



BOARD OF TRUSTEES

July 12, 2022

6:30 PM

Leeper Center, 3800 Wilson Avenue, Wellington, CO

Regular Meeting Agenda

Individuals wishing to make public comments must attend the meeting in person or may submit comments by sending an email to euckerkk@wellingtoncolorado.gov. The email must be received by 4:00 p.m. on the day of the meeting. The comments will be provided to the Trustees and added as an addendum to the packet. Emailed comments will not be read during the meeting.

The Zoom information below is for online viewing and listening only.

<https://us06web.zoom.us/j/85608454309?pwd=NGJaU3c0ZW5wSjhhSUtVSFFra2xRZz09>

Passcode: 746314

Webinar ID: 856 0845 4309

Or One tap mobile:

+17207072699,,85608454309# US (Denver) or +16694449171,,85608454309# US

Or join by phone:

US: +1 720 707 2699 or +1 669 444 9171 or +1 253 215 8782 or +1 346 248 7799

A. CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Amendments to Agenda
4. Conflict of Interest

B. COMMUNITY PARTICIPATION

1. Public Comment

C. CONSENT AGENDA

1. Minutes of the June 28, 2022 Board of Trustees Meeting

D. ACTION ITEMS

1. Ordinance No. 14-2022 - An Ordinance Concerning Utility Billing Procedures

- Presentation: Charity Campfield, Finance Director

E. LIQUOR LICENSE AUTHORITY

1. New License Application - KLC2, LLC d/b/a Wellington Manor

- Presentation: Krystal Eucker, Town Clerk

F. REPORTS

1. Town Attorney
2. Town Administrator
3. Staff Communications
 - a. Boys and Girls Club Grant Report
 - b. Board of Trustee Planning Calendar
4. Board Reports

G. EXECUTIVE SESSION

1. For the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators pursuant to Section 24-6-402(4)(e), C.R.S. – regarding negotiations with North Poudre Irrigation Company. As required by C.R.S. §24-6-402(2)(d.5)(II)(A) and (II) (E) the executive session proceedings will be electronically recorded and the record will be preserved for 90 days through October 10, 2022.

H. ADJOURN

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements. Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3380 ext. 110 at least 24 hours in advance.



Board of Trustees Meeting

Date: July 12, 2022

Subject: Minutes of the June 28, 2022 Board of Trustees Meeting

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

1. 06.28.22 BOT Minutes - DRAFT



BOARD OF TRUSTEES

June 28, 2022

6:30 PM

Leeper Center, 3800 Wilson Avenue, Wellington, CO

MINUTES

A video recording of this meeting is available on the Town of Wellington's YouTube page at <https://www.youtube.com/channel/UCPgBl-EYjaSam4hF3mkoFNA>

A. CALL TO ORDER

Mayor Chaussee called the meeting to order at 6:31 p.m.

1. Pledge of Allegiance

Mayor Chaussee asked that all ride for the pledge of allegiance.

2. Roll Call

Mayor Calar Chaussee

Mayor Pro Tem Ashley Macdonald

Trustee Jon Gaiter

Trustee Brian Mason

Trustee Rebekka Kinney – Arrived at 8:06 p.m.

Trustee David Wiegand

Trustee Shirrell Tietz

Also Present:

Patti Garcia, Town Administrator

Dan Sapienza, March & Olive, LLC, Town Attorney

Krystal Eucker, Town Clerk

Bob Gowing, Public Works Director

Dave Myer, Engineer

Seargent Cherry, Larimer County Sheriff's Office

Meagan Smith, Deputy Public Works Director

Kelly Houghteling, Deputy Town Administrator

Charity Campfield, Finance Director

Jenny Jones, Public Works Program Administrator

Dean Campos, Parks and Recreation Manager

Vik Runkle, Interim Finance Director

3. Amendments to Agenda

Mayor Chaussee asked if there were any amendments to the agenda this evening; there were no amendments.

4. Conflict of Interest

Mayor Chaussee asked if there were any conflicts of interest this evening; there were no conflicts of interest.

B. COMMUNITY PARTICIPATION

1. Public Comment

The meeting was opened for public comment; Kathy Wydallis and Reginald Westphal provided comments.

C. PRESENTATION

1. Board of Trustee Outreach and Discretionary Funds

Ms. Garcia provided an overview of the current Outreach and Discretionary Funds within the Town Budget. The consensus of the Board is to discuss the topics further during a future work session.

2. Raftelis Presentation

Vik Runkle, Interim Finance Director informed the Board that the Citizens' Water and Wastewater Roundtable to review the utilities' cost of service, rates, fees and financial plan. A consultant, Raftelis was hired to help facilitate the process.

Todd Cristiano with Raftelis provided an overview of what the Citizens' Water and Wastewater Roundtable will be reviewing; financial plan, cost of service, rate design and tap fees.

D. CONSENT AGENDA

1. Minutes of the June 14, 2022 Board of Trustees Meeting
2. Minutes from the January 19, 2022 Board of Trustees Special Meeting
3. Resolution No. 27-2022 - A Resolution of the Board of Trustees of the Town of Wellington Making Appointments to the Wellington Parks and Recreation Advisory Board
4. Contract for Materials Testing and Inspection for the Water Treatment Plant Expansion Project

Trustee Wiegand moved to approve the consent agenda; Trustee Mason seconded the motion. Roll call on the vote resulted as follows:

Yays – Gaiter, Mason, Tietz, Wiegand, Macdonald, Chaussee

Nays – None

Motion carried.

E. ACTION ITEMS

1. Wellington Senior Resource Center (WSRC) Annual Contract Renewal

Ms. Jones informed the Board that Wellington Senior Resource Center, Inc. (WSRC) has had a long-standing relationship with the Town. Part of the WSRC charter in connection with Larimer County Office on Aging Funding (LCOA) is to provide transportation to medical appointments for Wellington Seniors. Transportation is provided via the Senior van(s) which belongs to WSRC, Inc. The Town has historically provided fuel, maintenance, and vehicle insurance and registration for the Senior van(s), and the Town has provided the Leeper Center for their use for various activities through an annual contract.

WSRC Director Dorothy McClure provided an overview of the activities and services provided by the WSRC.

The meeting was opened for public comment; there were no public comments.

Mayor Pro Tem Macdonald moved to approve the Wellington Senior Resource Center Annual Contract; Trustee Mason seconded the motion. Roll call on the vote resulted as follows:

Yays – Gaiter, Mason, Tietz, Wiegand, Macdonald, Chaussee

Nays – None

Motion carried.

2. Authorization to Purchase Parks Truck

Mr. Campos informed the Board that the truck being used by the Parks and Recreation Department to tow trailers and transport mowers will no longer pass emissions and has reached its life span at 187,000 miles. This truck is essential to the Town's park maintenance efforts in relation to the 80 acres of landscape the Parks and Recreation Department oversees and maintains. The town budgeted \$30,000 in the 2022 budget for the purchase of a new truck. The Town received a bid to purchase a truck in the amount of \$31,546; this was the lowest bid received.

The meeting was opened for public comment; there were no public comments.

Mayor Pro Tem Macdonald moved to approve the purchase of a Parks Truck in the not to exceed amount of \$31,546; Trustee Gaiter seconded the motion. Roll call on the vote resulted as follows:

Yays – Gaiter, Mason, Tietz, Wiegand, Macdonald, Chaussee

Nays – None

Motion carried.

F. REPORTS

1. Town Attorney

Mr. Sapienza informed the Board that the maximum fine for fireworks in Town is \$1,000.

2. Town Administrator

Ms. Garcia informed the Board that all the water restrictions signs that the Town has are out and the Town is in the process of ordering more signs.

3. Staff Communications

a. Larimer County Sheriff's Office Monthly Report - May 2022

Seargent Cherry reviewed the monthly report that was included in packet material.

b. Board of Trustees Planning Calendar

4. Board Reports

Trustee Gaiter informed the Board that the Transportation pilot program will begin very soon and commented on his experience at the CML Conference.

Trustee Tietz commented about a health and safety issue in Town.

Trustee Wiegand gave thanks for allowing him to attend the CML Conference.

Mayor Pro Tem Macdonald commented that the CML Conference was a great opportunity to bond and build relationships with fellow Board Members as well as other elected officials and staff from other municipalities.

Trustee Mason commented the CML Conference was a great opportunity.

Trustee Kinney commented on the CML Conference and expressed the importance for the Board to attend the conference.

G. ADJOURN

Upon a motion duly made, the meeting was adjourned at 8:33 p.m.

Krystal Eucker, Town Clerk

DRAFT

Board of Trustees Meeting

Date: July 12, 2022
Subject: Ordinance No. 14-2022 - An Ordinance Concerning Utility Billing Procedures

• **Presentation: Charity Campfield, Finance Director**

BACKGROUND / DISCUSSION

After a thorough review of Chapter 13 of the Wellington Municipal Code, staff identified areas of the code that could be amended to improve process procedures. This is part of the town's continued efforts to have a self-sustaining enterprise system. The goal of these code changes is to help implement a more efficient utility billing system, encourage consumer accountability and provide more proactive accounting in the utility system.

- Repeal Sec. 13-1-80 (b) Utility service deposit requirements.
- Sec. 13-1-90 (a) Repeal tenant responsibility.
- Sec. 13-1-90 (b) Late fees are adjusted from 1% to a flat fee of \$5.
- Sec. 13-1-130 (1) door tags will be hung 24 hours prior to shut-off.
- Sec. 13-1-130 (2) e. \$50 service charge for discontinued service.
- Sec. 13-1-130 (3) \$20 fee for every subsequent turn off notice in a calendar year.
- Sec. 13-1-150 Addition of Finance director to list of staff to make corrections to utility accounts.

STAFF RECOMMENDATION

Staff has identified the following options for Trustee consideration:

1. Approve Ordinance No. 14-2022, An Ordinance of the Board of Trustees Approving Utility Billing changes
2. Approve Ordinance No. 14-2022 with amendments as the Board of Trustees deems appropriate.
3. Postpone consideration of Ordinance No. 14-2022 and provide guidance to staff as to requested modifications.
4. Vote to deny Ordinance No. 14-2022.

