MANITOU SPRINGS CITY COUNCIL
REGULAR MEETING AGENDA

City Council meetings are held in hybrid form by Zoom
(remote) or in-person at Memorial Hall.
Memorial Hall
606 Manitou Avenue
Manitou Springs, CO 80829
Remote: www.manitouspringsgov.com; click on meeting
link under "Government; City Council" page

Position	Name	Term Expires
Mayor	John G. Graham	January 2, 2026
At-Large	Judith Chandler	January 2, 2028
At-Large	John Shada	January 2, 2028
At-Large	Julie Wolfe	January 2, 2028
Ward 1	Mayor Pro Tem Natalie Johnson	January 6, 2026
Ward 2	Nancy Fortuin	January 6, 2026
Ward 3	Michelle Whetherhult	January 6, 2026

February 18, 2025 **6:00 PM**

THE CITY COUNCIL MAY TAKE ACTION ON ANY OF THE FOLLOWING AGENDA ITEMS AS PRESENTED OR MODIFIED PRIOR TO OR DURING THE MEETING, AND ITEMS NECESSARY TO EFFECTUATE THE AGENDA ITEMS

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. APPROVAL OF AGENDA

E. PUBLIC COMMENT ON NON-AGENDA ITEMS

F. CONSENT CALENDAR

1. Presentation of Warrants

2. February 4, 2025 City Council Regular Meeting Minutes

3. Status of the Manitou Springs Volunteer Fire Department Pension Fund Report

4. Consider Reappointing Judy Carnick to the Open Space Advisory Committee

5. Consider Reappointing Danu Fatt to the Parks and Recreation Advisory Board

6. Consider Reappointing Tim Bresnahan to the Parks and Recreation Advisory Board

7. Consideration of Resolution No. 0525, A Resolution of the City of Manitou Springs, Colorado, Supporting a Grant Application to the Colorado

Department of Local Affairs for the City's Water Meters Project and Authorizing Execution of a Grant Agreement Upon Award of the Grant

8. Letter of Support for Silver Key Senior Services

G. BUSINESS

1. Formal Action on Parking for Soda Springs Park Events

H. HEARINGS

1. Second Reading and Public Hearing of Ordinance No. 0125, An Ordinance Approving a Lease Purchase Agreement with Clayton Holdings, LLC

2. Public Hearing to Consider Issuance of a New Tavern Liquor License at 702 Manitou Avenue, Bliss Enterprises LLC, dba Aurathentic

I. RECEIVE OR ACT ON COUNCIL CORRESPONDENCE

J. CITY ADMINISTRATOR REPORT

K. EXECUTIVE SESSION

1. An Executive Session to determine positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators, pursuant to Section 5.1(d) of the Manitou Springs Municipal Charter, concerning recovery of unused MACH grant funds.

2. An Executive Session for the purposes of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators, pursuant to Section 5.1(d) of the Manitou Springs Municipal Charter, concerning the COG Railway and the reimbursement payments set forth in the Tax Incentive Program Agreement dated November 20, 2018.

ADJOURN

The City of Manitou Springs does not discriminate on the basis of disability in the admission to, access to, or operations of programs, services or activities. Reasonable accommodation will be provided to ensure equal access to all. Individuals who would like to request auxiliary aids or services should contact the ADA Coordinator at (719) 685-5481 or jfryer@manitouspringsco.gov. You may also contact the City Clerk's Office at cityclerk@manitouspringsco.gov or (719) 685-2554. Please provide a minimum of 3-5 days advance notice.

Memorandum

Title: Presentation of Warrants
From: Nicole Ortega, Finance Supervisor
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:
To present warrants, written from January 6, 2025, through February 5, 2025, to City Council.

Background:
City Code *4.2.* Powers and duties of Council
...the Council shall have the responsibility and power to:
(d) Prepare and administer an annual budget, and post monthly in City Hall and make available to the public the line-by-line expenditures authorized by the Council.

Pros and Cons:
N/A

Fiscal Impact:
$2,785,422

Workload Impact:
15 Minutes

Recommended Action:
Acknowledge presentation of the warrants by approval of the Consent Calendar

Report Criteria:
Report type: Summary
Check.Type = {<>} "Adjustment"

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
01/25	01/06/2025	20250000	144506	ADVANCE AUTO PARTS	55-202-100	25.62
01/25	01/06/2025	20250001	653	ALERT FIRST AID & SAFETY SERVICE INC	10-202-100	34.03
01/25	01/06/2025	20250002	145724	AMAZON CAPITAL SERVICES	10-202-100	584.87
01/25	01/06/2025	20250003	426	AMERICAN LOCK & KEY	10-202-100	33.00
01/25	01/06/2025	20250004	20220677	ARTAIC GROUP, LLC	39-202-100	3,745.00
01/25	01/06/2025	20250005	628	BACK COUNTRY BADGER, INC.	52-202-100	938.32
01/25	01/06/2025	20250006	20220956	BASELINE ENGINEERING CORPORATION	10-202-100	5,530.75
01/25	01/06/2025	20250007	137	BILL'S EQUIPMENT AND SUPPLY INC	39-202-100	45.20
01/25	01/06/2025	20250008	512	BOOT BARN	52-202-100	220.44
01/25	01/06/2025	20250009	180023	BRANNAN SAND AND GRAVEL COMPANY LLC	55-202-100	8,453.98
01/25	01/06/2025	20250010	726	BURLAP BAG	10-202-100	350.00
01/25	01/06/2025	20250011	1516	CASELLE INC	10-202-100	1,787.00
01/25	01/06/2025	20250012	2021025	CHAVEZ CONSULTING INC	54-202-100	6,275.00
01/25	01/06/2025	20250013	20220859	CHIARTANO ENGINEERING GROUP LLC	39-202-100	13,000.00
01/25	01/06/2025	20250014	144747	CHIEF PETROLEUM CO	10-202-100	1,679.40
01/25	01/06/2025	20250015	530	CIVICPLUS	10-202-100	6,820.00
01/25	01/06/2025	20250016	141955	COLORADO RURAL WATER ASSOC.	10-202-100	475.00
01/25	01/06/2025	20250017	361	DAWSON INFRASTRUCTURE SOLUTIONS	54-202-100	3,435.13
01/25	01/06/2025	20250018	20221025	DDR-33 INC	39-202-100	6,068.00
01/25	01/06/2025	20250019	20220883	DIVISION OF CHILD SUPPORT	10-202-100	624.00
01/25	01/06/2025	20250020	867	DREXEL, BARRELL & CO	10-202-100	4,488.75
01/25	01/06/2025	20250021	202119	EXPRESS SERVICES, INC.	10-202-100	680.60
01/25	01/06/2025	20250022	20216	FAMILY SUPPORT REGISTRY	10-202-100	548.28
01/25	01/06/2025	20250023	20221028	FILANC	52-202-100	65,017.86
01/25	01/06/2025	20250024	160344	FLAIR DATA SYSTEMS	10-202-100	22,361.78
01/25	01/06/2025	20250025	20221007	FORTIS GENERAL CONTRACTING LLC	54-202-100	19,161.08
01/25	01/06/2025	20250026	144404	FRONT RANGE ARBORISTS, INC.	23-202-100	2,200.00
01/25	01/06/2025	20250027	188	GALLS, LLC	10-202-100	708.52
01/25	01/06/2025	20250028	20221011	GEOSTRUCT HOLDINGS INC	55-202-100	16,450.00
01/25	01/06/2025	20250029	346	GLASER WELDING / GLASER STEEL	10-202-100	22.11
01/25	01/06/2025	20250030	432	GRAINGER	10-202-100	208.55
01/25	01/06/2025	20250031	20220965	GSE CONSTRUCTION CO, INC	52-202-100	226,107.60
01/25	01/06/2025	20250032	160394	GUIRY'S INC.	10-202-100	63.68
01/25	01/06/2025	20250033	436	HOME DEPOT CREDIT SERVICES	55-202-100	54.52
01/25	01/06/2025	20250034	594	HORD, COPLAN, MACHT	25-202-100	16,356.00
01/25	01/06/2025	20250035	20220966	ICON STRUCTURES INC	39-202-100	96,369.19
01/25	01/06/2025	20250036	1142	INVARION	10-202-100	799.00
01/25	01/06/2025	20250037	15009	JR ENGINEERING LLC	39-202-100	2,137.50
01/25	01/06/2025	20250038	20221030	JUNGBAUER, JEANIE	01-202-100	130.01
01/25	01/06/2025	20250039	160016	KIMLEY-HORN AND ASSOCIATES INC	23-202-100	6,921.25
01/25	01/06/2025	20250040	144638	KUMAR & ASSOCIATES, INC.	39-202-100	5,327.75
01/25	01/06/2025	20250041	20220037	LIFE INSURANCE CO OF NORTH AMERICA	10-202-100	1,238.31
01/25	01/06/2025	20250042	160255	LIFEMED SAFETY, INC.	10-202-100	1,255.80
01/25	01/06/2025	20250043	56	LOWE'S	10-202-100	238.62
01/25	01/06/2025	20250044	1009	MARCUS ELECTRIC LLC	10-202-100	988.50
01/25	01/06/2025	20250045	20221021	MEYER & SAMS, INC.	52-202-100	14,817.70
01/25	01/06/2025	20250046	144558	MFCP INC.	52-202-100	40.90
01/25	01/06/2025	20250047	145606	MILE HIGH ACE HARDWARE	54-202-100	67.98
01/25	01/06/2025	20250048	20200300	MORENO, MARCUS	52-202-100	2,550.00
01/25	01/06/2025	20250049	301	NALCO COMPANY	52-202-100	8,601.89
01/25	01/06/2025	20250050	2021089	NATIONSEARCH.COM LLC	55-202-100	58.00
01/25	01/06/2025	20250051	187	O'REILLY AUTO PARTS / FIRST CALL	54-202-100	68.97
01/25	01/06/2025	20250052	20220576	PIKES PEAK BULLETIN	10-202-100	35.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount	
01/25	01/06/2025	20250053	256	POSTMASTER	10-202-100	5,000.00	
01/25	01/06/2025	20250054	20221029	POSUSTA, JOHN OR REBECCA	01-202-100	160.57	
01/25	01/06/2025	20250055	20220630	PRESERVATION STUDIO INC, THE	39-202-100	2,500.00	
01/25	01/06/2025	20250056	20220913	PURCELL TIRE & SERVICE CENTERS	53-202-100	1,605.02	
01/25	01/06/2025	20250057	2021028	RATIO ARCHITECTS, LLC	39-202-100	12,819.70	
01/25	01/06/2025	20250058	749	RESPEC	52-202-100	17,628.38	
01/25	01/06/2025	20250059	20220393	ROCKSOL CONSULTING GROUP INC	55-202-100	2,892.04	
01/25	01/06/2025	20250060	855	ROCKY MOUNTAIN AIR SOLUTIONS	52-202-100	2,441.21	
01/25	01/06/2025	20250061	144342	ROCKY TOP RESOURCES, INC.	53-202-100	1,231.20	
01/25	01/06/2025	20250062	20220237	RYAN HERCO PRODUCTS CORP	52-202-100	137.65	
01/25	01/06/2025	20250063	17001	STAPLES BUSINESS ADVANTAGE	10-202-100	120.49	
01/25	01/06/2025	20250064	144725	SUPER VACUUM MANUFACTURING CO	10-202-100	693.94	
01/25	01/06/2025	20250065	20211022	SYNAPSE TECHNOLOGIES INC	10-202-100	6,900.00	
01/25	01/06/2025	20250066	20200156	T2 SYSTEMS CANADA INC	55-202-100	22,008.44	
01/25	01/06/2025	20250067	20221035	TALOS TECHNOLOGIES LTD	52-202-100	5,024.04	
01/25	01/06/2025	20250068	20220751	TEMP FENCE USA	39-202-100	45.00	
01/25	01/06/2025	20250069	20220994	THE TENDIT GROUP LLC	10-202-100	9,770.00	
01/25	01/06/2025	20250070	20220739	THOMAS GENERAL CONTRACTORS	39-202-100	24,775.54	
01/25	01/06/2025	20250071	144817	TIMBERLINE AUTO TRIM	55-202-100	375.00	
01/25	01/06/2025	20250072	821	TRITECH FORENSICS	10-202-100	265.00	
01/25	01/06/2025	20250073	170078	TWIN BEARS	55-202-100	772.50	
01/25	01/06/2025	20250074	20200170	UNITED SITE SERVICES	10-202-100	737.00	
01/25	01/06/2025	20250075	1700045	UNITED STATES GEOLOGICAL SURVEY	54-202-100	5,397.50	
01/25	01/06/2025	20250076	20220331	VERIZON CONNECT FLEET USA LLC	55-202-100	805.40	
01/25	01/06/2025	20250077	20221034	VERZAL, JOHN	10-202-100	10.00	
01/25	01/06/2025	20250078	20221033	VIVID ENGINEERING GROUP INC	52-202-100	30,438.25	
01/25	01/06/2025	20250079	1027	WESTERN PAPER DISTRIBUTORS, INC.	10-202-100	298.08	
01/25	01/06/2025	20250080	20200273	WOLFCO COMMERCIAL SERVICES	10-202-100	175.00	
01/25	01/06/2025	20250081	20220024	WOLFCO COMMERCIAL SERVICES	10-202-100	135.00	
01/25	01/06/2025	20250082	20220025	WOLFCO COMMERCIAL SERVICES	10-202-100	165.00	
01/25	01/09/2025	20250085	20220557	STAMPLI CREDIT CARD	54-202-100	.00	V
01/25	01/16/2025	20250088	37	AFLAC	10-202-100	34.40	
01/25	01/16/2025	20250089	653	ALERT FIRST AID & SAFETY SERVICE INC	53-202-100	80.62	
01/25	01/16/2025	20250090	145724	AMAZON CAPITAL SERVICES	10-202-100	1,060.58	
01/25	01/16/2025	20250091	426	AMERICAN LOCK & KEY	10-202-100	630.90	
01/25	01/16/2025	20250092	20220035	AMERITAS LIFE INSURANCE COMPANY	10-202-100	772.40	
01/25	01/16/2025	20250093	20220036	AMERITAS LIFE INSURANCE CORP	10-202-100	3,391.29	
01/25	01/16/2025	20250094	745	ASCAP	10-202-100	134.17	
01/25	01/16/2025	20250095	20220880	AUTOMATED BUSINESS PRODUCTS OF COLORAD	10-202-100	46.71	
01/25	01/16/2025	20250096	20220297	BARTLETT, DEREK	10-202-100	400.00	
01/25	01/16/2025	20250097	358	BOUND TREE MEDICAL,LLC.	10-202-100	1,203.27	
01/25	01/16/2025	20250098	726	BURLAP BAG	55-202-100	450.00	
01/25	01/16/2025	20250099	1516	CASELLE INC	10-202-100	1,787.00	
01/25	01/16/2025	20250100	690	CENTURYLINK	52-202-100	2,345.34	
01/25	01/16/2025	20250101	20221039	CHAD LANDOWSKI	23-202-100	26,970.00	
01/25	01/16/2025	20250102	160403	CLARION ASSOCIATES LLC	10-202-100	6,764.47	
01/25	01/16/2025	20250103	177	COLORADO SPRINGS UTILITIES	55-202-100	15,755.49	
01/25	01/16/2025	20250104	145514	CRAIG'S POWER EQUIPMENT	10-202-100	110.20	
01/25	01/16/2025	20250105	20220883	DIVISION OF CHILD SUPPORT	10-202-100	312.00	
01/25	01/16/2025	20250106	20220140	ECOSWEEPING INC	55-202-100	3,300.00	
01/25	01/16/2025	20250107	321	EL PASO COUNTY SHERIFFS OFFICE	10-202-100	12,500.00	
01/25	01/16/2025	20250108	202119	EXPRESS SERVICES, INC.	10-202-100	544.48	
01/25	01/16/2025	20250109	20220313	EXTRA SPACE MANAGEMENT INC	10-202-100	4.00	
01/25	01/16/2025	20250110	20220277	FCS GROUP	53-202-100	975.00	
01/25	01/16/2025	20250111	160344	FLAIR DATA SYSTEMS	10-202-100	2,131.82	
01/25	01/16/2025	20250112	188	GALLS, LLC	10-202-100	378.13	
01/25	01/16/2025	20250113	148807	HOFFMANN, PARKER, WILSON & CARBERRY	10-202-100	12,112.01	

M = Manual Check, V = Void Check

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount	
01/25	01/16/2025	20250114	436	HOME DEPOT CREDIT SERVICES	55-202-100	4,519.96	
01/25	01/16/2025	20250115	20200048	HOOVER, HAROLD	10-202-100	400.00	
01/25	01/16/2025	20250116	20220375	J. REED CONSTRUCTORS INC	39-202-100	20,000.00	
01/25	01/16/2025	20250117	20220298	JAMES, MICHAELA	10-202-100	400.00	
01/25	01/16/2025	20250118	160306	JOHNSON, GARY	10-202-100	400.00	
01/25	01/16/2025	20250119	965	LAMAR COMPANIES, THE	55-202-100	546.00	
01/25	01/16/2025	20250120	2022002	LARA, ANTHONY	10-202-100	150.00	
01/25	01/16/2025	20250121	56	LOWE'S	10-202-100	275.35	
01/25	01/16/2025	20250122	20221041	MANITOU SPRINGS METROPOLITAN DISTRICT	75-202-100	762,947.16	
01/25	01/16/2025	20250123	20221037	NEWKIRK, JAMES	10-202-100	400.00	
01/25	01/16/2025	20250124	20200195	OTTO, WILLIAM	10-202-100	400.00	
01/25	01/16/2025	20250125	20221036	PAULSEN, CHRIS	10-202-100	400.00	
01/25	01/16/2025	20250126	20221006	PEAK FENCING INC	23-202-100	3,662.00	
01/25	01/16/2025	20250127	242	PETTY CASH - FINANCE	10-202-100	775.00	
01/25	01/16/2025	20250128	20220576	PIKES PEAK BULLETIN	10-202-100	175.00	
01/25	01/16/2025	20250129	685	PPACG	10-202-100	2,781.00	
01/25	01/16/2025	20250130	194	RAMPART	52-202-100	77.93	
01/25	01/16/2025	20250131	20221032	RASH, JASON	01-202-100	126.83	
01/25	01/16/2025	20250132	20220190	RIVET ENGINEERING GROUP LLC	39-202-100	4,200.00	
01/25	01/16/2025	20250133	144342	ROCKY TOP RESOURCES, INC.	10-202-100	810.00	
01/25	01/16/2025	20250134	150048	SESAC LLC	10-202-100	610.00	
01/25	01/16/2025	20250135	20200046	SEVENE, COREY	10-202-100	400.00	
01/25	01/16/2025	20250136	20221038	STINNETTE, DILLON	10-202-100	400.00	
01/25	01/16/2025	20250137	20200047	STRAND, LEO	10-202-100	400.00	
01/25	01/16/2025	20250138	2022003	STRIDER, MANDY	10-202-100	400.00	
01/25	01/16/2025	20250139	20200156	T2 SYSTEMS CANADA INC	55-202-100	4,146.15	
01/25	01/16/2025	20250140	20220970	TIMBERLINE BUILDING SYSTEMS LLC	39-202-100	30,881.54	
01/25	01/16/2025	20250141	170078	TWIN BEARS	10-202-100	178.00	
01/25	01/16/2025	20250142	1027	WESTERN PAPER DISTRIBUTORS, INC.	10-202-100	805.94	
01/25	01/16/2025	20250143	20200273	WOLFCO COMMERCIAL SERVICES	10-202-100	175.00	
01/25	01/16/2025	20250144	20220358	WOLFCO COMMERCIAL SERVICES	10-202-100	100.00	
01/25	01/16/2025	20250145	20221031	WOOD, JAMES	01-202-100	152.50	
01/25	01/16/2025	20250146	20220722	WORKSHOP 40 LLC	26-202-100	48,670.50	
01/25	01/16/2025	20250147	20200045	SCHUELKE, JEFFREY	10-202-100	400.00	
01/25	01/07/2025	20250149	116	WEX / LOAF N JUG FUEL - PAID ON LINE	52-202-100	7,585.83	M
01/25	01/07/2025	20250150	621	ALAMI, MOHAMMED	39-202-100	62,152.33	M
01/25	01/06/2025	20250154	20220557	STAMPLI CREDIT CARD	10-202-100	1,391.86	M
01/25	01/23/2025	20250155	955		10-202-100	2,814.00	
01/25	01/23/2025	20250156	145724	AMAZON CAPITAL SERVICES	10-202-100	2,372.88	
01/25	01/23/2025	20250157	145600	AMERICAN BATTERY CORPORATION	10-202-100	420.87	
01/25	01/23/2025	20250158	426	AMERICAN LOCK & KEY	10-202-100	217.00	
01/25	01/23/2025	20250159	20220880	AUTOMATED BUSINESS PRODUCTS OF COLORAD	10-202-100	4.59	
01/25	01/23/2025	20250160	358	BOUND TREE MEDICAL,LLC.	10-202-100	82.99	
01/25	01/23/2025	20250161	433	CITY GLASS COMPANY, INC.	10-202-100	3,276.93	
01/25	01/23/2025	20250162	160403	CLARION ASSOCIATES LLC	10-202-100	8,674.46	
01/25	01/23/2025	20250163	1124	CLEARWAY ENERGY GROUP LLC	52-202-100	1,818.77	
01/25	01/23/2025	20250164	177	COLORADO SPRINGS UTILITIES	53-202-100	42,782.95	
01/25	01/23/2025	20250165	517	DANU FATT	10-202-100	87.73	
01/25	01/23/2025	20250166	20221040	DEARBORN, SEAN	52-202-100	269.00	
01/25	01/23/2025	20250167	867	DREXEL, BARRELL & CO	10-202-100	7,708.75	
01/25	01/23/2025	20250168	1700029	ECONOMIC & PLANNING SYSTEMS INC	10-202-100	8,545.20	
01/25	01/23/2025	20250169	202119	EXPRESS SERVICES, INC.	10-202-100	1,361.20	
01/25	01/23/2025	20250170	1329	FALCON DISTRIBUTORS	55-202-100	1,165.95	
01/25	01/23/2025	20250171	20221007	FORTIS GENERAL CONTRACTING LLC	10-202-100	7,497.90	
01/25	01/23/2025	20250172	20221044	GRAY, AUDREY	29-202-100	425.00	
01/25	01/23/2025	20250173	681	HACH COMPANY	52-202-100	645.21	
01/25	01/23/2025	20250174	20200145	HR PERFORMANCE SOLUTIONS	10-202-100	194.52	

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GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
01/25	01/23/2025	20250175	190019	KARLSON, ERIC	52-202-100	442.00
01/25	01/23/2025	20250176	20221043	LANDSCAPE FORMS INC	39-202-100	36,289.60
01/25	01/23/2025	20250177	106	MANITOU SPRINGS CHAMBER OF COMMERCE	10-202-100	146,813.75
01/25	01/23/2025	20250178	20220651	MBI MEDICINE FOR BUSINESS & INDUSTRY	53-202-100	285.00
01/25	01/23/2025	20250179	1118	MELCON COMMUNICATIONS LLP	10-202-100	3,050.00
01/25	01/23/2025	20250180	746	MHC KENWORTH-COLORADO SPRINGS	10-202-100	615.46
01/25	01/23/2025	20250181	20220787	NELSON ROSS ARCHITECTS	39-202-100	2,250.00
01/25	01/23/2025	20250182	20200297	OLSON, DAN	52-202-100	50.00
01/25	01/23/2025	20250183	242	PETTY CASH - FINANCE	10-202-100	29.49
01/25	01/23/2025	20250184	20220576	PIKES PEAK BULLETIN	10-202-100	1,315.00
01/25	01/23/2025	20250185	18922	PREFERRED DOCUMENT SOLUTIONS	10-202-100	30.49
01/25	01/23/2025	20250186	749	RESPEC	52-202-100	12,314.68
01/25	01/23/2025	20250187	190	RODRIGUEZ, LARRY J	10-202-100	400.00
01/25	01/23/2025	20250188	20221042	ST JOHN, LARRY	10-202-100	102.90
01/25	01/23/2025	20250189	17001	STAPLES BUSINESS ADVANTAGE	10-202-100	108.76
01/25	01/23/2025	20250190	20220387	STUTZMAN, KARA	10-202-100	150.00
01/25	01/23/2025	20250191	20200156	T2 SYSTEMS CANADA INC	55-202-100	6,407.87
01/25	01/23/2025	20250192	160263	TALL TIMBERS TREE & SHRUB SERVICE INC	10-202-100	1,875.00
01/25	01/23/2025	20250193	231	VERIZON WIRELESS	52-202-100	4,689.09
01/25	01/23/2025	20250194	180029	WEAR PARTS & EQUIP CO., INC.	55-202-100	876.60
01/25	01/23/2025	20250195	1027	WESTERN PAPER DISTRIBUTORS, INC.	10-202-100	171.60
01/25	01/23/2025	20250196	20220024	WOLFCO COMMERCIAL SERVICES	10-202-100	135.00
01/25	01/23/2025	20250197	20220025	WOLFCO COMMERCIAL SERVICES	10-202-100	165.00
01/25	01/23/2025	20250198	20220358	WOLFCO COMMERCIAL SERVICES	10-202-100	100.00
01/25	01/23/2025	20250199	551	XEROX FINANCIAL SERVICES	10-202-100	1,642.70
02/25	02/05/2025	20250200	716	A.L.E.R.T./S.A.M	10-202-100	100.00
02/25	02/05/2025	20250201	144506	ADVANCE AUTO PARTS	10-202-100	751.26
02/25	02/05/2025	20250202	20220666	AFFORDABLE TREE AND SHRUB EXPERTS INC	55-202-100	1,250.00
02/25	02/05/2025	20250203	20200132	ALLEN, MICHAEL T	10-202-100	1,212.00
02/25	02/05/2025	20250204	145724	AMAZON CAPITAL SERVICES	10-202-100	4,723.79
02/25	02/05/2025	20250205	426	AMERICAN LOCK & KEY	10-202-100	18.00
02/25	02/05/2025	20250206	1246	AMERISCAN IMAGING SERVICES, INC	10-202-100	700.00
02/25	02/05/2025	20250207	144519	APEX SPORTS, INC.	55-202-100	21.90
02/25	02/05/2025	20250208	1410	BOBCAT OF THE ROCKIES	10-202-100	852.35
02/25	02/05/2025	20250209	358	BOUND TREE MEDICAL,LLC.	10-202-100	1,834.45
02/25	02/05/2025	20250210	180023	BRANNAN SAND AND GRAVEL COMPANY LLC	55-202-100	8,499.12
02/25	02/05/2025	20250211	615	CARDMEMBER SERVICE	10-202-100	25.57
02/25	02/05/2025	20250212	125	CEM SALES & SERVICE	10-202-100	2,147.50
02/25	02/05/2025	20250213	690	CENTURYLINK	52-202-100	2,345.34
02/25	02/05/2025	20250214	20221026	CENTURYLINK	52-202-100	3,154.57
02/25	02/05/2025	20250215	2021025	CHAVEZ CONSULTING INC	54-202-100	5,475.00
02/25	02/05/2025	20250216	144747	CHIEF PETROLEUM CO	10-202-100	89.54
02/25	02/05/2025	20250217	170	CIRSA	52-202-100	8,340.90
02/25	02/05/2025	20250218	613	CLAYTON HOLDINGS, LLC	54-202-100	195,663.43
02/25	02/05/2025	20250219	384	CLEARWAY ENERGY GROUP	74-202-100	2,046.27
02/25	02/05/2025	20250220	1111	COLORADO PARKS AND RECEREATION ASSOC	10-202-100	1,040.00
02/25	02/05/2025	20250221	310	COLORADO SPRINGS WINWATER	52-202-100	340.00
02/25	02/05/2025	20250222	642	CORE & MAIN LP	52-202-100	15,618.44
02/25	02/05/2025	20250223	145514	CRAIG'S POWER EQUIPMENT	10-202-100	95.19
02/25	02/05/2025	20250224	361	DAWSON INFRASTRUCTURE SOLUTIONS	52-202-100	3,576.55
02/25	02/05/2025	20250225	867	DREXEL, BARRELL & CO	55-202-100	2,000.00
02/25	02/05/2025	20250226	658	EL PASO COUNTY PUBLIC HEALTH LABORATORY	52-202-100	428.00
02/25	02/05/2025	20250227	580	ENGELHARDT, BENJAMIN LEO	10-202-100	15,920.05
02/25	02/05/2025	20250228	767	ENVIRONMENTAL SYSTEMS RESEARCH INSTITUT	10-202-100	5,360.00
02/25	02/05/2025	20250229	144502	EON OFFICE PRODUCTS	54-202-100	127.77
02/25	02/05/2025	20250230	651	EXHAUST READERS	10-202-100	120.00
02/25	02/05/2025	20250231	202119	EXPRESS SERVICES, INC.	10-202-100	2,472.96

M = Manual Check, V = Void Check

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
02/25	02/05/2025	20250232	144799	GARDEN OF THE GODS ACE HARDWARE	10-202-100	129.98
02/25	02/05/2025	20250233	1024	GOODYEAR AUTO SERVICE CTR	10-202-100	221.80
02/25	02/05/2025	20250234	20220223	GRAHAM, JOHN G.	10-202-100	229.00
02/25	02/05/2025	20250235	160394	GUIRY'S INC.	10-202-100	82.16
02/25	02/05/2025	20250236	681	HACH COMPANY	52-202-100	9,469.60
02/25	02/05/2025	20250237	1258	HARDLINE EQUIPMENT	55-202-100	1,657.55
02/25	02/05/2025	20250238	568	HEALTHCARE MEDICAL WASTE SERVICES	10-202-100	230.00
02/25	02/05/2025	20250239	443	HINKLE & COMPANY, PC	10-202-100	6,100.00
02/25	02/05/2025	20250240	436	HOME DEPOT CREDIT SERVICES	54-202-100	2,806.46
02/25	02/05/2025	20250241	172	HUMANE SOCIETY PIKES PEAK REG	10-202-100	46,472.00
02/25	02/05/2025	20250242	160297	IACP	10-202-100	220.00
02/25	02/05/2025	20250243	20220966	ICON STRUCTURES INC	39-202-100	11,374.92
02/25	02/05/2025	20250244	435	IXOM WATERCARE	52-202-100	4,569.50
02/25	02/05/2025	20250245	20220368	JOHN DAVIS DESIGN GROUP	55-202-100	29,419.92
02/25	02/05/2025	20250246	15009	JR ENGINEERING LLC	39-202-100	2,543.75
02/25	02/05/2025	20250247	20220266	KOLLACODE LLC	29-202-100	9,000.00
02/25	02/05/2025	20250248	20220682	LANDO EXCAVATION LLC	39-202-100	4,900.00
02/25	02/05/2025	20250249	20220285	LIFE-ASSIST, INC.	10-202-100	89.90
02/25	02/05/2025	20250250	160255	LIFEMED SAFETY, INC.	10-202-100	2,551.90
02/25	02/05/2025	20250251	56	LOWE'S	53-202-100	31.33
02/25	02/05/2025	20250252	20220267	LUCKY DOG CONTRACTING	53-202-100	1,170.00
02/25	02/05/2025	20250253	1009	MARCUS ELECTRIC LLC	52-202-100	1,495.00
02/25	02/05/2025	20250254	20220219	MATRIX DESIGN GROUP, INC	55-202-100	64,294.99
02/25	02/05/2025	20250255	142083	MCCANDLESS TRUCK CENTER LLC	10-202-100	535.51
02/25	02/05/2025	20250256	145606	MILE HIGH ACE HARDWARE	55-202-100	32.00
02/25	02/05/2025	20250257	20220280	MOTOROLA SOLUTIONS, INC.	55-202-100	233.34
02/25	02/05/2025	20250258	169	NAPA AUTO PARTS	10-202-100	40.33
02/25	02/05/2025	20250259	2021089	NATIONSEARCH.COM LLC	10-202-100	131.55
02/25	02/05/2025	20250260	20220700	NEEDDECALS.COM	55-202-100	276.00
02/25	02/05/2025	20250261	187	O'REILLY AUTO PARTS / FIRST CALL	10-202-100	113.08
02/25	02/05/2025	20250262	20220576	PIKES PEAK BULLETIN	10-202-100	900.00
02/25	02/05/2025	20250263	20220736	PIPESTONE EQUIPMENT AN IMPEL COMPANY	52-202-100	16,149.00
02/25	02/05/2025	20250264	160025	PRODUCTION PRINTING D11	10-202-100	718.00
02/25	02/05/2025	20250265	20221046	PSTRAX	10-202-100	4,775.00
02/25	02/05/2025	20250266	20220907	PYRAMID CONSTRUCTION INC	55-202-100	75,521.44
02/25	02/05/2025	20250267	194	RAMPART	10-202-100	702.43
02/25	02/05/2025	20250268	749	RESPEC	52-202-100	13,987.37
02/25	02/05/2025	20250269	20221045	RICKERT, CHARLOTTE	10-202-100	500.00
02/25	02/05/2025	20250270	855	ROCKY MOUNTAIN AIR SOLUTIONS	52-202-100	213.47
02/25	02/05/2025	20250271	529	ROCKY MOUNTAIN RESERVE	10-202-100	127.50
02/25	02/05/2025	20250272	143	SCHMIDT CONSTRUCTION	52-202-100	289.00
02/25	02/05/2025	20250273	2004	SHRED-IT USA	10-202-100	34.35
02/25	02/05/2025	20250274	145602	SITEONE LANDSCAPE SUPPLY	53-202-100	382.00
02/25	02/05/2025	20250275	144559	ST ANDREWS EPISCOPAL CHURCH	10-202-100	3,000.00
02/25	02/05/2025	20250276	20220557	STAMPLI CREDIT CARD	10-202-100	2,023.02
02/25	02/05/2025	20250277	20200156	T2 SYSTEMS CANADA INC	55-202-100	7,017.75
02/25	02/05/2025	20250278	662	TAYCO SCREEN PRINTING	10-202-100	793.00
02/25	02/05/2025	20250279	20220751	TEMP FENCE USA	55-202-100	60.00
02/25	02/05/2025	20250280	1196	THE LANDSCAPER, LLC	55-202-100	16,575.00
02/25	02/05/2025	20250281	940	TIMBER LINE ELECTRIC	52-202-100	14,244.50
02/25	02/05/2025	20250282	170078	TWIN BEARS	55-202-100	198.00
02/25	02/05/2025	20250283	20200170	UNITED SITE SERVICES	55-202-100	8,669.00
02/25	02/05/2025	20250284	144398	UNIVAR SOLUTIONS	52-202-100	3,133.82
02/25	02/05/2025	20250285	203	UTILITY NOTIFICATION CENTER OF COLORADO	52-202-100	168.99
02/25	02/05/2025	20250286	20220331	VERIZON CONNECT FLEET USA LLC	55-202-100	805.40
02/25	02/05/2025	20250287	202195	WATTERS H20 SERVICES	52-202-100	5,231.25
02/25	02/05/2025	20250288	1027	WESTERN PAPER DISTRIBUTORS, INC.	10-202-100	6.13

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
02/25	02/05/2025	20250289	20200273	WOLFCO COMMERCIAL SERVICES	52-202-100	100.00
02/25	02/05/2025	20250290	160160	WONG, MARK	10-202-100	18,985.22
02/25	02/05/2025	20250343	10065	WASTE CONNECTIONS	10-202-100	4,417.64
02/25	02/05/2025	20250344	10064	WASTE CONNECTIONS	10-202-100	228.39
Grand Totals:		285				2,785,421.63

Report Criteria:

Report type: Summary

Check.Type = {<>} "Adjustment"

Memorandum

Title: February 4, 2025 City Council Regular Meeting Minutes
From: City Clerk's Office
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:
To review and approve the meeting minutes from the February 4, 2025 City Council Meeting.

