ORDINANCE NO. 2

SERIES NO. 2019

AN ORDINANCE OF THE CRESTED BUTTE TOWN COUNCIL APPROVING THE LEASE OF THE PROPERTY AT 705 & 715 SEVENTH STREET TO STEPPING STONES CHILDREN'S CENTER

WHEREAS, the Town of Crested Butte, Colorado (the "**Town**") is a home rule municipality duly and regularly organized and now validly existing as a body corporate and politic under and by virtue of the Constitution and laws of the State of Colorado; and

WHEREAS, pursuant to Section 31-15-713 (c), C.R.S., the Town Council may lease any real estate, together with any facilities thereon, owned by the Town when deemed by the Town Council to be in the best interest of the Town; and

WHEREAS, pursuant to Section 713 (c), when the term of such lease is more than one year, the Town Council must approve such lease by ordinance of the Town Council; and

WHEREAS, on April 24, 2002, the Town entered into a multi-year lease with Stepping Stones Children's Center for property owned by the Town located at 705 Seventh Street; and

WHEREAS, the term of the lease expired on April 23, 2017; and

WHEREAS, the Town Council and Stepping Stones Children's Center wish to enter into a long-term Business Lease attached hereto as Exhibit A; and

WHEREAS the Town Council finds hereby that approving leases of various Town properties for use by certain entities is in the best interest of the Town.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CRESTED BUTTE, COLORADO, THAT:

1. **Findings**. The foregoing recitals are hereby fully incorporated herein.

2. **Authorization of Town Manager or Mayor**. Based on the foregoing, the Town Council hereby authorizes the Town Manager or Mayor to execute a lease in substantially the same form as attached hereto as **Exhibit "A"**.

INTRODUCED, READ AND SET FOR PUBLIC HEARING THIS 22nd DAY OF January, 2019.

ADOPTED BY THE TOWN COUNCIL UPON SECOND READING AND PUBLIC HEARING THIS 4th DAY OF February, 2019.

TOWN OF CRESTED BUTTE, COLORADO

By: _____
James A Schmidt, Mayor

ATTEST

_____
Lynelle Stanford, Town Clerk

(SEAL)

BUSINESS LEASE

THIS BUSINESS LEASE (this "**Lease**") is entered into this 19th day of February, 2019, with an effective date of September 1, 2019 (the "**Effective Date**") by and between the TOWN OF CRESTED BUTTE, COLORADO ("**Landlord**"), a Colorado home rule municipality and the Stepping Stones Children's Center, a Colorado nonprofit corporation ("**Tenant**").

AGREEMENT:

Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the terms and conditions as set forth herein, the real property and improvements thereon located at 705 & 715 7th Street, Crested Butte, (the "**Premises**").

Tenant has inspected the Premises and accepts the same in its "as is" condition.

1. **Use; Parking; Maintenance; Utilities; Signage**.

(a) Tenant may use and occupy the Premises solely for childcare and related purposes in keeping with the mission of the Tenant. Any other uses shall be following Landlord's prior written consent.

(b) All public facilities on the Premises shall be utilized as directed by Landlord and not restricted by Tenant. There is parking provided on the Premises.

(c) During the Term (as defined below), Tenant shall provide routine maintenance and care respecting the Premises, including, without limitation, regular cleaning and general cosmetic care (collectively, "**Projects**"). All such maintenance and care shall be performed at Tenant's sole cost and expense.

(d) Tenant shall provide regular grounds maintenance (e.g., lawn care, snow removal) on and adjacent to the Premises. Landlord shall be responsible for snow removal at Premises parking lot.

(e) Tenant shall pay the gas and electric utilities (both pro rata) and communications services used by Tenant on the Premises during the Term, regardless of whether the services are billed directly to Tenant or through Landlord. Such amounts, where payable to Landlord, shall be payable as additional rent to be paid by Tenant within fifteen (15) days after delivery of an invoice from the Town for such charges and expense.

(f) Tenant shall pay the expenses for water, sewer and trash/recycling services for the Premises during the Term.

(g) All exterior signage shall be installed only upon prior approval of Landlord.

(a) Provided that Tenant is not in default under any term or condition of this Lease, Tenant shall have and hold the Premises for a five (5) year period (the "**Term**") that shall commence on the Effective Date hereof and expire five (5) years following the commencement of the Term. The Term shall automatically be extended for an additional five (5) years, unless the Lease is terminated in writing by either party at least 90 days prior to the expiration of the initial Term.