ATTACHMENTS

1. Ordinance 14-2022 - Chapter 13 billing - clean version
2. Summary of Changes - Ordinance 14-2022 - Chapter 13 billing

TOWN OF WELLINGTON

ORDINANCE NO. 14-2022

AN ORDINANCE AMENDING CHAPTER 13 OF THE WELLINGTON MUNICIPAL CODE CONCERNING UTILITY BILLING PROCEDURES

WHEREAS, the Town of Wellington, pursuant to Chapter 13 of the Wellington Municipal Code, provides utility services to residents and customers; and

WHEREAS, portions of Chapter 13 have not been followed as unnecessary for the operations of the municipal utility;

WHEREAS, the Town of Wellington Board of Trustees desires that the rules and procedures of the Town billing department be clear to residents and customers; and

WHEREAS, the Town of Wellington Board of Trustees desires that the fees charged by the Town for late fees, serving notice, and service termination reflect the actual costs of the Town.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF WELLINGTON, COLORADO, AS FOLLOWS:

1. Section 13-1-80 of the Wellington Municipal Code is amended to read as follows:

Sec. 13-1-80. - Water service initiation.

(a) Application for initiation of service or transfer of billing. Application to have water turned on or transferred from one (1) party to another shall be made in writing to the Town Administrator. The Town may require written agreement by the applicant to abide by and accept all of the provisions of this Code pertaining to water or sewer service or other health, engineering or service limitations relative to service as conditions governing the use of the Town's Utility facilities by the applicant.

(b) Repealed.

2. Section 13-1-90 of the Wellington Municipal Code is amended to read as follows:

Sec. 13-1-90. - Payment of user charges.

(a) *Owner responsible for payment.* The owner or owners of any building or premises connected with the Town water or sewer facilities shall be held and deemed liable for the payment of all Utility user charges levied against such building or premises.

(b) *Utility bills due and payable.* The Town shall issue Utility bills for Utility user charges in the Town's normal course of billing. All Utility user charges shall be due when

service is provided. The User's failure to receive a billing shall not relieve the User of the obligation to timely Utility user charges before delinquency. Any Utility user charge becomes a Delinquent account if not paid in full on or before the twentieth day of the month after the User receives a billing for such Utility user charges. Water service to a delinquent water account may be discontinued until any Delinquent account is paid in full.

Upon becoming delinquent a late fee (penalty) of five dollars (\$5) shall be assessed against account balances each month if not paid after the 20th day of the month. Any Delinquent account may be charged reasonable attorney's fees and other costs of collection incurred by the Town.

3. Section 13-1-130 of the Wellington Municipal Code is amended to read as follows:

Sec. 13-1-130. - Discontinuance of utility services by Town.

Water Utility service to a User may be terminated upon the failure of the User to pay the amount due on the utility bill on or before the twentieth day of the month, for the payment of a utility bill with an insufficient fund or no account instrument, for failure to comply with the conditions of an installment payment plan, for unsafe or hazardous service lines, for tampering in any manner with the Town's utility facilities, for failing to abide by water use imposed by the Board of Trustees or for violation of any of the provisions of this Article. Advance notice of the pending termination shall be given only for the failure of a User to pay the amount due on the utility bill, or for the payment of a utility bill with an insufficient fund or no-account check.

(1) Notice of pending termination of utility service. Any required notice of the termination of water service shall be served upon the User or owner of the property owing a delinquent utility account at least twenty-four (24) hours before the service is to be terminated. Such notice shall be taped to or hung on the door (door tag) to the address listed in the utility billing records which shall be sufficient to satisfy this requirement.

(2) The notice shall contain the following information:

- a. The account number;
- b. The amount of the unpaid bill and the amount that must be collected in order to avoid shut off;
- c. The date on which the utility service will be terminated if the unpaid bill is not paid in sufficient amount;
- d. The employee(s) of the Town to be contacted to ask about the notice, and the telephone number and normal office hours during which staff can be reached;
- e. That an additional fifty-dollar (\$50) service charge will be added to the bill if a service is turned off.

(3) If a second or subsequent turn-off notice is delivered in a twelve-month period, a notice fee of twenty dollars (\$20) will be added to the bill.

(4) Termination of service. Water utility service to a User may be terminated by turning off the water at the curb stop or at the meter, or by removal of the meter or in such other manner as determined by the town.

(5) Restoration of service. Service to a property that has been terminated for service shall not be restored until:

- a. The delinquent utility user charges have been paid in full, including penalties and the service fee(s) for service restoration; or
- b. A service fee is paid for restoring services and the owner of the property served enters an installment payment plan with the Town. The Owner's agreement to an installment payment plan shall not satisfy the lien held by the Town against the property served.
- c. The cause for termination has been corrected.

4. Section 13-1-150 of the Wellington Municipal Code is amended to read as follows:

Sec. 13-1-150. - Corrections in accounts.

The Finance Director, Utility Billing Clerk or Town Administrator is authorized to correct billing errors or make other adjustments to a User's account as may be appropriate to comply with this Chapter.

PASSED AND ADOPTED by the Board of Trustees of the Town of Wellington, Colorado and ordered published this 12th day of July, 2022 and ordered to become effective 30 days from the date of publication.

TOWN OF WELLINGTON, COLORADO

By: _____
Calar Chaussee, Mayor

ATTEST:

Krystal Eucker, Town Clerk

SUMMARY OF CHANGES MADE BY ORDINANCE NO. 14-2022
July 8, 2022

This document highlights and tracks the changes made by the version of Ordinance 14-2022 included in the Board packet on July 12, 2022. The below is intended to aid the Board of Trustees in evaluating the proposed ordinance changes and not to be enacted. The included ordinance is the version to be considered by the Board of Trustees.

1. Section 13-1-80 of the Wellington Municipal Code is amended as follows, with underlined portions indicating additions and strikethroughs indicating deletions:

Sec. 13-1-80. - Water service initiation.

(a) Application for initiation of service or transfer of billing. Application to have water turned on or transferred from one (1) party to another shall be made in writing to the Town Administrator. The Town may require written agreement by the applicant to abide by and accept all of the provisions of this Code pertaining to water or sewer service or other health, engineering or service limitations relative to service as conditions governing the use of the Town's Utility facilities by the applicant.

(b) ~~Repealed. Utility service deposit required, refund allowed. A refundable deposit of an amount established by resolution by the Board of Trustees to offset the Town's costs shall be required as a condition of providing any utility service to a customer under the following circumstances:~~

- ~~(1) Any new customer;~~
- ~~(2) Any customer who changes address to which utility service is furnished, except when such customer has been a nondelinquent customer during the most recent twelve-month period;~~
- ~~(3) Any customer who receives one (1) shut-off notice or two (2) delinquency notices within the previous year; or~~
- ~~(4) Any customer whose water service has been terminated because of delinquency.~~

~~Any deposit held by the Town, less any amount still due the Town for utility service, shall be refunded to the customer who paid the deposit after eighteen (18) months of continuous service wherein no delinquency or shut-off notice has been issued or when service to the customer is discontinued on a permanent basis, whichever occurs first. No interest will be paid by the Town upon refund of the deposit.~~

2. Section 13-1-90 of the Wellington Municipal Code is amended as follows, with underlined portions indicating additions and strikethroughs indicating deletions:

Sec. 13-1-90. - Payment of user charges.

(a) *Owner responsible for payment.* The owner or owners of any building or premises connected with the Town water or sewer facilities shall be held and deemed liable for the

payment of all Utility user charges levied against such building or premises. ~~A tenant in possession of the premises may apply for service and agree to pay the User charges; however, this will not relieve the owner of his or her liability for water, sewer and storm drainage Utility charges levied against the property.~~

(b) *Utility bills due and payable.* The Town shall issue Utility bills for Utility user charges in the Town's normal course of billing. All Utility user charges shall be due when service is provided. The User's failure to receive a billing shall not relieve the User of the obligation to timely Utility user charges before delinquency. Any Utility user charge becomes a Delinquent account if not paid in full on or before the twentieth day of the month after the User receives a billing for such Utility user charges. Water service to a delinquent water account may be discontinued until any Delinquent account is paid in full.

Upon becoming delinquent a late fee (penalty) of five dollars (\$5) ~~one (1) percent of the deficiency~~ shall be assessed against account balances each month if not paid after the 20th day of the month. Any Delinquent account may be charged reasonable attorney's fees and other costs of collection incurred by the Town.

3. Section 13-1-130 of the Wellington Municipal Code is amended as follows, with underlined portions indicating additions and strikethroughs indicating deletions:

Sec. 13-1-130. - Discontinuance of utility services by Town.

Water Utility service to a User may be terminated upon the failure of the User to pay the amount due on the utility bill on or before the twentieth day of the month, for the payment of a utility bill with an insufficient fund or no account instrument, for failure to comply with the conditions of an installment payment plan, for unsafe or hazardous service lines, for tampering in any manner with the Town's utility facilities, for failing to abide by water use imposed by the Board of Trustees or for violation of any of the provisions of this Article. Advance notice of the pending termination shall be given only for the failure of a User to pay the amount due on the utility bill, or for the payment of a utility bill with an insufficient fund or no-account check.

(1) Notice of pending termination of utility service. Any required notice of the termination of water service shall be served upon the User or owner of the property owing a delinquent utility account at least twenty four (24) hours ~~ten (10) business days~~ before the ~~date~~ the service is to be terminated. Such notice shall be taped to or hung on the door (door tag) to the address listed in the utility billing records which shall be sufficient to satisfy this requirement.

(2) The notice shall contain the following information:

- a. The account number;
- b. The amount of the unpaid bill and the amount that must be collected in order to avoid shut off;

- c. The date on which the utility service will be terminated if the unpaid bill is not paid in sufficient amount;
- d. The employee(s) of the Town to be contacted to ask about the notice, and the telephone number and normal office hours during which staff can be reached;
- e. That an additional fifty dollar (\$50) ~~twenty-five dollars (\$25.00)~~ service charge will be added to the bill if a service is turned off.

(3) If a second or subsequent turn-off notice is delivered in a twelve-month period ~~resulting in a service turn-off~~, a notice fee of twenty dollars (\$20) will be added to the bill.

