parties:** The parties to this Maintenance Guarantee ("the Guarantee" or "Guarantee") are Darren M. Davidson ("the Developer") and the City of Grand Junction, Colorado ("the City" or "City"). Collectively the Developer and the City may be referred to as the Parties.

FOR valuable consideration, the receipt and adequacy of which is acknowledged, the Parties agree as follows:

2. **Effective Date:** The Effective Date of the Guarantee will be the date that it is signed and accepted by the City.

### RECITALS

The Developer has constructed, installed and is required to warrant and maintain certain improvements ("Improvements" or "the Improvements") which were made necessary by virtue of development on property within the City. The Property, known as Indian Road Industrial Park has been reviewed and approved under Public Works & Planning file # SPP-2004-788 and as necessary or required to construe this guarantee, that file(s) is incorporated by this reference. MSC-2005-104

The City seeks to protect the health, safety and general welfare of the community by requiring that the Improvements, once constructed, be maintained. The purpose of this guarantee is to protect the City from having to repair the Improvements at its cost. The Agreement is not executed for the benefit of materialmen, laborers or others providing work, services or material to the Developer and/or the Property or for the benefit of the owners, purchasers or users of the Property. The mutual promises, covenants and obligations contained in this guarantee are authorized by law, the Colorado Constitution, the Charter and the City's ordinances.

### DEVELOPER'S OBLIGATION

3. **Improvements:** The Developer or its successor(s) or assign(s) shall maintain and guarantee the Improvements, at his/her/its own expense, against defects in workmanship and materials for a period of one year from the date of City acceptance of the Improvements. The Developer's obligation is and will be independent of any obligations of the City.

4. **Security:** To secure the performance of its obligations the Developer is required to post security in an amount of \$\_\_\_\_\_ (Line G2, Exhibit B, City Security).

4a. The Developer has posted security to guarantee the Improvements in an amount, form and with terms acceptable to the City.

4b. In addition to that security all warranties and/or guarantees (those incident to construction or as provided by the contractor and/or manufacturer of installed equipment) are hereby assigned to the City.

4c. The Developer shall to the extent necessary or required by the City take whatever action is necessary or required to assign all warranties and/or guarantees (those incident to construction or as provided by the contractor and/or manufacturer of installed equipment) to the City. A copy of those warranties or a memorandum of the same is attached as Exhibit A.

4d. The Developer for itself, its successors and assigns agrees that if the Improvements are not maintained to City standards that the City shall notify the Developer in writing of the defect(s) in accordance with paragraph 8 hereof.

5. **Standards:** The Developer shall maintain the Improvements according to the standards and specifications required by the City or as otherwise established by the City Engineer.

6. **Warranty:** The Developer hereby warrants that the Improvements, each and every one of them, will be maintained in accordance with the Standards in paragraph 5 for the period of this guarantee.

7. **Compliance with Law:** The Developer shall comply with all applicable federal, state and local laws, ordinances and regulations in effect at the time of final approval when fulfilling its obligations under this guarantee. When necessary to protect the public health, safety or welfare, the Developer shall be subject to laws, ordinances and regulations that become effective after acceptance of the Improvements.

8. **Notice of Defect/Default:** The City shall provide timely notice to the Developer whenever routine inspection reveals that an Improvement and/or maintenance of the same does not conform to City standards and any specifications approved or required in or by the development or that an Improvement(s) is otherwise defective.

8a. As provided herein the City shall provide written notice to the Developer at the address stated in paragraph 22. Notice is and shall be deemed effective

two calendar days after mailing thereof by first class United States mail, postage prepaid.

8b. The Developer will have twelve (12) calendar days from the date of the notice to correct the defect.

8c. The City may grant reasonable extensions in writing to the time for correction of defect(s), however, it is not obligated to do so nor is it obligated to provide any notice of a defect(s) if it becomes aware of the defect(s) in or during an emergency. Furthermore, the City is not obligated to inspect the Improvements but may do so as it would any other improvement.

9. **Acceptance:** Prior to acceptance of any Improvement(s), the Developer shall demonstrate in writing to the satisfaction of the City Attorney that it owns the Improvements in fee simple or that there are no liens, encumbrances or other restrictions other than those that have been accepted by the City Attorney on the Improvements. Approval and/or acceptance of any Improvements does not constitute a waiver by the City of any rights it may have on account of any defect in or failure of the Improvement or maintenance of the same that is detected or which occurs after approval and/or acceptance. All warranties and/or guarantees shall be for a period of no less than 12 months from the date of acceptance of the Improvements.