(b) At the expiration or earlier termination of this Lease, Tenant shall surrender the Premises in broom clean, good order and condition, in the same condition and repair as Tenant initially took occupancy of the Property on the Effective Date, ordinary wear and tear excepted. Tenant shall fully repair any damage occasioned by the removal of any trade fixtures, equipment, furniture, alterations, additions and improvements. All trade fixtures, equipment, furniture, alterations, additions and improvements not so removed shall conclusively be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without notice to Tenant or to any other person and without obligation to account therefor. Tenant shall pay Landlord all expenses incurred in connection with Landlord's disposition of such property, including the cost of repairing any damage to any improvements or the Premises caused by such removal. Tenant's obligation to observe and perform the foregoing requirements shall survive the expiration or earlier termination this Lease.

3. **Rent; Additional Rent; Security Deposit**.

(a) Tenant shall pay Landlord $391 on the Effective Date of this Lease and each month thereafter during the first year of the Term (the "**Rent**"). If the Tenant chooses they make pay the full amount for the coming year on the Effective Date and subsequent anniversaries. Rent shall increase annually as follows:

1st anniversary (2020):	$5,863 annually / $489 per month
2nd anniversary (2021):	$7,035 annually / $586 per month
3rd anniversary (2022):	$8,208 annually / $684 per month
4th anniversary (2023):	$9,380 annually / $782 per month

(b) Any Rent that is paid late shall accrue interest at a rate of 1.5% of such unpaid Rent per month. Rent shall be prorated for any partial month.

(c) Rent, any additional rent and any other amounts due Landlord under this Lease shall be paid at Landlord's address specified herein for notices, without prior demand and without any abatement, deduction or setoff.

(d) To secure the faithful performance by Tenant of all of Tenant's covenants, conditions, and agreements in this Lease to be observed and performed, Tenant shall deposit with Landlord a security deposit (the "**Security Deposit**") within one (1) year of execution of the Lease. Tenant's security deposit shall be of $500.00. The Security Deposit may also be used in

the event of termination of the Lease by re-entry, eviction, or otherwise. The parties agree that the Security Deposit or any portion thereof, may be applied to any Event of Default (as defined below) that may exist, and/or payment of subsequent damages and costs incurred by Landlord, without prejudice to any other remedy or remedies that Landlord may have on account thereof. If Tenant shall perform all of its respective covenants and agreements in the Lease, the Security Deposit, or the portion thereof not previously applied pursuant to the provisions of the Lease, together with a statement, shall be returned to Tenant without interest, no later than sixty (60) days after the expiration of the Term, or any renewal or extension thereof (or such earlier time if required by applicable law), provided Tenant has vacated the Premises and surrendered possession thereof to Landlord.

(e) Tenant acknowledges that the lease rate proposed is substantially below market value for leasing of office space in Crested Butte at the time of the Effective Date. Below market lease rates are being offered in support of the community benefit provided by Tenant as a local non-profit. The following is provided for comparison on possible annual lease rates for this space:

$5.00 per sq. ft.	$23,450
$7.50 per sq. ft.	$35,175
$10.00 per sq. ft.	$46,900

4. **Landlord's Access**. Landlord, its agents, employees and contractors may, at their sole risk, enter the Premises at any time in response to an emergency, and at other reasonable time upon reasonable prior notice to Tenant, without limitation, (a) inspect the Premises, (b) determine whether Tenant is complying with its obligations under this Lease, (c) supply any other service that Landlord is required to provide, (d) post notices of non-responsibility or similar notices, or (e) make repairs which this Lease requires Landlord or Tenant to make. All work of Landlord shall be performed as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible, at all times taking into account the nature and extent of such work. Landlord shall at all times have a key with which to unlock all of the doors to the Premises (excluding Tenant's vaults, safes and similar areas designed in writing by Tenant in advance).

5. **No Alterations**. Without limiting Tenant's obligations to maintain, repair, restore and replace the Premises and any portion thereof, Tenant shall not make any alterations, additions, repairs, restorations or improvements to the Premises without Landlord's prior written consent.

6. **Compliance with Laws**.

(a) Tenant shall not use or occupy, or permit any portion of the Premises to be used or occupied in violation of any law, ordinance, order, rule, regulation, certificate of occupancy or other governmental requirement.

(b) Tenant and the Premises shall remain in compliance with all applicable laws, ordinances and regulations (including consent decrees and administrative orders) relating

to public health and safety and protection of the environment, including those statutes, laws, regulations and ordinances, all as amended and modified from time to time..

7. **No Unsightliness**. Tenant covenants and agrees that no unsightliness shall be permitted on the Premises. Without limiting the generality of the foregoing, no vehicles, machinery, equipment, tools, refuse, scrap, debris, garbage, trash, bulk materials, used vehicle parts or waste shall be kept, stored or allowed to accumulate on the Premises at any time. The Tenant shall have the right to tow vehicles from the Premises and place signage on the Premises to enforce the above provisions.