(4) Termination of service. Water utility service to a User may be terminated by turning off the water at the curb stop or at the meter, or by removal of the meter or in such other manner as determined by the town.

(5) Restoration of service. Service to a property that has been terminated for service shall not be restored until:

- a. The delinquent utility user charges have been paid in full, including penalties and the service fee(s) for service restoration; or
- b. A service fee is paid for restoring services and the owner of the property served enters an installment payment plan with the Town. The Owner's agreement to an installment payment plan shall not satisfy the lien held by the Town against the property served.
- c. The cause for termination has been corrected.

- 4. Section 13-1-150 of the Wellington Municipal Code is amended as follows, with underlined portions indicating additions and strikethroughs indicating deletions:

Sec. 13-1-150. - Corrections in accounts.

The Finance Director, Utility Billing Clerk or Town Administrator is authorized to correct billing errors or make other adjustments to a User's account as may be appropriate to comply with this Chapter.

Board of Trustees Meeting

Date: July 12, 2022
Subject: New License Application - KLC2, LLC d/b/a Wellington Manor

- **Presentation: Krystal Eucker, Town Clerk**

BACKGROUND / DISCUSSION

KLC2, LLC, d/b/a Wellington Manor has submitted an application for a Lodging and Entertainment retail liquor license on April 26, 2022. Since that time, the application has been corrected and/or amended. The application included in packet material dated, June 17, 2022 is the complete and correct version of the application. The premise location for the application is 3922 Cleveland, Avenue within the Town of Wellington.

KLC2, LLC has submitted all the required documentation for the application which includes:

- Completed Liquor Retail License Application form for the Lodging and Entertainment license class.
- Payment of associated fees to the Town of Wellington and to the State of Colorado.
- Diagram of the premise area to be licensed.
- Proof of possession of the premise through a lease agreement.
- Background information and Financial Documents – Documentation not included in packet material.
- Limited Liability Company Applicant Information

Wellington Manor is a full-service spa that will sell liquor beverages to patrons during spa services. Wellington Manor is also able to host small events such as weddings and baby/bridal showers.

Notice of the public hearing was published in the Fort Collins Coloradoan on July 1, 2022 and the notice sign was posted on the premise location on July 1, 2022.

In processing an application, the local licensing authority must consider the following as outlined in C.R.S 44-3-312:

- facts and evidence;
- reasonable requirements of the neighborhood;
- desires of adult inhabitants of the neighborhood;
 - Wellington Manor received 28 signatures in support of the liquor license application. The signatures are from business owners, business managers and residents within a quarter-mile radius of the establishment. To date, no remonstrances have been received by the Town Clerk's office.
- the number, type, and availability of alcohol beverage outlets in the area;
 - There are six on-premise liquor licenses within a quarter mile; four restaurants and two sales rooms.

- an initial background check of the individuals involved; and
 - Applicants Kristi Cannon and Lisa Christopherson completed the fingerprinting process through Colorado Fingerprinting on May 21, 2022. Results from the fingerprinting were returned to the Larimer County Sheriff's Office (LCSO). LCSO Sergeant Maul reviewed the results and did not report concerns with the results and approved the applicants. Ms. Cannon and Ms. Christopherson completed and submitted individual history records and there were no concerns with the information provided.
- the effect on competition in certain cases
 - There is no other establishment in the Town of Wellington that holds a Lodging and Entertainment liquor license.

Pursuant to C.R.S 44-3-312(3) Any decision of a local licensing authority approving or denying an application shall be in writing stating the reasons therefor within thirty days after the date of the public hearing, and a copy of the decision shall be sent by certified mail to the applicant at the address shown in the application.

STAFF RECOMMENDATION

Staff has identified the following options for Trustee consideration:

1. Approve the Colorado Liquor Retail License Application for KLC2, LLC.
2. Postpone consideration of the Colorado Liquor Retail License Application to a specific date and time and provide direction regarding additional information or amendments the Trustees would like to request for their further consideration.
3. Deny the application upon the grounds outlined in C.R.S 44.3.312.

Staff recommends option #1.

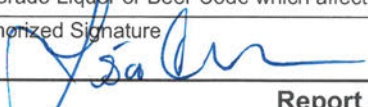
ATTACHMENTS

1. KLC2, LLC Application

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Name KLC2, LLC	Type of License Lodging & Entertainment	Account Number													
7. 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 ☒ 8. 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? ☐ ☒ b. Had an alcohol beverage license suspended or revoked? ☐ ☒ c. Had interest in another entity that had an alcohol beverage license suspended or revoked? ☐ ☒ If you answered yes to 8a, b or c, explain in detail on a separate sheet. 9. Has a liquor license application (same license class), that was located within 500 feet of the proposed premises, been denied within the preceding two years? If "yes", explain in detail. ☐ ☒ 10. 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? ☐ ☒ or Waiver by local ordinance? ☐ ☐ Other: _____ 11. 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 (>) 10,000? 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. ☐ ☒ 12. 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 (<) 10,000? 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. ☐ ☒ 13 a. For additional Retail Liquor Store only. Was your Retail Liquor Store License issued on or before January 1, 2016? ☐ ☐ 13 b. Are you a Colorado resident? ☒ ☐ 14. 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 <u>current</u> financial interest in said business including any loans to or from a licensee. ☒ ☒ 15. Does the applicant, as listed on line 2 of this application, have legal possession of the premises by ownership, lease or other arrangement? ☒ ☐ ☐ Ownership ☒ Lease ☐ Other (Explain in Detail) _____ a. If leased, list name of landlord and tenant, and date of expiration, exactly as they appear on the lease: <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="width: 40%;">Landlord KLC2 Management, LLC</td> <td style="width: 40%;">Tenant KLC2, LLC</td> <td style="width: 20%;">Expires 30 April, 2027</td> </tr> </table> b. Is a percentage of alcohol sales included as compensation to the landlord? If yes, complete question 16. ☐ ☒ 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 8 1/2" X 11". 16. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies) will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money from this business? Attach a separate sheet if necessary. <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <tr> <td style="width: 25%;">Last Name KLC2 Management, LLC</td> <td style="width: 25%;">First Name</td> <td style="width: 15%;">Date of Birth</td> <td style="width: 20%;">FEIN or SSN [REDACTED]</td> <td style="width: 15%;">Interest/Percentage 100%</td> </tr> <tr> <td>Last Name</td> <td>First Name</td> <td>Date of Birth</td> <td>FEIN or SSN</td> <td>Interest/Percentage</td> </tr> </table> 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. 17. Optional Premises or Hotel and Restaurant Licenses with Optional Premises: Has a local ordinance or resolution authorizing optional premises been adopted? ☐ ☒ Number of additional Optional Premise areas requested. (See license fee chart) _____ 18. 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. 19. 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? ☐ ☐ If "yes" a copy of license must be attached.			Landlord KLC2 Management, LLC	Tenant KLC2, LLC	Expires 30 April, 2027	Last Name KLC2 Management, LLC	First Name	Date of Birth	FEIN or SSN [REDACTED]	Interest/Percentage 100%	Last Name	First Name	Date of Birth	FEIN or SSN	Interest/Percentage
Landlord KLC2 Management, LLC	Tenant KLC2, LLC	Expires 30 April, 2027													
Last Name KLC2 Management, LLC	First Name	Date of Birth	FEIN or SSN [REDACTED]	Interest/Percentage 100%											
Last Name	First Name	Date of Birth	FEIN or SSN	Interest/Percentage											

Name KLC2, LLC	Type of License Lodging & Entertainment	Account Number		
20. Club Liquor License applicants answer the following: Attach a copy of applicable documentation				
a. Is the applicant organization operated solely for a national, social, fraternal, patriotic, political or athletic purpose and not for pecuniary gain?		Yes ☐ No ☐		
b. Is the applicant organization a regularly chartered branch, lodge or chapter of a national organization which is operated solely for the object of a patriotic or fraternal organization or society, but not for pecuniary gain?		☐ ☐		
c. How long has the club been incorporated?				
d. Has applicant occupied an establishment for three years (three years required) that was operated solely for the reasons stated above?		☐ ☐		
21. Brew-Pub, Distillery Pub or Vintner's Restaurant applicants answer the following:				
a. Has the applicant received or applied for a Federal Permit? (Copy of permit or application must be attached)		☐ ☐		
22. Campus Liquor Complex applicants answer the following:				
a. Is the applicant an institution of higher education?		☐ ☐		
b. Is the applicant a person who contracts with the institution of higher education to provide food services? If "yes" please provide a copy of the contract with the institution of higher education to provide food services.		☐ ☐		
23. For all on-premises applicants.				
a. Hotel and Restaurant, Lodging and Entertainment, Tavern License and Campus Liquor Complex, the Registered Manager must also submit an Individual History Record - DR 8404-I and fingerprint submitted to approved State Vendor through the Vendor's website. See application checklist, Section IV, for details.				
b. For all Liquor Licensed Drugstores (LLDS) the Permitted Manager must also submit a Manager Permit Application - DR 8000 and fingerprints.				
Last Name of Manager Christopherson		First Name of Manager Lisa		
24. 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 ☒		
25. Related Facility - Campus Liquor Complex applicants answer the following:				
a. Is the related facility located within the boundaries of the Campus Liquor Complex? 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		
26. 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.?		☐ ☒		
27. 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 KLC2 Management, LLC	Home Address, City & State 3922 Cleveland Ave., Wellington, CO	DOB	Position Member	%Owned 100
Name Lisa R. Christopherson	Home Address, City & State [REDACTED]	DOB [REDACTED]	Position President	%Owned 0
Name Kristi L. Cannon	Home Address, City & State [REDACTED]	DOB [REDACTED]	Position Vice President	%Owned 0
Name See Attachment 1	Home Address, City & State	DOB	Position	%Owned
Name	Home Address, City & State	DOB	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.				