Background:
The City Council met in regular session on February 4, 2025.

Pros and Cons:
N/A

Fiscal Impact:
None

Workload Impact:
Approximately three hours of staff time to attend the meeting and to prepare and review the minutes.

Recommended Action:
Approve the February 4, 2025 City Council regular meeting minutes through the approval of the Consent Calendar.

CITY OF MANITOU SPRINGS
CITY COUNCIL

Regular Meeting Minutes
606 Manitou Avenue
February 4, 2025

The City Council of Manitou Springs met in Regular Session on Tuesday, February 4, 2025, at 606 Manitou Avenue, in the City of Manitou Springs, County of El Paso, and State of Colorado.

COUNCIL MEMBERS PRESENT FOR ROLL CALL:

Mayor John Graham
Mayor Pro Tem Natalie Johnson
Councilor Julie Wolfe
Councilor Nancy Fortuin

COUNCIL MEMBERS ABSENT FOR ROLL CALL:

Councilor Judith Chandler (Arrived 6:12 p.m.)
Councilor John Shada (Arrived at 6:03 p.m.)
Councilor Michelle Whetherhult (Arrived at 6:05 p.m.)

A. CALL TO ORDER

Mayor Graham called the meeting to order at 6:00 p.m.

B. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

C. ROLL CALL

All members of the City Council were present for the roll call, except Councilor Chandler, Councilor Shada and Councilor Whetherhult.

D. APPROVAL OF AGENDA

Councilor Wolfe moved to approve the agenda as presented. The motion was seconded by Councilor Fortuin. The motion was carried unanimously (4-0).

E. PUBLIC COMMENT ON NON-AGENDA ITEMS

Ralph Routon, Manitou Arts, Culture, and Heritage Board (MACH) Chair shared an update on the MACH Board grant application process. He stated that the board has received 59 applications, which is the same number of applications as the previous year. He explained that the total amount for the Tier Two grant requests is $273,000, and that MACH had $153,000 to spend on those requests. He added that the board expects to present their recommendations at a City Council Work Session in March, and then again at a City Council Regular Meeting for the City Council's final approval.

Sally Fitzgerald, 143 Deer Path, expressed concern about the trees at Soda Springs Park. She requested that the Council consider the trees in all future decisions.

F. CONSENT CALENDAR

1. January 21, 2025 City Council Regular Meeting Minutes

Note for the Record – this item was pulled from the consent calendar as requested by Councilor Wolfe.

2. January 28, 2025 City Council Special Meeting Minutes

Note for the Record – this item was pulled from the consent calendar as requested by Councilor Wolfe.

F1. January 21, 2025 City Council Regular Meeting Minutes

Mayor Pro Tem Johnson moved to approve item F1. The motion was seconded by Councilor Shada. The motion was carried unanimously (6-0).

F2. January 28, 2025 City Council Special Meeting Minutes

Councilor Shada moved to approve item F2. The motion was seconded by Councilor Whetherhult. The motion was carried (5-0), with Councilor Wolfe abstaining due to the fact that she was not present at the January 28, 2025 City Council Special Meeting.

G. BUSINESS

1. First Reading of Ordinance No. 0125, An Ordinance Approving a Lease Purchase Agreement with Clayton Holdings, LLC

Finance Director Rebecca Davis presented the ordinance and explained that the funds would be used for a vehicle and equipment package presented to and approved by the City Council in December of 2024. She added that there was one change to the package to switch out the equipment, but that the dollar amount remained the same.

Mayor Pro Tem Johnson moved to adopt on first reading, Ordinance No. 0125, An Ordinance Approving a Lease Purchase Agreement with Clayton Holdings, LLC. The motion was seconded by Councilor Whetherhult. The motion was carried, (6-0) with Councilor Chandler recusing herself because she was not present for the discussion.

There was a brief discussion about Clayton Holdings LLC in which Finance Director Davis explained that Clayton Holdings LLC does not put a lien holder on the title.

2. <u>Mobility and Parking Enterprise Loan Amounts and Projects Costs</u>

Finance Director Davis presented on the parking enterprise fund and proposed debt. She noted that parking has been an issue in the city for many years and shared that the Mobility and Parking Enterprise Fund was created in 2022. She stated that the total estimated cost is $8,550,000, for both the Dillon and Hiawatha Garden Property projects. She added that to obtain funding, plans and specs need to be provided, which the Dillon Property has nearly ready. She noted that the Hiawatha property is expected to have plans and specs ready in the Fall of 2025. She reviewed the bank loan requirements including the requirement to guarantee the loans with general fund revenues. Finance Director Davis advised against utilizing the General Fund for the loan to keep the fund at a healthy balance in the event of an emergency. She recommended a phased approach to get started on the Dillon Property project first during 2025, with the second phase starting in 2026 for the Hiawatha Gardens Property project.

There was a general discussion about where the funds for both phases of the project would come from, and the services covered with the dollar amounts presented, in which Pikes Peak Rural Authority (PPRTA) and MACH funds were discussed as potential funding sources.

City Administrator Denise Howell confirmed that the Hiawatha Gardens Project includes the cost of the design, the parking lot and drainage. She stated that the Council has approved a preliminary plan, but that the final plan will be brought back to the Council.

There was a brief discussion about the building for the Dillon Property in which it was confirmed that the building would include a parking department office and bathrooms. Councilor Shada suggested amending page 62 of the meeting packet to reflect this in the presentation slide to include restrooms.

Councilor Shada suggested prioritizing the Hiawatha Gardens Property project over the Ruxton Turning Circle Intersection Project. He recommended completing the Hiawatha Gardens Property project to ensure there are no incomplete projects sitting on the site long term, for a clean and presentable, phased approach.

Councilor Fortuin recommended bulldozing the building on the Hiawatha Gardens Property and turning the property into a parking lot until the city can move forward with a building on the site.

There was a brief discussion about the Hiawatha Gardens Property Project Phase, in which City Administrator Howell explained that the city does not have the plans and specs ready for the loan application for phase two, nor the staffing to be able to complete both phases at once. She stated that city staff have been focused on working towards getting the Dillon Property ready to open in June.

Councilor Wolfe suggested that the City Council consider pavement rather than dirt for the Dillon Property parking lot to potentially avoid paying for the drainage.

Deputy City Administrator Roy Chaney explained that the pavement could be done if that is the direction that the City Council wants to go, but for details regarding timing and materials more research would need to be done.

City Administrator Howell confirmed that the direction the Council had provided to the city staff was that the lot was to be dirt. She stated that for the purpose of the current proposal, staff is requesting direction from the Council on whether to move forward with a loan for the Dillon Property project.

Councilor Shada stated that based on the projected income of the projects he believes that the city would be able to take out another loan for pavement of the Dillon Parking Lot.

City Administrator Howell commented that the projected income for the properties was very conservative, and that city staff believe that the income alone can carry the debt of the loans proposed.

Councilor Chandler stated that she approves of a phased approach and to start with the Dillon property. She added that she agrees with Councilor Shada, that the Ruxton Turning Circle Intersection Project is not a high priority, and funds could be reallocated. She stated that she does not support taking down the open-air pavilion at the Hiawatha Gardens Property.

Mayor Graham stated that he is in favor of a phased approach and keeping the open-air pavilion at the Hiawatha Gardens Property.

Councilor Johnson suggested discussing shuttle options during a work session.

City Administrator Howell confirmed that the project budget does include shuttles.

There was a brief discussion regarding shuttle transportation for the properties during the first year in which City Administrator Howell stated that a solution is being worked out with Mountain Metro for 2025, and the matter of Manitou Springs Shuttles would be revisited in 2026.

Councilor Fortuin moved to proceed with a $1,300,000 bank loan for the Dillon Property project, Phase One. The motion was seconded by Councilor Shada. The motion was carried unanimously (7-0).

H. RECEIVE OR ACT ON COUNCIL CORRESPONDENCE

Councilor Wolfe shared that she received three additional complaints about the recent change to the Residential Parking Permit (RPP) Program.

Mayor Graham announced that the City Council will have a work session on Tuesday, February 11, 2025, and a joint work session with the City Planning Commission (CPC) on Wednesday, February 12, 2025 to review Plan Manitou 2.0. Lastly, he added that the City Council will have a retreat on February 22, 2025, in the SILC Building at the High School.

Councilor Johnson suggested that the City Council consider another Inclusivity Proclamation and shared that she had a few people reach out about it.

Councilor Chandler stated that she is in favor of another Inclusivity Proclamation and recommended adding support for both Black History Month and Women's History Month.

There was a brief discussion about online registration for the parking program in which Parking Director Juan Alvarez confirmed that the residents of Spencer Avenue would register under Grand Avenue as both are under the same zone. He added that new hang tags for the RPP Program are expected to arrive on February 7, 2025.

I. CITY ADMINISTRATOR REPORT

The City Administrator reported on the following items:

- The Carnegie Library Open House is on Friday, February 7, 2025, at 4:30 p.m. and stated that the project appears to be coming in under budget. She added that only 80 people are allowed inside due to fire code requirements.
- The Higginbotham Water Tank project is nearing completion. A Grand Opening is expected to be scheduled in approximately a month.

J. EXECUTIVE SESSION

1. <u>An Executive Session to hold a conference with the City Attorney for legal advice pursuant to Section 5.1(c) of the Manitou Springs Municipal Charter. This executive session concerns the Manitou Springs Metropolitan District Election.</u>

2. <u>An Executive Session to discuss a Personnel Matter regarding an employee, pursuant to 5.1(a) of the Manitou Springs Municipal Charter. This executive session concerns the annual performance review of the City Administrator.</u>

Mayor Graham read the purpose of the Executive Session into the record at 7:10 p.m.

Councilor Chandler moved to enter the Executive Session for the stated purpose. The motion was seconded by Mayor Pro Tem Johnson. The motion was carried unanimously (7-0).

The City Council moved back to Regular Session at 9:46 p.m. Mayor Graham confirmed the Executive Session was held solely for the stated purpose and that no formal decision was made.

K. ADJORN

With no other items to discuss, Councilor Shada moved to adjourn the meeting. The motion was seconded by Councilor Chandler. The motion was carried (7-0).
The meeting adjourned at 9:47 p.m.

____
John Graham, Mayor

Attest:

____
Elena Krebs, City Clerk

Memorandum

Title: Status of the Manitou Springs Volunteer Fire Department Pension Fund Report
From: Rebecca Davis, Finance Director
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:
To present that MSVFD Pension Board's Report to City Council as required by state law.

Background:
Per State Statute CRS § 31-30-1119, the MSVFD Pension Board "shall submit a report to City Council (the governing body) before the last meeting in February and the last meeting in August of each year" concerning the status of the fund.

The Pension Board met on 2/10/2025. Attached is the Colorado Fire and Police Pension Association (FPPA) 2023 Actuarial study for the VFD. The Board will meet again in six months and will discuss whether to recommend increasing the City's contribution amount to decrease the amount of time left for the pension fund to become fully funded. This decision will be dependent upon City revenues.

Plan Description:
Assets of the Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The Board of Trustees, composed of City Council Members, firefighters and City staff, administer the Plan and City Council establishes the Plan benefits.

Benefits Provided:
Any firefighter who has attained both the age of fifty and completed twenty years of active service volunteering with the MSVFD, shall be eligible for a monthly pension from the City's FPPA volunteer firefighters' pension fund. This amount is currently $225. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by City Council.

Contributions:

In the past, the plan received contributions from the City ($16,000/year) and the State ($14,400/year), based on an actuarially determined amount, as required by State statute. Actuarial studies are performed every two years. The previous actuarial study as of January 1, 2021, indicated that the level of contributions to the Plan were inadequate to support on an actuarially sound basis the prospective benefits, including administrative costs, of the Plan. Over the last couple of years, the City's contribution was increased and, as of 2023, is at $37,951, with a state match of $34,156. Per the 2023 study, at this level of contributions, the Plan, which currently has a funding ratio of 68%, will be fully funded in three years, by 2027. (See the "Executive Summary" which is page 7 of the pdf and is numbered page 1, after the six-page letter of the attached study).

Pros and Cons:
N/A

Fiscal Impact:
Manitou Springs Volunteer Firefighter's Pension Fund will be fully funded in three years.

Workload Impact:
1 Hour

Recommended Action:
No action required.

FIRE AND POLICE PENSION ASSOCIATION MANITOU SPRINGS VOLUNTEER FIRE DEPARTMENT PENSION FUND

ACTUARIAL VALUATION REPORT AS OF JANUARY 1, 2023

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To:	Administrative Heads and Finance Officers of Manitou Springs Volunteer Fire Department; administered by FPPA
Date:	July 2023
Subject:	**Actuarial Valuation Results as of January 1, 2023**

This report contains the actuarial valuation results as of January 1, 2023 for your department as determined by Gabriel, Roeder, Smith & Company (GRS), actuary for the Fire and Police Pension Association (FPPA). Questions about this report should be directed to FPPA, rather than to Gabriel, Roeder, Smith & Company.

Financing Objectives

This valuation was prepared to determine if the current annual assumed contributions of $72,107 are adequate for funding the current benefits provided by the department. Contributions into the pension fund can come from two sources: contributions directly from the department and contributions from the State based on assessed property values and other formulas. The "Assumed Contribution" referred to throughout this report is the sum of the contributions from the aforementioned two sources. With the current assumed contribution amount, the UAAL will be eliminated in 4 years.

The calculated annual contribution shown in Table 3 is the sum of the normal cost, an amount available to amortize the Unfunded Actuarial Accrued Liability (UAAL), and any ongoing administrative and miscellaneous expenses that are paid out of the pension fund. The minimum contribution the department must pay is the calculated annual contribution, but not less than $0.

Benefit Provisions

This actuarial valuation reflects the provisions that were applicable to the Manitou Springs Volunteer Fire Department Pension Fund as of the valuation date. The details of the actuarial calculations, based on the current benefit provisions, are described in this report. Departments are allowed to model three alternative benefit packages, if desired. If alternatives were requested, a summary of the actuarial results based on those packages is shown in Table 16. A summary of the alternatives requested is shown in Table 15. If an alternative is adopted that increases the calculated annual contribution, the new calculated annual contribution will become effective beginning January 1, 2024.

This actuarial valuation is based upon coverage data given in the required checklist, which was completed by the department, returned to FPPA, and supplied to GRS. Any changes in coverage adopted but not included in the required checklist are not reflected in the current results. Once the adopted coverage data is provided, subsequent valuation results will be reflective of the change in coverage.

Actuarial Assumptions and Methods

This actuarial valuation uses the assumptions and methods that were adopted by the Board of Directors of FPPA based upon the actuary's analysis and recommendations resulting from the 2022 Experience Study and first effective in the January 1, 2023 valuations. A summary of those assumptions and methods can be found in Table 14. The mortality assumptions were updated to use the Pub-2010 Public Safety Mortality tables, projected with the ultimate rates of the MP-2020 projection scale.

Liabilities were determined under the Entry Age Normal actuarial cost method. This is the same funding method that has been used in prior years.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated annual contribution and funding periods. The actuarial calculations are intended to provide information for rational decision making.

This report is prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report does not include a detailed assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

The calculated employer contribution consists of the sum of three pieces: the normal cost, the amortization of the Unfunded Actuarial Accrued Liability (UAAL), and any administrative and other ongoing expenses to be paid out of the pension fund (e.g. insurance contracts). The calculated annual contribution is shown in Table 3, Item 9. The normal cost (shown in detail in Table 3, Item 1) can be viewed as the regular, ongoing cost of the plan. The UAAL is the amount by which the actuarial value of assets falls short of, or exceeds, the actuarial accrued liability for this plan. The UAAL has been amortized under a level dollar method over 20 years. The required payment to amortize the UAAL in 20 years is shown in Table 3, Item 7.

Assets

Table 10, Item 2 shows the market and actuarial values of assets for this department. The actuarial value is an adjusted market value. It reflects only a portion of the excess (or shortfall) between recent investment returns and the corresponding expected returns based on the annual investment return assumption. The actuarial value recognizes 20% of the difference between the projected actuarial value and the market value at the valuation date. This smoothed average approach dampens the year-to-year fluctuations in the calculated annual contribution.

Member Data

Member data as of January 1, 2023 was supplied by FPPA, as verified by the department. GRS did not subject the data to any auditing procedures but reviewed it and tested it for reasonableness and consistency. The member count is shown in Table 10, Item 1. This count includes members who have worked for this employer at one time, but who are now active at another employer. Your share of the benefits for such former employees is reflected in the liabilities and in the contribution calculation. The number of retirees shown includes those who retired from this employer, as well as those who retired from another employer but has service attributed to this employer. The liabilities take into account your share of the benefits for these former, active members.

Experience

Many employers experienced a decrease in their calculated annual contribution between the 2021 actuarial valuation and this valuation. This was mainly due to actuarial gains from investment experience. The recognition of the outstanding asset gains at the prior valuation, in combination with good investment experience during 2021, was enough to offset the partial recognition of the poor investment experience during 2022 for overall investment gains on the actuarial value of assets. Table 5 details the changes in the UAAL and the calculated annual contribution since the prior valuation.

Actuarial experience is measured by comparing the expected valuation results with the actual valuation results at the valuation date. The expected valuation results are calculated as if all of the actuarial assumptions had been met.

- A Gain/(Loss) attributable to Investment Experience is realized when the pension fund assets earn over/(under) the actuarial assumed earnings rate.

- A Gain/(Loss) attributable to Membership Changes is realized when the pension fund liabilities are less/(greater) than the actuarial assumptions predicted (e.g. higher terminations, members remaining after eligible for normal retirement benefits, members not living as long as expected). See Table 14 for a description of the actuarial assumptions.

- A Gain/(Loss) attributable to Benefit Improvements is realized when benefit level improvements have been adopted since the prior valuation.

GASB Accounting

The Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* (Issued 6/2012), replaced the requirements under GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* (Issued 11/1994), effective for financial statements for fiscal years beginning after June 15, 2013. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (Issued 6/2012), replaced GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (Issued 11/1994), effective for fiscal years beginning after June 15, 2014. Employer reporting information for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is provided in a separate report.

Tables

This report includes one executive summary and up to sixteen tables.

- The executive summary includes a condensed summary of the demographic, financial, and actuarial data.
- Table 1 is a comparison of the actuarial results of the report based on the current benefit provisions and the state match calculation if requested.
- Table 2 is a summary of the current benefit provisions and the state match calculation if requested.
- Table 3 provides the details of the development of the required contribution.
- Table 4 shows the actuarial present value of future benefits, broken down by membership category and type of benefit.
- Table 5 shows the sources of change in the calculated annual contribution since the prior valuation.
- Table 6 provides information that used to be required under the Governmental Accounting Standards Board Statement No. 25 (GASB 25) and No. 27 (GASB 27). These statements have been replaced by GASB 67 and GASB 68 and results under those standards will be provided in a separate report.
- Tables 7 thru 9 show the development of the financial information.
- Tables 10 and 11 show historical actuarial and demographic data for the department.
- Table 12 shows the current distribution of the membership by age and service.
- Table 13 shows the risks associated with measuring the accrued liability and actuarially determined contribution.
- Table 14 shows the actuarial assumptions and methods used to calculate the liabilities.
- Table 15 is a summary of the alternative benefit provisions requested, if any.
- Table 16 is a comparison of the actuarial results of the report based on the alternative benefit provisions requested, if any.
- Appendix provides definitions of several terms used throughout the report.

Certification

We certify that the information included herein and contained in the 2023 Actuarial Valuation Report is accurate and fairly presents the actuarial position of the Manitou Springs Volunteer Fire Department Pension Fund as of January 1, 2023.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented comply with the requirements of the State of Colorado statutes and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. All are members of the American Academy of Actuaries, and are also Enrolled Actuaries. All are experienced in performing valuations for public retirement systems.

Respectfully submitted,
Gabriel Roeder Smith & Company

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Executive Summary

Item	Valuation as of January 1, 2023	Valuation as of January 1, 2021
Membership		
• Number of:		
- Active members	33	31
- Retired Members	17	18
- Disabled members	0	0
- Beneficiaries	0	0
- Terminated vested members	0	0
- Terminated members active in another fund	0	0
- Total	50	49
Assets		
• Market value	$ 350,754	$ 317,466
• Actuarial value	367,950	301,397
• Employer contribution for prior year	37,951	21,765
• Employer contribution for prior year minus 1	26,964	21,765
• Ratio of actuarial value to market value	105%	95%
Actuarial Information		
• Employer normal cost	$ 6,232	$ 5,522
• Normal cost per active member	189	178
• Unfunded actuarial accrued liability / (Surplus)	175,500	253,324
• Calculated annual contribution	27,574	37,951
• Assumed contribution from department	37,951	26,925
• Assumed contribution from state	34,156	19,589
• Funding period based on assumed contributions	4 years	12 years
• Funded ratio	68%	54%
• Funded ratio based on market value	65%	57%
• Is current level of contributions adequate	Yes	Yes

Table 1 - Comparison of Actuarial Results Based on Alternate Benefit Levels

		Current Plan (1)	State Match Calc (2)
1.	Normal Retirement Benefit	$ 225.00	$ 300.00
2.	Normal Cost	6,232	21,106
3.	Present Value of Future Benefits	575,874	990,003
4.	Actuarial Accrued Liability	543,450	890,571
5.	Unfunded Accrued Liability / (Surplus)	175,500	522,621
6.	Administrative and other ongoing expenses	9,252	9,252
7.	Total Annual Calculated Contribution	27,574	78,649
8.	Assumed Contribution	72,107	72,107
9.	Funding Period Based on Assumed Contribution	4 years	28 years
10.	Funded Ratio	68%	41%

Table 2 - Actuarial Valuation Information Checklist

		Current Plan	State Match Calc	Maximum Per State Statute
1.	Normal Retirement Benefit (monthly):			
	a. Regular	$225.00	$300.00	None
	b. Extended Service Amount Per Year of Service	$0.00	$0.00	5% of Regular, for 10 Additional years
2.	Vested Retirement Benefit (monthly):			
	a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	$11.25	$15.00	Pro rata Share of Regular
	b. Minimum Vesting Years	20	10	20 Years
3.	Disability Retirement Benefit (monthly):			
	a. Short Term Disability for line of duty injury Amount payable for not more than 1 year	$0.00	$150.00	½ of Regular or $225, whichever is greater
	b. Long Term Disability for line of duty injury Lifetime Benefit	$0.00	$300.00	Regular or $450 whichever is greater
4.	Survivor Benefits (monthly):			
	a. Following Death before Retirement Eligible; Due to death in the line of duty as a volunteer firefighter	$0.00	$150.00	½ of Regular or $225, whichever is greater
	b. Following Death after Normal Retirement	$0.00	$150.00	50% of Regular
	c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	$0.00	$0.00	50% of Extended
	d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	$0.00	$7.50	50% of Vested
	e. Following Death after Disability Retirement	$0.00	$150.00	50% of Long Term
	f. Optional Survivor Benefits in lieu of 4a-e Following Death before or after Retirement Eligible due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	$0.00	$0.00	100% of Regular
5.	Funeral Benefit (Required Benefit):			
	a. Funeral Benefit Lump Sum, one time only	$300.00	$100.00	2 times Regular

Table 3 - Development of Annual Required Contribution

		Valuation as of 01/01/2023 (1)	Valuation as of 01/01/2021 (2)
1.	Total normal cost	$ 6,232	$ 5,522
2.	Actuarial accrued liability for active members		
	a. Present value of future benefits for active members	$ 152,246	$ 130,499
	b. Less: present value of future normal costs	(32,424)	(29,863)
	c. Actuarial accrued liability	$ 119,822	$ 100,636
3.	Total actuarial accrued liability for:		
	a. Retirees and beneficiaries members	$ 423,628	$ 454,085
	b. Inactive members	0	0
	c. Active members (Item 2c)	119,822	100,636
	d. Total	$ 543,450	$ 554,721
4.	Actuarial value of assets	$ 367,950	$ 301,397
5.	Unfunded actuarial accrued liability / (Surplus) (Item 3 - Item 4)	$ 175,500	$ 253,324
6.	Funded Ratio*	68%	54%
7.	Required Payment to amortize the UAAL over the next 20 years	$ 12,090	$ 22,371
8.	Administrative and other ongoing expenses	$ 9,252	$ 10,058
9.	Calculated annual contribution (Item 1 + Item 7 + Item 8)	$ 27,574	$ 37,951
10.	Assumed contribution		
	a. Budgeted department contribution	$ 37,951	$ 26,925
	b. Expected state funding	34,156	19,589
	c. Total assumed contribution	$ 72,107	$ 46,514
11.	Funding period based on assumed contribution	4 years	12 years

* The funded status measure may be appropriate for assessing the need for future contributions. The funded status is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Table 4 - Actuarial Present Value of Future Benefits

		Valuation as of 01/01/2023 (1)	Valuation as of 01/01/2021 (2)
1.	Active members		
	a. Retirement benefits	$ 152,202	$ 130,458
	b. Vested retirement benefits	0	0
	c. Death benefits	44	41
	d. Disability benefits	0	0
	e. Total	$ 152,246	$ 130,499
2.	Retired members		
	a. Service retirements	$ 423,628	$ 454,085
	b. Disability retirements	0	0
	c. Beneficiaries	0	0
	d. Total	$ 423,628	$ 454,085
3.	Terminated vested members*	$ 0	$ 0
4.	Total actuarial present value of future benefits	$ 575,874	$ 584,584

* Includes members active in another fund that have 'portable benefits' per the Colorado statutory requirements, if applicable.

Table 5 - Actuarial Experience

Change in UAAL

1.	Unfunded actuarial accrued liability (UAAL) as of January 1 of prior valuation year	$	253,324
2.	Total normal cost and administrative expenses for FY2021 & FY2022		29,547
3.	Contributions during FY2021		(66,142)
4.	Contributions during FY2022		(62,219)
5.	Interest at 7.00%		29,466
6.	Expected UAAL as of this valuation (1. + 2. + 3. + 4. + 5.)	$	183,976
7.	Actual UAAL at end of period	$	175,500
8.	Actuarial gain/(loss) for the period (6. - 7.)	$	8,476
	SOURCE OF GAINS/(LOSSES)		
9.	Asset gain/(loss)	$	5,909
10.	Benefit changes		0
11.	Assumption changes		(5,560)
12.	Net liability gain/(loss) for the period (8. - 9. - 10. – 11.)	$	8,127

Change in Calculated Annual Contribution

1.	Calculated annual contribution 2021			$	37,951
2.	Expected changes (Contributions, Interest, etc)	$	(10,307)		
3.	Benefit changes		0		
4.	Assumption/method changes		557		
5.	Investment experience		(592)		
6.	Change in normal cost		710		
7.	Other experience		(745)		
8.	Total change	$	(10,377)		
9.	Calculated annual contribution 2023			$	27,574

Table 6 - History of Employer Contributions

The calculated annual contribution is the sum of the normal cost, the amortization of the UAAL, and the administrative expenses.

The following exhibit shows a history of the calculated annual contributions and the actual contributions made to the Plan.

Fiscal Year Ending	Calculated Annual Contribution*	Actual Contribution	Percent
(1)	(2)	(3)	(4)
December 31, 2015	$ 30,400	$ 30,400	100%
December 31, 2016	$ 30,400	$ 30,400	100%
December 31, 2017	$ 26,859	$ 16,000	60%
December 31, 2018	$ 44,800	$ 44,800	100%
December 31, 2019	$ 28,688	$ 21,765	76%
December 31, 2020	$ 41,352	$ 36,165	87%
December 31, 2021	$ 66,142	$ 66,142	100%
December 31, 2022	$ 62,219	$ 62,219	100%
December 31, 2023	$ 72,107	N/A	

* Based on the greater of the actual/assumed contribution and the calculated annual contribution. If the actual contributions are different, this exhibit will need to be adjusted.