10. **Funds:** Funds drawn, guaranteed or collected by the City under this agreement shall be used for the purpose of correcting defects in and/or repairing or replacing failure(s) of the Improvement(s).

11. **Defect/Default Events:** The following conditions, occurrences or actions will constitute a defect and/or default:

11a. Developer's failure to maintain each and every one of the Improvements in conformance with this guarantee and/or as required by code, law, rule, ordinance or regulation;

11b. Developer's failure to correct defective construction of any Improvement within the applicable guarantee period;

11c. Developer's failure to maintain security in a form and amount required/provided by this guarantee.

11d. As provided herein the City shall provide written notice to the Developer at the address on file with the development application. Notice is and shall be deemed effective two calendar days after mailing thereof by first class United States mail, postage prepaid.

12. **Measure of Cost/Expenses:** The measure of costs and or expenses chargeable by the City under this guarantee will be the reasonable cost of satisfactorily repairing and/or replacing the Improvements plus reasonable City administrative expenses (in the amount of 20% of the repair, replacement and/or warranty work) all of which may exceed the amount of the security provided for in paragraph 4. The amount of the security provided for in paragraph 4 does not set, limit, establish or provide the Developer's maximum financial obligation.

12a. City administrative expenses for which the Developer is obligated to pay include but are not limited to personnel costs, including benefits, overtime, callback, standby and other extraordinary compensation, materials, equipment, third-party contracting costs, collection costs and the value of engineering, legal and administrative staff time devoted to the repair and/or replacement of the Improvements and/or enforcement of this guarantee and all initial warranty(ies) or guarantee(s) assigned to the City by the Developer.

13. **City's Rights:** When any defect or default occurs, the City may after notice and the Developer's failure and/or refusal to repair or replace the Improvements, proceed to collect the amount of the cost or expense incidental or necessary to affect the repair or replacement of the Improvements. The City will have the right to reconstruct, rebuild or otherwise maintain Improvements itself or it may contract with a third party for completion and the Developer grants to the City, its successors, assigns, agents, contractors, and employees, a nonexclusive right and easement to enter the Property for the purposes of constructing, reconstructing, maintaining and repairing such Improvements. This remedy is cumulative in nature and is in addition to any other remedy the City has at law or in equity.

14. **Indemnification:** The Developer expressly agrees to indemnify and hold the City, its officers, employees, agents and assigns harmless from and against all claims, costs and liabilities of every kind and nature, for injury or damage received or sustained by any person or entity in connection with, or on account of the performance or non-performance of work at the Property pursuant to this Agreement. The Developer further agrees to aid and defend the City in the event that the City is named as a defendant in an action concerning the performance or non-performance of work pursuant to this guarantee. The Developer further agrees to aid and defend the City in the event that the City is named as a defendant in an action concerning the performance of work pursuant to this guarantee except where such suit is brought by the Developer against the City. The Developer is, however, not an agent or employee of the City.



15. **No Waiver:** No waiver of any provision of this Agreement by the City will be deemed to or constitute a waiver of any other provision, nor will it be deemed to or constitute a continuing waiver unless expressly provided for by a written amendment to this Agreement signed by both the City and the Developer; nor will the waiver of any defect or default under this guarantee be deemed a waiver of any subsequent defect(s) or default(s) of the same type. The City's failure to exercise any right under this Agreement will not constitute the approval of any wrongful act by the Developer or the acceptance of any defect(s), defaults(s) or Improvement(s).

16. **Amendment or Modification:** The Parties may amend or modify the Agreement only by written instrument executed on behalf of the City by the Public Works and Utilities Director or his designee and by the Developer or his authorized officer. Such amendment or modification shall be properly notarized before it may be deemed effective.

17. **Attorney's Fees:** Should either party be required to resort to litigation to enforce the terms of this guarantee, the prevailing party, plaintiff or defendant, will be entitled to costs, including reasonable attorney's fees and expert witness fees, from the opposing party. If relief is awarded to both parties, the attorney's fees may be equitably divided between the parties by the decision-maker. The value of the City's in-house legal counsel is agreed to be \$125.00 per hour.

18. **Integration:** This guarantee, together with the exhibits and attachments thereto constitutes the entire agreement between the Parties and no statement(s), promise(s) or inducement(s) that is/are not contained in this agreement will be binding on the parties.

19. **Third Party Rights:** No person or entity who or which is not a party to this agreement will have any right of action under this agreement.