Name KLC2, LLC		Type of License Lodging & Entertainment	Account Number	
Oath Of Applicant				
I declare under penalty of perjury in the second degree that this application and all attachments are true, correct, and complete to the best of my knowledge. I also acknowledge that it is my responsibility and the responsibility of my agents and employees to comply with the provisions of the Colorado Liquor or Beer Code which affect my license.				
Authorized Signature 		Printed Name and Title Lisa R. Christopherson		Date 17 June 2022
Report and Approval of Local Licensing Authority (City/County)				
Date application filed with local authority		Date of local authority hearing (for new license applicants; cannot be less than 30 days from date of application)		
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				
☐ 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 > 10,000?				Yes No ☐ ☐
☐ 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 < 10,000?				☐ ☐
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.				
☐ 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?				☐ ☐
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 for Town of Wellington		Telephone Number 970-568-3381		☒ Town, City ☐ County
Signature	Print	Title	Date	
Signature	Print	Title	Date	

ATTACHMENT 1
(KLC2, LLC - Retail Liquor Application)

- 27. 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.**

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

Lisa R. Christopherson – Ms. Christopherson is the President of KLC2, LLC and is a Member (50% ownership interest) and the Chief Operating Officer of KLC2 Management, LLC. Ms. Christopherson is the designated principal officer of KLC2 Management, LLC and KLC2, LLC

Kristi L. Cannon – Ms. Cannon is the Vice President of KLC2, LLC and is a Member (50% ownership interest) and the Chief Financial Officer of KLC2 Management, LLC.

Tax Check Authorization, Waiver, and Request to Release Information

I, Lisa Christopherson am signing this Tax Check Authorization, Waiver and Request to Release Information (hereinafter "Waiver") on behalf of KLC2, LLC (the "Applicant/Licensee") 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) <u>KLC2, LLC</u>		Social Security Number/Tax Identification Number [REDACTED]	
Address <u>3922 Cleveland Ave</u>			
City <u>Wellington</u>		State <u>CO</u>	Zip <u>80549</u>
Home Phone Number [REDACTED]		Business/Work Phone Number <u>970-568-3008</u>	
Printed name of person signing on behalf of the Applicant/Licensee <u>Lisa Christopherson</u>			
Applicant/Licensee's Signature (Signature authorizing the disclosure of confidential tax information) <u>[Signature]</u>			Date signed <u>17 June, 2022</u>

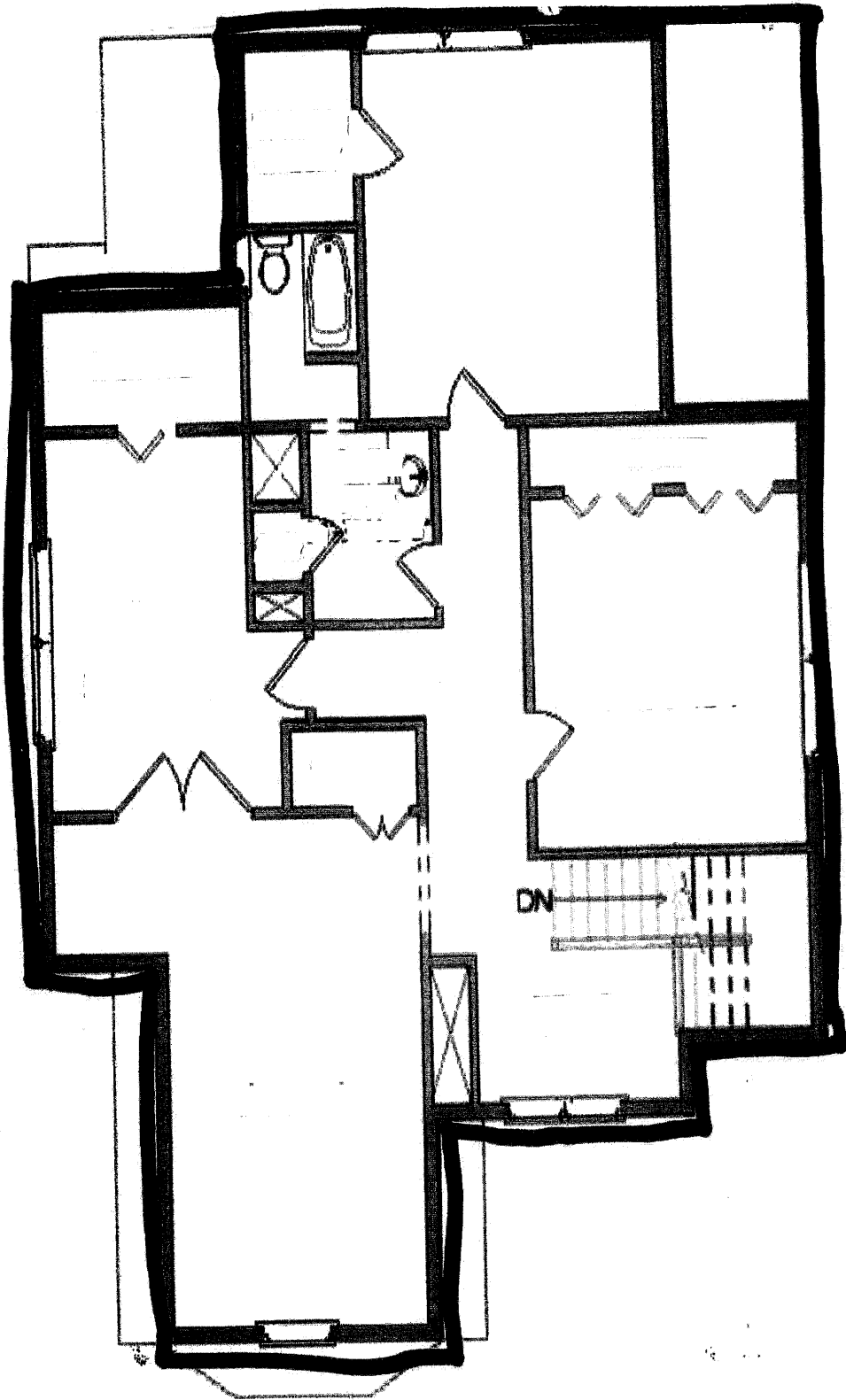
Privacy Act Statement

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).

**OUTDOOR STORAGE AREA &
NORTHERN LOT BOUNDARY**

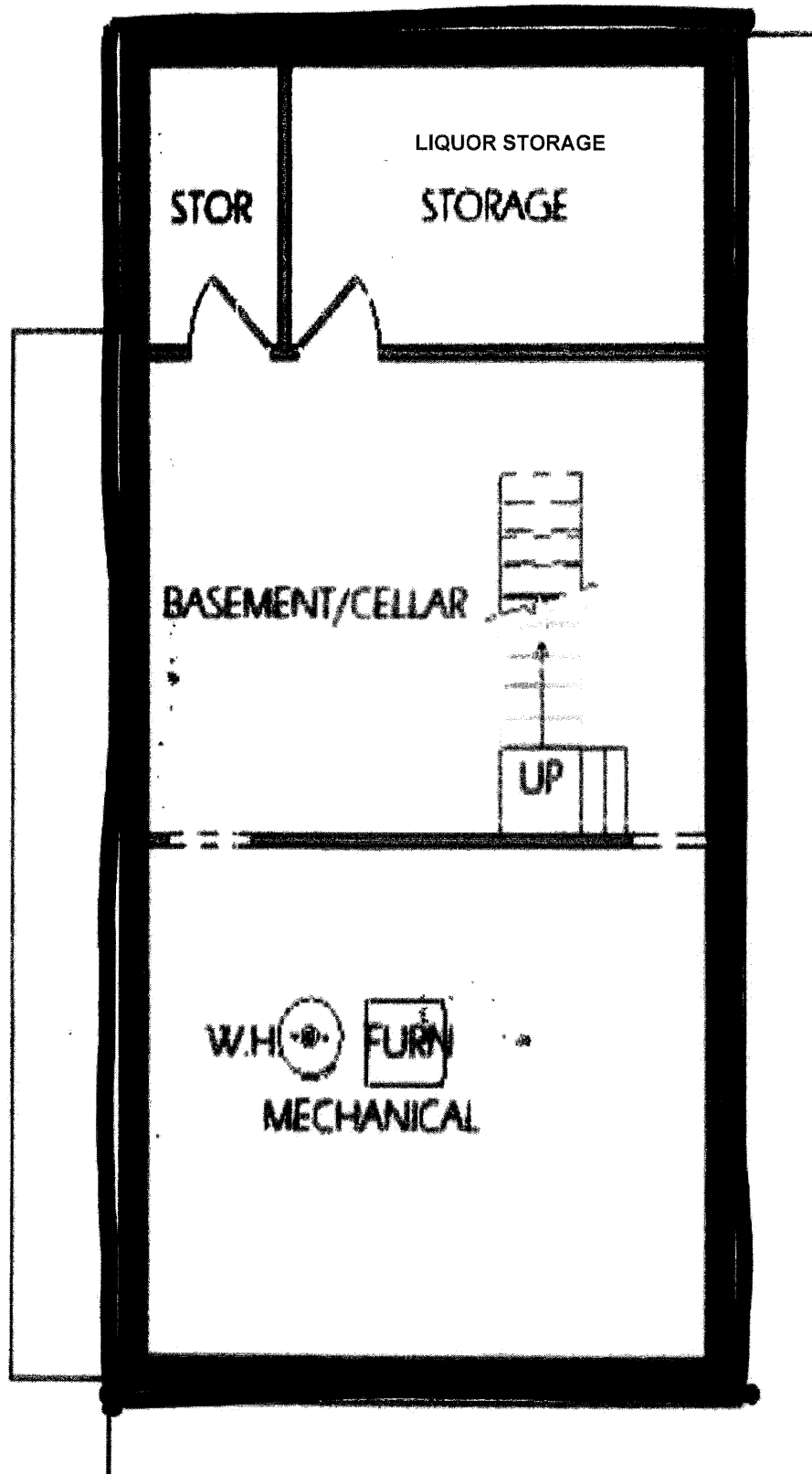


**SECOND
FLOOR**



KLC2, LLC - LIQUOR APPLICATION

BASEMENT



KLC2, LLC - LIQUOR APPLICATION

LEASE AGREEMENT

3922 Cleveland Ave.

THIS LEASE AGREEMENT is made and entered into this 17th day of June, 2022 by and between KLC2 Management, LLC (*hereinafter* "Lessor") and KLC2, LLC (*hereinafter* "Lessee") and is effective and binding for the entirety of the term described herein.