Table 7 - Reconciliation of Net Plan Assets

		Year Ending	
		12/31/2022	12/31/2021
		(1)	(2)
1.	Market value of assets at beginning of year	$ 374,977	$ 317,466
2.	Revenue for the year		
	a. Plan direct inflows		
	i. Employer contributions	$ 37,951	$ 26,964
	ii. State funding	24,268	39,178
	iii. Affiliations	0	0
	iv. Plan directed expenses	0	0
	v. Total	$ 62,219	$ 66,142
	b. Allocated income		
	i. Interest	$ 1,246	$ 935
	ii. Dividends	1,747	1,667
	iii. Other income	846	1,054
	iv. Net change accrued income	147	(6)
	v. Unrealized gain/(loss)	(37,158)	20,250
	vi. Realized gain/(loss)	5,444	26,961
	vii. Total	$ (27,728)	$ 50,861
	c. Total Revenue (Item 2a + Item 2b)	$ 34,491	$ 117,003
3.	Expenditures for the year		
	a. Net benefits	$ 45,900	$ 48,225
	b. Allocated expense		
	i. Investment expenses	$ 2,731	$ 2,847
	ii. Direct expense allocation	463	1,374
	iii. Allocated fees and expenses	9,620	7,046
	iv. Total allocated expenditures	$ 12,814	$ 11,267
4.	Increase/(Decrease) in net assets (Item 2c - Item 3a - Item 3b)	$ (24,223)	$ 57,511
5.	Market value of assets at end of year (Item 1 + Item 4)	$ 350,754	$ 374,977

Table 8 - Development of Actuarial Value of Assets

	Year Ending			
	12/31/2022		12/31/2021	
	(1)		(2)	
1. Actuarial value of assets at beginning of year	$	341,864	$	301,397
2. Cash flow for the year				
a. Contributions	$	37,951	$	26,964
b. State funding		24,268		39,178
c. Affiliation contributions		0		0
d. Net benefits		(45,900)		(48,225)
e. Administrative and other ongoing expenses		(10,083)		(8,420)
f. Net cash flow	$	6,236	$	9,497
3. Expected investment earnings	$	24,149	$	21,430
4. Expected actuarial value of assets at end of year	$	372,249	$	332,324
5. Actual market value of assets at end of year	$	350,754	$	374,977
6. Excess earnings/(shortfall)	$	(21,495)	$	42,653
7. Excess earnings/(shortfall) recognized (Table 9, Item 6)	$	(4,299)	$	9,540
8. Final actuarial value of assets (Item 4 + Item 7)	$	367,950	$	341,864

Table 9 - Development of Amounts to be Recognized in the Actuarial Value of Assets

	Year Ending 12/31/2022 (1)	Year Ending 12/31/2021 (2)
1. Remaining deferrals of excess (shortfall) of investment income from prior years		
a. Current year - 4	$ 0	$ 0
b. Current year - 3	1,653	0
c. Current year - 2	10,193	2,479
d. Current year - 1	21,267	13,590
e. Total	$ 33,113	$ 16,069
2. Current year (Table 8, Item 6 - Table 9, Item 1)	$ (54,608)	$ 26,584
3. Amounts to be immediately recognized due to an offsetting experience		
a. Current year - 4	$ 0	$ 0
b. Current year - 3	(1,653)	0
c. Current year - 2	(10,193)	0
d. Current year - 1	(21,267)	0
e. Current year	33,113	0
f. Total	$ 0	$ 0
4. Remaining prior year deferrals		
a. Current year - 4	$ 0	$ 0
b. Current year - 3	0	0
c. Current year - 2	0	2,479
d. Current year - 1	0	13,590
e. Current year	(21,495)	26,584
f. Total	$ (21,495)	$ 42,653
5. Deferral of excess (shortfall) of investment income for:		
a. Current year - 4	$ 0	$ 0
b. Current year - 3	0	0
c. Current year - 2	0	1,653
d. Current year - 1	0	10,193
e. Current year	(17,196)	21,267
f. Total	$ (17,196)	$ 33,113
6. Total amount recognized in actuarial value of assets (Item 3.f + Item 4.f. - Item 5.f.)	$ (4,299)	$ 9,540

Table 10 - Historical Summary

	Valuation as of 01/01/2023 (1)	Valuation as of 01/01/2021 (2)	Valuation as of 01/01/2019 (3)
1. Member Data			
a. Active Members	33	31	30
b. Retired Members	17	18	21
c. Disabled Members	0	0	0
d. Beneficiaries	0	0	0
e. Terminated Vested Members	0	0	0
f. Terminated Members Active in Another Fund	0	0	0
g. Total Members	50	49	51
h. Average Age – Actives Only	41.1	38.9	36.1
i. Average Service – Actives Only	5.6	6.0	5.0
2. Financial Data			
a. Market Value of Assets	$ 350,754	$ 317,466	$ 309,626
b. Actuarial Value of Assets	$ 367,950	$ 301,397	$ 326,351
3. Actuarial Data			
a. Accrued Liability	$ 543,450	$ 554,721	$ 590,104
b. Unfunded Accrued Liability / (Surplus)	$ 175,500	$ 253,324	$ 263,753
c. Normal Cost			
i. Total Amount	$ 6,232	$ 5,522	$ 5,060
ii. Amount per Active Member	189	178	169
d. Amortization Contribution			
i. Total Amount	$ 12,090	$ 22,371	$ 25,047
ii. Amount per Active Member	366	722	835
e. Administrative and Ongoing Expenses			
i. Total Amount	$ 9,252	$ 10,058	$ 11,245
ii. Amount per Active Member	280	324	375
f. Calculated Annual Contribution			
i. Total Amount	$ 27,574	$ 37,951	$ 41,352
ii. Amount per Active Member	836	1,224	1,378

Table 11 - Membership Data

	01/01/2023 (1)	01/01/2021 (2)	01/01/2019 (3)
1. Active members			
a. Number	33	31	30
b. Average age	41.1	38.9	36.1
c. Average service	5.6	6.0	5.0
2. Service retirees			
a. Number	17	18	21
b. Total annual benefits	$ 45,900	$ 48,600	$ 56,700
c. Average annual benefit	$ 2,700	$ 2,700	$ 2,700
d. Average age	70.1	69.0	69.5
3. Disabled retirees			
a. Number	0	0	0
b. Total annual benefits	$ 0	$ 0	$ 0
c. Average annual benefit	$ 0	$ 0	$ 0
d. Average age			
4. Beneficiaries and spouses			
a. Number	0	0	0
b. Total annual benefits	$ 0	$ 0	$ 0
c. Average annual benefit	$ 0	$ 0	$ 0
d. Average age			
5. Terminated vested members			
a. Number	0	0	0
b. Average age			
6. Terminated members active in another fund	0	0	0
7. Total number of members	50	49	51

Table 12 - Distribution of Membership by Age and Service

Attained Age	Years of Service to Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	
Under 20								0
20-29	4	1						5
30-39	3	6	2	1				12
40-49	5	3	1					9
50-59	2	1	1					4
Over 60	1		1	1				3
Totals	**15**	**11**	**5**	**2**	**0**	**0**	**0**	**33**

	Retirees		Disabled Members		Beneficiaries		All	
Age	Number	Average Monthly Pension	Number	Average Monthly Pension	Number	Average Monthly Pension	Number	Average Monthly Pension
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Less than 50	0	$ 0	0	$ 0	0	$ 0	0	$ 0
50-59	3	225	0	0	0	0	3	225
60-69	4	225	0	0	0	0	4	225
70-79	9	225	0	0	0	0	9	225
Greater than 80	1	225	0	0	0	0	1	225
All	17	$ 225	0	$ 0	0	$0	17	$ 225

Table 13 - Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of the accrued liability requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability that results from the differences between actual experience and the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;

2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;

3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees or other relevant contribution base;

4. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;

5. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

Table 13 - Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution (Continued)

Plan Maturity Measures

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of retirees and beneficiaries and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

	01/01/2023	01/01/2021	01/01/2019
Ratio of actives to retirees and beneficiaries	1.9	1.7	1.4
Ratio of net cash flows to market value of assets	2%	-8%	-8%
Duration of the actuarial accrued liability	10.3	10.3	9.8

Ratio of Actives to Retirees and Beneficiaries

A ratio of actives to retirees and beneficiaries less than 1 typically indicates an older plan.

Ratio of Net Cash Flow to Market Value of Assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions (see Table 8).

Duration of Actuarial Accrued Liability

The duration of the actuarial accrued liability may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the liability would increase approximately 10% if the assumed rate of return were lowered 1%.

Additional Risk Assessment

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

Table 14 - Summary for Actuarial Assumptions, Methods, and Changes

The calculations set forth in this report are based on the following assumptions:

1. Investment Return Rate — 7.0% per annum (net of investment expenses), compounded annually

2. Rates of Decrement due to:

a) Retirement — Age 50 and 20 years of service.

Age	Annual Rate Per 100
50	50
55	50
60	50
65	100

b) Disability

Age	Annual Rate Per 1,000
20	0.10
25	0.16
30	0.26
35	0.45
40	0.97
45	3.50
50	6.50
55	8.10

c) Pre-Retirement Mortality — Pub-2010 Public Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier.

	Annual Rate Per 1,000 (for 2023)	
Age	Males	Females
20	0.206	0.080
25	0.186	0.101
30	0.206	0.136
35	0.236	0.181
40	0.297	0.246
45	0.412	0.337
50	0.603	0.458
55	0.880	0.618

Table 14 - Summary for Actuarial Assumptions, Methods, and Changes (Continued)

d) Withdrawal (any reason other than retirement, death, or disability)

Annual Rate Per 1,000 Withdrawals			
Service	Rates	Service	Rates
1	182.37	11	83.96
2	169.99	12	77.23
3	158.17	13	71.06
4	146.92	14	65.45
5	136.21	15	60.41
6	126.12	16	55.94
7	116.56	17	52.02
8	107.56	18	48.68
9	99.13	19	45.89
10	91.27		

Twenty percent (20%) of members age 50 and eligible for a terminated vested benefit which would commence immediately are assumed to withdraw each year.

3. Post-Retirement Mortality

a) Healthy Retirees and Beneficiaries

Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale.

	Annual Rate Per 1,000 (for 2023)	
Age	Males	Females
50	1.609	1.249
55	2.564	2.162
60	4.257	3.738
65	7.422	6.487
70	13.332	11.300
75	24.251	19.694
80	44.195	34.314

Table 14 - Summary for Actuarial Assumptions, Methods, and Changes (Continued)

b) Disabled Retirees

Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

	Annual Rate Per 1,000 (for 2023)	
Age	Males	Females
50	35.000	25.000
55	35.000	25.000
60	35.000	25.000
65	35.000	25.000
70	35.000	25.000
75	43.791	33.999
80	79.115	59.256

4. Administrative Expenses

An explicit administrative expense equal to the average of the actual expenses for the two prior years.

5. Marital Status

a) Percent married

90% male and female

b) Age difference

Males are assumed to be two years older than females

6. Changes in Actuarial Assumptions

The global assumption set for plans administered by FPPA was changed in the 2022 Experience Study and effective as of January 1, 2023. This is the first valuation for this plan with the new assumptions. The mortality assumptions were updated to use the Pub-2010 Public Safety Mortality tables projected with the ultimate rates of the MP-2020 projection scale.

Table 14 - Summary for Actuarial Assumptions, Methods, and Changes (Continued)

7. Actuarial Cost Method

   Under the entry age actuarial cost method, the Normal Cost is computed as the level dollar amount which, if paid from the earliest time each member would have been eligible to join the plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the plan. The normal cost for the plan is determined by summing the normal cost of all members.

   The Actuarial Accrued Liability under this method at any point in time is the theoretical amount of the fund that should have been accumulated had annual contributions been made in prior years equaling to the normal cost. The Unfunded Actuarial Accrued Liability/(Surplus) is the excess of the actuarial accrued liability over the actuarial value of the plan assets as of the valuation date.

   The contribution requirements determined by this valuation will not be effective until one year later, and the determination of the calculated annual contribution reflects this deferral by amortizing the expected Unfunded Actuarial Accrued Liability/(Surplus) one year after the valuation date. It is assumed that there will be no change in the normal cost due to the deferral, and it is assumed that payments are made in the middle of the year.

   Under this method, experience gains and losses (i.e. decreases or increases in accrued liabilities), attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

8. Asset Valuation Method

   The asset valuation method is based on a comparison of expected and actual asset values. The actuarial value of assets is equal to the market value of assets less a five-year phase in of the Excess (Shortfall) between expected investment return and actual income determined as follows:

   - At the beginning of each plan year, an expected actuarial asset value is calculated as the sum of the previous year's actuarial value increased with a year's interest at the Plan valuation rate plus net cash flow (excluding expenses) adjusted for interest (at the same rate) to the end of the previous plan year.
   - The difference between the expected actuarial value and the actual market value is the investment gain or loss for the previous plan year.
   - If the current year's difference is the opposite sign of any of the prior years' deferred Excesses/(Shortfalls), then the prior years' bases (starting with the oldest) are reduced dollar for dollar along with the current year's base. Any remaining bases are then recognized over five years (20% per year) from their initial creation.

Appendix - Definition of Terms

1. Actual Cost Method

   A method for determining the actuarial present value of future benefits and allocating such value to time periods in the form of a normal cost and an actuarial accrued liability.

2. Present Value of Future Benefits

   This is computed by projecting the total future benefit cash flow from the Plan, using actuarial assumptions, and then discounting the cash flow to the valuation date.

3. Normal Cost

   Computed differently under different actuarial cost methods, the normal cost generally represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued during a year.

4. Actuarial Accrued Liability

   Computed differently under different actuarial cost methods. Generally actuarial accrued liability represents the value of the portion of the participant's anticipated retirement, termination, and/or death and disability benefits accrued as of the valuation date.

5. Entry Age Actuarial Cost Method

   A method under which a participant's actuarial present value of future benefits is allocated on a level basis over the earnings of the participant between his/her entry into the Plan and his/her assumed exit.

6. Unfunded Actuarial Accrued Liability

   The difference between total actuarial present value of future benefits over the sum of the tangible assets of the Plan and the actuarial present value of the members' future normal costs. The Plan is underfunded if the difference is positive and overfunded if the difference is negative.

7. Actuarial Value of Assets

   The value of cash, investments, and other property belonging to the Plan, as valued by the actuary for purposes of the actuarial valuation.

8. Actuarial Gain or Loss

   From one valuation to the next, if the experience of the plan differs from that anticipated by the actuarial assumptions, an actuarial gain or loss occurs. For example, an actuarial gain would occur if the assets in the trust had a yield of 12% based on actuarial value, while the assumed yield on the actuarial value of assets was 7.00%.

Memorandum

Title: Consider Reappointing Judy Carnick to the Open Space Advisory Committee
From: City Clerk's Office
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:

To review and consider approving Committee Member Carnick's request for reappointment as a regular member of the Open Space Advisory Committee (OSAC).

Background:

Commitee Member Carnick was appointed as a regular OSAC member in October 2021. With her first term set to expire March 31, 2025, she has submitted a request for reappointment.

Pros and Cons:

N/A

Fiscal Impact:

None.

Workload Impact:

Minimal

Recommended Action:

Approve the reappointment of Judy Carnick as a regular member of the Open Space Advisory Committee through the approval of the Consent Calendar.

From:	Judy Carnick
To:	cityclerk
Subject:	Renewal of position on OSAC
Date:	Saturday, February 1, 2025 7:30:30 AM

I, Judy Carnick, would like to renew my position as a voting member of the City of Manitou Springs' Open Spaces Advisory Committee.
My current term expires in March, 2025.
Please confirm my renewal if accepted.

Thank you,

Judy Carnick

February 7, 2025

Manitou Springs Open Space Advisory Committee
by Thomas H (Tim) Beeson
Chair, Open Space Advisory Committee
[redacted]

Manitou Springs City Council

Dear Mayor and Councilors:

The Open Space Advisory Committee (OSAC) hereby recommends the reappointment of Judy Carnick for another term as an OSAC member. Judy completes her current term at the end of March, 2025.

Judy is a smart, hardworking, and reliable OSAC member and we're very glad to have her apply for another term.

Sincerely,

Manitou Springs Open Space Advisory Committee
by Thomas H (Tim) Beeson, Chair

Memorandum

Title: Consider Reappointing Danu Fatt to the Parks and Recreation Advisory Board
From: City Clerk's Office
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:

To review and consider approving Board Member Fatt's request for reappointment as a regular member of the Parks and Recreation Advisory Board (PARAB).

Background:

Board Member Fatt has served on PARAB since March 2010 and currently serves as the Board's Chair. With her current term set to expire February 28, 2025, she has submitted a request for reappointment.

Pros and Cons:

N/A

Fiscal Impact:

None

Workload Impact:

Minimal

Recommended Action:

Approve the reappointment of Danu Fatt as a regular member of the Parks and Recreation Advisory Board through the approval of the Consent Calendar.

To: City Council

Re: Re-appointment to PARAB

January 2, 2025

Dear City Council,

I am requesting re-appointment to the PARAB, as my term officially expires Feb. 28, 2025.

There are a few other members whose terms are up as well, Vice Chair Timothy Bresnahan, Board Member Colin McAllister & Alternate Jan Johnson. I would like this letter to approve their re-appointments as well, should they submit their letters of intent to continue to serve another term.

We have accomplished a lot over the years, and hope to continue our successes.

Sincerely,

Danu Fatt

Timothy Bresnahan

[redacted]
Manitou Springs, CO 80829
[redacted]

February 18, 2025

Manitou Springs City Council

Dear Council Members,

I am writing to support the reappointment of Danu Fatt as chair of the Manitou Springs Parks and Recreation Advisory Board (PARAB). As vice chair, I can attest that Danu brings many years of experience and knowledge to PARAB and will be a steady leader for the next term. Please consider my support for her reappointment.

Sincerely yours,

Timothy Bresnahan

Memorandum

Title: Consider Reappointing Tim Bresnahan to the Parks and Recreation Advisory Board

From: City Clerk's Office

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 5 Minutes

February 18, 2025

Purpose:

To review and consider approving Board Member Bresnahan's request for reappointment as a regular member of the Parks and Recreation Advisory Board (PARAB).

Background:

Board Member Bresnahan has served on PARAB since June 2015 and currently serves as the Board's Vice Chair. With his current term set to expire February 28, 2025, he has submitted a request for reappointment.

Pros and Cons:

N/A

Fiscal Impact:

None

Workload Impact:

Minimal

Recommended Action:

Approve the reappointment of Tim Bresnahan as a Regular Member of the Parks and Recreation Advisory Board through the approval of the Consent Calendar.

Timothy Bresnahan

[redacted]
Manitou Springs, CO 80829
[redacted]

February 18, 2025

Manitou Springs City Council

Dear Council Members,

I am writing to express my intent to continue serving on the Manitou Springs Parks and Recreation Advisory Board. I am thankful for my experience serving my friends and neighbors. Along with the other board members, I look forward to to completing the renovation of Soda Springs Park, add new recreational opportunities for Manitou citizens and guests, add new art in our parks and work with the Manitou Springs School District to find new ways to collaborate.

Sincerely yours,

Timothy Bresnahan

To: City Council

Re: Re-appointment to PARAB

January 2, 2025

Dear City Council,

I am requesting re-appointment to the PARAB, as my term officially expires Feb. 28, 2025.

There are a few other members whose terms are up as well, Vice Chair Timothy Bresnahan, Board Member Colin McAllister & Alternate Jan Johnson. I would like this letter to approve their re-appointments as well, should they submit their letters of intent to continue to serve another term.

We have accomplished a lot over the years, and hope to continue our successes.

Sincerely,

Danu Fatt

Memorandum

Title: Consideration of Resolution No. 0525, A Resolution of the City of Manitou Springs, Colorado, Supporting a Grant Application to the Colorado Department of Local Affairs for the City's Water Meters Project and Authorizing Execution of a Grant Agreement Upon Award of the Grant

From: Roy Chaney, Deputy City Administrator / Public Services Director and Sean Dearborn, Distribution ORC and Manger of Collections

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 5 Minutes

February 18, 2025

Purpose:

This Resolution authorizes the City to move forward with a grant application to the Colorado Department of Local Affairs for the City's Mesa Water Meters Project and upon grant award, the Mayor and/or the City Administrator to execute the Grant Agreement and any related documents without further approval by the City Council.

Background:

The City of Manitou Springs currently has 2,400 active water meters. The Water Meters project involves replacing all water meters with new digital water meters which include acoustic leak detection technology, for both residential and commercial end-users. The majority of the existing meters are almost 20 years old (which is their expected useful life) and require a physical monthly meter reading by City Staff. By comparing water production amounts against total billed water, the water department identified that 37% of water produced is accounted for as Non-Revenue Water (NRW). According to the Environmental Protection Agency (EPA) report on water loss control for public water systems, the average water loss in municipal systems is 16% but up to 75% of that water loss can be recovered (EPA, 2013).1 With a water loss more than double the national average, Manitou Springs is actively looking for solutions to reduce the losses. This project is the first step in the process to address these water losses as this will help address water leaks at the meters and help identify other areas of water loss throughout the distribution system. This project will improve the accuracy of the meter usage data and help the City begin to address water losses.

We are requesting the approval of this resolution; however, with the new tariffs, we may need to expedite this project and not apply for the grant.

Pros and Cons:

Pro: The City can move forward with a grant application for a much needed project.
Con: The City will need to find alternatives (if any) to fund the water meters project.

Fiscal Impact:

The grant has a 1:1 match and is anticipated project cost is $2,700,000. The City's match would be $1,350,000.

Workload Impact:

Grant tracking and reporting of projects; The City will hire a contractor for meter replacements.

Recommended Action:

Adopt Resolution No. 0525, A Resolution of the City of Manitou Springs, Colorado Supporting a Grant Application to the Colorado Department of Local Affairs for the City's Water Meter Project and Authorizing Execution of a Grant Agreement Upon Award of the Grant through the approval of the Consent Calendar.

COUNCIL BILL NO. 0625 **RESOLUTION NO. 0525**

RESOLUTION

A RESOLUTION OF THE CITY OF MANITOU SPRINGS, COLORADO, SUPPORTING A GRANT APPLICATION TO THE COLORADO DEPARTMENT OF LOCAL AFFAIRS FOR THE CITY'S WATER METERS PROJECT AND AUTHORIZING EXECUTION OF A GRANT AGREEMENT UPON AWARD OF THE GRANT

WHEREAS, the City Council desires to approve the submission of a grant application to the Colorado Department of Local Affairs for the City's Water Meters Project as further set forth below.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANITOU SPRINGS, COLORADO, THAT:

SECTION 1: The City Council strongly supports the submission of a grant application to the Colorado Department of Local Affairs for the City's Water Meters Project.

SECTION 1: The City Council hereby approves the submission of a grant application to the Colorado Department of Local Affairs requesting funding for the City's Water Meters Project and authorizes the City Administrator to execute the application and any related documents.

SECTION 2: If the City's grant application is awarded by the Colorado Department of Local Affairs, the City Council further authorizes the City Administrator to execute the Grant Agreement and any related documents without further approval by the City Council.

Adopted at the meeting of the City Council of the City of Manitou Springs, Colorado, on this 18th day of February 2025, and effective immediately.

Mayor and Council:

By: ______________________________
John Graham, Mayor

Attest:

____
Elena Krebs, City Clerk

Memorandum

Title: Letter of Support for Silver Key Senior Services
From: Mayor John Graham
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 5 Minutes

February 18, 2025

Purpose:

To approve a letter of support for Silver Key Senior Services in pursuing a transportation grant for senior residents.

Background:

Manitou Springs City Council received a request February 11, 2025, to submit a letter of support for Silver Key Senior Services in pursuing a transportation grant for senior residents. Council briefly discussed this and indicated that it would support the request.

Pros and Cons:

Pros: Silver Key Senior Services receives financial assistance to provide transportation to local senior citizens.

Cons: None.

Fiscal Impact:

None.

Workload Impact:

Minimal.

Recommended Action:

Approve the letter of support for Silver Key Senior Services through the approval of the Consent Calendar.

OFFICE OF THE MAYOR
John G. Graham

606 Manitou Avenue • Manitou Springs, CO 80829
Phone: (719) 400-8106 Email: jgraham@manitouspringsco.gov

February 13, 2025
Colorado Department of Transportation

To Whom It May Concern,

I am writing to express my community's strong support for Silver Key Senior Services and to endorse its application for funding through the Colorado Department of Transportation (CDOT). As the Mayor of Manitou Springs, I have seen firsthand the vital role Silver Key plays in enhancing the quality of life for our senior population.

Silver Key Senior Services provides critical programs that enable older adults to maintain independence, access essential services, and remain active members of our community. One of their most impactful services is transportation assistance, which connects seniors to medical appointments, grocery stores, social engagements, and other essential destinations.

In Manitou Springs and our adjacent communities, the demand for reliable, accessible, and affordable transportation for seniors is growing rapidly. For many older adults, transportation provided by Silver Key is not just a convenience; it is a lifeline. Their commitment to addressing mobility challenges directly aligns with CDOT's mission to support equitable access to transportation across Colorado.

Investing in Silver Key's transportation initiatives will ensure that seniors in our community—and throughout the region—are not left isolated or without access to the resources they need to thrive. This funding would allow them to expand their reach, enhance their services, and address the increasing needs of Colorado's aging population.

I respectfully urge the Colorado Department of Transportation to prioritize funding for Silver Key Senior Services. Its work is indispensable to our seniors, and its efforts significantly contribute to building stronger, more connected communities across Colorado.

Thank you for considering this important request. Please do not hesitate to contact me should you have any questions or require additional information.

Sincerely,

John Graham
Mayor, on Behalf of the Manitou Springs City Council

Memorandum

Title: Formal Action on Parking for Soda Springs Park Events
From: Roy Chaney, Deputy City Administrator/Public Works Director
To: Mayor and City Council
CC: City Administrator Denise Howell
Allocated Time: 15 Minutes

February 18, 2025

Purpose:
For City Council to formally take action on the direction given at a previous work session.

Background:
A discussion regarding parking at Soda Springs Park was held by the Council during their January 14, 2025, Work Session. During the meeting, staff outlined parking considerations for the Soda Springs Park staging area and recommended a temporary solution with safety parameters and regulations as outlined in the attached agreement for the 2025-2026 season, to address performer needs while maintaining community supported programs, such as Little London Winds. The direction received from this discussion was to use Park Ave. for parking and allow event organizers to pull into the park to unload their equipment. City staff is now bringing this item back for the Council's formal action so staff can implement it.

Pros and Cons:
Pros:

- Provides convenience for performers to load and unload equipment efficiently.
- Enhances safety by reducing the need to carry heavy or bulky items over long distances.
- Improves operational efficiency for events with tight schedules.
- Projects professionalism by offering a seamless experience for event organizers, performers, and attendees.
- Allows for the continuation of community supported programs in Manitou Springs at the Soda Springs Park.

Cons:

- Temporary adjustments may require additional oversight to ensure safety parameters are met.

- Future discussion will still need to address permanent parking solutions as part of new design considerations.

Fiscal Impact:
N/A

Workload Impact:
Minimal. Existing staff can manage parking controls within current resources.

Recommended Action:
Make a motion to approve the parking arrangements at Soda Springs Park for event organizers.

AGREEMENT FOR USE OF DIRT AREA AT SODA SPRINGS PARK FOR DELIVERY TRUCKS OR TRAILER PARKING
City of Manitou Springs, Colorado

This agreement is made and entered into by and between:

The City of Manitou Springs ("City")

________________________________ [Event Organizer Name] ("Event Organizer")

Purpose:
This agreement outlines the terms and conditions for the limited use of the dirt area at Soda Springs Park for parking by the Event Organizer during events, for the safety of park users and to ensure responsible parking practices.

Terms and Conditions:

1. **Parking Limit:**
   The Event Organizer is permitted to use the designated dirt area at Soda Springs Park for parking up to one (1) delivery truck or equipment trailer. 45 additional parking spaces can be reserved at no cost to event organizers along Park Avenue* for events as requested and approved by the City's Mobility & Parking Department. *Subject to change if additional parking spaces become available.

2. **Parking Sighter Requirement:**
   The Event Organizer is required to provide at least one designated Parking Sighter (ground attendant) during the event. The Parking Sighter will be responsible for guiding the vehicle in and out of the dirt lot to ensure the safety of all park users, minimizing the risk of accidents or harm.

3. **Safety Considerations:**
   All vehicles must adhere to the instructions of the Parking Sighter and operate with extreme caution to protect the safety of park users. Failure to do so may result in immediate termination of parking privileges.

4. **Duration of Agreement:**
   This agreement is effective for the calendar year 2025 only. The terms of this agreement will be revisited and reassessed prior to the 2026 event season to determine future parking arrangements.

5. **Enforcement and Penalties:**
   Failure to adhere to the conditions outlined in this agreement, including exceeding the vehicle limit or failing to provide a Parking Sighter, may result in the immediate suspension of parking privileges in the dirt lot for the remainder of the event. Repeated violations may lead to the Event Organizer being barred from using the dirt area for parking in future events.

6. **Review and Renewal:**
   Prior to the start of the 2026 event season, both parties agree to meet and discuss any necessary modifications to this agreement for future events.

Acceptance of Terms:
By signing below, both parties acknowledge and agree to abide by the terms outlined in this agreement.

Event Organizer Signature: _________________________

Date: _________________________

City of Manitou Springs Representative Signature: _________________________

Date: _________________________

Memorandum

Title: Second Reading and Public Hearing of Ordinance No. 0125, An Ordinance Approving a Lease Purchase Agreement with Clayton Holdings, LLC

From: Rebecca Davis, CPFO, Finance Director

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time:

February 18, 2025

Purpose:

On February 4, 2025, at first reading of Ordinance 0125, the Ordinance was approved by City Council. As required by City Charter, Ordinance 0125 is being brought before City Council for second reading and a public hearing.

Clayton Holdings, LLC, an equity subsidiary of Commerce Bank, has offered a 4.465% interest rate for 5 and 10 years for the 2025 Lease Purchase. The entire lease package is for \$708,732, with annual payments for the first five years of \$145,171.14 and \$11,470.97 for the remaining five years. The final payment will be on 2/27/2034.

Per the City Charter, debt must be approved by Ordinance, per Chapter 5.7:
In addition to such acts of the Council as are required by other provisions of this Charter to be by ordinance, every act making an appropriation, creating an indebtedness, authorizing borrowing of money, levying a tax, establishing any rule or regulation for the violation for which a penalty is imposed, or placing any burden upon or limiting the use of private property, shall be by ordinance.

Background:

A Lease Purchase program with five- and ten-year leasing was included in the 2025 budget for the following capital equipment/vehicles:

5 Year Lease purchase:

Public Service department:

2024 Chevrolet Silverado \$69,555

Polaris Track System \$15,000

Parks & Recreation department:

2025 Chevrolet Silverado - \$61,674

Police:

Ford Interceptor police patrol car and upfitting $80,000
Polaris UTV $30,000
Five 700-800 MHz Radios $15,000
Speed monitor Camera $35,000

Water Enterprise fund:
4-wheel drive pickup Toyota Tundra (or similar vehicle) - $50,000

Sewer Enterprise fund:
Retrofit sewer CCTV camera van - $145,000
Chevy 2500 8ft bed single cab $60,000

Mobility & Parking Enterprise fund:
Five parking kiosks - $53,361

<u>10 year Lease purchase:</u>
Public Service Department:
Dump truck – 2024 F-550 4X4 Super Duty - $94,142

Please note, it was decided that a jackhammer attachment for the Polaris and a mini-excavator, $15,000, was needed more than the Polaris Track System, $15,000, so a substitution was made, replacing the Polaris Track System with the Jackhammer attachment in the loan application.

<u>Pros and Cons:</u>
Pro: The City will acquire needed equipment and vehicles.

Con: The City will need to appropriate payments to Clayton Holdings, LLC, for the next 10 years or break the Lease Purchase Agreement.

<u>Fiscal Impact:</u>
The Capital Improvement Fund will have payments of $78,089.16 for the first five years and $11,470.97 for the second five years.
The Water Enterprise Fund will have five-year payments of $10,877.18.
The Sewer Enterprise Fund will have five-year payments of annual payments of $44,596.45.
The Mobility & Parking Enterprise Fund will have five-year annual payments of $11,608.35.

Workload Impact:
Approximately 10 hours.

Recommended Action:
Move to adopt on second reading, Ordinance No. 0125, an ordinance approving a lease purchase agreement with Clayton Holdings, LLC.

COUNCIL BILL NO. 0425 **ORDINANCE NO. 0125**

ORDINANCE

AN ORDINANCE APPROVING A LEASE-PURCHASE AGREEMENT WITH CLAYTON HOLDINGS LLC AND AN ESCROW AGREEMENT WITH CLAYTON HOLDINGS LLC AND UMB BANK N.A.

WHEREAS, the City is a home rule municipality with all powers granted by Article XX of the Colorado Constitution and its Home Rule Charter;

WHEREAS, Article XX, § 6 of the Colorado Constitution states: "The statutes of the state of Colorado, **so far as applicable**, shall continue to apply to such cities and towns, except insofar as superseded by the charters of such cities and towns or by ordinance passed pursuant to such charters." Colo. Const. art. XX, § 6 (emphasis added);

WHEREAS, Section 5.8 of the City's Home Rule Charter provides that ordinances adopted by the City Council become effective five days after publication after final passage;

WHEREAS, C.R.S. § 31-15-801 purports to require that municipalities approve long term lease agreements and lease-purchase agreements by ordinance that is not effective for at least thirty (30) days after passage;

WHEREAS, C.R.S. § 31-15-801 conflicts with Section 5.8 of the City's Home Rule Charter, which provides that ordinances are effective five days after publication after final passage;

WHEREAS, C.R.S. § 31-15-801 contains no declaration of statewide concern and specifically applies to a "city" or a "town", which terms have been construed to mean a statutory city and statutory town by the Colorado Court of Appeals in the case of *Allely v. City of Evans*, 124 P.3d 911 (Colo. App. 2005);

WHEREAS, the City Council hereby finds and determines that the procedures for approval of lease-purchase agreements are a matter of purely local concern;

WHEREAS, as a home rule municipality, in the matter of deciding the procedures applicable to the approval of lease-purchase agreements, which is a matter of purely local concern, the City is not subject to those portions of C.R.S. §§ 31-15-801 and -802 which conflict with Section 5.8 of the City's Home Rule Charter;

WHEREAS, the City is entering a State and Municipal Lease/Purchase Agreement ("Lease") dated the 25th day of February, 2025, with Clayton Holdings LLC and an Escrow Agreement with Clayton Holdings LLC and UMB Bank, N.A.;

WHEREAS, the City has carefully reviewed its financing requirements for the current calendar year and reasonably expects that it will not issue more than ten million dollars ($10,000,000) of tax-exempt obligations during the calendar year.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MANITOU SPRINGS, COLORADO, THAT:

Section 1: The City be, and hereby is, authorized to enter into the State & Municipal Lease/Purchase Agreement with Clayton Holdings, LLC (attached hereto with related documents, including without limitation the escrow agreement, as **Exhibit A**, collectively referred to as the "Lease") for a period of 120 months.