20. **Severability:** If any part, term or provision of this guarantee is held by a court or courts of competent jurisdiction to be illegal or otherwise unenforceable, such illegality or unenforceability will not affect the validity of any other part, term, or provision and the right of the parties will be construed as if the part, term or provision was never part of the agreement.

21. **Benefits:** The benefits of this agreement to the Developer are personal and may not be assigned without the express written approval of the City. Such approval may not be unreasonably withheld, but any unapproved assignment is void. Notwithstanding the foregoing, the burdens of this agreement are

personal obligations of the Developer and also will be binding on the heirs, successors and assigns of the Developer and shall be a covenant(s) running with

the Property. There is no prohibition on the City to assign its rights under this agreement. The City will expressly release the original Developer's guarantee or obligations if it accepts new security from any Developer or lender who obtains the Property; however, no other act of the City will constitute a release of the original Developer from his liability under this agreement.

22. **Notice:** Any notice required or permitted by this Agreement will be deemed effective two calendar days after deposit with the United States Postal Service, first class, postage prepaid and addressed as follows:

If to Developer: Darren M. Davidson Name - Developer/Company  
POB 9233 2992 N. Ave Address (Street and Mailing)  
Grand Jct CO GJCO  
81501 81501 City, State & Zip Code  
(970) 234. 7995 Darren Telephone and Fax Numbers  
(970) 234. 3466 Jeffrey - Land Planner  
jeffery@ davidsonhomesco.com E-mail

If to City: Office of the City Attorney  
250 North 5<sup>th</sup> Street  
Grand Junction, CO 81501

Cc: Public Works and Planning Department  
250 North 5<sup>th</sup> Street  
Grand Junction, CO 81501

23. **Recordation:** Developer will pay for all costs to record a memorandum of this guarantee in the Clerk and Recorder's Office of Mesa County, Colorado.

24. **Immunity:** Nothing contained in this agreement constitutes a waiver of the City's sovereign or other immunity under any applicable law.

25. **Personal Jurisdiction and Venue:** Personal jurisdiction and venue for any action commenced by either party to this agreement whether arising out of or relating to the agreement, will be deemed to be proper only if such action is commenced in Mesa County, Colorado. The Developer expressly waives his right to bring such action in or to remove such action to any other court whether state or federal.

By:



10/5/08  
Date

Developer

Name (printed): Darren M. Davidson


Title (position): \_\_\_\_\_

Attest:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

City of Grand Junction

  
Project Planner

11/12/08  
Date

\_\_\_\_\_  
Dept. of Public Works and Planning

11.10.08  
Date

GUARANTEE2007

5/15/2007



April 6, 2010

*Developers and Operators of Fine Hotels*

Mr. Tim Moore  
Public Works Manager  
City of Grand Junction  
250 N. 5<sup>th</sup> Street  
Grand Junction, CO 81501

Dear Mr. Moore:

The nationwide recession has had a significant adverse impact on hotels, including extended stay hotels. The recession has also caused greater difficulty in securing financing. Those factors have created greater risk for hotel developments. Consequently, every dollar saved improves the prospects for a hotel to be successful.

Our company has spent many months, and many dollars, working on the development of the Candlewood Suites hotel to be located at 654 Market Street, Grand Junction, Colorado 81506. In spite of that effort, we had to delay construction because of the sewer and traffic capacity fees assessed by the City. Now, based on the City's adjustment of the Traffic Capacity Payment to reflect the extended stay nature of our hotel, and the City's authorization for payment of the fees in installments, we will be starting construction.

As agreed, the total fees will be as follows:

Sewer - \$97,776  
Traffic Capacity Payment – 97 rooms at \$1,637 per room = \$158,789  
City Inspection Fee - \$1,690  
Total Fees - \$258,255

The fees will be paid as follows:

\$58,255 will be paid at the start of construction. The remaining balance of \$200,000 will be paid in four equal installments of \$50,000. The first installment will be paid on the first anniversary of the date that a Certificate of Occupancy is issued for the hotel; the three remaining payments will be made on each succeeding anniversary date. No interest will accrue on the sums owed.

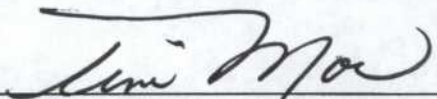
Thank you for helping make this hotel project a reality. Governmental entities need pragmatic decision makers, like you. The City of Grand Junction will benefit from the construction and operation of the hotel which our company may have been forced to abandon without the City's assistance. Please confirm our payment arrangements with the City by signing below and returning the signed original in the enclosed stamped envelope. Thank you for your help.