1. LEASED PREMISES

Lessor agrees to lease to Lessee, for and in consideration of the payment of rent and the performance by Lessee of the covenants and agreements set forth herein, the following described property (*hereinafter* "Premises"):

LOT 1, Wellington Manor Minor Subdivision, being a Replat of Block 3, Benders Addition to the Town of Wellington,
County of Larimer, State of Colorado.

Address to be known as 3922 Cleveland Ave., Wellington, CO 80549

2. TERM

The term of this lease shall be five (5) years, commencing on May 1, 2022 and ending on April 30, 2027. Upon the end of the initial term and at the end of each renewal term thereafter, this lease shall renew automatically for an additional five (5) year term until such time as the Lessor and Lessee mutually agree to terminate the same.

3. RENT

3.01 Base Rent: Lessee agrees to pay Lessor base rent monthly in an amount equivalent to the Lessor's monthly mortgage payment for the first year of the initial five-year term. Parties shall negotiate and set the base rent amount for the remainder of the initial term and for each renewal five term at least 30 days prior to the end of the first year of the initial term and at least 30 days prior to end of each renewal term, respectively.

3.02 Inclusions: In addition to space, base rent shall include the following:

- a. Real estate taxes
- b. Building insurance

3.03 Exclusions: Base rent shall not include the following:

- a. Utilities
- b. High speed internet access
- c. Computer networking capabilities
- d. Access to a server for data storage or transmission
- e. Copies
- f. Phone-answering services
- g. Secretarial services.

3.04 Additional Rent: Lessee will owe Lessor amounts for Additional Rent as stated in various sections of this Agreement.

3.05 Taxes & Operating Expenses: Beginning on the date of possession, Lessee shall pay and be solely responsible for any and all personal property taxes assessed against the leased Premises or the contents therein.

Unless otherwise stated herein, Lessee shall be responsible for paying its own operating expenses.

3.06 Payment Terms:

- a. All rent payments shall be payable in advance of the month and are due on the first (1st) day of every month.
- b. Payments shall be in the form of a check made out to Lessor: KLC2 Management, LLC.
- c. Said payment amounts shall be mailed or delivered to Lessor at the address stated in the Signature section of this lease agreement.

4. SECURITY DEPOSIT

Upon Lessor's written request, Lessee shall pay Lessor a security deposit in an amount not greater than one month's base rent.

5. WARRANTY OF TITLE

Lessor warrants that it is well-seized of the Premises herein demised and that this lease does not breach any prior made agreements that Lessor has with other parties, including mortgagees or other creditors.

6. LESSOR NOT A PARTNER

Nothing herein contained shall be deemed, held or construed as creating Lessor as a partner, agent, or associate of or in a joint venture with Lessee in the conduct of business or operations, or as rendering Lessor liable for any debts, liabilities or obligations incurred by Lessee in the conduct of said business or operations, it being expressly understood and agreed that that relationship between the parties hereto is and shall remain at all times that of Lessor and Lessee.

7. PERSONAL PROPERTY

7.01 Lessor's Personal Property: Lessor shall remove all personal property, identified in advance to be such property, before Lessee takes possession of the Premises. Should said removal cause any damage to the Premises, Lessor agrees to restore the same at its expense. Any property not identified in advance to be Lessor's personal property shall become part of the leased Premises.

7.02 Fixtures and Improvements: Partition walls, wiring, plumbing, carpeting wall coverings and any fixtures and improvements which have become an integral part of the Premises, whether installed by the Lessor or Lessee, shall not be removed and shall remain a part of the Premises after the end of the lease term.

8. USE OF PREMISES

8.01 Use: Lessee agrees that it will use and occupy the Premises as and for an event center, office, and other reasonably related activities, including all reasonably related activities for its employees, contractors and customers. No additional or different use of the Premises shall be allowed without the prior written consent of the Lessor.

8.02 Equipment: All equipment shall be placed and maintained by the Lessee at Lessee's expense and the Lessee will remove those items at Lessee's expense prior to the termination of the lease.

8.03 Plumbing, Water Usage: The water and restrooms and other plumbing fixtures shall not be used for any purpose other than those for which they are designed or constructed and no sweepings, rubbish, rags, acids or other substances shall be deposited therein.

9. CONDITION OF PREMISES

9.01 Acceptance: Except as otherwise provided in this lease, Lessee hereby accepts the Premises in the condition existing as of the lease commencement date or the date the Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto.

9.02 Prior Agreements: Notwithstanding the foregoing paragraph, to the extent that any condition and repair or other accommodation related thereto has been negotiated between Lessor and Lessee prior to the lease commencement or possession date, whichever is earlier, and is not yet complete by the earlier of the aforementioned dates, said repair shall commence as soon as reasonably possible and at the expense of the agreed to party.

10. REPAIRS & REPLACEMENTS

10.01 Lessee Obligations: Lessee will be responsible for repairing damage to the Premises and replacing damaged items to the extent such damages are caused by the Lessee, its employees, agents or invitees. Said repairs and replacements shall be made at the sole cost and expense of the Lessee. Repairs and replacements shall be in quality and class equal to the original work or installation.

Lessee shall replace all glass damaged or broken from any fault of the Lessee or Lessee's agents, employees, or clients.

10.02 Lessor Obligations: Lessor shall make all repairs and replacements to the sidewalks and curbs adjacent thereto, if any, except that Lessor will not make repairs and replacements to extent such repairs and replacements are necessary because of an act or omission of the Lessee.

11. CLEANING & MAINTENANCE

11.01 Lessee Obligations

- a. Lessee assumes all maintenance obligations for the leased premises during the term of this lease.
- b. Lessee shall keep the leased Premises clean and in orderly at its own expense.
- c. The Lessee will be responsible for the cleaning of all interior windows, if any, of its Premises.
- d. To the extent applicable, sidewalks, entrance ways, corridors, stairways, etc., shall not be obstructed or encumbered by the Lessee or used for any purpose other than ingress and egress from the Premises. Nothing shall be stored outside the confines of the leased Premises.

12. ALTERATIONS, ADDITIONS & IMPROVEMENTS

12.01 Building Exterior: Lessee may not make any alterations, additions, or improvements to the exterior of the building without the prior written consent of the Lessor.

12.02 Interior of Premises: Lessee may not make any alterations, additions, or improvements to the interior of the leased Premises without the prior written consent of the Lessor; said consent shall not be unreasonably withheld.

12.04 Signs: Signage shall be allowed only with the prior written consent of the Lessor and if in conformity with the Town of Wellington Municipal Code or any applicable sign code. Lessee shall submit a proposal to Lessor for any signage for approval prior to installation. All requests for signage shall be subject to the sole subjective discretion of the Lessor. All sign related expenses, including permits, shall be incurred by the Lessee. It shall be Lessee's responsibility to remove signage upon termination of this lease.

12.05 General Provisions

- a. Any alterations, additions and improvements shall be made at the sole expense of the Lessee.
- b. The Lessee shall be responsible, at the discretion of the Lessor, for removing any alterations and returning the building to the original condition.
- c. No change or alterations shall be undertaken until Lessee shall have procured and paid for all required municipal and other governmental permits and authorizations of the various governmental entities having jurisdiction. All work done in connection with any change or alteration shall be done in a good and workmanlike manner and in compliance with all building and zoning laws, and with other laws, ordinances, orders, rules, regulations and requirements of all federal, state, and local governments having jurisdiction.

13. DAMAGE OR DESTRUCTION

13.01 Partial Damage or Destruction: In the event the Premises shall be damaged by fire or other casualty not caused by Lessee, and is rendered untenantable in part only, Lessor shall cause the damage to be repaired, and the rent, meanwhile, shall be abated proportionally as to the portion of the Premises rendered untenantable to the extent repairs are not paid with insurance proceeds.

13.02 Premises Rendered Untenantable: Except as provided hereinafter, if the Premises shall be rendered wholly untenantable by reason of fire or other casualty, to the extent insurance proceeds do not pay for any necessary repairs, Lessor may cause such damage to be repaired, and the rent meanwhile shall be abated in whole; provided, however, that there shall be no extension of the terms of this lease by reason of such abatement, unless specifically agreed to by the parties. If the Premises shall be rendered wholly untenantable, and if the damage shall be so great that is cannot be fit for occupancy within ninety (90) days from the happening thereof, then either the Lessor or Lessee shall have the option to terminate this lease from the date of the occurrence of such damage, and Lessee shall thereupon surrender to Lessor the Premises and all interests hereunder. Lessee shall pay rent, duly apportioned, up to the time of such termination of the lease.

13.03 Damage or Destruction Caused by Lessee: In case of fire or other casualty caused by the fault, neglect or willful act of Lessee or the presence of toxic and hazardous materials stored on the Premises by Lessee, it's employees, agents or invitees, Lessee shall promptly make all necessary repairs to restore the Premises and the building or any portion thereof to their condition prior to such occurrence at Lessee's sole cost and expense and the rent provided for in this lease shall not be abated. Any such repairs will be subject to the review, oversight and approval of the Lessor.

13.04 Lessor Not Liable to Lessee: The Lessor or its agents shall not be liable for any damage to property of the Lessee for any reason. The Lessees are notified that they must obtain their own liability, casualty and all loss coverage insurance for the leased Premises and their personal property therein as stated in Section 14 of this agreement.

14. INSURANCE

14.01 Lessor's Insurance: Lessor shall maintain a comprehensive public policy insurance policy of no less than \$1,000,000 of coverage. Such policy will be obtained and paid by the Lessor and will cover the Lessor's losses.