Section 2: The following officials of the City be, and hereby are, authorized, empowered and directed to sign on its behalf the Lease and any addenda, schedules, notes, UCC financing statements or other instruments issued under the provision of the Lease and any other instrument or document which may be necessary or expedient in connection with agreement upon or fulfillment of the provisions of the Lease.

Printed Name	**Title**	**Signature**
John Graham	Mayor	__________________________
Rebecca Davis	Finance Director	__________________________
Nicole Ortega	Finance Supervisor	__________________________

Section 3: Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, this Lease be and hereby is designated a "qualified tax-exempt obligation" includable within the ten million dollars ($10,000,000) of the aggregate issues designated as "qualified tax-exempt obligations" for the calendar year within which this Lease is entered into.

Section 4: The City shall not designate more than ten million dollars ($10,000,000) of tax-exempt obligations during the current calendar year as qualified tax-exempt obligations and the City, together with its subordinate entities, does not reasonably expect to issue more than ten million dollars ($10,000,000) of tax exempt obligations during the current calendar year.

Section 5: If any article, section, paragraph, sentence, clause or phrase of this ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each part or parts hereof irrespective of the fact that any one part or parts be declared unconstitutional or invalid.

Section 6: The repeal or modification of any provision of Manitou Springs Municipal Code by this ordinance shall not release, extinguish, alter, modify or change in whole or in part any penalty, forfeiture or liability, either civil or criminal, which shall have been incurred under such provision. Each provision shall be treated and held as still remaining in force for the purpose of sustaining any and all proper actions, suits, proceedings and prosecutions for enforcement of the penalty, forfeiture or liability, as well as for the purpose of sustaining any judgment, decree or order which can or may be rendered, entered or made in such actions, suits, proceedings or prosecutions.

Section 7: This ordinance is deemed necessary for the protection of the health, welfare and safety of the community.

Section 8: This ordinance shall take effect five (5) days after publication following final passage.

Passed on first reading and ordered published this 4th day of February 2025.

____
City Clerk, Elena Krebs

A Public Hearing on this ordinance will be held at the February 18, 2025, City Council meeting. The Council Meeting will be held at 6:00 P.M. at City Hall, 606 Manitou Avenue, Manitou Springs, Colorado.

Ordinance Published: February 5, 2025 (in full)
City's Official Website and City Hall

Passed on second reading and adopted by Council this 18th day of February 2025.

____
Mayor, John Graham

Attest: ____________________________
City Clerk, Elena Krebs

Published: February 19, 2025 (in full)
City's Official Website and City Hall

Clayton Holdings, LLC

February 5, 2025

Rebecca Davis, Finance Director
City of Manitou Springs
606 Manitou Avenue
Manitou Springs, Colorado 80829

Re: Financing for One (1) new Ford Interceptor police patrol car and upfitting, One (1) new Polaris UTV, Five (5) new 700-800 MHz Radios, New speed monitor camera, One (1) new 2024 Chevrolet Silverado, New jackhammer attachment, One (1) new 4-wheel drive pickup, One (1) new retrofit sewer CCTV camera van, One (1) new Chevy 2500 8ft bed single cab, Five (5) new parking kiosks, One (1) new 2025 Chevrolet Silverado, and One (1) new 2024 F-550 4X4 Super Duty Dump Truck.

Dear Ms. Davis:

Please find the enclosed documentation for your review and completion. An instruction sheet has been included as a guide to assist you with the process. Once you have completed and returned the required documentation to Clayton Holdings, LLC the transaction can be funded. The documentation has been filled out according to the terms and amount shown on the formal proposal. If you have questions or comments, please call.

Clayton Holdings, LLC is listed as Lessor in this State and Municipal Lease/Purchase Agreement. **For your convenience, we have listed the documentation that we require before closing:**

- ☐ *The **Lease** WITH ALL SCHEDULES EXECUTED CORRECTLY*
- ☐ ***8038-G IRS Form to be forwarded to the IRS per the instruction letter***
- ☐ *The **Escrow Agreement***
- ☐ *Escrow Account Set-up Fee of **$250.00** made payable to **UMB Bank, N.A.***
- ☐ *Initial Payment of **$145,171.14** payable to Clayton Holdings, LLC*

If you have any questions regarding the above documentation, please feel free to contact me.

Sincerely,

Izella Lampasi
Municipal Documentation Administrator
Izella.Lampasi@commercebank.com
314-746-3876

Please complete using **BLUE INK** and return all original documents via **FedEx or Certified Mail** to:
Commerce Bank c/o Izella Lampasi
8000 Forsyth Blvd., Suite 1210, St. Louis, MO 63105
Call 314-746-3876 with any questions during completion

State and Municipal Lease/ Purchase Agreement

- ☐ An individual that is authorized by the Lessee should sign and date in the space where indicated.
- ☐ The signed lease should be dated by Lessee with a date that is on or after meeting date of approved ordinance/resolution.
- ☐ Review and verify the EIN number.

Schedule A – Description of the Equipment

- ☐ Add VINs and/or SNs, if applicable.
- ☐ Authorized individual should review location and description of equipment and sign and date the form where indicated.

Schedule C – Amortization/Payment Schedule

- ☐ Authorized individual should sign and date the form where indicated.

Schedule D – Opinion of Counsel

- ☐ The attached is a "Draft" form of the Opinion. This should be provided to your counsel along with a copy of the lease.
- ☐ Your Counsel should provide an original of this Opinion on their letterhead, signed and dated.
- ☐ The Date of the Opinion should be on or after the date the lease is signed by the Lessee.
- ☐ The subject line date reference should be the same date the lease was entered into as stated on page one of the Lease/Purchase Agreement.

Schedule E-1 - Resolution

- ☐ The Resolution should be signed by the authorized signatory.
- ☐ Secretary or Clerk of the Board should attest and sign where indicated.

Schedule E-2 – Incumbency and Authorization Certificate

- ☐ The Secretary or Clerk of the Board should complete the blank lines in the first paragraph and attest at the bottom of the form.
- ☐ In **Section A**, review and confirm authorized signers. This should include any persons who will be signing forms, including payment request forms for the Escrow account.
- ☐ Authorized signers should sign in the signatory column in **Section A**.
- ☐ In **Section B**, list all individuals authorized to confirm disbursement information. Include name, title, phone number and alternative phone number.
- ☐ Signer of this Certificate cannot be listed under **Section A** as authorized to execute the Agreements.

Schedule F – Essential Use/Source of Funds Letter

- ☐ Complete all blank lines in entirety.
- ☐ Authorized individual should sign and date the form where indicated.

Schedule G – Proof of Insurance

- ☐ Complete all blank lines of the insurance agent information.
- ☐ Authorized individual should sign and date the form where indicated.
- ☐ Contact your insurance provider for a certificate of insurance in accordance with Section of the Lease and naming *Clayton Holdings, LLC* as both co-loss payee and additional insured under the property damage, and as additional insured under the general liability policy
- ☐ Upon acceptance of the Equipment and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance.

Schedule H – Authorization for Preauthorized Payments (if utilizing this free service)

- ☐ Complete all blanks on the form.
- ☐ Include a voided check or deposit slip.
- ☐ Authorized individual should sign and date the form where indicated.

Schedule I – Disbursement Authorization

- ☐ Authorized individual should sign and date the form where indicated.

8038-G IRS Form and Questionnaire

- ☐ Verify Lessee's Federal Identification number in Part 1, box 2 of the 8038G form.
- ☐ Sign, date and type the name of the individual signing this document, unless already completed.
- ☐ Verify information on Questionnaire, review instructions, and sign and date where indicated.

Escrow Agreement

- ☐ Authorized individual should sign where indicated.

Escrow Agreement – Exhibit B – Form of Payment Request and Acceptance Certificate

- ☐ ***Exhibit* B** should be kept. Authorized individual should complete blank lines, sign, date and submit this form *when* requesting *disbursements* from the Escrow account.

Escrow Agreement – Exhibit C – Final Acceptance Certificate

- ☐ ***Exhibit C*** should be *kept*. Authorized individual should date, sign where indicated and submit this form *with the final disbursement request* of the remaining funds from the Escrow account.

Titles

- ☐ In accordance with Section 10 Title, Security Interest, Lessee must provide copies of MSOs and *Title* Applications *Clayton Holdings, LLC*, 8000 Forsyth Blvd., Suite 1210, St. Louis, MO 63105, as 1st lienholder and Clayton Holdings, LLC***,*** 8000 Forsyth Blvd., Suite 1210, St. Louis, MO 63105, is listed as 1st Lienholder on final Title and provide record of same to Clayton Holdings, LLC.

CLAYTON HOLDINGS, LLC

STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT

Lease Number: 5000217-008

This State and Municipal Lease/Purchase Agreement (the "Lease") is made and entered into on this, the Fifth day of February, 2025 by and between Clayton Holdings, LLC with offices at 8000 Forsyth Boulevard, Suite 1210, St. Louis, Missouri 63105 (together with its successors and assigns, herein called the "Lessor"), and City of Manitou Springs with its principal address at 606 Manitou Avenue, Manitou Springs, Colorado 80829 (together with its permitted successors and assigns, herein called the "Lessee"), wherein it is agreed as follows:

1. **LEASE OF EQUIPMENT:** Lessee hereby requests Lessor to acquire the equipment described in Schedule A attached hereto and made a part hereof. Subject to the terms and conditions hereof, Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the equipment described in Schedule A, with all replacements, repairs, additions and accessories incorporated therein or affixed thereto (herein collectively called the "Equipment").

2. **DELIVERY AND ACCEPTANCE:** Lessee agrees to order the Equipment on behalf of Lessor from the supplier of such Equipment. Lessor will not be liable for specific performance of this Lease or for damages if for any reason the supplier delays or fails to fill the order. Lessee will cause the Equipment to be delivered at the location specified in Schedule A (the "Equipment Location"). Lessee is solely responsible for the selection of the Equipment and the vendor from which the Equipment is purchased. Lessee will pay all transportation and other costs, if any, incurred in connection with the delivery and installation of the Equipment. Any delay in such delivery will not affect the validity of this Lease. To the extent funds are deposited with a bank or trust company in an escrow fund for the acquisition of the Equipment, such funds shall be disbursed as provided in the agreement pursuant to which such fund is established (the "Escrow Agreement"). Lessee will immediately accept the Equipment as soon as it has been delivered and is operational, or as soon as any manufacturer or vendor pre-acceptance test period has expired. In the event the Equipment is not accepted by Lessee within thirty (30) days from the date of its delivery, Lessor, at Lessor's sole option, will have the right to terminate this Lease. Lessee will evidence its acceptance of the Equipment by executing and delivering to Lessor a delivery and acceptance certificate in the form of Exhibit B or C, as applicable, to the Escrow Agreement (the "Acceptance Certificate"). Lessee hereby authorizes the Lessor to add to this Lease and to any other description of the Equipment the serial number of each item of Equipment, when available.

3. **TERM**: This Lease will become effective upon the execution hereof by Lessee and Lessor. Lessee's obligation to pay rent under this Lease will commence on the date that funds are advanced by Lessor to pay the vendor of the Equipment or are deposited with a bank or trust company in an escrow fund pursuant to the Escrow Agreement, if any (the "Start Date"), and will extend for an initial term through the end of Lessee's fiscal year containing the Start Date. The term of this Lease is subject to renewal on a year-to-year basis for the number of annual fiscal periods necessary to comprise the lease term as set forth in Schedule C attached hereto and made a part hereof (the "Lease Term"). At the end of the initial term and any renewal term, Lessee will be deemed to have exercised its option to renew this Lease for the next annual renewal term, unless Lessee has exercised its right to terminate the Lease pursuant to Section 8 below.

4. **RENT**: Lessee agrees to pay Lessor the rental payments for the Equipment as set forth in Schedule C (the "Rental Payments"). A portion of each Rental Payment is paid as and represents the payment of interest as set forth in Schedule C. The Rental Payments will be payable without notice or demand, at the office of Lessor (or such other place as Lessor may designate in writing, from time to time) and will commence on the Start Date. For clarity, Lessee hereby authorizes Lessor to update Schedule C with the Start Date and actual due dates for Rental Payments based upon the frequency of payments stated on Schedule C. Any notice, invoicing, purchase orders, quotations or other forms or procedures requested by Lessee in connection with payment will be fully explained and provided to Lessor sufficiently in advance of the payment due date for the completion thereof by Lessor prior to such payment date, but none of the foregoing will be a condition to Lessee's obligation to make any such payment. If Lessee fails to pay any Rental Payment or any other sums under this Lease within ten (10) days when the same becomes due, Lessee shall pay to Lessor (in addition to and not in lieu of other rights of Lessor) a late charge equal to the greater of five (5%) percent of such delinquent amount or Twenty-Five Dollars ($25.00), but in any event not more than the maximum amount permitted by law. Such late charge shall be payable by Lessee upon demand by Lessor and shall be deemed rent hereunder. Lessee acknowledges and agrees that the late charge (i) does not constitute interest, (ii) is an estimate of the costs Lessor will incur as a result of the late payment and (iii) is reasonable in amount. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental Payments hereunder will constitute a current expense of Lessee and will not in any way be construed to be a debt of Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by Lessee. EXCEPT AS SPECIFICALLY PROVIDED IN SECTION 8 HEREOF, LESSEE'S OBLIGATION TO MAKE RENTAL PAYMENTS SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS AND WILL NOT BE SUBJECT TO ANY SETOFF, DEFENSE, COUNTERCLAIM, ABATEMENT OR RECOUPMENT FOR ANY REASON WHATSOEVER.

   Notwithstanding the foregoing, the interest portion of the Rental Payments on Schedule C will be adjusted, and Lessor will provide Lessee a revised Schedule C reflecting such adjustment in the event that it is determined that any of the interest portions of Rental Payments set forth in Schedule C may not be excluded from Lessor's gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Lessee agrees that the interest portion of the Rental Payments on Schedule C will be adjusted commencing with the first day of the next succeeding fiscal year of the Lessee, but only if this Lease is renewed for such fiscal year, and thereafter, so that Lessor will be in the same after-tax position that it would have been in had such payment been excluded from the gross income of Lessor under Section 103 of the Code.

5. **AUTHORITY AND AUTHORIZATION:** Lessee represents, warrants and covenants that (a) it will do or cause to be done all things necessary to preserve and keep in full force and effect (i) its existence, and (ii) subject to Section 8 hereof, this Lease; (b) it has complied with all bidding and budgeting requirements where necessary and by due notification has presented this Lease to Lessee's governing body for approval and adoption as a valid obligation on its part and that all requirements have been met and procedures have been followed to ensure the enforceability of this

Lease; (c) it has sufficient appropriations or other funds available to pay all amounts due hereunder for the current fiscal year period; (d) no event has occurred and no condition exists which, upon the execution of this Lease or with notice or the passage of time or both, would constitute a default under any debt, revenue or purchase obligation which it has issued or to which it is a party (the "Obligation") nor has it been in default under any Obligation at any time during the past five (5) years, and (e) no lease, rental agreement or contract for purchase, to which Lessee has been a party, at any time during the past five (5) years, has been terminated by Lessee as a result of insufficient funds being appropriated in any fiscal period.

6. **REPRESENTATIONS, COVENANTS AND WARRANTIES REGARDING TAX-EXEMPT STATUS**: Lessee warrants and covenants that (i) it is a state, or a political subdivision thereof, within the meaning of Section 103 of the Code, and the related regulations and rulings thereunder; (ii) subject to Section 8 hereof, Lessee intends that its obligation under this Lease will constitute an enforceable obligation issued by or on behalf of a state, or political subdivision thereof, such that the interest portions of Rental Payments as shown in Schedule C, will not be includable in the gross income of Lessor for the purposes of federal income taxation; (iii) this Lease represents a valid deferred payment obligation of Lessee for the amount herein set forth; (iv) Lessee has the legal capacity to enter into this Lease and is not in contravention of any state, county, district, city or town statute, rule, regulation or other governmental provision; (v) during the Lease Term, the Equipment will not be used in a trade or business of any other person or entity; (vi) Lessee will complete and file on a timely basis, Internal Revenue Service form 8038G or 8038GC, as appropriate, in the manner set forth in Section 149(e) of the Code; and (vii) Lessee will not take any action or permit the omission of any action reasonably within its control which action or omission will cause the interest portion of any Rental Payment hereunder to be includable in gross income for federal income taxation purposes.

Lessee hereby designates the Lease as a “qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code. The aggregate face amount of all tax-exempt obligations (including the Lease, but excluding private activity bonds other than qualified 501(c)(3) bonds) issued or to be issued by Lessee and all subordinate entities thereof during the calendar year in which the Start Date occurs is not reasonably expected to exceed $10,000,000. Lessee and all subordinate entities thereof will not issue in excess of $10,000,000 of tax-exempt obligations (including the Lease, but excluding private activity bonds other than qualified 501(c)(3) bonds) during the calendar year in which the Start Date occurs, without first providing Lessor with an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor, that the designation of the Lease as a “qualified tax-exempt obligation” will not be adversely affected.

Lessee further represents as follows:

(a) The estimated total costs of the Equipment will not be less than the total principal amount of the Rental Payments.

(b) The Equipment has been ordered or is expected to be ordered within six months of the effective date of this Lease, and the Equipment is expected to be delivered and installed, and the Vendor fully paid, within eighteen months of the effective date of this Lease.

(c) Lessee has not created or established, and does not expect to create or establish, any sinking fund or other similar fund (i) that is reasonably expected to be used to pay the Rental Payments, or (ii) that may be used solely to prevent a default in the payment of Rental Payments.

(d) The Equipment has not been, and is not expected to be, sold or otherwise disposed of by Lessee, either in whole or in major part, prior to the final Rental Payment.

(e) To the best of Lessee's knowledge, information and belief, the above expectations are reasonable.

7. **APPROPRIATIONS AND ESSENTIAL USE:** Lessee reasonably believes that sufficient funds can be obtained to make all Rental Payments during the Lease Term. The responsible financial officer of Lessee will do all things lawfully within his or her power to obtain funds from which the Rental Payments, including any Rental Payments required by Section 4 hereof, may be made, including making provisions for such payments, to the extent necessary, in each proposed annual budget submitted for approval in accordance with applicable procedures of Lessee. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Lease for any subsequent annual fiscal period is solely within the discretion of the then current governing body of Lessee. Lessee currently intends to make the Rental Payments for the full Lease Term if funds are legally available therefor, and in that regard Lessee represents that (a) the use of the Equipment is essential to its proper, efficient, and economic functioning or to the services that it provides to its citizens; (b) Lessee has an immediate need for and expects to make immediate use of substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future; and (c) the Equipment will be used by the Lessee only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

8. **NONAPPROPRIATION OF FUNDS:** In the event insufficient funds are appropriated and budgeted to pay Rental Payments required by Section 4 hereof and any other amounts payable under this Lease, for any fiscal period in which the Rental Payments for the Equipment are due under this Lease, then, without penalty, liability or expense to Lessee, this Lease will thereafter terminate on the last day of the fiscal period for which appropriations were made, except as to (i) the portions of the Rental Payments herein agreed upon for which funds have been appropriated and budgeted or are otherwise available and (ii) Lessee's other obligations and liabilities under this Lease relating to, accruing or arising prior to such termination. Lessee will, not less than sixty (60) days prior to the end of such applicable fiscal period, in writing, notify Lessor of such occurrence, but failure to give such notice will not prevent such termination. In the event of such termination, Lessee agrees to immediately cease use of the Equipment and peaceably surrender possession of the Equipment to Lessor on the day of such termination, packed for shipment in accordance with manufacturer's specifications and eligible for manufacturer's maintenance, and freight prepaid and insured to any location in the continental United States designated by Lessor, all at Lessee's expense. Lessor may exercise all available legal and equitable rights and remedies in retaking possession of the Equipment. If Lessee fails to cease use and deliver possession of the Equipment to Lessor upon termination of this Lease under this section, the termination shall nevertheless be effective but Lessee shall be responsible for the payment of damages in an amount equal to (a) the portion of Rental Payments thereafter coming due that is attributable to the number of days after the termination during which Lessee fails to cease use and deliver possession of the Equipment and (b) any other loss suffered by Lessor as a result of Lessee’s failure to deliver possession of the Equipment.

9. **EXCLUSION OF WARRANTIES; LIMITATIONS OF LIABILITY; DISCLAIMER OF CONSEQUENTIAL DAMAGES**: **LESSEE HAS SELECTED BOTH THE EQUIPMENT AND THE VENDOR(S) FROM WHOM LESSOR IS TO PURCHASE THE EQUIPMENT IN RELIANCE HEREON. LESSEE ACKNOWLEDGES AND AGREES THAT THE EQUIPMENT IS OF A SIZE, DESIGN AND CAPACITY SELECTED BY LESSEE, THAT LESSOR IS NOT A MANUFACTURER, VENDOR, DISTRIBUTOR OR LICENSOR OF SUCH EQUIPMENT, AND THAT LESSOR LEASES THE**

EQUIPMENT AS IS AND HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, DESIGN, OPERATION, FITNESS FOR USE, OR SUITABILITY OF THE EQUIPMENT IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO INCLUDING ANY WARRANTIES OF TITLE OR AGAINST INFRINGEMENT OR ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR PRACTICE, ALL OF WHICH ARE SPECIFICALLY DISCLAIMED BY LESSOR AND IN NO EVENT SHALL LESSOR BE OBLIGATED OR LIABLE FOR ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO LESSEE OR ANY OTHER PERSON OR ENTITY ARISING OUT OF OR IN CONNECTION WITH THE EQUIPMENT, INCLUDING BUT NOT LIMITED TO THE SALE, LEASE, USE, PERFORMANCE OR MAINTENANCE OF THE EQUIPMENT, INCLUDING INTERRUPTION OF SERVICE, LOSS OF DATA, LOSS OF REVENUE OR PROFIT, LOSS OF TIME OR BUSINESS, OR ANY SIMILAR LOSS, EVEN IF ANY SUCH PERSON IS ADVISED IN ADVANCE OF THE POSSIBILITY OR CERTAINTY OF SUCH DAMAGES AND EVEN IF LESSEE ASSERTS OR ESTABLISHES A FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED IN THIS LEASE.

Lessee acknowledges that neither the original vendor nor licensor of the Equipment (including the salespersons of any of them) is an agent of Lessor, nor are they authorized to waive or alter any terms of this Lease. Lessee hereby waives any claim (including any claim based on strict or absolute liability in tort) it might have against Lessor or any assignee of the Lessor for any loss, damage or expense caused by or with respect to the Equipment. Lessor hereby assigns to Lessee during the Lease Term, to the extent permitted by law and so long as no Event of Default has occurred pursuant to Section 20 below, all manufacturer's warranties, if any, that it may have with respect to the Equipment, and Lessor authorizes Lessee to obtain the customary services furnished in connection with such warranties at Lessee's expense. Lessor authorizes Lessee, to the extent permitted by law, to enforce in its own name any warranty, representation or other claim enforceable against the manufacturer. Lessor assumes no responsibility for shipment, delivery, installation or maintenances, and all claims of Lessee with respect thereto, whether for delay, damage or otherwise, will be made against the manufacturer. Lessor, at its option, may provide in its purchase order that the manufacturer agrees that any of such claims may be made by Lessee directly against the manufacturer. The obligation of Lessee to pay the Rental Payments as defined in Section 4 will not be abated, impaired or reduced by reason of any claims of Lessee with respect to the Equipment, including but not limited to its condition, quality, workmanship, delivery, shipment, installation, defects or otherwise.

10. **TITLE TO THE EQUIPMENT:** The Equipment shall be acquired pursuant to a contract or purchase order issued by the City of Manitou Springs, CO, (the "City") which contract or purchase order shall provide that legal title to the Equipment acquired thereunder be vested in Lessor, subject to the beneficial interest of Lessee hereunder. Notwithstanding this method of acquisition, neither "The City" nor the Lessee shall be deemed to be the "Vendor" of the equipment under this Lease pursuant to the terms of such contract or purchase order. During the Lease Term, title to the Equipment and any and all additions, repairs, replacements or modifications thereto shall be in Lessor; provided, however, that in the event this Lease is terminated by reason of the occurrence of an event described in Sections 3, 20, or 21 hereof, title to the Equipment will be transferred to the Lessee. In the event that the provisions of Section 20 are availed of by Lessor, or in the case of an Event of Nonappropriation as set forth in Section 8 hereof, Lessee will surrender its interest in and possession of the Equipment to Lessor.

11. **PERSONAL PROPERTY:** Lessor and Lessee agree that the Equipment is, and will remain, personal property and will not be deemed to be affixed or attached to real property or any building thereon. Notwithstanding the foregoing, for purposes of providing notice to third parties, Lessee agrees that, upon Lessor's request, it will provide the legal description of all real property where any of the Equipment is or will be installed, and Lessee agrees that financing statements evidencing Lessor's security interest may be filed in the real property records. If requested by Lessor, Lessee will, at Lessee's expense, furnish to Lessor landlord or mortgagee waiver with respect to the Equipment.

12. **USE; REPAIRS**: Lessee will use the Equipment in a careful manner for the use contemplated by the manufacturer of the Equipment and will comply with all laws, ordinances, insurance policies and regulations relating to, and will pay all costs, claims, damages, fees and charges arising out of, its possession, use or maintenance. Lessee, at its sole costs and expense, will maintain the Equipment according to the manufacturer's recommended guidelines or the equivalent and meet any and all recertification requirements and will furnish proof of such maintenance, if requested by Lessor and will furnish all needed servicing and parts, which parts will become part of the Equipment. If the Equipment is such as is customarily covered by a maintenance agreement, Lessee will furnish Lessor with a maintenance agreement with a party satisfactory to Lessor.

13. **ALTERATIONS:** Lessee will not make any alterations, additions or improvements to the Equipment without Lessor's prior written consent, and any permitted alteration or attachment which cannot be readily removed without damaging the Equipment's originally intended function or value will become part of the Equipment.

14. **LOCATION; INSPECTION**: The Equipment will not be removed from, or if the Equipment consists of rolling stock, its permanent base will not be changed from the Equipment Location without Lessor's prior written consent, which consent will not be unreasonably withheld. Lessor will be entitled to enter upon the Equipment Location or elsewhere during reasonable business hours to inspect the Equipment or observe its use and operations.

15. **LIENS AND TAXES**: Lessee will keep the Equipment free and clear of all levies, liens and encumbrances except those created under this Lease. Lessee will pay, when due, all charges and taxes (federal, state and local) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Equipment, excluding however, all taxes on or measured by Lessor's income. If Lessee fails to pay said charges and taxes when due, Lessor will have the right, but will not be obligated, to pay said charges and taxes. If Lessor pays any charges or taxes for which Lessee is responsible or liable under this Lease, Lessee will, upon demand, reimburse Lessor therefor.

16. **RISK OF LOSS; DAMAGE; DESTRUCTION**: Lessee assumes all risk of loss of or damage to the Equipment from any cause whatsoever, and no such loss of or damage to the Equipment will relieve Lessee of the obligation to make the Rental Payments or to perform any other obligation under this Lease. In the event of damage to any item of Equipment, Lessee will immediately place the same in good repair (the proceeds of any insurance recovery will be applied to the cost of such repair). If Lessor determines that any item of Equipment is lost, stolen, destroyed or damaged beyond repair, Lessee, at the option of Lessor, will (a) replace the same with like equipment in good repair; or (b) on the next Rental Payment date pay to Lessor (i) all amounts owed by Lessee under this Lease, including the Rental Payment due on such date, and (ii) an amount not less than the balance of the Rental Payments then remaining unpaid hereunder. In the event that Lessee is obligated to make such payment with respect to less than all of the Equipment, Lessor will provide Lessee with the pro rata amount of the Rental Payment and the balance of the Rental Payments then remaining unpaid hereunder, as applicable, to be made by Lessee with respect to the Equipment which has suffered the event of loss.

17. INSURANCE: Lessee will, at its expense, maintain at all times during the Lease Term (a) fire and extended coverage, public liability and property damage insurance with respect to the Equipment in such amounts, covering such risks, and with such insurers as will be satisfactory to Lessor. In no event will the insurance limits be less than the greater of (i) an amount equal to the balance of the Rental Payments then remaining for the Lease Term or (ii) any minimum required by any co-insurance provisions of such insurance, (b) liability insurance that protects Lessor from liability in all events in form and amount satisfactory to Lessor, and (c) workers' compensation coverage as required by the laws of the state in which Lessee is located. Each insurance policy required by clause (b) of the preceding sentence will name Lessee as an insured and Lessor or its assigns as an additional insured and loss payee, as appropriate, and each insurance policy required by the preceding sentence will contain a clause requiring the insurer to give Lessor at least thirty (30) days prior written notice of any alteration in the terms of such policy or the cancellation thereof. The proceeds of any such policies will be payable to Lessee and Lessor or its assigns, as their interest may appear. Upon acceptance of the Equipment and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance. In the event of any loss, damage, injury or accident involving the Equipment, Lessee will promptly provide Lessor with written notice hereof and make available to Lessor all information and documentation relating thereto. Notwithstanding the foregoing, with Lessor's prior written consent, Lessee may self-insure against any and all risks for which insurance is required.

18. ADVANCES: In the event Lessee fails to maintain the insurance required by this Lease or fails to keep the Equipment in good repair and operating condition, Lessor may (but will be under no obligation to) purchase the required policies of insurance and pay the premiums on the same and make such repairs or replacements as are necessary and pay the cost thereof. All amounts so advanced by Lessor will become additional rent payable by Lessee. Lessee agrees to pay such amounts with interest thereon from the date paid at the rate of 1.5% per month or the maximum permitted by law, whichever is less. Unless Lessee provides evidence of the insurance coverage required by this Lease, Lessor may purchase insurance at Lessee's expense to protect Lessor's interests hereunder. This insurance may, but need not, protect Lessee's interests. The coverage that Lessor may purchase may not pay any claim that Lessee may make or any claim that may be made against Lessee in connection with the Equipment. Lessee may later cancel any insurance purchased by Lessor, but only after providing evidence that Lessee has obtained insurance as required by this Lease. If Lessor purchases insurance for the Equipment, Lessee will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges Lessor may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance will be added as additional rent. The costs of the insurance may be more than the cost of insurance Lessee may be able to obtain on its own.

19. I**NDEMNIFICATION**: To the extent permitted by law, and solely from legally available funds, Lessee agrees to indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damages, liabilities or losses (including, but not limited to, attorneys' fees and court costs) arising in connection with the Equipment, including, but not limited to, its selection, purchase, delivery, possession, use, operation or return and the recovery of claims under insurance policies thereon.

20. EVENTS OF DEFAULT: The Term "Event of Default" as used in this Lease, means the occurrence of any one or more of the following events: (a) Lessee fails to make any Rental Payment (or any other payment) as it becomes due in accordance with the terms of this Lease, and any such failure continues for ten (10) days after the date thereof; (b) Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure is not cured within ten (10) days after written notice thereof by Lessor; (c) the discovery by Lessor that any statement, representation or warranty made by Lessee in this Lease or in any document delivered by Lessee pursuant hereto or in connection herewith is false, misleading or erroneous in any material respect; (d) Lessee becomes insolvent, is unable to pay its debts as they become due, makes an assignment for the benefit of creditors, applies or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or of all or substantial part of its assets, a petition for relief is filed by Lessee under federal bankruptcy, insolvency or similar laws, or a petition in a proceeding under any bankruptcy, insolvency or similar laws, is filed against Lessee and is not dismissed within thirty (30) days thereafter; (e) Lessee suffers an adverse material change in its financial condition or operations from the date hereof and, as a result, Lessor deems itself insecure; or (f) Lessee is in default under any other agreement executed at any time with Lessor or its affiliates, or under any other agreement or instrument by which it is bound.