8. **Insurance**.

(a) At its sole expense, Tenant shall obtain and keep in force during the Term commercial general liability insurance with a combined single limit of not less than One Million Dollars ($1,000,000.00) for injury to or death of any one person, for injury to or death of any number of persons in one occurrence, and for damage to property, insuring against any and all liability of Landlord and Tenant, including coverage for contractual liability, broad form property damage, and non-owned automobile liability, with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises. The insurance shall be noncontributing with any insurance that may be carried by Landlord and shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury, or damage to Landlord, its agents, and employees, or the property of such persons.

(b) Upon receipt of written notification from the Town, at Tenant's sole expense, Tenant shall obtain and keep in force, during the Term, "all-risk" coverage naming Landlord and Tenant as their interests may appear and other parties that Landlord or Tenant may designate as additional insureds in the customary form for buildings and improvements of similar character, on all buildings and improvements now or hereinafter located on the Premises. Such coverage shall include, without limitation, the historic replacement value of the Premises building structure. The amount of the insurance shall be designated by Landlord no more frequently than once every twelve (12) months, shall be set forth on an "agreed amount endorsement" to the policy of insurance and shall not be less than the value of the buildings and improvements.

(c) All insurance required in this Section and all renewals of it shall be issued by companies authorized to transact business in the State of Colorado, and rated at least A+ Class X by Best's Insurance Reports (property liability) or approved by Landlord. All insurance policies shall be subject to approval by Landlord and any lender as to form and substance, said approval not to be unreasonably withheld or delayed; shall expressly provide that the policies shall not be canceled or altered without thirty (30) days' prior written notice to Landlord and any lender, and to Landlord in the case of general liability insurance; and shall, to the extent obtainable without additional premium expense, provide that no act or omission of Tenant which would otherwise result in forfeiture or reduction of the insurance shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained. Tenant may satisfy its obligation under this Section by appropriate endorsements of its blanket insurance policies.

(d) All policies of liability insurance that Tenant is obligated to maintain according to this Lease (other than any policy of workmen's compensation insurance) shall name Landlord and such other persons or firms as Landlord specifies from time to time as additional insureds provided such other persons have an insurable interest and does not result in any additional premium expenses. Original or copies of original policies (together with copies of the endorsements naming Landlord, and any others specified by Landlord, as additional insureds) and evidence of the payment of all premiums of such policies shall be made available to Landlord prior to Tenant's occupancy of the Premises and from time to time at least thirty (30) days' prior to the expiration of the term of each policy. All public liability, property damage liability, and casualty policies maintained by Tenant shall be written as primary policies, not contributing with and not in excess of coverage that Landlord may carry. No insurance required to be maintained by Tenant by this Section shall be subject to any deductible in excess of $20,000.00 without Landlord's prior written consent.

(e) Landlord and Tenant waive all rights to recover against each other, or against the officers, elected officials, directors, shareholders, members, partners, joint venturers, employees, agents, customers, invitees, or business visitors of each of theirs, for any loss or damage arising from any cause covered by any insurance required to be carried by each of them pursuant to this Section or any other insurance actually carried by each of them. Tenant shall cause its insurer to issue an appropriate waiver of subrogation rights endorsements to all policies of insurance carried in connection with the Premises and any personal property located on the same. Tenant shall cause all other occupants of the Premises claiming by, under, or through Tenant to execute and deliver to Landlord a waiver of claims similar to the waiver in this Section and to obtain such waiver of subrogation rights endorsements.

9. **Indemnification; Tenant Waiver and Release**.

(a) Tenant shall indemnify Landlord, its elected officials, officers, employees, agents, contractor, attorneys, insurers and insurance pools (collectively, the "**Landlord Parties**"; as applicable, each an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all demands, claims, causes of action, fines, penalties, damages (including consequential damages), losses, liabilities, judgments, and expenses (including attorneys' fees and court costs) incurred in connection with or arising from: (i) the use or occupancy of the Premises by Tenant or any person or entity claiming under Tenant, the employees, agents, contractors, guests, invitees or visitors of Tenant or any person or entity (each, a "**Tenant Related Person**"); (ii) any activity, work, or thing done or permitted or suffered by a Tenant Related Person in or about the Premises; (iii) any acts, omissions, or negligence of any Tenant Related Person; (iv) any breach, violation, or nonperformance by any Tenant Related Person of any term, covenant, or provision of this Lease or any law, ordinance or governmental requirement of any kind; or (v) except for loss of use of all or any portion of the Premises or Tenant's property located within the Premises that is proximately caused by or results proximately from the gross negligence of Landlord, any injury or damage to the person, property or business of a Tenant Related Person entering upon the Premises under the express or implied invitation of Tenant. If any action or proceeding is brought against an Indemnitee by reason of any claim solely arising out of subparagraphs (i) through (v) above, upon notice from Landlord, Tenant shall defend the claim at Tenant's expense with counsel reasonably satisfactory to Landlord.