Sincerely,

James P Koehler

Enclosures  
Check #5004

The fees and the installment payment schedule specified in this letter are accepted by the City of Grand Junction.

  
\_\_\_\_\_  
Tim Moore, Public Works Manager  
Date 4-7-10



## PROMISSORY NOTE

**Borrower:** James P. Koehler of 2011 8<sup>th</sup> Avenue, NE, Aberdeen, South Dakota, 57401 (individually and collectively the "Borrower")

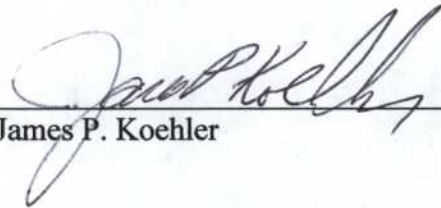
**Lender:** City of Grand Junction

**Principal Amount:** \$200,000.00

1. FOR VALUE RECEIVED, the Borrower promises to pay to City of Grand Junction at 250 North 5<sup>th</sup> Street, Grand Junction, Colorado, 81501, the principal sum of two hundred thousand (\$200,000.00) USD, without interest payable on the unpaid principal.
2. This Note will be repaid in consecutive yearly installments of \$50,000.00 each on the anniversary date of the Grand Junction, CO, Candlewood Suites, 654 Market Street, Grand Junction, Colorado 81506, certificate of occupancy.
3. At any time while not in default under this Note, the Borrower may pay the outstanding balance then owing under this Note to City of Grand Junction without bonus or penalty.
4. Notwithstanding anything to the contrary in this Note, if the Borrower defaults in the performance of any obligation under this Note, then City of Grand Junction may declare the unpaid principal amount then due and owing under this Note at that time to be immediately due and payable. Furthermore, in the event of a default the City may disconnect the Candlewood Suites from sewer service.
5. This Note will be construed in accordance with and governed by the laws of the State of Colorado.
6. All costs, expenses and expenditures including, and without limitation, the complete legal costs incurred by City of Grand Junction in enforcing this Note as a result of any default by the Borrower, including but not limited to the cost of disconnecting sewer service, will be added to the principal then outstanding and will immediately be paid by the Borrower.
7. This Note will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Borrower and City of Grand Junction. The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest.
8. If Borrower sells the Grand Junction, CO Candlewood Suites during the term of this Note, the Borrower must pay the outstanding balance owed under this Note before closing of the sale.

IN WITNESS WHEREOF James P. Koehler has duly affixed his signature under seal on this 6<sup>th</sup> day of April, 2010.

**SIGNED, SEALED AND DELIVERED**

  
James P. Koehler

This 6<sup>th</sup> day of April, 2010 in the presence of:

  
(seal)

A NOTARY PUBLIC IN AND FOR  
The State of South Dakota

Address 2011 8th Ave NE - Aberdeen SD 57401  
Telephone 605-229-0030 ext 721

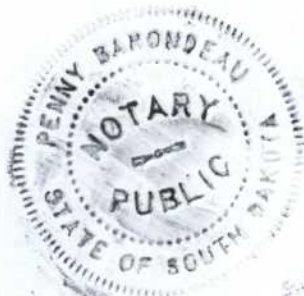


**NOTARY ACKNOWLEDGEMENT**

State of South Dakota             )  
  )  
County of Brown                             ) ss.

On this the 6<sup>th</sup> day of April, 2010, before me, Penny Barondeau, the undersigned officer, personally appeared James P. Koehler, know to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he/she executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand and official seal.



  
Notary Public

My commission expires: 6-24-2014



2 PAGE DOCUMENT

## PROMISSORY NOTE

**Borrower:** James P. Koehler of 2011 8<sup>th</sup> Avenue, NE, Aberdeen, South Dakota,  
57401 (individually and collectively the "Borrower")

**Lender:** City of Grand Junction

**Principal Amount:** \$200,000.00

1. FOR VALUE RECEIVED, the Borrower promises to pay to City of Grand Junction at 250 North 5<sup>th</sup> Street, Grand Junction, Colorado, 81501, the principal sum of two hundred thousand (\$200,000.00) USD, without interest payable on the unpaid principal.
2. This Note will be repaid in consecutive yearly installments of \$50,000.00 each on the anniversary date of the Grand Junction, CO, Candlewood Suites, 654 Market Street, Grand Junction, Colorado 81506, certificate of occupancy.
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