21. REMEDIES: Upon the occurrence of an Event of Default, Lessor shall have the right, at its sole option, to exercise any one or more of the following remedies: (a) by written notice to Lessee, declare an amount equal to all amounts then due under this Lease and all remaining Rental Payments which will become due during the then current fiscal year of Lessee to be immediately due and payable, whereupon the same will become immediately due and payable and such amounts shall thereafter bear interest at the rate of 1.5% per month or the maximum rate permitted by applicable law, whichever is less; (b) by written notice to Lessee, request Lessee to (and Lessee agrees that it will), at Lessee's expense, promptly cease use and return the Equipment to Lessor in the manner set forth in Section 8 hereof, or Lessor, at its option and with or without terminating the Lease Term, may enter upon the premises where the Equipment is located and take immediate possession of and remove the same, without liability to Lessor or its agents for such entry or for damage to property or otherwise; (c) sell or lease the Equipment or sublease it for the account of Lessee, holding Lessee liable for (i) all Rental Payments and other payments due to the effective date of such selling, leasing or subleasing, and (ii) for the difference between the net purchase price, rental and other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and the remaining amounts payable by the Lessee through the end of the then current fiscal year of Lessee hereunder; and (d) exercise any other right, remedy or privilege which may be available to it under applicable law, including the right to (i) proceed by appropriate court action to enforce the terms of this Lease, (ii) recover damages for the breach of this Lease, and (iii) rescind this Lease as to any or all of the Equipment. If Lessee fails to cease use and deliver possession of the Equipment upon the occurrence of an Event of Default, Lessee shall be responsible for the payment of damages in an amount equal to (a) the portion of Rental Payments that is attributable to the number of days after the termination during which Lessee fails to cease use and deliver possession of the Equipment and (b) any other loss suffered by Lessor as a result of Lessee's failure to cease use and deliver possession of the Equipment.

In addition, Lessee will remain liable for all covenants and indemnities under this Lease and for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

22. EARLY PURCHASE OPTION; PREPAYMENT: Lessee may, upon sixty (60) days prior written notice to Lessor, and provided Lessee has fully paid and performed all other obligations hereunder and provided no Event of Default has occurred and is continuing, pay to Lessor on any regularly scheduled Rental Payment date the applicable amount set forth on Schedule C attached hereto, whereupon title to the Equipment will become unconditionally vested in Lessee, and Lessor will transfer any and all of its right, title and interest in the Equipment to Lessee as is, where is, without warranty, express or implied, except that Lessor will warrant to Lessee that the Equipment is free and clear of any liens created by Lessor.

Upon delivery by Lessee of a final acceptance certificate, any remaining monies in any escrow fund established under the Escrow Agreement shall be paid to Lessor, for credit, first, to the next Rental Payment due, and, second, to the prepayment of the principal portion of future Rental Payments hereunder in the manner directed by Lessor, in its sole discretion, unless Lessor directs that payment of such amount be made in such other manner directed by Lessor that, in the opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor, will not adversely affect the exclusion of the interest portions of Rental Payments from gross income for federal income tax purposes. If any amount is applied against the outstanding principal components of Rental Payments, Schedule C attached hereto will be revised accordingly.

23. DETERMINATION OF FAIR PURCHASE PRICE: Lessee and Lessor hereby agree and determine that the Rental Payments payable during the Lease Term represent the fair value of the use of the Equipment and that the amount required to exercise Lessee's option to purchase the Equipment pursuant to Section 22 represents the fair purchase price of the Equipment. Lessee hereby determines that the Rental Payments do not exceed a reasonable amount so as to place Lessee under a practical economic compulsion to renew this Lease or to exercise its option to purchase the Equipment. In making such determinations, Lessee and Lessor have given consideration to (a) the costs of the Equipment, (b) the uses and purposes for which the Equipment will be employed by Lessee, (c) the benefit to Lessee by reason of the acquisition and installation of the Equipment and the use of the Equipment pursuant to the terms and provisions of this Lease, and (d) Lessee's option to purchase the Equipment. Lessee hereby determines and declares that this Lease will result in equipment of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition and installation of the Equipment were performed by Lessee other than pursuant to this Lease. Lessee hereby determines and declares that the Lease Term does not exceed the useful life of the Equipment.

24. ASSIGNMENT: Except as expressly provided herein, Lessee will not (a) assign, transfer, pledge, hypothecate or grant any security interest in, or otherwise dispose of, this Lease or the Equipment or any interest in this Lease or the Equipment or (b) sublet or lend the Equipment or permit the Equipment to be used by anyone other than Lessee or Lessee's employees, unless Lessee obtains the prior written consent of Lessor and an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to Lessor that such action will not adversely affect the exclusion of the interest portions of the Rental Payments from gross income for federal income tax purposes.

Lessor, without the consent of Lessee, may assign all or any portion or portions of its right, title and interest in and to this Lease, the Equipment and any other documents executed with respect to this Lease, and/or grant or assign all or any portion or portions of its security interest in this Lease and the Equipment, in whole or in part to various assignees, their agents or trustees (each and any one hereinafter referred to as an "Assignee"). Any such assignment to an Assignee may provide that the Lessor or the Assignee will act as a collection and paying agent for owners of certificates of participation in this Lease, or may provide that a third-party trustee or agent will act as collection and paying agent for any Assignee, provided that any such trustee or agent will maintain registration books as a register of all persons who are owners of certificates of participation or other interest in Rental Payments and Lessee receives written notification of the name and address of the trustee or agent and a copy of the pooling and fractionalization agency or trustee agreement, if any. Any such Assignee will have all of the assigned rights of Lessor under this Lease. Subject to the foregoing, this Lease will inure to the benefit of and will be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. Any assignment or reassignment of any of Lessor's right, title or interest in this Lease or the Equipment will be effective upon receipt by Lessee of a duplicate original of the counterpart document by which the assignment or reassignment is made, disclosing the name and address of each such Assignee and, where applicable, to whom further payments hereunder should be made. During the Lease Term, Lessee covenants that it will keep a complete and accurate record of all assignments in form necessary to comply with Section 149(a) of the Code and the regulations, proposed or existing, from time to time promulgated thereunder. Lessee agrees to acknowledge in writing any assignments if so required.

Lessee agrees that, upon notice of assignment, if so instructed it will pay directly to the Assignee, or its trustee or agent without abatement, deduction or setoff all amounts which become due hereunder. Lessee further agrees that it will not assert against any Assignee, or its trustee or agent, any defense, claim, counterclaim or setoff Lessee may have against Lessor.

25. FINANCIAL STATEMENTS: Each year during the term of this Lease, Lessee hereby agrees to deliver to Lessor a copy of: (i) annual audited financial statements within one hundred twenty (120) days of Lessee's fiscal year-end; and (ii) within a reasonable period of time, any other financial information Lessor requests from time to time.

26. NATURE OF AGREEMENT: Lessor and Lessee agree that upon the due and punctual payment and performance of the installments of Rental Payments and other amounts and obligations under this Lease, title to the Equipment will vest permanently in Lessee as provided in this Lease, free and clear of any interest, lien or security of Lessor therein.

27. AMENDMENTS: This Lease may be amended or any of its terms modified in any manner by written agreement of Lessee and Lessor. Any waiver of any provision of this Lease or of any right or remedy hereunder must be affirmatively and expressly made in writing and will not be implied from inaction, course of dealing or otherwise.

28. NOTICES: All notices to be given under this Lease must be made in writing and mailed by certified mail to the other party at its address set forth herein or at such address as the party may provide in writing from time to time. Any such notice is effective upon receipt.

29. SECTION HEADINGS: All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

30. GOVERNING LAW: This Lease will be governed by the provisions hereof and by the laws of the State where Lessee is located.

31. FURTHER ASSURANCES: Lessee will deliver to Lessor (i) an opinion of counsel in substantially the form of Schedule D attached hereto or as Lessor may otherwise request; and (ii) if applicable, a certificate of a duly authorized official as to designation as a qualified tax-exempt obligation. Moreover, Lessee will execute or provide, as requested by Lessor, any documents and information that are reasonably necessary with respect to the transaction contemplated by this Lease.

32. ENTIRE AGREEMENT: This Lease, together with the Schedules attached hereto and made a part hereof and other attachments hereto and other documents or instruments executed by Lessee and Lessor in connection herewith, constitute the entire agreement between the parties with respect to the lease of the Equipment, and this Lease will not be modified, amended, altered or changed except with the written consent of Lessee or Lessor.

33. SEVERABILITY: Any provision of this Lease found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Lease.

34. WAIVER: The waiver by Lessor of any breach by Lessee of any term, covenant or condition, hereof will not operate as a waiver of any subsequent breach hereof.

35. ELECTRONIC TRANSACTIONS. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. **.**

36. ROLE OF LESSOR: Lessor has not acted and will not act as a fiduciary for Lessee or as Lessee's agent or municipal advisor. Lessor has not and will not provide financial, legal, tax, accounting or other advice to Lessee or to any financial advisor or placement agent engaged by Lessee with respect to this Lease. Lessee, its financial advisor, placement agent or municipal advisor, if any, shall each seek and obtain its own financial, legal, tax, accounting and other advice with respect to this Lease from its own advisors (including as it relates to structure, timing, terms and similar matters).

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (LESSEE(S) AND US (LESSOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

BY SIGNING BELOW, YOU AND WE AGREE THAT THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN US.

Lessor: Clayton Holdings, LLC	*Lessee: City of Manitou Springs*
Authorized Signature: ______________________	*Authorized Signature:* ______________________
Printed Name: ______________________	*Printed Name: John Graham*
Title: ______________________	*Title: Mayor*
Date: ______________________	*Date:* ______________________
	EIN: 84-6000692

SCHEDULE A TO
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT
Lease No. 5000217-008

Location of Equipment	
Street: 606 Manitou Ave. City: Manitou Springs State: CO Zip Code: 80829	
Description of Equipment	**Equipment Cost**
One (1) New Ford Interceptor police patrol car and upfitting VIN: ______________________________	$80,000.00
One (1) New Polaris UTV	$30,000.00
Five (5) New 700-800 MHz Radios	$15,000.00
New speed monitor camera	$35,000.00
Location of Equipment	
Street: 101 Banks Pl, City: Manitou Springs State: CO Zip Code: 80829	
One (1) New 2024 Chevrolet Silverado VIN: ______________________________	$69,555.00
New Jackhammer attachment	$15,000.00
One (1) New 4-wheel drive pickup VIN: ______________________________	$50,000.00
One (1) New retrofit sewer CCTV camera van VIN: ______________________________	$145,000.00
One (1) New Chevy 2500 8ft bed single cab VIN: ______________________________	$60,000.00
Five (5) New parking kiosks	$53,361.00

One (1) New 2025 Chevrolet Silverado VIN: ______________________________	$61,674.00
One (1) New 2024 F-550 4X4 Super Duty Dump Truck VIN: ______________________________	$94,142.00

Total	**$708,732.00**

Lessee hereby certifies that the description of the property set forth above constitutes a complete and accurate description of all Equipment as subject to in the Lease.

Lessee: City of Manitou Springs

Authorized Signature: ______________________________

Printed Name: John Graham

Title: Mayor

Date: ______________________________

SCHEDULE B TO
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT
Lease No. 5000217-008
DELIVERY AND ACCEPTANCE CERTIFICATE

See Exhibits B and C to the Escrow Agreement.

SCHEDULE C
PAYMENT SCHEDULE

Lessee: City of Manitou Springs
Lessor: Clayton Holdings, LLC
Lease Number: 5000217-008
Capital Cost of Equipment (Principal Portion of Rental Payments): $708,732.00
Start Date: February 25, 2025

Subject to Section 8 of the Lease, Rental Payments are due on the dates and in the amounts shown below:

Rental Payment Date	Payment Amount	Amount Credited to Interest	Amount Credited to Capital Cost	Outstanding Principal Balance
2/25/2025	$145,171.14	$ -	$ 145,171.14	$ 563,560.86
2/25/2026	$145,171.14	$ 25,161.74	$ 120,009.40	$ 443,551.46
2/25/2027	$145,171.14	$ 19,803.59	$ 125,367.55	$ 318,183.91
2/25/2028	$145,171.14	$ 14,206.21	$ 130,964.93	$ 187,218.98
2/25/2029	$145,171.14	$ 8,358.91	$ 136,812.23	$ 50,406.75
2/25/2030	$ 11,470.97	$ 2,250.55	$ 9,220.42	$ 41,186.33
2/25/2031	$ 11,470.97	$ 1,838.88	$ 9,632.09	$ 31,554.24
2/25/2032	$ 11,470.97	$ 1,408.83	$ 10,062.14	$ 21,492.10
2/25/2033	$ 11,470.97	$ 959.57	$ 10,511.40	$ 10,980.70
2/25/2034	$ 11,470.97	$ 490.27	$ 10,980.70	$ -
TOTALS	**$783,210.55**	**$ 74,478.55**	**$ 708,732.00**	

In the event Lessee desires to prepay this Lease, it may do so in whole, but not in part, at a purchase price equal to (a) the then current outstanding principal balance shown above; plus (b) a prepayment premium calculated as a percentage of the then current outstanding principal balance, in the following amount: 3%,with respect to any prepayment during the first full year of the Lease Term; 2%, with respect to any prepayment during the second full year of the Lease Term; and 1%, with respect to any prepayment during the third full year of the Lease Term and thereafter; plus (c) unpaid interest accrued on the outstanding principal balance to the prepayment date; and plus (d) all other amounts then payable under this Lease. There is no prepayment penalty if Lessee is using funds other than proceeds of a grant or an actual or anticipated refinancing.

Lessee: City of Manitou Springs

Authorized Signature: ______________________________

Printed Name: John Graham ______________________________

Title: Mayor ______________________________

Date: ______________________________

Hoffmann Parker Wilson & Carberry | P.C.

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Nicholas A. Hartman
Nathan T. Cash

February 18, 2025

Clayton Holdings, LLC
8000 Forsyth Boulevard, Suite 510
St. Louis, Missouri 63105

Re: State and Municipal Lease/Purchase Agreement No. 5000217-008 dated February 18, 2025 (the "Lease"), between Clayton Holdings, LLC ("Lessor") and City of Manitou Springs ("Lessee")

Ladies and Gentlemen:

As legal counsel to Lessee, I have examined (a) the Lease, which, among other things, provides for the sale to and purchase by the Lessee of the Equipment, (b) an executed counterpart of the ordinance or resolution of Lessee which, among other things, authorizes Lessee to execute the Lease, and (c) such other opinions, documents and matters of law as I have deemed necessary in connection with the following opinions.

Based on the foregoing, I am of the following opinions:

1. Lessee is a public body corporate and politic, duly organized and existing under the laws of the State of Colorado and has a substantial amount of one or more of the following sovereign powers: (a) the power to tax, (b) the power of eminent domain, and (c) police power.

2. Lessee has the requisite power and authority to purchase the Equipment and to execute and deliver the Lease and the Escrow Agreement and to perform its obligations under the Lease and the Escrow Agreement.

3. The Lease, Escrow Agreement, and the other documents either attached thereto or required therein have been duly authorized, approved and executed by and on behalf of Lessee, and the Lease is a valid and binding obligation of Lessee enforceable in accordance with its terms.

4. The authorization, approval and execution of the Lease, Escrow Agreement, and all other proceedings of Lessee relating to the transactions contemplated thereby have been performed in accordance with all open meeting laws, public bidding laws and all other applicable state and federal laws.

5. There is no current proceeding pending or threatened in any court or before any governmental authority or arbitration board or tribunal, that I have knowledge of as of the date of this letter, which would adversely affect the transactions contemplated by the Lease and the Escrow Agreement.

Furthermore, I confirm that the name of the Lessee as stated in the Lease, as **City of Manitou Springs** is the exact legal name of the Lessee for all purposes contemplated herein.

All capitalized terms herein shall have the same meaning as in the Lease. Lessor, its successors and assigns and any counsel rendering an opinion on the tax-exempt status of the interest components of Rental Payments are entitled to rely on this opinion.

Sincerely,

Jeff Parker

Jefferson H. Parker
jhparker@hpwclaw.com

SCHEDULE E-1 TO
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT
Lease No. 5000217-008

WHEREAS, City of Manitou Springs (the "Lessee") is a political subdivision duly organized under the constitution and laws of the State where Lessee is located;

WHEREAS, it is necessary and desirable and in the best interest of the Lessee, as lessee, to enter into a State & Municipal Lease/Purchase Agreement (the "Lease") with Clayton Holdings, LLC, as lessor (the "Lessor"), for the purposes described therein, including the leasing of the Equipment; and

WHEREAS, the Lessee has, in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current fiscal year to make the Rental Payments scheduled to come due during the current fiscal year and to meet its other obligations, and such funds have not been expended for other purposes.

NOW, THEREFORE, BE IT RESOLVED, BY THE GOVERNING BODY OF CITY OF MANITOU SPRINGS, AS FOLLOWS:

Section 1. The Lease and the Escrow Agreement, in substantially the same form as presented to this meeting, and the terms and performance thereof are hereby approved, and the Mayor of the Lessee is hereby authorized to execute and deliver the Lease and the Escrow Agreement, on behalf of the Lessee, with such changes therein as shall be approved by such officer, such approval to be conclusively evidenced by such officer's execution thereof.

Section 2. The Lessee shall, and the officers, agents and employees of the Lessee are hereby authorized and directed to take such further action and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Lessee with respect to the Lease and the Escrow Agreement.

Section 3. Lessee hereby designates the Lease as a "qualified tax-exempt obligation" as defined in Section 265(b)(3)(B) of the Internal Revenue Code. The aggregate face amount of all tax-exempt obligations (including the Lease, but excluding private activity bonds other than qualified 501(c)(3) bonds) issued or to be issued by Lessee and all subordinate entities thereof during the current calendar year is not reasonably expected to exceed $10,000,000. Lessee and all subordinate entities thereof will not issue in excess of $10,000,000 of tax-exempt obligations (including the Lease, but excluding private activity bonds other than qualified 501(c)(3) bonds) during the current calendar year without first providing Lessor with an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations acceptable to Lessor, that the designation of the Lease as a "qualified tax-exempt obligation" will not be adversely affected.

Section 4. Moneys sufficient to pay all Rental Payments required to be paid under the Lease during Lessee's current fiscal year are hereby appropriated to such payment, and such moneys will be applied in payment of all Rental Payments due and payable during the current fiscal year.

Section 5. This Resolution shall take effect and be in full force immediately after its adoption by the governing body of the Lessee.

PASSED AND ADOPTED by the governing body of City of Manitou Springs this ___ day of _______________, 20__.

ATTEST:	City of Manitou Springs
By: ____________________________________	By:____
Printed Name: ____________________________	Printed Name: *John Graham*
Title: ___________________________________	Title: *Mayor*

SCHEDULE E-2 TO
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT
Lease No. 5000217-008

INCUMBENCY AND AUTHORIZATION CERTIFICATE

The undersigned, a duly elected or appointed and acting ____________________ of City of Manitou Springs (“Lessee”) certifies as follows:

A. **Authorized Signers.** The following listed persons are duly elected or appointed and acting officials of Lessee (the “Officials”) in the capacity set forth opposite their respective names below, and the signature of each such Official appearing below is the true and genuine signature of that Official. By order of Lessee’s governing body, the Officials identified below have been duly authorized, on behalf of Lessee, to negotiate, execute and deliver the Equipment Lease/Purchase Agreement dated as of February 5, 2025, by and between Lessee and Clayton Holdings, LLC (“Lessor”), the Escrow Agreement dated as of February 5, 2025 among Lessor, Lessee and UMB Bank, N.A., as Escrow Agent (the “Escrow Agreement”), and all documents related thereto and delivered in connection therewith (collectively, the “Agreements”).

Name of Official	Title	Signature
John Graham	Mayor	
Rebecca Davis	Finance Director	
Nicole Ortega	Finance Supervisor	

B. **Call-Back Verification.** Lessor may, but is not required, to call back any one of the below-named employees or officials of Lessee prior to approving the disbursement of any funds from the Acquisition Fund established under the Escrow Agreement to verify the request for disbursement, including but not limited to amount, payee, address, ABA and account numbers of the payee or Lessee.

Name	Title	Phone Number
Rebecca Davis	Finance Director	
Nicole Ortega	Finance Supervisor	

Dated: ______________________________

By: ______________________________

Name: ______________________________

Title: ______________________________

(The signer of this Certificate cannot be listed under Paragraph A above as authorized to execute the Agreements.)

SCHEDULE F
STATE & MUNICIPAL LEASE/PURCHASE AGREEMENT
Lease No. 5000217-008

ESSENTIAL USE/SOURCE OF FUNDS LETTER

February 5, 2025

Clayton Holdings, LLC
8000 Forsyth Boulevard, Suite 1210
St. Louis, Missouri 63105

Re: State and Municipal Lease/Purchase Agreement No. 5000217-008, dated the Fifth day of February, 2025 (the "Lease"), between Clayton Holdings, LLC ("Lessor") and City of Manitou Springs ("Lessee")

Ladies and Gentlemen:

This confirms and affirms that the Equipment described in the Lease is essential to the function of the undersigned or to the service we provide to our citizens.

Further, we have an immediate need for, and expect to make immediate use of, substantially all such Equipment, which need is not temporary or expected to diminish in the foreseeable future. Such Equipment will be used by us only for the purpose of performing one or more of our governmental or proprietary functions consistent with the permissible scope of our authority. Specifically, such Equipment was selected by us to be used as follows:

____

____

The estimated useful life of such Equipment based upon manufacturer's representations and our projected needs is not less than the maximum Lease Term.

Our source of funds for payments of the Rental Payments due under the Lease for the current fiscal year is

____

We currently expect and anticipate adequate funds to be available for all future payments of rent due after the current fiscal year for the following reasons:

____

Very truly yours,

Lessee: City of Manitou Springs

Authorized Signature: ________________________________

Printed Name: John Graham

Title: Mayor

Date: ________________________________

SCHEDULE G
PROOF OF INSURANCE

Insurance Agent Name: ______________________________

Agency Name: ______________________________

Address: ______________________________

Phone Number: ______________________________

E-Mail: ______________________________

Ladies and Gentlemen:

Please add CLAYTON HOLDINGS, LLC as both co-loss payee and additional insured under the property insurance covering the Equipment listed on attached Schedule A, and as additional insured under the general liability insurance policy. The minimum liability coverage is $1,000,000.00. Please mail or fax an insurance certificate to:

Clayton Holdings, LLC
P.O. Box 11309
St. Louis, MO 63105
Fax # 314-746-3744

Upon acceptance of the Equipment and upon each insurance renewal date, Lessee will deliver to Lessor a certificate evidencing such insurance.

Please note that the Bank requires 30 day written notice of cancellation of the policy covering leased equipment.

Lessee: City of Manitou Springs

Authorized Signature: ______________________________

Printed Name: John Graham

Title: Mayor

Date: ______________________________

SCHEDULE H

ACH Payment Authorization Form

Lease No. / Loan No: 5000217-008

Lessee / Borrower: City of Manitou Springs

I authorize Commerce Bank ("Commerce") to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error on behalf of CBI Equipment Finance, Clayton Holdings or Commerce Bank as lender or lessor in the amount shown, and from the checking or savings account with the depository institution ("Bank") named below, on the payment due date.

Bank Name: ______________________________

Address: ______________________________

ABA Routing No.: ______________________________

Account No.: ______________________ (X) Checking ( ) Savings

This is a (X) New or ( ) Updated authorization form.
Annual Debit Amount(s): In Accordance with Schedule C
Begin Auto Debit with Invoice Date Due: In Accordance with Schedule C

The final or balloon payment, if different from the Annual payment, will not be auto debited.

I understand that this authorization will remain in full force and effect until I notify COMMERCE BANK at the address or phone number below that I wish to revoke this authorization. I understand that COMMERCE BANK requires at least 5 days prior notice in order to process any such cancellation.

X ______________________________ X ______________________

Borrower / Lessee Signature Date

Note that there is NO charge for this service.
Also, your "Bank" need not be Commerce Bank to benefit from this feature. Any bank account can be auto debited. To commence service please return this form with your document package or **send this signed form and a voided check (unless COMMERCE BANK is already currently debiting this same account for another lease schedule) to:**

COMMERCE BANK
P.O. Box 11309
Clayton, MO 63105 or
LeasingACH@Commercebank.com

To discontinue or amend service, please email the request to the address above or call COMMERCE BANK at 314.746.3726.

SCHEDULE I

DISBURSEMENT AUTHORIZATION

Date: February 5, 2025

To: Clayton Holdings, LLC
8000 Forsyth Blvd., Suite 1210
St. Louis, MO 63105

RE: Lease Number: 5000217-008

Please disburse the proceeds of the above lease as follows:

Via Wire:	UMB Bank, NA ABA #101 000 695 Acct #980 000 6823 Acct Name: Trust Clearance Ref: City of Manitou Springs SCH 008	**$708,732.00**
	Total:	**$708,732.00**

Sincerely,

Lessee: City of Manitou Springs

Authorized Signature: ______________________

Printed Name: John Graham

Title: Mayor

Date: ______________________

ESCROW AGREEMENT

This Escrow Agreement (the "Escrow Agreement"), dated as of the Fifth day of February, 2025 and entered into among **Clayton Holdings, LLC,** a Missouri Limited Liability Company (together with its successors and assigns, "Lessor"), **City of Manitou Springs** a municipal corporation and political subdivision existing under the laws of Colorado ("Lessee"), and **UMB Bank, N.A.,** a national banking association, as escrow agent (together with its successors and assigns, the "Escrow Agent").

Name of Acquisition Fund: "City of Manitou Springs SCH 008"
Amount of Deposit into the Acquisition Fund: $708,732.00

TERMS AND CONDITIONS

1. This Escrow Agreement relates to the State and Municipal Lease/Purchase Agreement dated as of the Fifth day of February, 2025, (the "Lease"), between Lessor and Lessee.

2. Lessor, Lessee and the Escrow Agent agree that the Escrow Agent will act as sole Escrow Agent under the Lease and this Escrow Agreement, in accordance with the terms and conditions set forth in this Escrow Agreement. The Escrow Agent shall not be deemed to be a party to the Lease, and this Escrow Agreement shall be deemed to constitute the entire agreement between Lessor and Lessee and the Escrow Agent.

3. There is hereby established in the custody of the Escrow Agent a special trust fund designated as set forth above (the "Acquisition Fund") to be held and administered by the Escrow Agent in trust for the benefit of Lessor and Lessee in accordance with this Escrow Agreement.

4. Lessor shall deposit in the Acquisition Fund the amount specified above. Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent upon written order of an authorized Lessee representative, in accordance with the Arbitrage Instructions attached as **Exhibit A**, in Qualified Investments (as defined below) maturing or subject to redemption at the option of the holder thereof prior to the date on which it is expected that such funds will be needed. If an Authorized Lessee Representative fails to timely direct the investment of any moneys held hereunder, the Escrow Agent shall invest and reinvest such moneys in Goldman Sachs Financial Square Treasury Fund #525, which is a Qualified Investment described in 5(vi) below. Such investments shall be held by the Escrow Agent in the Acquisition Fund; any interest and gain earned on such investments shall be deposited in the Acquisition Fund, and any losses on such investments shall be charged to the Acquisition Fund. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

5. “Qualified Investments” means, to the extent the same are at the time legal for investment of the funds being invested: (i) direct general obligations of the United States of America; (ii) obligations the timely payment of principal of and interest on which is fully and unconditionally guaranteed by the United States of America; (iii) general obligations of the agencies and instrumentalities of the United States of America acceptable to Lessor; (iv) certificates of deposit, time deposits or demand deposits with any bank or savings institution including the Escrow Agent or any affiliate thereof, provided that such certificates of deposit, time deposits or demand deposits, if not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, are fully secured by obligations described in (i), (ii) or (iii) above; or (v) repurchase agreements with any state or national bank or trust company, including the Escrow Agent or any affiliate thereof, that are secured by obligations of the type described in (i), (ii) or (iii) above, provided that such collateral is free and clear of claims of third parties and that the Escrow Agent or a third party acting solely as agent for the Escrow Agent has possession of such collateral and a perfected first security interest in such collateral; or (vi) money market mutual funds that are invested in securities described in (i), (ii) or (iii) and that are rated “Aaa” by Moody’s Investors Service or “AAAm-G” by Standard & Poor’s Ratings Services or the comparable rating by Fitch IBCA, Inc.

6. Moneys in the Acquisition Fund shall be used to pay for the cost of acquisition of the Equipment listed in the Lease. Such payment shall be made from the Acquisition Fund upon presentation to the Escrow Agent of one or more properly executed Payment Request and Acceptance Certificates, a form of which is attached as **Exhibit B**, executed by Lessee and approved in writing by Lessor, together with the Vendor's invoice specifying the acquisition price of the Equipment described in the Payment Request and Acceptance Certificate. In making any disbursement pursuant to this **Section 6**, the Escrow Agent may conclusively rely as to the completeness and accuracy of all statements in such Payment Request and Acceptance Certificate, and the Escrow Agent shall not be required to make any inquiry, inspection or investigation in connection therewith. Without limiting the foregoing, the Escrow Agent shall have no duty to review, and shall not be responsible for the contents of, invoices delivered to it hereunder. The approval of each Payment Request and Acceptance Certificate by the Lessor shall constitute unto the Escrow Agent an irrevocable determination by the Lessor that all conditions precedent to the payment of the amounts set forth therein have been completed.

7. The Acquisition Fund shall terminate upon the occurrence of the earlier of (a) the presentation of a proper Payment Request and Acceptance Certificate and the Final Acceptance Certificate, a form of which is attached as **Exhibit C**, properly executed by Lessee, (b) 12 months from the date hereof (or such later date as may be agreed to in writing by Lessor and Lessee with notice in writing to Escrow Agent), or (c) the presentation of written notification by the Lessor that the Lease has been terminated pursuant to **Section 8** or **20** of the Lease. Upon termination as described in clause (a) or (b) of this paragraph, any amount remaining in the Acquisition Fund shall be paid to Lessor for application as provided in the Lease. Upon termination as described in clause (c) of this paragraph, any amount remaining in the Acquisition Fund shall immediately be paid to Lessor. The Escrow Agent may rely conclusively upon Lessor's written instructions in disbursing any amounts remaining in the Acquisition Fund upon termination and shall not be responsible in any manner for the exclusion from gross income of interest portions of Rental Payments under the Lease.

8. The Escrow Agent may at any time resign by giving at least 30 days written notice to Lessee and Lessor, but such resignation shall not take effect until the appointment of a successor Escrow Agent. The substitution of another bank or trust company to act as Escrow Agent under this Escrow Agreement may occur by written agreement of Lessor and Lessee. In addition, the Escrow Agent may be removed at any time, with or without cause, by an instrument in writing executed by Lessor and Lessee. In the event of any resignation or removal of the Escrow Agent, a successor Escrow Agent shall be appointed by an instrument in writing executed by Lessor and Lessee. Such successor Escrow Agent shall indicate its acceptance of such appointment by an instrument in writing delivered to Lessor, Lessee and the predecessor Escrow Agent. Thereupon such successor Escrow Agent shall, without any further act or deed, be fully vested with all the trusts, powers, rights, duties and obligations of the Escrow Agent under this Escrow Agreement and the predecessor Escrow Agent shall deliver all moneys and securities held by it under this Escrow Agreement to such successor Escrow Agent whereupon the duties and obligations of the predecessor Escrow Agent shall cease and terminate. If a successor Escrow Agent has not been so appointed with 90 days of such resignation or removal, the Escrow Agent may petition a court of competent jurisdiction to have a successor Escrow Agent appointed.

9. Any corporation or association into which the Escrow Agent may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Escrow Agent hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

10. The Escrow Agent incurs no responsibility to make any disbursements pursuant to the Escrow Agreement except from funds held in the Acquisition Fund. The Escrow Agent makes no representations or warranties as to the title to any Equipment listed in the Lease or as to the performance of any obligations of Lessor or Lessee.

11. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, advice or instructions in connection

with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of this Escrow Agreement other than its own execution thereof or any instrument deposited with it, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to those specifically provided herein.

12. Unless the Escrow Agent is guilty of negligence or willful misconduct with regard to its duties hereunder, Lessee, to the extent permitted by law, and Lessor jointly and severally hereby agree to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Escrow Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including reasonable attorneys' fees and the cost of defending any action, suit or proceeding or resisting any claim.

13. The aggregate amount of the costs, fees, and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Escrow Agreement and in carrying out any of the duties, terms or provisions of this Escrow Agreement is a one-time fee in the amount of $250.00 to be paid by Lessee concurrently with the execution and delivery of this Escrow Agreement.

Notwithstanding the preceding paragraph, the Escrow Agent shall be entitled to reimbursement from Lessee of reasonable out-of-pocket, legal or extraordinary expenses incurred in carrying out the duties, terms or provisions of this Escrow Agreement (including attorneys' fees and expense). Claims for such reimbursement may be made to Lessee and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Escrow Agreement. The Escrow Agent agrees that it will not assert any lien whatsoever on any of the money or Qualified Investments on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Escrow Agreement or otherwise.

14. If Lessee, Lessor, the Escrow Agent or any other person shall be in disagreement about the interpretation of the Lease or this Escrow Agreement, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected thereby, the Escrow Agent shall not be or become liable to the undersigned or to any other person for its refusal to comply with such demands, and the Escrow Agent shall be entitled to refuse and refrain to act until (a) such civil action has been resolved by full and final adjudication in a court assuming and having jurisdiction over such subject matter, or (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties. The Escrow Agent shall be indemnified by Lessor and Lessee, to the extent permitted by law, for all costs, including reasonable attorneys' fees and expenses, in connection with such civil action, and shall be fully protected in suspending all or part of its activities under this Escrow Agreement until a final judgment in such action is received.

15. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action or non-action taken by the Escrow Agent in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of facts or errors of judgment, or for any acts or omissions of any kind unless caused by its negligence or willful misconduct.

16. This Escrow Agreement shall be governed by and construed in accordance with the laws of the state of Colorado.

17. In the event any provision of this Escrow Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

18. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original. The transactions described herein may be conducted and related documents may be sent and stored by electronic means.

19. This Escrow Agreement may be executed in several counterparts, each of which so executed shall be an original.

20. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Lessee. The Lessee and Lessor agree to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the “Acts”), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Lessor, Lessee and the Escrow Agent have caused this Escrow Agreement to be executed by their duly authorized representatives.

Clayton Holdings, LLC
LESSOR

By: ______________________________

Printed Name: ______________________________

Title: ______________________________

City of Manitou Springs
LESSEE

By: ______________________________

Printed Name: *John Graham*

Title: *Mayor*

UMB Bank, N.A.
ESCROW AGENT

By: ______________________________

Printed Name: ______________________________

Title: ______________________________

EXHIBIT A

ARBITRAGE INSTRUCTIONS

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Lease.

1. Temporary Period/Yield Restriction. Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Lease. Proceeds of the Lease in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Start Date of the Lease. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Lessee pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

2. Opinion of Bond Counsel. These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Lessor, that such modifications and amendments will not adversely affect the exclusion of the interest portions of Rental Payments from gross income for federal income tax purposes.

EXHIBIT B

FORM OF PAYMENT REQUEST AND ACCEPTANCE CERTIFICATE

To: Clayton Holdings, LLC, as Lessor
8000 Forsyth Blvd., Suite 1210
St. Louis, Missouri 63105

UMB Bank, N.A., as Escrow Agent
928 Grand Blvd., 12th Floor
Kansas City, MO 64106

Re: City of Manitou Springs 008 Acquisition Fund established by the Escrow Agreement, dated February 5, 2025 (the "Escrow Agreement") among Clayton Holdings, LLC, as lessor ("Lessor"), City of Manitou Springs ("Lessee") and UMB Bank, N.A., as Escrow Agent (the "Escrow Agent")

Ladies and Gentlemen:

The Escrow Agent is hereby requested to pay from the Acquisition Fund to the person or corporation designated below as Payee, the sum set forth below in payment of a portion or all of the cost of the acquisition of the equipment or the interest portions of Rental Payment(s) described below. The amount shown below is due and payable under the invoice of the Payee attached hereto with respect to the cost of the acquisition of the equipment or payment of the interest portions of Rental Payment(s) and has not formed the basis of any prior request for payment.

The equipment described below is part or all of the "Equipment" that is listed in State and Municipal Lease/Purchase Agreement dated as of the Fifth day of February, 2025 (the "Lease") described in the Escrow Agreement.

Equipment: ____

Payee: __________________________
____
____

Amount: $________________________

Lessee hereby certifies and represents to and agrees with Lessor and the Escrow Agent as follows:

1. All of the above-listed Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.

2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.

3. We acknowledge that Lessor is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.

4. No event or condition that constitutes, or with notice or lapse of time, or both, would constitute, an Event of Default (as defined in the Lease) exists at the date hereof.

5. Lessee is currently maintaining the insurance coverage required by **Section 17** of the Lease

6. The serial number for each item of Equipment which is set forth on Schedule A to the Lease is correct.

APPROVED:

Dated: ______________________, 20___

Clayton Holdings, LLC
LESSOR

By: ______________________________________

Printed Name: ____________________________

Title: ____________________________________

City of Manitou Springs
LESSEE

By: _____________________________________

Printed Name: ____________________________

Title: ____________________________________

EXHIBIT C

FINAL ACCEPTANCE CERTIFICATE

[THIS CERTIFICATE IS TO BE EXECUTED ONLY WHEN ALL EQUIPMENT HAS BEEN ACCEPTED]

The undersigned hereby certifies that the equipment described above, together with the equipment described in and accepted by Payment Request and Acceptance Certificates previously filed by Lessee with the Escrow Agent and Lessor pursuant to the Escrow Agreement, constitutes all of the Equipment subject to the Lease.

Dated: ____________________

City of Manitou Springs
LESSEE

By: _____________________________________

Printed Name: John Graham
Title: Mayor

UMB Bank, N.A. as Escrow Agent
Fees and Expenses

City of Manitou Springs SCH 008

Escrow Fee	$250.00
TOTAL	**$250.00**

UMB Contact:
Nicole Tarantino
928 Grand Blvd Floor 12
Kansas City, MO 64106
816-860-3784

Remit To:
UMB Bank, N.A.
928 Grand Blvd Floor 12
Kansas City, MO 64106
Attn: Nicole Tarantino

Wire:
ABA 101 00 0695
AC# 980 000 6823
Acct Name: UMB Trust Department
Attn: Tarantino
REFERENCE: City of Manitou Springs SCH 008

Clayton Holdings, LLC

8000 Forsyth Boulevard, Suite 1210
Saint Louis, Missouri 63105-1797

February 25, 2025

Rebecca Davis
City of Manitou Springs
606 Manitou Avenue
Manitou Springs, Colorado 80829

Dear Ms. Davis,

Enclosed is a draft IRS form 8038G related to the lease financing described above. **The enclosed form is required to be filed by you, as the lessee, with the IRS in connection with the lease financing.** As a courtesy, we have prepared and forwarded the enclosed draft to you for your review, execution and filing. The information included in the form is based on information you provided in connection with the application for the lease financing and the execution and delivery of the lease documents (including the 8038 Questionnaire).

Once executed, an original of the executed form is required to be filed with the Internal Revenue Service at the following address no later than May 15, 2025.

<u>If sent by US postal service to</u>:

Department of the Treasury
Internal Revenue Service Center
Ogden, Utah 84201

<u>If sent by overnight delivery service to</u>:

Department of the Treasury
Ogden Internal Revenue Submission Center
1973 Rulon White Boulevard
Ogden, Utah 84201

We recommend that you obtain proof of mailing as you would with any tax return filed with the IRS, in the event that the form is lost in transmission or misfiled by the IRS and that such proof be filed with other documents related to the lease financing.

If you have any questions regarding this form of the requirement to file it, please feel free to contact me.

Sincerely,

Izella Lampasi
Municipal Documentation Administrator
Izella.Lampasi@commercebank.com
314-746-3876

Lease No. 5000217-008

8038-G QUESTIONNAIRE

Name of Lessee: City of Manitou Springs
Address of Lessee: 606 Manitou Avenue, Manitou Springs, Colorado 80829
Contact Person: Rebecca Davis, Finance Director
Telephone Number: 719-685-2548
Email Address: rdavis@manitouspringsco.gov
Lessee's FEIN: 84-6000692

GENERAL

In October 2021, the Internal Revenue Service ("IRS") updated Form 8038-G (the form used by Lessees to report the issuance of a tax-exempt obligation). The revised Form 8038-G asks specific questions about written procedures to: (1) monitor private use of assets financed with proceeds of a tax-exempt obligation and, as necessary, to take remedial actions to correct any violations of federal tax restrictions on the use of financed assets; and (2) monitor the yield on the investment of gross proceeds of tax-exempt obligations and, as necessary, make payments of arbitrage rebate earned to the United States. In addition, the revised Form 8038-G asks Lessees to report whether any proceeds will be used to reimburse the Lessee for an expenditure paid prior to issuance. This questionnaire is designed to obtain the information necessary to complete Form 8038-G for the Lease. Lessee will be required to review and approve the information entered prior to signing the 8038-G form.

At this time, the consequences of not having adopted written procedures to monitor private use of financed assets and yield on the investment of gross proceeds of tax-exempt obligations are unknown. If you have further questions, please consult your regular bond or legal counsel.

Part 1 – Written Tax Compliance Procedures

Note: If either of these questions is not answered, we will assume the Lessee has not adopted the described procedures.

1. Has the Lessee established written procedures to monitor compliance with federal tax restrictions for the term of the lease? The written procedures should identify a particular individual within Lessee's organization to monitor compliance with the federal tax requirements related to use of the financed assets and describe actions to be taken in the event failure to comply with federal tax restrictions is contemplated or discovered. **Yes _____No ____**

2. Has the Lessee established written procedures to monitor the yield on the investment of proceeds of the Lease on deposit in an escrow account or similar fund prior to being spent and to ensure that any positive arbitrage rebate earned is paid to the United States? **Yes _____ No ____**

Part 2 – Reimbursement of Prior Expenditures

1. As of the funding date, were any of the proceeds of the Lease used to reimburse Lessee for expenditures paid to acquire the financed assets prior to the funding date of the Lease? **Yes _____ No ____**

__If yes__, please attach a spreadsheet listing the expenditure(s) together with the date paid, vendor paid and purpose of the expenditure or other proof of the expenditure(s) containing this information (i.e. invoices, receipts, cancelled checks).

Items 2 and 3 need to be completed ONLY if the answer to item 1 above is YES.

2. Please attach a copy of Lessee's resolution of intent to finance the financed assets, which includes date of adoption.

3. What is the amount of proceeds of the Lease reimbursed to Lessee? $_______________

BY:_______________________________________

NAME: John Graham

TITLE: Mayor

DATE: ______________________________________

Form **8038-G** (Rev. October 2021) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Bonds

▶ **Under Internal Revenue Code section 149(e)**
▶ **See separate instructions.**
Caution: *If the issue price is under $100,000, use Form 8038-GC.*
▶ **Go to *www.irs.gov/F8038G* for instructions and the latest information.**

OMB No. 1545-0047

Part I Reporting Authority

Check box if **Amended Return** ▶ ☐

1 Issuer's name: City of Manitou Springs	2 Issuer's employer identification number (EIN): 84-6000692
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address): 606 Manitou Avenue — Room/suite:	5 Report number (*For IRS Use Only*): 3
6 City, town, or post office, state, and ZIP code: Manitou Springs, Colorado 80829	7 Date of issue: February 25, 2025
8 Name of issue	9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information: Rebecca Davis, Finance Director	10b Telephone number of officer or other employee shown on 10a: 719-685-2548

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	335,371
14	Public safety	14	160,000
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶ New Jackhammer Attachment & Five (5) New Parking Kiosks, Sewer CCTV Camera Van	18	213,361
19a	If bonds are TANs or RANs, check only box 19a ▶ ☐		
b	If bonds are BANs, check only box 19b ▶ ☐		
20	If bonds are in the form of a lease or installment sale, check box ▶ ☐		

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/25/2034	$ 708,732.00	$ N/A	9 years	4.4650 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	
23	Issue price of entire issue (enter amount from line 21, column (b))			23	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24			
25	Proceeds used for credit enhancement	25			
26	Proceeds allocated to reasonably required reserve or replacement fund	26			
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27			
28	Proceeds used to refund prior taxable bonds. Complete Part V	28			
29	Total (add lines 24 through 28)			29	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY)		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool bond ▶ (MM/DD/YYYY)

c Enter the EIN of the issuer of the master pool bond ▶

d Enter the name of the issuer of the master pool bond ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☐

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☐

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶ (MM/DD/YYYY)

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative	Date	John Graham, Mayor Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Clayton Holdings, LLC

8000 Forsyth Boulevard, Suite 1210
Saint Louis, Missouri 63105-1797

Invoice Date:	2/6/2025
Invoice Number:	CHOL1238
Due Date:	2/25/2025

INVOICE TO:	City of Manitou Springs 606 Manitou Avenue Manitou Springs, Colorado 80829	REMIT via CHECK TO:	Clayton Holdings, LLC PO Box 800086 Kansas City, MO 64180-0086

ATTENTION: Rebecca Davis, Finance Director

Reference:	First Payment for Lease Agreement 5000217-008		**$145,171.14**
		Invoice Subtotal	**$145,171.14**

		Total	**$145,171.14**

For Questions Concerning This Invoice Please Call 314-746-3752

Compound Period: Annual

Nominal Annual Rate: 4.465%

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	2/25/2025	708,732.00	1		
2	Payment	2/25/2025	145,171.14	5	Annual	2/25/2029
3	Payment	2/25/2030	11,470.97	5	Annual	2/25/2034

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

	Date	Payment	Interest	Principal	Balance
Loan	2/25/2025				708,732.00
1	2/25/2025	145,171.14	0.00	145,171.14	563,560.86
2025 Totals		145,171.14	0.00	145,171.14	
2	2/25/2026	145,171.14	25,161.74	120,009.40	443,551.46
2026 Totals		145,171.14	25,161.74	120,009.40	
3	2/25/2027	145,171.14	19,803.59	125,367.55	318,183.91
2027 Totals		145,171.14	19,803.59	125,367.55	
4	2/25/2028	145,171.14	14,206.21	130,964.93	187,218.98
2028 Totals		145,171.14	14,206.21	130,964.93	
5	2/25/2029	145,171.14	8,358.91	136,812.23	50,406.75
2029 Totals		145,171.14	8,358.91	136,812.23	
6	2/25/2030	11,470.97	2,250.55	9,220.42	41,186.33
2030 Totals		11,470.97	2,250.55	9,220.42	
7	2/25/2031	11,470.97	1,838.88	9,632.09	31,554.24
2031 Totals		11,470.97	1,838.88	9,632.09	
8	2/25/2032	11,470.97	1,408.83	10,062.14	21,492.10
2032 Totals		11,470.97	1,408.83	10,062.14	
9	2/25/2033	11,470.97	959.57	10,511.40	10,980.70
2033 Totals		11,470.97	959.57	10,511.40	

10	2/25/2034	11,470.97	490.27	10,980.70	0.00	1/30/2025 3:43 PM Page 2
2034 Totals		11,470.97	490.27	10,980.70		
Grand Totals		783,210.55	74,478.55	708,732.00		

Last interest amount increased by 0.01 due to rounding.

Memorandum

Title: Public Hearing to Consider Issuance of a New Tavern Liquor License at 702 Manitou Avenue, Bliss Enterprises LLC, dba Aurathentic

From: Elena Krebs, City Clerk

To: Mayor and City Council

CC: City Administrator Denise Howell

Allocated Time: 20 Minutes

February 18, 2025

Purpose:

To assess whether the applicant meets the legal requirements for a Tavern liquor license. The City Council, serving as the Local Licensing Authority (LLA), will review evidence and hear testimony from both the applicant and local adult residents and business owners. This process will focus on the necessity for a Tavern Liquor License, the character of the applicant, the identified premises, and any other relevant information to help determine whether the license should be granted.

Background:

Bliss Enterprises LLC, dba Aurathentic, has applied for a Tavern Liquor License at 702 Manitou Avenue. As defined by C.R.S § 44-3-414(1), A tavern license shall be issued to persons selling alcohol beverages by the drink only to customers for consumption on the premises. A tavern licensee shall have sandwiches and light snacks available for consumption on the premises during business hours but need not have meals available for consumption.

The Hearing:

The City Council, in its role as the LLA, shall conduct a needs and desires hearing. This hearing is a quasi-judicial proceeding. The purpose of the hearing is to receive information, data, and testimony by interested parties, in order to enable the Authority to make findings and reach the conclusions required to be made by state law as to whether or not the application should be approved or denied. The statutory criteria that the Authority will be concerned with throughout the hearing are the reasonable requirements of the neighborhood and desires of the adult inhabitants of that neighborhood with respect to the proposed business. The applicant has the burden to provide evidence in the affirmative that the needs and desires of the neighborhood are not met without the issuance of the proposed license.

Individuals who will be heard during the hearing are considered Parties in Interest. The Colorado Liquor Code defines Parties in Interest as being the applicant, adult residents of the neighborhood and owners/managers of businesses located in the defined neighborhood. The Manitou Springs Liquor Licensing Authority has ruled that in addition to Parties in Interest as defined by the Liquor Code, all Manitou Springs residents and/or business owners shall be considered Parties in Interest and will be permitted to participate in the hearing (City Code 5.06.070).

The hearing sequence is summarized as follows:

City Staff Presentation:
The City Clerk's Office has provided an Administrative Report that summarizes the information contained Exhibits A - E that will be entered into the record of the hearing.

Applicant's Presentation:
The Applicant will be provided the opportunity to respond to any issues or concerns reported in the City Staff Presentation. The Applicant should also be prepared to provide evidence to support approving the application, including the Applicant's past experience in the sale/service of alcohol beverages, the financial backers of the proposed establishment, the reasonable requirements of the neighborhood that establish a need for the issuance of a license, and the desires of the inhabitants of the neighborhood. The applicant has the burden of persuading the Authority with sufficient evidence to indicate that all state and local criteria have or will be met. The applicant shall then remain available for questions from the Local Licensing Authority.

Evidence from Parties in Interest:
Following the conclusion of the Applicant's Presentation, Parties in Interest are given an opportunity to provide comments in the form of testimony, letters, or petitions in support of, or in opposition to, the license application. In order to confirm status, they must identify themselves by stating their name and address for the record. Following their testimony, they shall remain available for questions from the Local Licensing Authority.

Applicant Rebuttal:
Upon conclusion of the evidence from parties in interest and at the Authority's sole discretion, the applicant may be allowed to provide rebuttal evidence and testimony.

Liquor Licensing Authority Decision:
Following the close of the public hearing, the Authority will deliberate and then decide by majority vote whether to approve, deny, or continue consideration of the application.

Pros and Cons:
N/A

Fiscal Impact:
N/A

Workload Impact:
15 hours of staff time was required to process this application.

Recommended Action:
Move to approve the issuance of a Tavern Liquor License at 702 Manitou Ave. for Bliss Enterprises, LLC, dba Aurathentic.

Move to deny the application for a Tavern Liquor License located at 702 Manitou Ave. for Bliss Enterprises, LLC, dba Aurathentic for the following reason(s): list specific reasons for the record.

CITY CLERK OFFICE

606 Manitou Avenue • Manitou Springs, CO 80829
Phone: (719) 685-2554 Email: cityclerk@manitouspringsco.gov

Date: February 14, 2025
To: City Council acting as the Local Licensing Authority
From: Elena Krebs, City Clerk
Subject: Administrative Report for New Tavern License Application for Bliss Enterprises LLC, dba Aurathentic

As defined by State Statute ***CRS 44-3-414 Tavern License – definition – rules.***

(1) A tavern license shall be issued to persons selling alcohol beverages by the drink only to customers for consumption on the premises. A tavern licensee shall have sandwiches and light snacks available for consumption on the premises during business hours but need not have meals available for consumption.

1. **Status of application -** The full application was submitted on January 6, 2025, and is on file in the City Clerk's office and may be obtained by request. Listed below are the main components of the application that the Local Licensing Authority will consider during the hearing:

a. State Application Form – Exhibit A

An application for a new Tavern Liquor License was submitted on January 6, 2025. The applicant was identified as Bliss Enterprises LLC, doing business as Aurathentic. The owner was identified as Barbara Horst.

b. Diagram of Premises – Exhibit B

The submitted diagram indicates the entire first/main floor area of the premises is to be licensed, including the two exterior deck areas. The kitchen area is not to be licensed.

c. Proof of possession – Exhibit C

The applicant provided proof of possession with the submission of a Commercial Lease Agreement entered between EFO LLC and Bliss Enterprises LLC. The lease term began July 1, 2023, and will terminate June 30, 2028.

Location Summary:

The location has not been denied a liquor license for needs/desires within the past 2 years.

The building where the applicant proposes to exercise the privilege of alcohol beverages for consumption on the premises is not within 430 feet of a public or parochial school.

d. Background Information

Managing members or officers of a limited liability company, and members owning 10% or more of the company; and any intended registered manager of a Tavern class of retail license are required to submit to a background check.

As of December 31, 2024 via a stock purchase, Barbara Horst owns 100% of Bliss Enterprises LLC, dba Aurathentic and submitted the required Individual History Record (DR 8404-I), so that a background check could be conducted. The results from both the Colorado Bureau of Investigation and the Federal Bureau of Investigation reported no criminal convictions.

e. Evidence of Support and Need – Exhibit D

Evidence of support is required in order for the Licensing Authority to consider the reasonable requirements of the neighborhood as well as the desires of the adult inhabitants. The applicant has the burden of producing evidence that the adult residents and business owners within the designated neighborhood are in support of the application. In Manitou Springs, the designated neighborhood has been defined as "*all properties within 100 feet of the proposed location's property boundaries*".

To provide evidence of support, the applicant circulated a petition. The petition summary indicated that contact was attempted a total of seven (7) times from February 1, 2025, through February 9, 2025, obtaining a total of ten (10) signatures. Eight (8) out of the ten (10) signatures are sufficient. All signatures indicated they support the issuance of the requested license.

The results were as follows:

Not Qualified to Sign	2
Residents	2
Business Owner	2
Business Manager	3
Business Owner/Manager & Resident	1

The applicant is required to summarize the findings and did so as follows:

Petition Summary: "*Since we opened our location in July of 2023, our clients have been really excited about our wine bar opening. We will offer a curated menu with our business concept in mind. Both non-alcoholic and alcoholic options around botanicals, and teas. Many, many of the locals we have encountered have also been waiting for us to open as well as the opportunity to once again enjoy the front and back patio along the creek side with the artist carved fence tops. We will offer vegan, vegetarian and gluten free options, which most of the petitioners, and customers, we talked to were enthused to see more of in the local area."*

2. <u>Notice of Public Hearing –</u> Exhibit E

The applicant was sent a preliminary findings and hearing notice on February 4, 2025, and the Notice of Public Hearing on this matter was published in the Pikes Peak Bulletin on February 7, 2025, and posted in a conspicuous manner on the premises, as required by state law, on February 7, 2025. The notices informed the public that a hearing would be held on February 18, 2025, and that public comment could be made in writing to the City Clerk by 5:00 p.m. on February 13, 2025. At the time that this report was prepared, no comments were received.

Recd 1/10/2025 - EK

DR 8404 (03/26/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO BOX 17087
Denver CO 80217-0087
(303) 205-2300

Colorado Liquor Retail License Application

*** Note that the Division will not accept cash** ☒ **Paid by Check** ☐ **Paid Online**

Date Uploaded to MoveIt

☑ **New License** ☐ **New-Concurrent** ☐ **Transfer of Ownership** ☐ **State Property Only** ☐ **Master file**

- **All answers must be printed in black ink or typewritten**
- **Applicant must check the appropriate box(es)**
- **Applicant should obtain a copy of the Colorado Liquor and Beer Code:** SBG.Colorado.gov/Liquor

Applicant is applying as a/an ☐ Individual ☑ Limited Liability Company ☐ Association or Other ☐ Corporation ☐ Partnership (includes Limited Liability and Husband and Wife Partnerships)

Applicant Name If an LLC, name of LLC; if partnership, at least 2 partner's names; if corporation, name of corporation

Bliss Enterprises LLC

FEIN Number: [redacted]

State Sales Tax Number: [redacted]

Trade Name of Establishment (DBA): Acrathentic

Business Telephone: 719-719-2872

Address of Premises (specify exact location of premises, include suite/unit numbers)

702 Manitou Ave

City	County	State	ZIP Code
Manitou Springs	El Paso	Co	80829

Mailing Address (Number and Street)	City or Town	State	ZIP Code
702 Manitou Ave	Manitou Springs	Co	80829

Email Address

~~Manitou Springs~~ [redacted]

If the premises currently has a liquor or beer license, you **must** answer the following questions.

Present Trade Name of Establishment (DBA)

Present State License Number	Present Class of License	Present Expiration Date

Section A Nonrefundable application fees*

- [x] Application Fee for New License $1,100.00
- [ ] Application Fee for New License with Concurrent Review $1,200.00
- [ ] Application Fee for Transfer $1,100.00

Section B Liquor License Fees*

- [ ] Add Optional Premises to H & R .... $100.00 X ______ Total ______
- [ ] Add Sidewalk Service Area $75.00
- [ ] Arts License (City) $308.75
- [ ] Arts License (County) $308.75
- [ ] Beer and Wine License (City) $351.25
- [ ] Beer and Wine License (County) $436.25
- [ ] Brew Pub License (City) $750.00
- [ ] Brew Pub License (County) $750.00
- [ ] Campus Liquor Complex (City) $500.00
- [ ] Campus Liquor Complex (County) $500.00
- [ ] Campus Liquor Complex (State) $500.00
- [ ] Club License (City) $308.75
- [ ] Club License (County) $308.75
- [ ] Distillery Pub License (City) $750.00
- [ ] Distillery Pub License (County) $750.00
- [ ] Hotel and Restaurant License (City) $500.00
- [ ] Hotel and Restaurant License (County) $500.00
- [ ] Hotel and Restaurant License with one optional premises (City) $600.00
- [ ] Hotel and Restaurant License with one optional premises (County) $600.00

Section B Liquor License Fees* (Continued)

- [ ] Liquor–Licensed Drugstore (City)....................$227.50
- [ ] Liquor–Licensed Drugstore (County)....................$312.50
- [ ] Lodging & Entertainment - L&E (City)....................$500.00
- [ ] Lodging & Entertainment - L&E (County)....................$500.00
- [ ] Manager Registration - H & R....................$30.00
- [ ] Manager Registration - Tavern....................$30.00
- [ ] Manager Registration - Lodging & Entertainment....................$30.00
- [ ] Manager Registration - Campus Liquor Complex....................$30.00
- [ ] Optional Premises License (City)....................$500.00
- [ ] Optional Premises License (County)....................$500.00
- [ ] Racetrack License (City)....................$500.00
- [ ] Racetrack License (County)....................$500.00
- [ ] Resort Complex License (City)....................$500.00
- [ ] Resort Complex License (County)....................$500.00
- [ ] Related Facility - Campus Liquor Complex (City)....................$160.00
- [ ] Related Facility - Campus Liquor Complex (County)....................$160.00
- [ ] Related Facility - Campus Liquor Complex (State)....................$160.00
- [ ] Retail Gaming Tavern License (City)....................$500.00
- [ ] Retail Gaming Tavern License (County)....................$500.00
- [ ] Retail Liquor Store License - Additional (City)....................$227.50
- [ ] Retail Liquor Store License - Additional (County)....................$312.50
- [ ] Retail Liquor Store (City)....................$227.50

Section B Liquor License Fees* (Continued)

- [ ] Retail Liquor Store (County)..$312.50
- [x] Tavern License (City)..$500.00
- [ ] Tavern License (County)..$500.00
- [ ] Vintners Restaurant License (City)..$750.00
- [ ] Vintners Restaurant License (County)..$750.00

Questions? Visit: SBG.Colorado.gov/Liquor for more information

Do not write in this space - For Department of Revenue use only

Liability Information

License Account Number	Liability Date

License Issued Through (Expiration Date)	Total
	$

Application Documents Checklist and Worksheet

Instructions: This checklist should be utilized to assist applicants with filing all required documents for licensure. **All** documents must be properly signed and correspond with the name of the applicant exactly. **All** documents must be typed or legibly printed. Upon final State approval the license will be mailed to the local licensing authority. Application fees are nonrefundable.
Questions? Visit: *SBG.Colorado.gov/Liquor* **for more information**

Items submitted, please check all appropriate boxes completed or documents submitted

I. Applicant information

- [x] Applicant/Licensee identified
- [x] State sales tax license number listed or applied for at time of application
- [x] License type or other transaction identified
- [x] Return originals to local authority (additional items may be required by the local licensing authority)
- [x] All sections of the application need to be completed
- NA [ ] Master file applicants must include the Application for Master File form DR 8415 and applicable fees to this Retail License Application

II. Diagram of the premises

- [x] No larger than 8½" X 11"
- [x] Dimensions included (does not have to be to scale). Exterior areas should show type of control (fences, walls, entry/exit points, etc.)
- NA [ ] Separate diagram for each floor (if multiple levels)
- [x] Return originals to local authority (additional items may be required by the local licensing authority)
- NA [ ] Kitchen - identified if Hotel and Restaurant
- [x] Bold/Outlined Licensed Premises

III. Proof of property possession (One Year Needed)

- [ ] Deed in name of the applicant (or) (matching Applicant Name provided on page 1) date stamped / filed with County Clerk
- [x] Lease in the name of the applicant (or) (matching Applicant Name provided on page 1)
- [ ] Lease assignment in the name of the applicant with proper consent from the landlord and acceptance by the applicant
- [ ] Other agreement if not deed or lease. (matching Applicant Name provided on page 1)

IV. Background information (DR 8404-I) and financial documents

- [x] Complete DR 8404-I for each principal (individuals with more than 10% ownership, officers, directors, partners, members)
- [x] Fingerprints taken and submitted to the appropriate Local Licensing Authority through an approved State Vendor. Master File applicants submit results to the State

  Do not complete fingerprint cards prior to submitting your application.
  The Vendors are as follows:
  IdentoGO
  Appointment Scheduling Website: *https://uenroll.identogo.com/workflows/25YQHT*
  Phone: 844-539-5539 (toll-free)
  IdentoGO FAQs: *https://cbi.colorado.gov/sections/biometric-identification-and-records-unit/biometric-identification-and-records-unit-faqs*
  State Liquor Code for IdentoGO: 25YQHT
  Colorado Fingerprinting
  Appointment Scheduling Website: *http://www.coloradofingerprinting.com/cabs/*
  Phone: 720-292-2722 833-224-2227 (toll free)
  State Liquor Code for Colorado Fingerprinting: C030LIQI
- [x] Purchase agreement, stock transfer agreement, and/or authorization to transfer license
- [x] List of all notes and loans (Copies to also be attached)

V. Sole proprietor/husband and wife partnership (if applicable)

NA
- [ ] Form DR 4679 Lawful Presence Affidavit
- [ ] Copy of State issued Driver's License or Colorado Identification Card for each applicant

VI. Corporate applicant information (if applicable)

NA
- [ ] Certificate of Incorporation
- [ ] Certificate of Good Standing
- [ ] Certificate of Authorization if foreign corporation (out of state applicants only)

VII. Partnership applicant information (if applicable)

NA
- [ ] Partnership Agreement (general or limited).
- [ ] Certificate of Good Standing

VIII. Limited Liability Company applicant information (if applicable)

- [x] Copy of articles of organization
- [x] Certificate of Good Standing
- [x] Copy of Operating Agreement (if applicable)
- [ ] Certificate of Authority if foreign LLC (out of state applicants only)

IX. Manager registration for Hotel and Restaurant, Tavern, Lodging & Entertainment, and Campus Liquor Complex licenses when included with this application

- [ ] $30.00 fee
- [x] If owner is managing, no fee required

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

2. Has the applicant (including any of the partners if a partnership; members or managers if a limited liability company; or officers, stockholders or directors if a corporation) or managers ever (in Colorado or any other state):

   a. Been denied an alcohol beverage license? ○ Yes ☒ No

   b. Had an alcohol beverage license suspended or revoked? ○ Yes ☒ No

   c. Had interest in another entity that had an alcohol beverage license suspended or revoked? ☒ Yes ☒ No

   If you answered yes to a, b or c above, explain in detail on a separate sheet.

3. Has a liquor license application (same license class), that was located within 500 feet of the proposed premises, been denied within the preceding two years? ○ Yes ☒ No

If "yes", explain in detail.

4. Are the premises to be licensed within 500 feet, of any public or private school that meets compulsory education requirements of Colorado law, or the principal campus of any college, university or seminary? ☒ Yes ○ No

or

Waiver by local ordinance? ☒ Yes ○ No

Other

5. Is your Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 1500 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of greater than (>) 10,0000? **NOTE:** The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS. ○ Yes ☒ No

6. Is your Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 3000 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of less than (<) 10,0000? **NOTE:** The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS.. ○ Yes ☒ No

For additional Retail Liquor Store only.

a. Was your Retail Liquor Store License issued on or before January 1, 2016?.... ○ Yes ○ No

NA **b.** Are you a Colorado resident?.. ○ Yes ○ No

7. Has a liquor or beer license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a Limited Liability Company; or officers, stockholders or directors if a corporation)? If yes, identify the name of the business and list any **current** financial interest in said business including any loans to or from a licensee.. ☒ Yes ○ No

8. Does the applicant, as listed on line 2 of this application, **have legal possession of the premises by ownership**, lease or other arrangement?.......... ☒ Yes ○ No

○ Ownership ☒ Lease ○ Other (Explain in detail)

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

Landlord	Tenant	Expires
EFO LLC	Buss Enterprises LLC	06/30/2028

b. Is a percentage of alcohol sales included as compensation to the landlord? If yes, complete question on page 9.. ○ Yes ☒ No

c. Attach a diagram that designates the area to be licensed in black bold outline (including dimensions) which shows the bars, brewery, walls, partitions, entrances, exits and what each room shall be utilized for in this business. This diagram should be no larger than 8½" X 11".

NA 9. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies) will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money from this business? Attach a separate sheet if necessary.