(b) Tenant waives and releases all claims against Indemnitees with respect to any loss, injury, death, or damage (including consequential damages) to persons, property, or Tenant's business occasioned by, without limitation, theft; act of God; public enemy; injunction; riot; strike; insurrection; war; court order; requisition; order of governmental body or authority; fire; explosion; falling objects; steam, water, rain or snow; leak or flow of water (including water from the elevator system), rain or snow from the Premises or into the Premises or from the roof, street, subsurface, or from any other place, or by dampness, or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures of the building; or from construction, repair, or alteration of the Premises or from any acts or omissions of any visitor of the Premises; or from any cause beyond Landlord's control.

10. **Default Provisions**.

(a) If Tenant fails to perform any of its obligations under this Lease, then Landlord, after ten (10) days' written notice to Tenant (or, in case of any emergency, upon notice or without notice as may be reasonable under the circumstances) and without waiving any of its rights under this Lease, may (but shall not be required to) pay the amount or perform the obligation. All amounts so paid by Landlord and all costs and expenses incurred by Landlord in connection with the performance of any obligations (together with interest at the prime rate from the date of Landlord's payment of the amount or incurring of each cost or expense until the date of full repayment by Tenant) shall be payable by Tenant to Landlord on demand and as additional rent. In the proof of any damages that Landlord may claim against Tenant arising out of Tenant's failure to maintain insurance that is required by terms of this Lease, Landlord shall not be limited to the amount of the unpaid insurance premium but shall also be entitled to recover as damages for the breach the amount of any uninsured loss (to the extent of any deficiency in the insurance required by the provisions of this Lease), damages, costs and expenses of suit, including attorneys' fees, arising out of damage to, or destruction of, the Premises occurring during any period for which Tenant has failed to provide the insurance.

(b) The following occurrences are "**Events of Default**": (i) Tenant defaults in the due and punctual payment of rent or any other amount due under this Lease, and the default continues for five (5) days after notice from Landlord; (ii) Tenant defaults in the performance of any other obligation under this Lease that is not cured after ten (10) days' written notice to Tenant (or, in case of any emergency, upon notice or without notice as may be reasonable under the circumstances); or (iii) Tenant vacates or abandons the Premises.

(c) If any one or more Events of Default occurs, then Landlord may, at its election, give Tenant written notice of its intention to terminate this Lease on the date of the notice or on any later date specified in the notice, and, on the date specified in the notice, Tenant's right to possession of the Premises shall cease and this Lease shall be terminated. In addition, landlord shall have all other rights available at law and in equity, including, without limitation, recovery of actual damages, costs and expenses, including reasonable attorneys' fees. All remedies may be cumulatively and concurrently applied and enforced.

12. **Assignment**. Tenant may not assign this Lease, or sublet the Premises, in whole or in part, without Landlord's prior written consent.

13. **Notices**. All notices, demands, and requests required to be given by either party to the other shall be in writing, and with a copy given to counsel for each such party as provided below. All notices, demands, and requests shall be delivered personally or sent by electronic mail (e-mail), nationally recognized overnight courier, certified or registered mail, return receipt requested, postage prepaid, or via facsimile, addressed to the parties at the addresses set forth below or at such other addresses as the parties may designate in writing delivered pursuant to the provisions hereof. Any notice when given as provided herein shall be deemed to have been delivered on the day of delivery if delivered personally, on the first business day following the confirmation of sending of an e-mail when sent by electronic mail, on the first business day following deposit with the courier service when delivered by overnight courier, three business (3) days subsequent to the date that said notice was deposited with the United States Postal Service, or on the first business day following the date of confirmation of receipt when delivered by facsimile.

To Landlord:	Town of Crested Butte P.O. Box 39 507 Maroon Avenue Crested Butte, CO 81224 Facsimile: (970) 349-6626 Attn: Finance Director
To Tenant:	Stepping Stones Children's Center P.O. Box 611 Crested Butte, CO 81224 Attn: Executive Director

14. **No Waiver**. No waiver of any condition or agreement in this Lease by either Landlord or Tenant shall imply or constitute a further waiver by such party of the same or any other condition or agreement.