14.02 Lessee's Insurance

- a. *Liability Insurance* – Lessee shall obtain and keep in force during the term of this lease a policy of comprehensive general liability insurance in the minimum amount of \$1,000,000 combined single limit for bodily insurance and property damage. Lessee shall procure such insurance and pay premiums thereon. Such liability insurance shall include full liability coverage, insuring Lessor and Lessee against liability arising out of the use, occupancy or maintenance of the leased Premises and all areas appurtenant thereto. Property insurance to be provided by Lessee shall cover all loss or damage to the leased Premises in the amount of the full replacement value thereof, providing protection against all perils, including, but not limited to the following: fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk) and sprinkler or other leakage. No such policy shall be cancelable or modified except after ten (10) days written notice to Lessor. If Lessee fails to procure such insurance, Lessor shall have the right to procure such insurance and charge to Lessee the amount of the policy and premiums as Additional Rent.
- b. *Personal Property Insurance* – Lessee is advised by Lessor to obtain and maintain, at the Lessee's option and expense, additional insurance on Lessee's personal property within the Premises.
- c. *Proof of Insurance* – Proof of insurance coverage shall be provided to Lessor within thirty (30) days of execution of this lease.

15. ACCESS TO PREMISES

The Lessor shall have reasonable access to the leased premises during business hours or for emergency repairs. The Lessor will attempt to make arrangements with the Lessee and notify the Lessee prior to entering the premises.

16. INDEMNIFICATION

To the extent lawfully allowed, Lessee hereby releases, discharges and agrees to indemnify and hold harmless the Lessor from any and all claims, demands and liability for any loss, damage or injury, including death, to third persons and their property arising out of or occurring in connection with Lessee's use and occupancy of the Premises due to negligent or willful acts or a failure to act by the Lessee, its agents or invitees. This indemnity shall include all costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by Lessor in enforcing the terms and conditions of this indemnification.

17. CONDEMNATION

17.01 No Right to Participation: Should any part of this premises be taken by condemnation proceedings, Lessee shall not be entitled to negotiate or enter into legal proceedings concerning the said condemnation, nor shall Lessee be entitled to any portion of the consideration paid by the condemning authority to Lessor as a result thereof; nor shall Lessor be considered in default under the terms of this lease.

17.02 Termination: As a result of any condemnation proceeding, should the leased Premises or any portion thereof, become untenable by Lessee for the use and purposes for which the premises was initially leased (or for a different or additional use if the same was subsequently agreed to by the Lessor), at the election of either party, this lease may be terminated at such time said Premises is actually so taken by such condemnation proceeding, upon ten (10) days advanced written notice to the other party. Nothing herein contained shall be construed so as to prevent Lessee from pursuing the condemning authority, if Lessee so elects, for economic loss separate from and in addition to the award to Lessor. Notwithstanding the proceeding sentence, Lessor shall not be obligated or liable to Lessee for economic or consequential loss, if any, experienced by Lessee either as the result of said condemnation taking or as a result of the termination of this lease under the term of this Section.

18. ASSIGNMENT AND SUBLETTING

18.01 Subletting: Lessee shall not have the right to sublet the Premises unless the prior written consent of the Lessor is obtained. Any sublease must comply with all applicable rules, laws and ordinances of Estes Park, Larimer County and the State of Colorado.

18.02 Assignments: Lessee shall not have the right to assign this without the consent of the Lessor. Lessor shall have the right to assign this lease to a duly created business organization owned and operated by said Lessor. Lessor also reserves the right to sell the Building at any time. Should such a sale take place, the new owners of the building shall be bound to this lease agreement per Section 24 of this instrument.

19. DEFAULT & REMEDIES

19.01 Default: The occurrence of any one of the following events shall constitute default and thus breach of the lease:

- a. The vacating or abandoning of the Premises by the Lessee
- b. The failure by the Lessee to make any payment of rent, Additional Rent due or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of fifteen (15) days after written notice thereof by Lessor to Lessee; Lessee's right to cure expires five (5) days after written notice is postmarked.
- c. The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this lease to be observed and performed by Lessee
- d. The making by Lessee of any general assignment, not otherwise permitted, or a general arrangement for the benefit of creditors; the filing by or against the Lessee to be adjudged insolvent or a petition by the same for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Lessee, and the same is dismissed within sixty (60) days); the attachment of seizure of substantially all of Lessee's assets located at the Premises where such seizure is not discharged within thirty (30) days; the filing of any lien for unpaid utility charges, Federal, State, FICA, withholding, sales, income or property taxes that is not dismissed or vacated within thirty (30) days
- e. The failure of the Lessor to adhere to any obligations of this lease
- f. The failure of the Lessor to timely pay any and all debts and/or abide by any outstanding obligations related to the Premises that were made prior to or by this agreement
- g. Any illegal activity of the Lessee on the Premises.

19.02 Remedies: In case of any default or breach by either party, as set forth herein, the non-defaulting party may at any time thereafter terminate defaulting party's rights hereunder by any lawful means. Any such termination shall take place only after presenting a written notice and demand and a lapse of the defaulting party's time to cure the default, and shall take place without limiting the Lessor's rights or remedies that Lessor may have if Lessee is in default.

Upon termination, the Lessor may re-enter the premises and if Lessor does that, it shall not be deemed an acceptance of a surrender of the lease, satisfaction or termination of the lease, including but not limited to the lease, nor will it release the Lessee from liability to pay rent and additional monies due as provided herein.

19.03 If Lessee Defaults:

- a. Upon default by Lessee, the Lessor at Lessor's discretion may:
 - i. Terminate the lease, OR
 - ii. Resume possession of the premises if abandoned by the Lessee. In such case, the Lessor, may in its own name, but as agent for the Lessee if the rental agreement is not terminated, take possession of the premises in whole or in part for any period of time equal to or less than the remainder of the term; and the Lessor may sublease the premises to another Lessee. The Lessor may so sublease the premises making any changes to the premises that he deems fit or proper. The Lessor is not obligated to re-let the premises and if the Lessor relets the premises the Lessor shall not be required to pay the Lessee any surplus rent, nor will a Lessee be relieved from payment of the difference between the original Lessee's rental price and the subleasing price

- b. If Lessee defaults and Lessor terminates this lease or resumes possession without termination of the lease, then Lessor is entitled to the following:
- i. An amount equal to all expenses of re-letting the building, collecting rent, including reasonable attorney fees incurred by the Lessor in recovering possession and collecting rent.
 - ii. An amount equal to the amount of all rent and additional rent owned by the Lessee pursuant to this lease for the remaining period of the lease not including automatic renewals or extensions less the difference between the rent and additional rent collected by Lessor during the original term of the Lease.

19.04 Late Payments: Lessee hereby acknowledges that late payments by Lessee to Lessor of rent and other sums due hereunder will constitute default. If Lessor does not receive such payments within ten (10) days after their due date, Lessee shall pay to Lessor an additional late charge constituting five (5) percent of the delinquent amount. Any unpaid amounts shall be subject to a fifteen percent (15%) interest penalty, applied and compounded monthly, starting thirty (30) days after rent is due, until said amounts are paid in full.

20. POSSESSION & SURRENDER

20.01 Possession: Lessee will take possession of the leased Premises on May 1, 2022.

20.02 Surrender: Upon the expiration of the term of this agreement, the Lessee shall surrender the premises to the Lessor in good order and condition, wear and tear accepted. Prior to surrendering the Premises to Lessor, Lessee shall remove all of its property and have any carpets cleaned by a professional cleaner. If the Lessee has made modifications in the building, it shall at the discretion of the Lessor return the premises to the original condition as rented. If the Lessee has painted any walls or ceilings, any color other than the original white prescribed by the Lessor, the Lessee at the Lessor's discretion shall return the walls and ceiling to the original white color.

21. QUIET ENJOYMENT

Lessor covenants and agrees with Lessee that upon Lessee paying the rent and observing and performing all the terms, covenants and conditions on Lessee's part, Lessee shall peaceably and quietly enjoy the premises hereby demised subject to the terms and conditions of this lease. Further, no vehicles shall be parked overnight on the premises without the written consent of the Lessor.

22. GENERAL PROVISIONS

22.01 Merger: This lease constitutes a merger of all proposals, negotiations and representations with respect to the subject matter and provisions hereof, and may be altered, amended or modified only by the parties hereto. Any such alteration, amendment or modification of this agreement must be made in writing, signed and dated.

22.02 Assent to Breaches: No assent to any breach or default, whether explicit or implicit, of one or more of the terms, agreements or covenants hereof shall be deemed or taken to be a waiver of any subsequent or additional breach.

22.03 Holdovers: In the event Lessee remains in possession of the Premises after the expiration of this lease agreement, but after giving proper notice of Lessee's intent not to renew the lease, the Lessee shall be considered a holdover Lessee. In such circumstance, the Lessor will have the option to evict the Lessee pursuant to state law *or* to treat the Lessee as a month-to-month Lessee. Should Lessor elect to treat the Lessee as a month-to-month Lessee, Lessee agrees to pay rent on the first of every month in the amount applicable to the lease agreement immediately prior to the holdover tenancy and to adhere to all terms and covenants stated in said lease agreement. Said month-to-month tenancy may be ended by either party so long as the terminating party provides at least thirty (30) days written notice to the other party.

22.04 Severability: Invalidation of any portion of this lease by a Court of competent jurisdiction shall in no way affect any of the other provisions herein contained which shall remain in full force and effect.

22.05 Choice of Law and Forum: Any dispute arising under or related to this lease shall be adjudicated according to the laws of the State of Colorado. Any legal proceeding shall take place in the appropriate Court located in Larimer County, State of Colorado.

23. NOTICE

Wherever under this lease a provision is made for any demand or notice or where it is necessary for either party to give or serve notice or a demand to the other party, said demand or notice shall be in writing and delivered by hand or U.S. Mail, addressed to the parties and addresses set forth in the Signature section of this lease agreement.

24. BINDER

This lease and all of its provisions shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, devisees, successors and beneficiaries.

INTENTIONALLY BLANK

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this lease as of the day first written above.

LESSOR - KLC2 MANAGEMENT, LLC

LESSEE - KLC2, LLC


By: Lisa Christopherson
Chief Operating Officer


By: Lisa Christopherson
President

Mailing Address

[REDACTED]

Mailing Address:

[REDACTED]



Colorado Secretary of State

Colorado Secretary of State
ID#: 20221174331
Document #: 20221174331
Filed on: 02/21/2022 06:20:42 PM
Paid: \$50.00

Articles of Organization for a Limited Liability Company filed pursuant to § 7-90-301 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

The domestic entity name of the limited liability company is KLC2 LLC

The principal office street address is 3922 Cleveland Ave
Wellington CO 80549-5055
US

The principal office mailing address is



The name of the registered agent is Lisa Christopherson

The registered agent's street address is



The registered agent's mailing address is



The person above has agreed to be appointed as the registered agent for this limited liability company.