Last Name	First Name

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

Last Name	First Name

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

Last Name	First Name

Date of Birth (MM/DD/YY)	FEIN or SSN Number	Interest/Percentage

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

NA **10.** Optional Premises or Hotel and Restaurant Licenses with Optional Premises:
Has a local ordinance or resolution authorizing optional premises been adopted?.... ○ Yes ○ No

Number of additional Optional Premise areas requested. (See license fee chart) [ ]

For the addition of a Sidewalk Service Area per Regulation 47-302(A)(4), include a diagram of the service area and documentation received from the local governing body authorizing use of the sidewalk. Documentation may include but is not limited to a statement of use, permit, easement, or other legal permissions.

NA **11.** Liquor Licensed Drugstore (LLDS) applicants, answer the following:

a. Is there a pharmacy, licensed by the Colorado Board of Pharmacy, located within the applicant's LLDS premise?.. ○ Yes ☒ No

If "yes" a copy of license must be attached.

12. Club Liquor License applicants answer the following: **Attach a copy of applicable documentation**

N/A

a. Is the applicant organization operated solely for a national, social, fraternal, patriotic, political or athletic purpose and not for pecuniary gain?.................... ◯ Yes ◯ No

b. Is the applicant organization a regularly chartered branch, lodge or chapter of a national organization which is operated solely for the object of a patriotic or fraternal organization or society, but not for pecuniary gain?.................... ◯ Yes ◯ No

c. How long has the club been incorporated?..................................

d. Has applicant occupied an establishment for three years (three years required) that was operated solely for the reasons stated above?.................................. ◯ Yes ◯ No

13. Brew-Pub, Distillery Pub or Vintner's Restaurant applicants answer the following:

N/A

a. Has the applicant received or applied for a Federal Permit? (Copy of permit or application must be attached).. ◯ Yes ◯ No

14. Campus Liquor Complex applicants answer the following:

N/A

a. Is the applicant an institution of higher education?.. ◯ Yes ◯ No

b. Is the applicant a person who contracts with the institution of higher education to provide food services?.. ◯ Yes ◯ No

If "yes" please provide a copy of the contract with the institution of higher education to provide food services.

15. For all on-premises applicants.

a. For all Liquor Licensed Drugstores (LLDS) the Permitted Manager must also submit an Manager Permit Application - DR 8000 and fingerprints.

Last Name of Manager	First Name of Manager
Horst	Barbara

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

Name	

Type of License	Account Number

17. Related Facility - Campus Liquor Complex applicants answer the following:

N/A

a. Is the related facility located within the boundaries of the Campus Liquor Complex? ○ Yes ○ No

If yes, please provide a map of the geographical location within the Campus Liquor Complex.

If no, this license type is not available for issues outside the geographical location of the Campus Liquor Complex.

b. Designated Manager for Related Facility - Campus Liquor Complex

Last Name of Manager	First Name of Manager

18. Tax Information.

a. Has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant, been found in final order of a tax agency to be delinquent in the payment of any state or local taxes, penalties, or interest related to a business? ○ Yes ☑ No

b. Has the applicant, including its manager, partners, officer, directors, stockholders, members (LLC), managing members (LLC), or any other person with a 10% or greater financial interest in the applicant failed to pay any fees or surcharges imposed pursuant to section 44-3-503, C.R.S.? ○ Yes ☑ No

If applicant is a corporation, partnership, association or limited liability company, applicant must list all **Officers, Directors, General Partners, and Managing Members**. In addition, applicant must list any stockholders, partners, or members with **ownership of 10% or more in the applicant. All persons listed below** must also attach form DR 8404-I (Individual History Record), and make an appointment with an approved State Vendor through their website. See application checklist, Section IV, for details.

Name: Barbara A. Horst
Date of Birth (MM/DD/YY): [redacted]
Street Address: [redacted]
City: Colo Springs, Co
State: CO
ZIP Code: 80919
Position: Executive Member
%Owned: 100%

Name:
Date of Birth (MM/DD/YY):
Street Address:
City:
State:
ZIP Code:
Position:
%Owned:

Name:
Date of Birth (MM/DD/YY):
Street Address:
City:
State:
ZIP Code:
Position:
%Owned:

Name:
Date of Birth (MM/DD/YY):
Street Address:
City:
State:
ZIP Code:
Position:
%Owned:

Name:
Date of Birth (MM/DD/YY):
Street Address:
City:
State:
ZIP Code:
Position:
%Owned:

** If applicant is owned 100% by a parent company, please list the designated principal officer on above.

** Corporations - the President, Vice-President, Secretary and Treasurer must be accounted for above (Include ownership percentage if applicable)

** If total ownership percentage disclosed here does not total 100%, applicant must check this box:

☒ Applicant affirms that no individual other than these disclosed herein owns 10% or more of the applicant and does not have financial interest in a prohibited liquor license pursuant to Article 3 or 5, C.R.S.

I would like to apply for a Two-Year Renewal.. ○ Yes ● No

Oath Of Applicant

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

Printed Name: Barbara A. Horst

Title: Executive Member

Authorized Signature: Barbara A Horst

Date (MM/DD/YY): 01/03/2025

Report and Approval of Local Licensing Authority (City/County)

Date application filed with local authority: 01/06/2025

Date of local authority hearing (for new license applicants; cannot be less than 30 days from date of application): 02/18/2025

For Transfer Applications Only - Is the license being transferred valid?........................ ○ Yes ○ No

The Local Licensing Authority Hereby Affirms that each person required to file DR 8404-I (Individual History Record) or a DR 8000 (Manager Permit) has been:

☒ Fingerprinted

☒ Subject to background investigation, including NCIC/CCIC check for outstanding warrants

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

(Check One)

○ Date of inspection or anticipated date

● Will conduct inspection upon approval of state licensing authority

NA ☐ Is the Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 1,500 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of > 10,0000? .... ○ Yes ○ No

N/A ☐ Is the Liquor Licensed Drugstore (LLDS) or Retail Liquor Store (RLS) within 3,000 feet of another retail liquor license for off-premises sales in a jurisdiction with a population of < 10,0000? .... ○ Yes ○ No

NOTE: The distance shall be determined by a radius measurement that begins at the principal doorway of the LLDS/RLS premises for which the application is being made and ends at the principal doorway of the Licensed LLDS/RLS.

N/A ☐ Does the Liquor-Licensed Drugstore (LLDS) have at least twenty percent (20%) of the applicant's gross annual income derived from the sale of food, during the prior twelve (12) month period? .... ○ Yes ○ No

The foregoing application has been examined; and the premises, business to be conducted, and character of the applicant are satisfactory. We do report that such license, if granted, will meet the reasonable requirements of the neighborhood and the desires of the adult inhabitants, and will comply with the provisions of Title 44, Article 4 or 3, C.R.S., and Liquor Rules. **Therefore, this application is approved.**

Local Licensing Authority Approves this license for a two-year renewal...................... ○ Yes ● No

If "No", please cite the law, regulation, local ordinance or resolution that gives the local licensing authority the ability to deny the applicant and grounds for denial. Also, please provide any and all investigative reports, and administrative or criminal action that relate or justify this denial.

Proof of Violation

Applicant is in good standing with the City, however the City of Manitou Springs does not offer two-year renewals.

Local Licensing Authority for	Telephone Number	
City of Manitou Springs	719-685-2603	● Town, City ○ County

Printed Name	Title
Signature	**Date (MM/DD/YY)**
Printed Name	**Title**
Signature	**Date (MM/DD/YY)**

DR 8495 (02/16/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO BOX 17087
Denver CO 80217-0087
(303) 205-2300

Tax Check Authorization, Waiver, and Request to Release Information

I, Barbara A. Horst

am signing this Tax Check Authorization, Waiver and Request to Release Information (hereinafter "Waiver") on behalf of

(the "Applicant/Licensee")

Barbara A. Horst

to permit the Colorado Department of Revenue and any other state or local taxing authority to release information and documentation that may otherwise be confidential, as provided below. If I am signing this Waiver for someone other than myself, including on behalf of a business entity, I certify that I have the authority to execute this Waiver on behalf of the Applicant/Licensee.

The Executive Director of the Colorado Department of Revenue is the State Licensing Authority, and oversees the Colorado Liquor Enforcement Division as his or her agents, clerks, and employees. The information and documentation obtained pursuant to this Waiver may be used in connection with the Applicant/Licensee's liquor license application and ongoing licensure by the state and local licensing authorities. The Colorado Liquor Code, section 44-3-101. et seq. ("Liquor Code"), and the Colorado Liquor Rules, 1 CCR 203-2 ("Liquor Rules"), require compliance with certain tax obligations, and set forth the investigative, disciplinary and licensure actions the state and local licensing authorities may take for violations of the Liquor Code and Liquor Rules, including failure to meet tax reporting and payment obligations.

The Waiver is made pursuant to section 39-21-113(4), C.R.S., and any other law, regulation, resolution or ordinance concerning the confidentiality of tax information, or any document, report or return filed in connection with state or local taxes. This Waiver shall be valid until the expiration or revocation of a license, or until both the state and local licensing authorities take final action to approve or deny any application(s) for the renewal of the license, whichever is later. Applicant/Licensee agrees to execute a new waiver for each subsequent licensing period in connection with the renewal of any license, if requested.

By signing below, Applicant/Licensee requests that the Colorado Department of Revenue and any other state or local taxing authority or agency in the possession of tax documents or information, release information and documentation to the Colorado Liquor Enforcement Division, and is duly authorized employees, to act as the Applicant's/Licensee's duly authorized representative under section 39-21-113(4), C.R.S., solely to allow the state and local licensing authorities, and their duly authorized employees, to investigate compliance with the Liquor Code and Liquor Rules. Applicant/Licensee authorizes the state and local licensing authorities, their duly authorized employees, and their legal representatives, to use the information and documentation obtained using this Waiver in any administrative or judicial action regarding the application or license.

Name (Individual/Business)

Barbara A. Horst

Social Security Number/Tax Identification Number	Home Phone Number	Business/Work Phone Number
[redacted]	[redacted]	719-719-2872

Street Address

[redacted]

City	State	ZIP Code
Colorado Springs	Co	80919

Printed name of person signing on behalf of the Applicant/Licensee

Barbar A. Horst

Applicant/Licensee's Signature (Signature authorizing the disclosure of confidential tax information)	Date Signed
Barbara A Horst	01/03/2025

Privacy Act Statement

Providing your Social Security Number is voluntary and no right, benefit or privilege provided by law will be denied as a result of refusal to disclose it. § 7 of Privacy Act, 5 USCS § 552a (note).

DR 8404 – No. 7 Answer

SNT LLC d/b/a 80108 Wine & Spirits

572 East Castle Pines Parkway, A-1

Castle Pines, CO 80108

State Liquor License No. 03-07283

State Tax Acct. No. [redacted]

No current financial interest in the business. Stock share sold December 31, 2024

DR 8404-I (03/06/24)
COLORADO DEPARTMENT OF REVENUE
Liquor Enforcement Division
PO Box 17087
Denver CO 80217-0087
(303) 205-2300

Individual History Record

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

Notice: This individual history record requires information that is necessary for the licensing investigation or inquiry. All questions must be answered in their entirety or the license application may be delayed or denied. If a question is not applicable, please indicate so by "N/A". **Any deliberate misrepresentation or material omission may jeopardize the license application.** (Please attach a separate sheet if necessary to enable you to answer questions completely)

Name of Business
BlissEnterprises LLC dba Awakentic

Home Phone Number
[redacted]

Cellular Number
[redacted]

Your Full Name (last, first, middle)
Barbara A. Horst

List any other names you have used
Barb Horst, Barbara Anne Horst

Mailing address (if different from residence)

Email Address
[redacted]

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

Current Street and Number	Current City, State, ZIP
[redacted]	Colo. Springs, CO 80919
From: 2/2022	To: Current

BH

Previous Street and Number	Previous City, State, ZIP
[redacted]	Castle Rock, CO 80104
From: 5/2019	To: 2/2022

Page 1 of 6

Individual History Record (Continued)

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

Name of Employer or Business
Bliss Enterprises LLC dba Aardvark.co

Address (Street, Number, City, State, ZIP)
702 Manitou Ave, Manitou Springs, Co 80829

Position Held
Member, Managing

From:
01/01/2022 (active)

To:
Present

Name of Employer or Business
SNT LLC dba 80108 Wine & Spirits

Address (Street, Number, City, State, ZIP)
572 E Castle Pines Parkway #A1, Castle Pines, Co 80108

Position Held
Member, Managing

From:
10/2016 - ~~[illegible]~~

To:
12/31/2024

Name of Employer or Business
GNO LLC dba @ Roxborough Liquors

Address (Street, Number, City, State, ZIP)
8357 N. Rampart Range Rd. Littleton, CO 80125

Position Held
Member

From:
~~2004~~ 2010

To:
~~2014~~ 2014

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

Name of Relative
Robert C. Horst

Relationship to You:
Brother

Position Held
Member

Name of Licensee
SNT LLC dba 80108 Wine & Spirits *

Name of Relative

Relationship to You:

Position Held

Name of Licensee

* Stock Sale 12/31/2024

Individual History Record (Continued)

Name of Relative	Relationship to You:
Position Held	**Name of Licensee**
Name of Relative	**Relationship to You:**
Position Held	**Name of Licensee**

4. Have you ever applied for, held, or had an interest in a Colorado Liquor or Beer License, or loaned money, furniture, fixtures, equipment or inventory to any licensee? .... ☑ Yes ○ No

(If yes, answer in detail.)

~~2014-2018 GNO LLC sold~~
2010-2014 GNO LLC dba Roxborough Liquors (sold)
2016-2024 SNT LLC dba 80108 Wine & Spirits (sold shares)

5. Have you ever received a violation notice, suspension, or revocation for a liquor law violation, or have you applied for or been denied a liquor or beer license anywhere in the United States? .... ○ Yes ☑ No

(If yes, answer in detail.)

6. Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? .... ○ Yes ☑ No

(If yes, answer in detail.)

7. Are you currently under probation (supervised or unsupervised), parole, or completing the requirements of a deferred sentence? .... ○ Yes ☑ No

(If yes, answer in detail.)

8. Have you ever had any professional license suspended, revoked, or denied?..... ◯ Yes ☒ No

(If yes, answer in detail.)

Personal and Financial Information

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

Date of Birth: [redacted]

Social Security Number: [redacted]

Place of Birth: St. Paul, MN

U.S. Citizen ☒ Yes ◯ No

If Naturalized, state where:

When:

Name of District Court:

Naturalization Certificate Number:

Date of Certification:

If an Alien, Give Alien's Registration Card Number:

Permanent Residence Card Number:

Height: [redacted]

Weight: [redacted]

Hair Color: [redacted]

Eye Color: [redacted]

Gender: female

Do you have a current Driver's License/ID? If so, give number and state. .... ☒ Yes ◯ No

Driver's License Number: [redacted]

Driver's License State: Colorado

Financial Information

9. Total purchase price or investment being made by the applying entity, corporation, partnership, limited liability company, other.......................... $1,125,000 ~~[illegible]~~

10. List the total amount of the **personal** investment, made by the person listed on page 1 in this business including any notes, loans, cash, services or equipment, operating capital, stock purchases or fees paid.. $300,000 ~~[illegible]~~

NOTE: If corporate investment only, please skip to and complete question 12
NOTE: Question 10 should reflect the total of questions 11 and 13

Personal and Financial Information (Continued)

11. Provide details of the personal investment described in question 10. You must account for all of the sources of this investment. (Attach a separate sheet if needed)

Type: Cash, Services or Equipment	Account Type
Cash	Checking/Savings

Bank Name	Amount
Chase	$300,000

Type: Cash, Services or Equipment	Account Type

Bank Name	Amount

Type: Cash, Services or Equipment	Account Type

Bank Name	Amount

Type: Cash, Services or Equipment	Account Type

Bank Name	Amount

12. Provide details of the corporate investment described in question 9. You must account for all of the sources of this investment. (Attach a separate sheet if needed)

Type: Cash, Services or Equipment	Loans	Account Type
n/a	"SBA	

Bank Name	Amount
Paragon Bank	$825,000

Type: Cash, Services or Equipment	Loans	Account Type

Bank Name	Amount

Type: Cash, Services or Equipment	Loans	Account Type

Bank Name	Amount

13. Loan Information (Attach copies of all notes or loans)

Name of Lender	Address
Paragon Bank	293 Pharr Rd NE, Atlanta, GA 30305

Term	Security	Amount
20yr/SBA	Building - 762 Hamilton Ave	$825,000

Personal and Financial Information (Continued)

Name of Lender

Address

Term

Security

Amount

Name of Lender

Address

Term

Security

Amount

Name of Lender

Address

Term

Security

Amount

Oath of Applicant

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

Authorized Signature

Barbara A. Horst

Print Signature

Barbara A. Horst

Title

Member Managing

Date (MM/DD/YY)

01/06/25

DR 8404-I	Barbara A Horst		
Question 9:	Purchase Price Building - EFO	$	1,125,000
Question 10:	Personal Investment Made	$	300,000
Question 11:	Source of Personal Investment Chase Bank - Personal Savings Account	$	300,000
Question 13:	Loan Information SBA Loan to EFO LLC Paragon Bank 293 Pharr Rd NE Atlanta, GA 30305	$	825,000

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

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

Bliss Enterprises LLC

is a

Limited Liability Company

formed or registered on 11/11/2018 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20181886589 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 01/01/2025 that have been posted, and by documents delivered to this office electronically through 01/02/2025 @ 12:07:28 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 01/02/2025 @ 12:07:28 in accordance with applicable law. This certificate is assigned Confirmation Number 16857673 .

Jena Griswold

Secretary of State of the State of Colorado

End of Certificate

Notice: A certificate issued electronically from the Colorado Secretary of State's website is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's website, https://www.coloradosos.gov/biz/CertificateSearchCriteria.do entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our website, https://www.coloradosos.gov click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

Limited Liability Company Agreement of
Bliss Enterprises LLC
A Limited Liability Company

THIS OPERATING AGREEMENT (this "Agreement") of Bliss Enterprises LLC, (the "Company"), is executed and agreed to, for good and valuable consideration, by the undersigned members (the "Members").

I. Formation.

A. State of Formation. This is a Limited Liability Company Operating Agreement (the "Agreement") for Bliss Enterprises LLC, a Member-managed Colorado limited liability company (the "Company") formed under and pursuant to Colorado law.

B. Operating Agreement Controls. To the extent that the rights or obligations of the Members or the Company under provisions of this Operating Agreement differ from what they would be under Colorado law absent such a provision, this Agreement, to the extent permitted under Colorado law, shall control.

C. Primary Business Address. The location of the primary place of business of the Company is:

115 S Wilcox St, 1310, Castle Rock, Colorado 80104, or such other location as shall be selected from time to time by the Members.

D. Registered Agent and Office. The Company's initial agent (the "Agent") for service of process is Barbara A Horst. The Agent's registered office is 115 Wilcox Street, 1310, Castle Rock, Colorado 80104. The Company may change its registered office, its registered agent, or both, upon filing a statement with the Colorado Secretary of State.

E. No State Law Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership (including, without limitation, a limited partnership) or joint venture, or any Member a partner or joint venturer of or with any other Member, for any purposes other than state tax purposes.

II. Purposes and Powers.

A. Purpose. The Company is created for the following business purpose:

A wellness boutique providing retail goods and services.

B. Powers. The Company shall have all of the powers of a limited liability company set forth under Colorado law.

C. Duration. The Company's term shall commence upon the filing of an Articles of Organization and all other such necessary materials with the state of Colorado. The Company will operate until terminated as outlined in this Agreement unless:

1. A majority of the Members vote to dissolve the Company;

2. No Member of the Company exists, unless the business of the Company is continued in a manner permitted by Colorado law;

3. It becomes unlawful for either the Members or the Company to continue in business;

4. A judicial decree is entered that dissolves the Company; or

5. Any other event results in the dissolution of the Company under federal or Colorado law.

III. Members.

A. Members. The Members of the Company (jointly the "Members") and their Membership Interest at the time of adoption of this Agreement are as follows:

Barbara A Horst, 51% - Now 100% due to stock purchase agreement 12/31/2024

A

Robert C Horst, 49% - Now 0% Stock purchase Agreement 12/31/2024

B. Initial Contribution. Each Member shall make an Initial Contribution to the Company. The Initial Contributions of each shall be as described in Attachment A, Initial Contributions of the Members
.

Initial cash contribuions will amortized over 10 year at a 5% annual interest rate. The amoritzation period will begin 01/01/2024 and the first payment will be 12/31/2024.

C. Limited Liability of the Members. Except as otherwise provided for in this Agreement or otherwise required by Colorado law, no Member shall be personally liable for any acts, debts, liabilities or obligations of the Company beyond their respective Initial Contribution, including liability arising under a judgment, decree or order of a court. The Members shall look solely to the Company property for the return of their Initial Contribution, or value thereof, and if the Company property remaining after payment or discharge of the debts, liabilities or obligations of the Company is insufficient to return such Initial Contributions, or value thereof, no Member shall have any recourse against any other Member except as is expressly provided for by this Agreement or as otherwise allowed by law.

D. Death, Incompetency, Resignation or Termination of a Member. Should a Member die, be declared incompetent, or withdraw from the Company voluntarily or involuntarily, the remaining Members will have the option to buy out that Member's Membership Interest in the Company. If a Member is removed involuntarily, it must be by vote recorded in the official minutes. If a Member resigns, they should submit a notarized resignation letter to the Registered Agent. Should the Members agree to buy out the Membership Interest of the withdrawing Member, that Interest shall be paid for proportionately by the remaining Members, according to their existing Membership Interest and distributed proportionately among the remaining Members. The Members agree to hire an outside firm to assess the value of the Membership Interest.

The Members will have 90 days to decide if they want to buy the Membership Interest together and disperse it proportionately. If all Members do not agree to buy the Membership Interest, individual Members will then have the right to buy the Membership Interest individually. If more than one Member requests to buy the remaining Membership Interest, the Membership Interest will be paid for and split proportionately among those Members wishing to purchase the Membership Interest. If all Members agree by unanimous vote, the Company may choose to allow a non-Member to buy the Membership Interest thereby replacing the previous Member.

If no individual Member(s) finalize a purchase agreement by 90 days, the withdrawing Member, or their estate, may dispose of their Membership Interest however they see fit, subject to the

B. Initial Contribution. Each Member shall make an Initial Contribution to the Company. The Initial Contributions of each shall be as described in Attachment A, Initial Contributions of the Members

Initial cash contributions will be amortized over 10 year at a 5% annual interest rate. The amortization period will begin 01/01/2024 and the first payment will be 12/31/2024.

C. Limited Liability of the Members. Except as otherwise provided for in this Agreement or otherwise required by Colorado law, no Member shall be personally liable for any acts, debts, liabilities or obligations of the Company beyond their respective Initial Contribution, including liability arising under a judgment, decree or order of a court. The Members shall look solely to the Company property for the return of their Initial Contribution, or value thereof, and if the Company property remaining after payment or discharge of the debts, liabilities or obligations of the Company is insufficient to return such Initial Contributions, or value thereof, no Member shall have any recourse against any other Member except as is expressly provided for by this Agreement or as otherwise allowed by law.

D. Death, Incompetency, Resignation or Termination of a Member. Should a Member die, be declared incompetent, or withdraw from the Company voluntarily or involuntarily, the remaining Members will have the option to buy out that Member's Membership Interest in the Company. If a Member is removed involuntarily, it must be by vote recorded in the official minutes. If a Member resigns, they should submit a notarized resignation letter to the Registered Agent. Should the Members agree to buy out the Membership Interest of the withdrawing Member, that Interest shall be paid for proportionately by the remaining Members, according to their existing Membership Interest and distributed proportionately among the remaining Members. The Members agree to hire an outside firm to assess the value of the Membership Interest.

The Members will have 90 days to decide if they want to buy the Membership Interest together and disperse it proportionately. If all Members do not agree to buy the Membership Interest, individual Members will then have the right to buy the Membership Interest individually. If more than one Member requests to buy the remaining Membership Interest, the Membership Interest will be paid for and split proportionately among those Members wishing to purchase the Membership Interest. If all Members agree by unanimous vote, the Company may choose to allow a non-Member to buy the Membership Interest thereby replacing the previous Member.

If no individual Member(s) finalize a purchase agreement by 90 days, the withdrawing Member, or their estate, may dispose of their Membership Interest however they see fit, subject to the limitations in Section III (E) below. If a Member is a corporation, trust, partnership, limited liability company or other entity and is dissolved or terminated, the powers of that Member may be exercised by its legal representative or successor.

The name of the Company may be amended upon the written and unanimous vote of all Members if a Member withdraws, dies, is found incompetent or is terminated.

E. Creation or Substitution of New Members. Any Member may assign in whole or in part its Membership Interest only after granting their fellow Members the right of first refusal, as established in Section III (D) above.

1. *Entire transfer.* If a Member transfers all of its Membership Interest, the transferee shall be admitted to the Company as a substitute Member upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately upon the transfer, and, simultaneously, the transferor Member shall cease to be a Member of the Company and shall have no further rights or obligations under this Agreement.

2. *Partial transfer.* If a Member transfers only a portion of its Membership Interest, the transferee shall be admitted to the Company as an additional Member upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement.

3. Whether a substitute Member or an additional Member, absent the written consent of all existing Members of the Company, the transferee shall be a limited Member and possess only the percentage of the monetary rights of the transferor Member that was transferred without any voting power as a Member in the Company.

F. Member Voting.

1. *Voting power.* The Company's Members shall each have voting power equal to their share of Membership Interest in the Company.

2. *Proxies.* At all meetings of Members, a Member may vote in person or by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. Such proxy shall be delivered to the Secretary of the Company before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

G. Duties of the Members. The Members shall cause the Company to do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises. The Members also shall cause the Company to:

1. Maintain its own books, records, accounts, financial statements, stationery, invoices, checks and other limited liability company documents and bank accounts separate from any other person;

2. At all times hold itself out as being a legal entity separate from the Members and any other person and conduct its business in its own name;

3. File its own tax returns, if any, as may be required under applicable law, and pay any taxes required to be paid under applicable law;

4. Not commingle its assets with assets of the Members or any other person, and separately identify, maintain and segregate all Company assets;

5. Pay its own liabilities only out of its own funds, except with respect to organizational expenses;

6. Maintain an arm's length relationship with the Members, and, with respect to all business transactions entered into by the Company with the Members, require that the terms and conditions of such transactions (including the terms relating to the amounts paid thereunder) are the same as would be generally available in comparable business transactions if such transactions were with a person that was not a Member;

7. Pay the salaries of its own employees, if any, out of its own funds and maintain a sufficient number of employees in light of its contemplated business operations;

8. Not guarantee or become obligated for the debts of any other person or hold out its credit as being available to satisfy the obligations of others;

9. Allocate fairly and reasonably any overhead for shared office space;

10. Not pledge its assets for the benefit of any other person or make any loans or advances to any person;

11. Correct any known misunderstanding regarding its separate identity;

12. Maintain adequate capital in light of its contemplated business purposes;

13. Cause its Members to meet or act pursuant to written consent and keep minutes of such meetings and actions and observe all other Colorado limited liability company formalities;

14. Make any permitted investments directly or through brokers engaged and paid by the Company or its agents;

15. Not require any obligations or securities of the Members; and

16. Observe all other limited liability formalities.

Failure of the Members to comply with any of the foregoing covenants shall not affect the status of the Company as a separate legal entity or the limited liability of the Members.

H. Fiduciary Duties of the Members.

1. *Loyalty and Care.* Except to the extent otherwise provided herein, each Member shall have a fiduciary duty of loyalty and care similar to that of members of limited liability companies organized under the laws of Colorado.

2. *Competition with the Company.* The Members shall refrain from dealing with the Company in the conduct of the Company's business as or on behalf of a party having an interest adverse to the Company unless a majority, by individual vote, of the Members excluding the interested Member, consents thereto. The Members shall refrain from

competing with the Company in the conduct of the Company's business unless a majority, by individual vote, of the Members excluding the interested Member, consents thereto. In the event that a Member is the sole Member of the Company, no vote shall be required.

3. *Duties Only to the Company.* The Member's fiduciary duties of loyalty and care are to the Company and not to the other Members. The Members shall owe fiduciary duties of disclosure, good faith and fair dealing to the Company and to the other Members. A Member who so performs their duties shall not have any liability by reason of being or having been a Member.

4. *Reliance on Reports.* In discharging the Member's duties, a Member is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by any of the following:

    i. One or more Members, Officers, or employees of the Company whom the Member reasonably believes to be reliable and competent in the matters presented.

    ii. Legal counsel, public accountants, or other persons as to matters the Member reasonably believes are within the persons' professional or expert competence.

    iii. A committee of Members of which the affected Member is not a participant, if the Member reasonably believes the committee merits confidence.

I. Waiver of Partition: Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each Member hereby irrevocably waives any right or power that such Member might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. No Member shall have any interest in any specific assets of the Company.

J. Compensation of Members. The Members shall have the authority to fix the compensation of individual Members. All Members may be paid their expenses, if any, of attendance at meetings of the Members, which may be a fixed sum for attendance at each meeting of the Members or a stated salary as a Member. No such payment shall preclude any Member from serving the Company in any other capacity and receiving compensation therefor.

K. Members as Agents. All Members are agents of the Company for the purpose of its business. An act of any Member, including the signing of an instrument in the Company's name, binds the Company where the Member executed the act for apparently carrying on the Company's business or business of the kind carried on by the Company in the ordinary course, unless the Member had no authority to act for the Company in the particular matter and the person with whom the Member was dealing knew or had notice that the Member lacked authority. An act of a Member binds the Company, however, even where the Member executed the act not apparently for carrying on the Company's business or business of the kind carried on by the Company in the ordinary course only if the act was authorized by the other Members.

IV. Accounting and Distributions.

A. Fiscal Year. The Company's fiscal year shall end on the last day of December.

B. Records. All financial records including tax returns and financial statements will be held at the Company's primary business address and will be accessible to all Members.

C. Distributions. Distributions shall be issued, as directed by the Company's Treasurer or Assistant Treasurer, on a quarterly basis, based upon the Company's fiscal year. The distribution shall not exceed the remaining net cash of the Company after making appropriate provisions for the Company's ongoing and anticipatable liabilities and expenses. Each Member shall receive a percentage of the overall distribution that matches that Member's percentage of Membership Interest in the Company.

V. Tax Treatment Election.

A. Tax Designation. The Company has or will file with the Internal Revenue Service for treatment as an S-corporation.

VI. Officers.

A. Appointment and Titles of Officers. The initial Officers shall be appointed by the Members and shall consist of at least a Chairman, a Secretary and a Treasurer. Any additional or substitute Officers shall be chosen by the Members. The Members may also choose one or more President, Vice-President, Assistant Secretaries and Assistant Treasurers. Any number of offices may be held by the same person, as permitted by Colorado law. The Members may appoint such other Officers and agents as they shall deem necessary or advisable who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Members. The Officers and agents of the Company shall hold office until their successors are chosen and qualified. Any Officer elected or appointed by the Members may be removed at any time, with or without cause, by the affirmative vote of a majority of the Members. Any vacancy occurring in any office of the Company shall be filled by the Members. Unless the Members decide otherwise, if the title of an Officer is one commonly used for officers of a limited liability company formed under Colorado law, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office.

1. *Chairman*. The Chairman shall be the chief executive officer of the Company, shall preside at all meetings of the Members, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Members are carried into effect. The Chairman shall execute all contracts on behalf of the Company, except:

    i. where required or permitted by law or this Agreement to be otherwise signed and executed;

    ii. where signing and execution thereof shall be expressly delegated by the Members to some other Officer or agent of the Company.

2. *President*. In the absence of the Chairman or in the event of the Chairman's inability to act, the President shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. The President shall perform such other duties and have such other powers as the Members may from time to time prescribe.

3. *Vice-Presidents*. In the absence of the Chairman and President or in the event of their inability to act, any Vice-Presidents in the order designated by the Members (or, in the absence of any designation, in the order of their election) shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. Vice-Presidents, if any, shall perform such other duties and have such other powers as the Members may from time to time prescribe.

4. *Secretary and Assistant Secretary*. The Secretary shall be responsible for filing legal documents and maintaining records for the Company. The Secretary shall attend all meetings of the Members and record all the proceedings of the meetings of the Company and of the Members in a book to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the Members, as required in this Agreement or by Colorado law, and shall perform such other duties as may be prescribed by the Members or

the Chairman, under whose supervision the Secretary shall serve. The Secretary shall cause to be prepared such reports and/or information as the Company is required to prepare by applicable law, other than financial reports. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Members (or if there be no such determination, then in order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Members may from time to time prescribe.