15. **Attorneys' Fees**. In case a dispute between the parties shall arise in connection with this Lease, the prevailing party shall be entitled to recover and shall be awarded (in addition to other relief granted) all reasonable attorneys' fees and costs in connection with such dispute from the non-prevailing party.

16. **Severability**. If any sentence, paragraph or article of this Lease is held to be illegal or invalid, this shall not affect in any manner those other portions of the Lease not illegal or invalid and this Lease shall continue in full force and effect as to those remaining provisions.

17. **Successors and Assigns**. The conditions and provisions hereof shall inure to the benefit of, and shall be binding upon, Landlord, Tenant and their respective personal representatives, successors and permitted assigns.

18. **Immigration Compliance**. Tenant certifies that it has complied, and during the term of this Lease will continue to comply, with the Immigration Reform and Control Act of 1986. The signature of Tenant on this Lease: (1) certifies that Tenant is not a natural person unlawfully present in the United States; and (2) also certifies the statements below if this is a public contract for services as defined in Colo. Rev. Stat. § 8-17.5-101, et seq., and Tenant utilizes subcontractors or employees in Tenant's business. Tenant shall not:

(a) knowingly employ or contract with an illegal alien to perform work under this Lease; or

(b) enter into a contract with a subcontractor that fails to certify to Tenant that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Lease.

Tenant has confirmed the employment eligibility of all employees and subcontractors who are newly hired for employment to perform work under this Lease through participation in either the e-verify program or the department program (as defined in Colo. Rev. Stat. § 8-17.5-101, et seq.). Tenant may not use either the e-verify program or the department program procedures to undertake pre-employment screening of job applicants while this Lease is being performed. If Tenant obtains actual knowledge that a subcontractor performing work under this Lease knowingly employs or contracts with an illegal alien, Tenant shall:

(i) notify the subcontractor and the Landlord within three (3) days that Tenant has actual knowledge that the subcontractor is employing or contracting with an illegal alien; and

(ii) terminate the subcontract with the subcontractor if within three (3) days of receiving the notice required pursuant to sub-subparagraph (a) of this subparagraph the subcontractor does not stop employing or contracting with the illegal alien; except that Tenant shall not terminate the contract with the subcontractor if during such three days the subcontractor provides information to establish that the subcontractor has not knowingly employed or contracted with an illegal alien.

Tenant shall comply with any reasonable request by the Department of Labor and Employment made in the course of an investigation that the Department is undertaking pursuant to state law. Tenant acknowledges that in the event Tenant violates any of the provisions of the foregoing the Town may terminate this Lease for breach of contract. No notice need be given of said termination. If this Lease is so terminated, Tenant shall be liable for actual and consequential damages to the Landlord.

19. **Obligation to Report**. Tenant shall report any material damage to the Premises or disturbances therein or thereon to Landlord as soon as it becomes aware of any such damages or disturbances.

20. **Miscellaneous Provisions**.

(a) Each party represents and warrants that it has obtained any and all approvals necessary to enter into and perform the obligations contained in this Lease, if any.

(b) This Lease shall be construed and enforced in accordance with the laws of the State of Colorado.

(c) This Lease is entered into at Crested Butte, Colorado, and it is agreed that the proper jurisdiction and venue of any action pertaining to the interpretation or enforcement of this Lease will be in the District Court of Gunnison County, Colorado.

(d) This Lease may be executed in multiple counterparts each of which shall constitute an original, and both of which when taken together shall constitute one and the same document. The parties hereby agree to accept facsimile or electronic copies of signatures as original signatures

(e) An recordation of this Lease or any record thereof, or the recordation of any encumbrance against the Premises and/or the Improvements by any person, including, without limitation, any mortgagee of Tenant, except Landlord and any mortgagee of Landlord, shall be void *ab initio* and a default under this Lease.

(f) This Lease constitutes the entire and exclusive agreement between the parties relating to the specific matters covered herein. Any other agreements between the parties, whether written or oral are hereby merged herein and of no further force and effect.

(g) Unless otherwise provided in the Lease, the Lease may be amended, modified, or terminated only by a written instrument executed by Landlord and Tenant.

[Remainder of Page Intentionally Left Blank;
Signature Page(s) to Follow]

IN WITNESS WHEREOF, Landlord and Tenant have executed Lease by their duly authorized officials effective as of the Effective Date first written above.

LANDLORD:

TOWN OF CRESTED BUTTE, COLORADO

By: _____
Dara MacDonald, Town Manager

ATTEST:

_____
Lynelle Stanford, Town Clerk

[Seal]

TENANT:

Stepping Stones Children's Center
Colorado Non-Profit Corporation

By: _____

Name: Jennifer Burks

Title: Executive Director