The management of the limited liability company is vested in Members

There is at least one member of the limited liability company.

Person(s) forming the limited liability company

Lisa Christopherson



Kristi Lynn Cannon



Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., and, if applicable, the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

Name(s) and address(es) of the individual(s) causing the document to be delivered for filing

Lisa Christopherson



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,

KLC2 LLC

is a

Limited Liability Company

formed or registered on 02/21/2022 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 20221174331 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 06/15/2022 that have been posted, and by documents delivered to this office electronically through 06/16/2022 @ 11:31:22 .

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 06/16/2022 @ 11:31:22 in accordance with applicable law. This certificate is assigned Confirmation Number 14099205 .



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 Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF TRADE NAME

I, Jena Griswold, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office, a Statement of Trade Name for:

Wellington Manor

(Entity ID # 20221278205)

was filed in this office on 03/18/2022 with an effective date of 03/18/2022 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 06/16/2022 that have been posted, and by documents delivered to this office electronically through 06/17/2022 @ 12:37:06 .

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 06/17/2022 @ 12:37:06 in accordance with applicable law. This certificate is assigned Confirmation Number 14102049 .



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 Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

OPERATING AGREEMENT
OF
KLC2, LLC
(A Colorado Limited Liability Company)

THIS OPERATING AGREEMENT is made and entered into effective this 17 day of June, 2022, by and between, KLC2, LLC, a Colorado Limited Liability Company [hereinafter the "Company"] and KLC2 Management, LLC [hereinafter the "Member"].

ARTICLE I
DEFINITIONS

1.01 **Defined Terms.** The following terms used in this Operating Agreement shall have the following meanings:

"Act" shall mean the Colorado Limited Liability Company Act, as amended from time to time.

"Articles of Organization" shall mean the Articles of Organization of the Company as filed with the Secretary of State of Colorado, as amended from time to time.

"Capital Contribution" shall mean any contribution to the capital of the Company in cash or property by the Member whenever made.

"Cash Flow" shall mean the gross cash proceeds from the operation of the Company's business less the portion thereof used to establish Reserves for or to pay Company expenses, debt payments and capital expenditures. "Cash Flow" shall include any net cash proceeds from the sale or disposition of Company property and from the refinancing of indebtedness of the Company, shall be increased by any reduction of Reserves previously established by the Member, and shall not be reduced by depreciation, cost recovery, amortization or similar non-cash deductions.

"Company" shall refer to KLC2, LLC.

"Entity" shall mean any general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust, foreign business organization or other business entity.

"Fiscal Year" shall mean the period terminating on December 31st of each year during the term hereof or on such earlier date on which the Member's taxable year ends.

“Initial Capital Contribution” shall mean the initial contribution to the capital of the Company pursuant to Section 6.01 of this Operating Agreement.

“Member” shall mean the Person who executed this Operating Agreement as a Member and any Person who may hereafter become a member of the Company. References to the “Member” in this Operating Agreement shall refer to initial Member as well as any Members admitted to the Company subsequent to executing this Agreement.

“Net Profits” and **“Net Losses”** shall mean the income, gain, loss, deductions and credits of the Company in the aggregate or separately stated, as appropriate, as of the close of each Fiscal Year.

“Operating Agreement” shall mean this Operating Agreement as originally executed and as amended from time to time.

“Person” shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such “Person,” where the context so permits.

“Representative” shall mean the legally appointed guardian of a mentally incapacitated Member, the conservator of a mentally incapacitated Member’s assets or the legally appointed and qualified executor or personal representative of the estate of a deceased Member. In the event no such guardian, executor or personal representative is appointed, then the Representative shall mean the spouse of such incapacitated or deceased Member, or if such Member does not have a spouse or the spouse is not then living or is unable or unwilling to act, such Member’s then-living lineal descendants who are willing and capable of acting, one at a time in descending order of age but in no event younger than 21 years of age or, if none, such Member’s then living lineal ancestors who are willing and capable of acting, one at a time and in ascending order of age.

“Reserves” shall mean funds set aside or amounts allocated to reserves which shall be maintained in amounts deemed sufficient by the Member for working capital and to pay taxes, insurance, debt service or other costs or expenses incident to the ownership or operation of the Company’s business.

ARTICLE II FORMATION OF COMPANY

2.01 Formation. The Company has been organized as a Colorado limited liability company by executing and delivering Articles of Organization to the Colorado Secretary of State in accordance with and pursuant to the Act.

2.02 Name. The name of the Company is “KLC2, LLC.”

2.03 Principal Place of Business & Mailing Address

- a. Principal Place of Business. The principal place of business of the Company is: 3922 Cleveland Avenue, Wellington, CO 80549.
- b. Mailing Address. The mailing address for the Company is: 3922 Cleveland Ave., Wellington, CO 80549; Attn: Lisa Christopherson.

The Company may locate its places of business and registered office at any other place or places, as the Member may deem advisable.

- 2.04 Registered Office and Registered Agent.** The Company's initial registered office shall be at the office of its registered agent at 3922 Cleveland Avenue, Wellington, CO 80549; Attn: Lisa Christopherson, and the name of its initial registered agent shall be Lisa Christopherson. The registered office and registered agent may be changed by the Member by filing the address of the new registered office and/or the name of the new registered agent with the Colorado Secretary of State pursuant to the Act.

- 2.05 Term.** The term of the Company shall be perpetual.

**ARTICLE III
BUSINESS OF COMPANY**

- 3.01 Purpose.** The business of the Company shall be to conduct any lawful business whatsoever that may be conducted by limited liability companies pursuant to the Act.

**ARTICLE IV
MANAGEMENT OF THE COMPANY**

- 4.01 Management of Company.** Pursuant to the Articles of Organization, the Member has the exclusive right to manage the Company's business. Accordingly, the Member, at times acting through the officers (if any) of the Company, shall:

- a. Manage the affairs and business of the Company;
- b. Exercise the authority and powers granted to the Company; and
- c. Otherwise act in all other matters on behalf of the Company.

Initially, the Company shall be a single-member LLC. Additional members may be admitted. If additional Members are admitted, actions requiring a vote of the Members shall be voted on as stated herein.

- 4.02 Execution of Documents.** Any document or instrument of any and every nature, including without limitation, any agreement, contract, deed, promissory note, mortgage or deed of trust, security agreement, financing statement, pledge, assignment, bill of sale and certificate, which is intended to bind the Company or convey or encumber title to its real or personal property shall be valid and binding for all purposes only if executed by the Member.
- 4.03 Action Without Meeting.** Any action required to be taken by or on behalf of the Company may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by the Member.
- 4.04 Officers.** The Company shall have the two officers stated in **ATTACHMENT A**. Said officers shall be known as the President & Vice President. The Member or Members, as the case may be, may vote to designate additional offices and to elect officers as Company requires. Officers shall be elected by the Member[s] and shall exercise such powers and perform such duties as are prescribed by the Member[s]. The same person may hold any number of offices, as the Member[s] may determine.
- 4.05 President.** Unless otherwise stated herein and until additional Members are admitted, the President of the Company shall be solely responsible for acting on behalf of the Company and its Membership.
- 4.07 Vice President.** The Vice President shall be responsible for providing strategic financial direction to the Company, maintaining the books and records of the Company, and any other activity tasked by the Member.
- 4.07 Term of Office.** Officers of the Company shall hold office for the term for which they were appointed and until their successors are elected and qualified; provided, however, that any officer may be removed at any time with or without cause by the Member.

ARTICLE V RIGHTS AND OBLIGATIONS OF MEMBERS

- 5.01 Limitation of Liability.** Members shall not be personally liable for any obligations, liabilities, debts or losses of the Company, whether arising in tort, contract or otherwise, except as otherwise required by law.
- 5.02 Right to Indemnification.** Subject to the limitations and conditions provided in this Article 5 and in the Act, each Person ["Indemnified Person"] who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding ["Proceeding"], whether civil, criminal, administrative, arbitratative or investigative, or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that said person was or is a Member or an officer of the Company or was or is the legal representative of or a manager, director, officer, partner, venturer, proprietor, trustee,

employee, agent or similar functionary of a Member or of an officer of the Company, shall be indemnified by the Company against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable costs and expenses (including, without limitation, attorneys' fees) actually incurred by such Indemnified Person in connection with such Proceeding if such Indemnified Person acted in good faith and in a manner she reasonably believed to be in, or not opposed to, the best interest of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnified Person did not act in good faith and in a manner which she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal action or proceeding, that the Indemnified Person had reasonable cause to believe that his conduct was unlawful.

- 5.03 Survival.** Indemnification under this Article 5 shall continue as to a Person who has ceased to serve in the capacity, which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Article 5 shall be deemed contract rights, and no amendment, modification or repeal of this Article 5 shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification, or repeal.
- 5.04 Advance Payment.** The right to indemnification conferred by this Article 5 shall include the right to be paid or reimbursed by the Company for the reasonable expenses incurred in advance of the final disposition of the Proceeding and without any determination as to the Indemnified Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of a written affirmation by such Indemnified Person of his good faith belief that she has met the standard of conduct necessary for indemnification under this Article 5 and a written undertaking, by or on behalf of such Indemnified Person, to repay all amounts so advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified under this Article 5 or otherwise.
- 5.05 Nonexclusivity of Rights.** The right to indemnification and the advancement and payment of expenses conferred by this Article 5 shall not be exclusive of any other right which a Person may have or hereafter acquire under any law (common or statutory), provision of the Articles of Organization or Operating Agreement, agreements, vote of members or otherwise.
- 5.06 Savings Clause.** If Article 5 or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the

full extent permitted by any applicable portion of this Article 5 that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI CONTRIBUTIONS TO THE COMPANY

- 6.01 **Member's Initial Capital Contributions.** The Member agrees to contribute Ten Dollars (\$10) and equipment as his Initial Capital Contribution to the Company. Said contribution is set forth in **ATTACHMENT B** hereto.
- 6.02 **Subsequent Contributions.** The Member shall not be obligated to make any Capital Contributions to the Company other than those set forth in Section 6.01.
- 6.03 **Loans by Members.** The Member may, but is not obligated to, loan to the Company such sums as the Member determines to be appropriate for the conduct of the Company's business. Any such loans shall bear interest at one percent (1%) above the prime rate of interest published in the *Wall Street Journal* at the time the loan was made and shall be on such other terms as the Member may agree.