5. *Treasurer and Assistant Treasurer.* The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company according to generally accepted accounting practices, using a fiscal year ending on the last day of the month of December. The Treasurer shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Members. The Treasurer shall distribute the Company's profits to the Members. The Treasurer shall disburse the funds of the Company as may be ordered by the Members and shall render to the Chairman and to the Members, at their regular meetings or when the Members so require, an account of all of the Treasurer's transactions and of the financial condition of the Company. As soon as practicable after the end of each fiscal year of the Company, the Treasurer shall prepare a statement of financial condition as of the last day of the Company's fiscal year, and a statement of income and expenses for the fiscal year then ended, together with supporting schedules. Each of said annual statements shall be prepared on an income tax basis and delivered to the Members forthwith upon its preparation. In addition, the Treasurer shall keep all financial records required to be kept pursuant to Colorado law. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Members (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Members may from time to time prescribe.

B. Officers as Agents. The Officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Members not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business, and the actions of the Officers taken in accordance with such powers shall bind the Company.

C. Fiduciary Duties of the Officers.

1. *Loyalty and Care.* Except to the extent otherwise provided herein, each Officer shall have a fiduciary duty of loyalty and care similar to that of officers of limited liability companies organized under the laws of Colorado.

2. *Competition with the Company.* The Officers shall refrain from dealing with the Company in the conduct of the Company's business as or on behalf of a party having an interest

adverse to the Company unless a majority, by individual vote, of the Members, excluding the interested Officer if that Officer is a Member, consents thereto. The Officers shall refrain from competing with the Company in the conduct of the Company's business unless a majority, by individual vote, of the Members, excluding the interested Officer if that Officer is a Member, consents thereto. In the event that the interested Officer is the sole Member, no vote shall be required.

3. *Duties Only to the Company.* The Officers' fiduciary duties of loyalty and care are to the Company and not to the Members or other Officers. The Officers shall owe fiduciary duties of disclosure, good faith and fair dealing to the Company and to the Members, but shall owe no such duties to Officers unless the Officer is a Member. An Officer who so performs their duties shall not have any liability by reason of being or having been an Officer.

4. *Reliance on Reports.* In discharging the Officer's duties, an Officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by any of the following:

   i. One or more Members, Officers, or employees of the Company whom the Officer reasonably believes to be reliable and competent in the matters presented.

   ii. Legal counsel, public accountants, or other persons as to matters the Officer reasonably believes are within the persons' professional or expert competence.

   iii. A committee of Members of which the affected Officer is not a participant, if the Officer reasonably believes the committee merits confidence.

VII. Dissolution.

A. Limits on Dissolution. The Company shall have a perpetual existence, and shall be dissolved, and its affairs shall be wound up only upon the provisions established in Section II (C) above.

Notwithstanding any other provision of this Agreement, the Bankruptcy of any Member shall not cause such Member to cease to be a Member of the Company and upon the occurrence of such an event, the business of the Company shall continue without dissolution.

Each Member waives any right that it may have to agree in writing to dissolve the Company upon the Bankruptcy of any Member or the occurrence of any event that causes any Member to cease to be a Member of the Company.

B. Winding Up. Upon the occurrence of any event specified in Section II(C), the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. One or more Members, selected by the remaining Members, shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the liabilities of the Company and its assets, shall either cause its assets to be distributed as provided under this Agreement or sold, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided under this Agreement.

C. Distributions in Kind. Any non-cash asset distributed to one or more Members in liquidation of the Company shall first be valued at its fair market value (net of any liability secured by such asset that such Member assumes or takes subject to) to determine the profits or losses that would have resulted if such asset were sold for such value, such profit or loss shall then be allocated as provided under this Agreement. The fair market value of such asset shall be determined by the Members or, if any Member objects, by an independent appraiser (any such appraiser must be recognized as an expert in valuing the type of asset involved) approved by the Members.

D. Termination. The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts, liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for under this Agreement and (ii) the Company's registration with the state of Colorado shall have been canceled in the manner required by Colorado law.

E. Accounting. Within a reasonable time after complete liquidation, the Company Treasurer shall furnish the Members with a statement which shall set forth the assets and liabilities of the Company as at the date of dissolution and the proceeds and expenses of the disposition thereof.

F. Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely to the assets of the Company for the return of its Initial Contribution and shall have no recourse for its Initial Contribution and/or share of profits (upon dissolution or otherwise) against any other Member.

G. Notice to Colorado Authorities. Upon the winding up of the Company, the Member with the highest percentage of Membership Interest in the Company shall be responsible for the filing of all appropriate notices of dissolution with Colorado and any other appropriate state or federal authorities or agencies as may be required by law. In the event that two or more Members have equally high percentages of Membership Interest in the Company, the Member with the longest continuous tenure as a Member of the Company shall be responsible for the filing of such notices.

VIII. Exculpation and Indemnification.

A. No Member, Officer, employee or agent of the Company and no employee, agent or affiliate of a Member (collectively, the "Covered Persons") shall be liable to the Company or any other person who has an interest in or claim against the Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence or willful misconduct.

B. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement. Expenses, including legal fees, incurred by a Covered Person defending any claim, demand, action, suit or proceeding shall be paid by the Company. The Covered Person shall be liable to repay such amount if it is determined that the Covered Person is not entitled to be indemnified as authorized in this Agreement. No Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence or willful misconduct with respect to such acts or omissions. Any indemnity under this Agreement shall be provided out of and to the extent of Company assets only.

C. A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any person as to matters the Covered Person reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to the Members might properly be paid.

D. To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person for its good faith reliance on the provisions of this Agreement. The provisions of the Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Members to replace such other duties and liabilities of such Covered Person.

E. The foregoing provisions of this Article VIII shall survive any termination of this Agreement.

IX. Insurance.

The Company shall have the power to purchase and maintain insurance, including insurance on behalf of any Covered Person against any liability asserted against such person and incurred by such Covered Person in any such capacity, or arising out of such Covered Person's status as an agent of the Company, whether or not the Company would have the power to indemnify such person against such liability under the provisions of Article VIII or under applicable law. This is separate and apart from any business insurance that may be required as part of the business in which the Company is engaged.

X. Settling Disputes.

All Members agree to enter into mediation before filing suit against any other Member or the Company for any dispute arising from this Agreement or Company. Members agree to attend one session of mediation before filing suit. If any Member does not attend mediation, or the dispute is not settled after one session of mediation, the Members are free to file suit. Any law suits will be under the jurisdiction of the state of Colorado.

XI. Independent Counsel.

All Members entering into this Agreement have been advised of their right to seek the advice of independent legal counsel before signing this Agreement. All Members and each of them have entered into this Agreement freely and voluntarily and without any coercion or duress.

XII. General Provisions.

A. Notices. All notices, offers or other communications required or permitted to be given pursuant to this Agreement shall be in writing and may be personally served or sent by United States mail and shall be deemed to have been given when delivered in person or three (3) business days after deposit in United States mail, registered or certified, postage prepaid, and properly addressed, by or to the appropriate party.

B. Number of Days. In computing the number of days (other than business days) for purposes of this Agreement, all days shall be counted, including Saturdays, Sundays and holidays; provided, however, that if the final day of any time period falls on a Saturday, Sunday or holiday on which national banks are or may elect to be closed, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or such holiday.

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

D. Severability. The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

E. Headings. The Article and Section headings in this Agreement are for convenience and they form no part of this Agreement and shall not affect its interpretation.

F. Controlling Law. This Agreement shall be governed by and construed in all respects in accordance with the laws of the state of Colorado (without regard to conflicts of law principles thereof).

G. Application of Colorado Law. Any matter not specifically covered by a provision of this Agreement shall be governed by the applicable provisions of Colorado law.

H. Amendment. This Agreement may be amended only by written consent of all the Members. Upon obtaining the approval of any such amendment, supplement or restatement as to the Certificate, the Company shall cause a Certificate of Amendment or Amended and Restated Certificate to be prepared, executed and filed in accordance with Colorado law.

I. Entire Agreement. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as herein contained.

IN WITNESS WHEREOF, the Members have executed and agreed to this Limited Liability Company Operating Agreement, which shall be effective as of January 01, 2023.

By: Barbara A Horst

Date: 02/02/2023

Barbara A Horst

By: Robert C Horst

Date: 02/02/2023

Robert C Horst

ATTACHMENT A

Initial Contributions of the Members

The Initial Contributions of the Members of Bliss Enterprises LLC are as follows:

Barbara A Horst

Contribution:

Cash: $81,500.00

- Brand Marketing (Move-tic) - $26,000
- Trademark (Aurathentic), legal fees, graphic design, domain (aurathentic.com) and website - $25,000
- Equipment - $7,000 (aura reader, software and rainbow mat)
- Inventory - $3,500
- Working Capital - $20,000

This debt will be paid by the entity. 10-year amortization starting on 01/01/2024 at a 5% annually. The first payment is due 12/31/2024 for $10,554.62. There is no penalty for early payment and can be paid down in lump sums. The collateral for this debt will be the tangible and intangible assets for the business, including the trademark and domain name.

Stock Purchase Agreement

THIS AGREEMENT is made and entered on December 31, 2024 by and between, Robert C Horst ("Seller") of [redacted] Colorado Springs, Colorado 80919 and Barbara A Horst ("Purchaser") of [redacted] Colorado Springs, Colorado, 80919.

WITNESSETH:
Whereas, the Seller is a Stockholder in Bliss Enterprises LLC dba Aurathentic, who is the record owner of outstanding shares of the capital stock of Bliss Enterprises LLC dba Aurathentic (hereinafter referred to as the "Corporation"), a Colorado corporation, which has authority to sell 190 shares of capital stock at $1.00 par value common stock, and

WHEREAS, the Purchaser desires to purchase said stock and the Seller desires to sell said stock, upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants and Agreements contained in this Agreement, and in order to consummate the purchase and the sale of the Corporation's Stock aforementioned, it is hereby agreed as follows:

Purchase and Sale
Subject to the terms and conditions hereinafter set forth, at the closing of the transaction contemplated hereby, the Seller shall sell, convey, transfer, and deliver to the Purchaser certificates representing such stock, and the Purchaser shall purchase from the Seller the Corporation's Stock in consideration of the purchase price set forth in this Agreement. The certificates representing the Corporation's Stock shall be duly endorsed for transfer or accompanied by appropriate stock transfer powers duly executed in blank, in either case with signatures guaranteed in the customary fashion, and shall have all the necessary documentary transfer tax stamps affixed thereto at the expense of the Seller.

The closing of the transactions contemplated by this Agreement (the "Closing"), shall be held at SNT LLC dba 80108 Wine & Spirits located at 572 E Castle Pines Pkwy A1, Castle Pines, Colorado 80108-4607 on December 31, 2024, at 10:00 a.m., or such other place, date and time as the parties hereto may otherwise agree.

Amount and Payment of Purchase Price
(a) Consideration
As total consideration for the purchase and sale of the Corporation's Stock, pursuant to this Agreement, the Purchaser shall pay to the Seller the sum of $190.00 , such total consideration to be referred to in this Agreement as the "Purchase Price".

(b) Payment
The Purchase Price shall be paid as follows:
i. The sum of $190.00 to be delivered to Seller at Closing.

Representations and Warranties of Seller
Seller hereby warrants and represents:

(a) Organization and Standing
The Seller is a stockholder and record owner of the issued and outstanding shares of the capital stock of the Corporation, which is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado and has the Corporation has the corporate power and authority to carry on its business as it is now being conducted.

ii. Seller is the lawful owner of the Stock, free and clear of all security interests, liens, encumbrances, equities and other charges.
iii. There are no existing warrants, options, stock purchase agreements, redemption agreements, restrictions of any nature, calls or rights to subscribe of any character relating to the stock, nor are there any securities convertible into such stock.

Representations and Warranties of Seller and Purchaser
Seller and Purchaser hereby represent and warrant that there has been no act or omission by Seller and Purchaser which would give rise to any valid claim against any of the parties hereto for a brokerage commission, finder's fee, or other like payment in connection with the transactions contemplated hereby.

General Provisions
(a) Entire Agreement
This Agreement (including any written amendments hereof executed by the parties) constitutes the entire Agreement and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof.
(b) Sections and Other Headings
The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
(c) Governing Law
This Agreement, and all transactions contemplated hereby, shall be governed by, construed and enforced in accordance with the laws of the State of Colorado. In the event that litigation results from or arises out of this Agreement or the performance thereof, the parties agree to reimburse the prevailing party's reasonable attorney's fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing party may be entitled.

IN WITNESS WHEREOF, this Agreement has been executed by each of the individual parties hereto on the date first above written.

SELLER:

By: Barbara A Horst Date: ~~12/24/24~~ 12/31/2024

Barbara A Horst

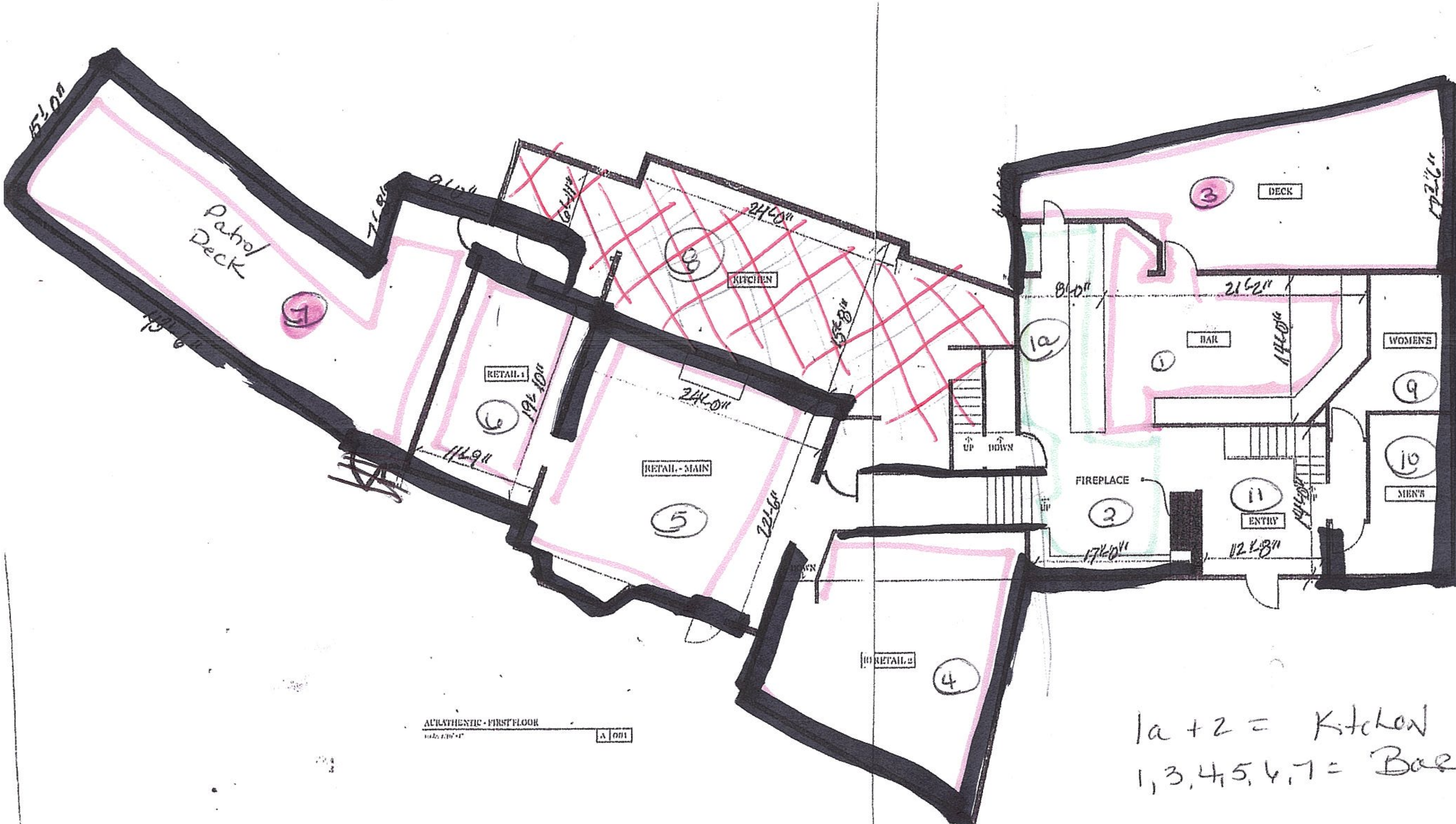
PURCHASER:

By: Robert C Horst Date: 12/31/2024

Robert C Horst

MARIA ELENA RODRIGUEZ
Notary Public
State of Colorado
Notary ID # 20204034160
My Commission Expires 09-30-2028

702 Manitou Ave



1a + 2 = Kitchen
1, 3, 4, 5, 6, 7 = Bar

MAIN 1

COMMERCIAL LEASE

This Lease Agreement (this "Lease") is dated as of July 07, 2023, by and between EFO LLC ("Landlord"), and Bliss Enterprises LLC dba Aurathentic ("Tenant"). The parties agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant The building at 702 Manitou Ave, Manitou Springs, CO 80829 (the "Premises") located at 702 Manitou Ave, Manitou Springs, CO 80829.

TERM. The lease term will begin on July 01, 2023 and will terminate on June 30, 2028.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly installments of $8,000.00, payable in advance on the first day of each month. Lease payments shall be made to the Landlord at 2172 Denton Grv, Colorado Springs, Colorado 80919. The payment address may be changed from time to time by the Landlord. Landlord permits a 90 day build-out credit, the first payment will be due September 01, 2023.

POSSESSION. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

PROPERTY INSURANCE. Landlord and Tenant shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. Landlord shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

LIABILITY INSURANCE. Tenant shall maintain liability insurance on the Premises with personal injury limits of at least $1,000,000.00 for injury to one person, and $2,000,000.00 for any one accident, and a limit of at least $2,000,000.00 for damage to property. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

MAINTENANCE. Tenant shall have the responsibility to maintain the Premises in good repair at all times during the term of this Lease.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES. Landlord shall pay all real estate taxes and assessments for the Premises.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and /or use taxes (if any) that may be due in connection with lease payments.

TERMINATION UPON SALE OF PREMISES. Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon 30 BH days' written notice to Tenant that the Premises have been sold.

DEFAULTS. Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 5 days (or any other obligation within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

REMODELING OR STRUCTURAL IMPROVEMENTS. Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants.

INDEMNITY REGARDING USE OF PREMISES. To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

COMPLIANCE WITH REGULATIONS. Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

MECHANICS LIENS. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

DISPUTE RESOLUTION. The parties will attempt to resolve any dispute arising out of or relating to this Agreement through friendly negotiations amongst the parties. If the matter is not resolved by negotiation, the parties will resolve the dispute using the below Alternative Dispute Resolution (ADR) procedure.

Any controversies or disputes arising out of or relating to this Agreement will be submitted to mediation in accordance with any statutory rules of mediation. If mediation is not successful in resolving the entire dispute or is unavailable, any outstanding issues will be submitted to final and binding arbitration under the rules of the American Arbitration Association. The arbitrator's award will be final, and judgment may be entered upon it by any court having proper jurisdiction.

SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

ASSIGNABILITY/SUBLETTING. Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

EFO LLC
2172 Denton Grv
Colorado Springs, Colorado 80919

TENANT:

Bliss Enterprises LLC dba Aurathentic
702 Manitou Ave
Manitou Springs, CO 80829

Such addresses may be changed from time to time by any party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Colorado.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this

Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

BINDING EFFECT. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

LANDLORD:
EFO LLC

By: Barb Horst Date: 08/14/2023

Barb Horst, Member

TENANT:
Bliss Enterprises LLC dba Aurathentic

By: Barb Horst Date: 08/14/2023

Barb Horst, Member

PETITION OF SUPPORT AND NEED

We, the undersigned, being residents, inhabitants, and/or owners or managers of businesses located in the City of Manitou Springs, within a 100-foot radius (at minimum) of the premises noted below, and being over twenty-one years of age, hereby petition, represent, and certify unto the City Council of the City of Manitou Springs as follows:

Bliss Enterprises, doing business as Aura Kentic is known to be a person of
(Name of Applicant) (Name of Business)
honest and moral character and has applied for a on-premise Liquor license for
(Type of License)
the location of 702 Manitou Springs in Manitou Springs, Colorado. The undersigned are
(Address of Premises)
familiar with said location and believe that the neighborhood has reasonable requirements for such an outlet that will be met by the granting of said.

NOW THEREFORE, the undersigned endorse the application of Bliss Enterprises
(Name of Applicant)
and petition, desire and request that a Liquor/on-premise be granted unto Aurakentic
(Type of License) (Name of Business)
for the operation of a business as stated above.

Signed in Manitou Springs, Colorado on the respective date(s) hereinafter stated.

SIGNATURE	PRINTED NAME	ADDRESS	Business Owner? Business Manager? Resident?	DATE	YES in favor of the license	NO not in favor of the license
1. Kim Griffis	Kim Griffis	1618 W. CS Cheyenne Rd	NA	1/24/25	✓	
2. Amy Vagelatos	Amy VAGELATOS	715 M. AVE.	OWNER	2/01/25	YES	
3. Joni Edmisten	Joni Edmisten	634 manitou	N/A	2-9-25	✓	
4. [signature]	Sonya McKershaw	312 Ruxton Ave #9	yes	2-9-25	✓	
5. Mike Casey	Mike CASEY	315 Crystal Hills	Yes to ALL	2/10/25	✓	
6. [signature]	Krysten Gregul	726 Manitou Ave. Christ	Manager	2/10/25	✓	
7. K Coleman	KIRSTEN COLEMAN	123 PAWNEE Kes.	Resident	2/10/25	✓	
8. Jeremy Holmes	Jeremy Holmes	740 manitou Ave	manager	2-10-25	✓	
9. M Nixon	Marlyn Nixon	4 Canon Timbers	manager	2-10-25	✓	
10. Jon Tschauner	Jon Tschauner Common Wheel	221 Mesa	Resident	2/10/25	✓	

Summary of Petition

Dates of Petitioning: 2/1/2025 - 2/9/2025

Total Contact Attempts: 7

Result Statistics:

Not at Home	~~2~~ 0
Not Qualified to Sign	~~6~~ 1
Refused to Sign	0
Remained Neutral	0
Number in Favor	~~3~~ 10
Number Against	0
Number of Residents Contacted	0
Number of Business Owners/Managers Contacted	~~8~~ 10

Reminder: A summary of your findings is to be submitted along with this petition to the City Clerk's office.

CIRCULATOR
AFFIDAVIT

I, Barbara A. Horst, do hereby certify that I was the circulator of the attached petition(s) and further that I personally witnessed each signature appearing on the petition(s). To the best of my knowledge:

- **Each signature thereon is the signature of the person whose name it purports to be;**
- **Each address given opposite each name is the true address of the person that signed;**
- **Each person who signed the petition represented himself/herself to be 21 years of age or older;**
- **Each person who signed the petition had the opportunity to read, or have read to them, the petition in its entirety and understood its meaning.**

I also hereby affirm that no promises, threats, or inducements were employed whatsoever in connection with the presentation of this petition and that every signature appearing hereon was completely free and voluntarily given.

Barbara A Horst

CIRCULATOR

STATE OF COLORADO }
} SS.
COUNTY OF EL PASO }

Subscribed and sworn to before me this 10th day of February, 2025.

NOTARY PUBLIC

[SEAL]

CADE KERNS
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20234033889
MY COMMISSION EXPIRES SEPTEMBER 06, 2027

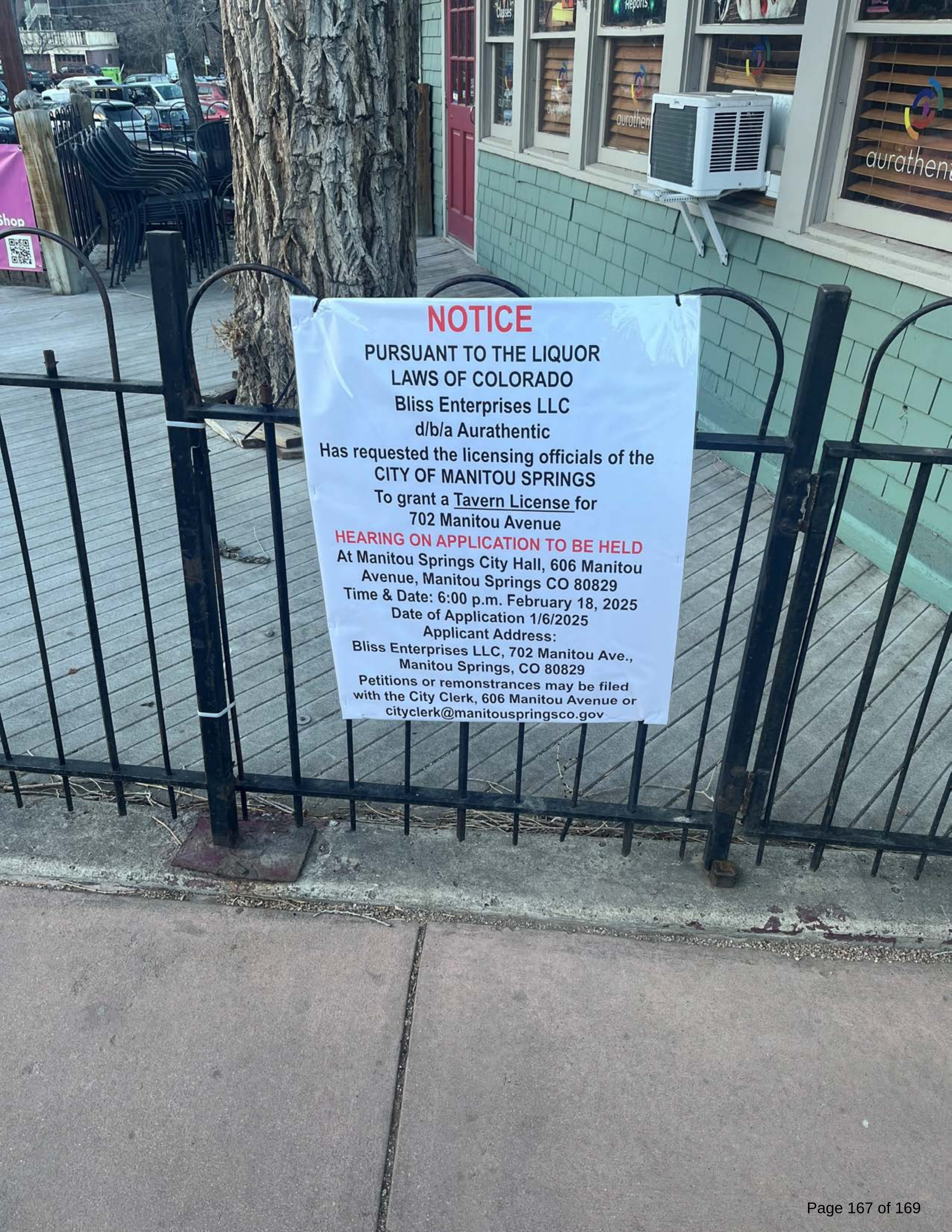
09/06/2027
My Commission Expires

I, the undersigned, hereby certify that on February 7, 2025, at 17:01, I posted a Notice of Hearing at 702 Manitou Avenue for a request by Bliss Enterprises, LLC dba Aurathentic for a New Tavern License.

Posted by: Elena Krebs
City Clerk

Signature: ______________________

Date: February 7, 2025


NOTICE
PURSUANT TO THE LIQUOR
LAWS OF COLORADO
Bliss Enterprises LLC
d/b/a Aurathentic
Has requested the licensing officials of the
CITY OF MANITOU SPRINGS
To grant a Tavern License for
702 Manitou Avenue
HEARING ON APPLICATION TO BE HELD
At Manitou Springs City Hall, 606 Manitou
Avenue, Manitou Springs CO 80829
Time & Date: 6:00 p.m. February 18, 2025
Date of Application 1/6/2025
Applicant Address:
Bliss Enterprises LLC, 702 Manitou Ave.,
Manitou Springs, CO 80829
Petitions or remonstrances may be filed
with the City Clerk, 606 Manitou Avenue or
cityclerk@manitouspringsco.gov

PIKES PEAK BULLETIN

Affidavit of Publication

STATE of COLORADO,} ss.
COUNTY OF EL PASO }

Bliss Enterprises LLC
d/b/a Aurathentic

Notice Requesting Tavern License

I, Joel Newmiller, Publisher, or the undersigned Authorized Agent of the Publisher, do solemnly swear that I am the Publisher, or Authorized Agent of the Publisher, of the Pikes Peak Bulletin; that the same is a weekly newspaper printed, in whole or in part and published in the County of El Paso, State of Colorado, and has a general circulation therein; that said newspaper has been published continuously and uninterruptedly in said county of El Paso for a period of more than fifty-two consecutive weeks prior to the first publication of the annexed legal notice or advertisement; that said newspaper has been admitted to the United States mails as second-class matter under the provisions of the Act of March 3, 1879, or any amendments thereof, and that said newspaper is a weekly newspaper duly qualified for publishing legal notices and advertisements within the meaning of the laws of the State of Colorado. That the annexed legal notice or advertisement was published in the regular and entire issue of every number of said weekly newspapers for the period of **1 consecutive insertion(s)** each week and on the same day each week: and the first publication of said notice was in the issue of said newspaper dated **7th February, A.D. 2025.**

And that the last publication of said notice
was in the issue of said newspaper dated **7th February, A.D. 2025.**

In witness whereof I have hereunto set my hand this 13 **day of February, A.D. 2025**

Publisher/Authorized Agent

Subscribed and sworn to before me, a notary public in and for the County of El Paso, State of Colorado, this 13 **day of February, A.D. 2025.**

Notary Public

LESLIE E LEWIS
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19874189354
MY COMMISSION EXPIRES AUGUST 29, 20

SERVICES

BETTER HOME & YARD

15% Senior Discount (62+) Call Mike-a Senior and Veteran 719-338-4279

FOR RENT

Garage/studio rent $475 a month with heat and power 67 Waltham great for storage, workshop, studio or garage use. This is not a livable space. Contact Andrea Warner with Colorado Peak Real Estate, Inc 719-648-9345 Andrea@coloradopeakre.com

☒District Court ☐Denver Probate Court El Paso County, Colorado Court Address: 270 S. Tejon Street, Colorado Springs, CO 80903 **In the Matter of the Estate of** BARBARA R. NICHOLS **Deceased**	▲ **COURT USE ONLY** ▲
Attorney or Party Without Attorney (Name and Address): Stephen J. Lebel, Esq., Orten Cavanagh Holmes & Hunt, LLC 111 S. Tejon Street, Suite 400, Colorado Springs, CO 80903 Phone Number: (719) 632-3545 E-mail: lpallan@ochhoalaw.com FAX Number: (719) 632-5452 Atty. Reg. #: 8367	Case Number: 2024PR031314 Division W Courtroom W150
NOTICE TO CREDITORS BY PUBLICATION PURSUANT TO § 15-12-801, C.R.S.	

NOTICE TO CREDITORS

Estate of Barbara R. Nichols, Deceased Case Number 2024PR031314

All persons having claims against the above named estate are required to present them to the personal representative or to

☒District Court of El Paso, County, Colorado or
☐Denver Probate Court of the City and County of Denver, Colorado

on or before 06/06/2025 (date)*, or the claims may be forever barred.

Stephen J. Lebel, Esq.
Type or Print name of Person Giving Notice

111 S. Tejon Street, Suite 400
Address

Colorado Springs, CO 80903
City, State, Zip Code

Publish only this portion of form.

COUNCIL BILL NO. 0425 **ORDINANCE NO. 0125**

ORDINANCE

AN ORDINANCE APPROVING A LEASE-PURCHASE AGREEMENT WITH CLAYTON HOLDINGS LLC AND AN ESCROW AGREEMENT WITH CLAYTON HOLDINGS LLC AND UMB BANK N.A.

Passed on first reading and ordered published this 4th day of February 2025.

/s/Elena Krebs
City Clerk, Elena Krebs

A Public Hearing on this ordinance will be held at the February 18, 2025, City Council meeting. The Council Meeting will be held at 6:00 P.M. at City Hall, 606 Manitou Avenue, Manitou Springs, Colorado.

Ordinance Published: February 7, 2025 (by title)
Pikes Peak Bulletin

PUBLIC NOTICE

Pursuant to the Liquor Laws of the State of Colorado, Bliss Enterprises LLC d/b/a Aurathentic has requested the licensing officials of the City of Manitou Springs to grant a **new Tavern License.** The application is for the property located at 702 Manitou Avenue, Manitou Springs, CO. A hearing on this application will be held at Manitou Springs City Hall, 606 Manitou Avenue, at 6:00 p.m. on February 18, 2025. Written comments may be filed with the Office of the City Clerk, 606 Manitou Avenue until 5:00 p.m. February 13, 2025. For additional information, contact City Clerk Elena Krebs at 606 Manitou Avenue, Manitou Springs, CO, 80829; 719-685-2554; ekrebs@manitouspringsco.gov.

/s/ Elena Krebs, City Clerk

Published: February 7, 2025
Published in the Pikes Peak Bulletin