ARTICLE VII ALLOCATIONS AND DISTRIBUTIONS

- 7.01 **Allocations of Profits and Losses.** All of the Net Profits and Net Losses of the Company for each Fiscal Year shall be allocated to the Member[s].
- 7.02 **Distributions of Cash Flow.** Cash Flow shall be distributed to the Member at such time or times, as the Member shall determine in his sole discretion.
- 7.03 **Limitation upon Distributions**
- a. No distribution or return of capital contributions may be made and paid if, after the distribution or return of a capital contribution, either:
 - i. The Company would be insolvent; or
 - ii. The net assets of the Company would be less than zero.
 - b. The Member may base a determination that a distribution or return of a capital contribution may be made under Section 7.03(a) in good faith reliance upon a balance sheet and profit and loss statement of the Company represented to be correct by the person having charge of its books of account or certified by an independent public or certified public accountant or firm of accountants to fairly reflect the financial condition of the Company.

ARTICLE VIII DISSOLUTION AND TERMINATION

8.01 Dissolution

- a. The Company shall be dissolved upon the occurrence of any of the following events:
 - i. The entry of a decree of judicial dissolution under the Act;
 - ii. The date on which a statement of dissolution become effective under the Act;
 - iii. By the written agreement of the Member; or
 - iv. Upon the death, retirement, resignation, court declaration of incompetence, bankruptcy or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member.
- b. If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the Member's Representative may exercise all of the Member's rights for the purpose of settling his estate or administering his property.

8.02 Winding Up, Liquidation and Distribution of Assets

- a. If the Company is dissolved and its affairs are to be wound up, the Member (or his Representative) is directed to:
 - i. Sell or otherwise liquidate such of the Company's assets as may be required to discharge all liabilities of the Company, including any liabilities to the Member and establish such Reserves as may be reasonably necessary to provide for contingent liabilities of the Company; and
 - ii. Distribute the remaining assets to the Member, such distribution to be made either in cash or in kind, as determined by the Member (or his Representative).
- b. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

- 8.03 **Statement of Dissolution.** The Company may file a statement of dissolution with the Colorado Secretary of State.
- 8.04 **Effect of Filing of Statement of Dissolution.** Upon the filing of a statement of dissolution with the Colorado Secretary of State, the dissolved Company shall continue to exist as a limited liability company, but shall not carry on any business except as is appropriate to wind up and liquidate its business and affairs as provided in the Act. The Member (or his Representative) shall have authority to distribute any Company property discovered after dissolution, convey real estate and take such other action as may be necessary on behalf of and in the name of the Company.

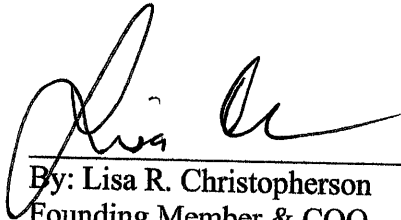
ARTICLE IX MISCELLANEOUS PROVISIONS

- 9.01 **Choice of Law, Venue, Attorney Fees.** This Operating Agreement, and its interpretation, shall be governed exclusively by its terms and by the laws of the State of Colorado (other than its conflicts of laws rules) and specifically the Act. All legal proceedings arising as a result of or otherwise concerning this Operating Agreement shall be initiated in the courts of Larimer County, State of Colorado; the prevailing party in said proceedings shall be entitled to reimbursement for reasonable attorney fees and associated costs.
- 9.02 **Amendments.** This Operating Agreement may not be amended except in writing signed by the Member[s].
- 9.03 **Headings.** The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.
- 9.04 **Pronouns.** The masculine pronouns used in this Operating Agreement shall also be deemed to apply to the feminine.
- 9.05 **Severability.** If any provision of this Operating Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.
- 9.06 **Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.
- 9.07 **Creditors.** None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company or of the Member.

SIGNATURES

DATED this 18th of April, 2022.

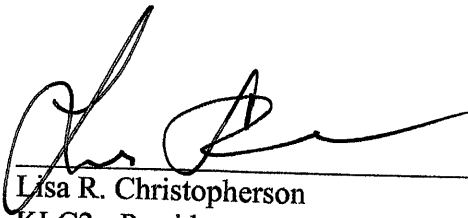
KLC2 MANAGEMENT, LLC – MEMBER


By: Lisa R. Christopherson
Founding Member & COO
of KLC2 Management, LLC


By: Kristi L. Cannon
Founding Member & CFO
of KLC2 Management, LLC

CERTIFICATION

I hereby certify that the foregoing instrument, consisting of 11 pages, including this page and Attachments, constitute the Operating Agreement of KLC2, LLC.


Lisa R. Christopherson
KLC2 - President
Date: 4-18-2022

ATTACHMENT A
(Officers)

President – Lisa R. Christopherson

Vice President – Kristi L. Cannon

ATTACHMENT B
(Initial Capital Contributions)

INITIAL CAPITAL ACCOUNTS OF THE MEMBERS

Member Name	Address	Contribution(s)	Value	Ownership Percentage
KLC2 Management, LLC	3922 Cleveland Ave. Wellington, CO 80549	\$10	\$10	100%



Town of Wellington Grant Report

July 1, 2022



Kids in Nature- Young Gulch Hike grades 1-3

Programming Updates:

The Boys & Girls Clubs of Larimer County has kicked off operations for the summer running two programs in Wellington, one at our traditional Sage Homes site and one at Rice Elementary. In total we are serving an average of 85 youth a day and we anticipate filling both locations to serve 150 youth daily throughout the summer.

Our programs are full of local partnerships, field trips, healthy lifestyles, social emotional learning and community outreach. We recently took youth on a hiking trip with Kids in Nature and we will start a fishing program here in the coming weeks as well. We are partnered with SAVA this summer as well as Fitness 1 to provide as much learning as possible.



For Mother's Day, the local Kiwanis Club helped our youth make some amazing memories and celebrate our mothers.



Colorado State University hosted our youth and the community for a football clinic.



A technology grant provided us funds to purchase Virtual Reality headsets for the members.



Larimer County presented a safety demonstration around electrical power lines.



Middle School members creating and completing an Escape Room.

Financial Updates:

We have not yet received funding but here is the allocations for that funding when it comes in.

Town of Wellington Grant 3/22/22 - 12/31/22		
Wellington Club Award \$25,000		
	Total	Amount
	Cost	Applied to
Personnel Costs 3/22/22-4/29/22		Grant
Club Director @ 45% Grant Funds	\$6,160.38	\$2,772.17
Prog. Coordinator #1 @ 45%	\$3,893.92	\$1,752.26
Prog. Coordinator #2 @ 45%	\$4,439.70	\$1,997.87
(PR dates 4/7, 4/21, 5/5) Subtotal Personnel		\$6,522.30
ER Payroll Taxes @ 7.65%		\$498.96
Insurance Benefits -(aetna \$421.05*3*45%)	\$1,263.15	\$568.42
General Program Supplies @ 100%		\$324.63
Grant spending to date		\$7,914.30
Previously Reported Grant Spending		\$0.00
Grant Balance		\$17,085.70

Town of Wellington Grant 3/22/22 - 12/31/22		
Wellington Club Award \$25,000		
	Total	Amount
Personnel Costs 4/30/22-6/10/22	Cost	Applied to Grant
Club Director @ 45% Grant Funds	\$6,267.32	\$2,820.29
Program Director @ 45% (just 6/16 PR)	\$1,802.33	\$811.05
Prog. Coordinator #1 @ 45%	\$5,058.31	\$2,276.24
Prog. Coordinator #2 @ 45%	\$4,688.15	\$2,109.67
(PR dates 5/19, 6/2, 6/16) Subtotal Personnel		\$8,017.25
ER Payroll Taxes @ 7.65%		\$613.32
Insurance Benefits -(aetna \$421.05*4*45%)	\$1,684.20	\$757.89
General Program Supplies @ 100% (May22)		\$1,642.03
Grant spending to date		\$11,030.49
Previously Reported Grant Spending		\$7,914.30
Grant Balance		\$6,055.21





BOARD OF TRUSTEES PLANNING CALENDAR

July 19, 2022 6:30 p.m.	Board of Trustees Work Session Main Streets Presentation Stormwater Masterplan Presentation
July 26, 2022 6:30 p.m.	Board of Trustees Regular Meeting
August 2, 2022 6:30 p.m.	No meeting
August 9, 2022 6:30 p.m.	Board of Trustees Regular Meeting
August 16, 2022 6:30 p.m.	Board of Trustees Work Session Transportation discussion - programs/projects/etc. Board Discretionary and Outreach Funds
August 23, 2022 6:30 p.m.	Board of Trustees Regular Meeting
August 30, 2022	No meeting
September 13, 2022 6:30 p.m.	Board of Trustees Regular Meeting
September 20, 2022 6:30 p.m.	Board of Trustees Work Session
September 27, 2022 6:30 p.m.	Board of Trustee Regular Meeting
October 11, 2022 6:30 p.m.	Board of Trustee Regular Meeting
October 18, 2022 6:30	Board of Trustees Work Session

This document is subject to change without notice



BOARD OF TRUSTEES PLANNING CALENDAR

Future Work Session Topics:

Chapter 10 Recodification
Joint meeting with Larimer County Commissioners – August
Presentation of 2023 Budget
Trustee Working Agreement/Operational Policies

Additional Events:

July 12, 2022 – Water Treatment Plant Groundbreaking – 6 pm
July 14, 2022 – Community Conversation with Commissioner Kefalas – School Safety – 6 pm @ Leeper