

LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (hereinafter referred to as "Agreement") is made this 8th day of August, 2018, by and between the CHET HAGA TRUST(Alberta J. Haga, Trustee), hereinafter referred to as Lessor, and the COUNTY of CUSTER, a political subdivision of the State of Colorado, hereinafter referred to as Lessee.

WHEREAS, Lessor is the owner of the following described property situated in the County of Custer, State of Colorado:

**Lots, D-1, E-2 and E-3, Vacation of Lots C, D, E and F of
Vivienda Parque and Replat into Lots C-1, D-1, E-1, E-2, E-3, E-4, E-5, F-1
and F-2, Vivienda Parque, Section 17, Township 22 South, Range 72
West of the 6th P.M., according to the recorded plat thereof filed
with the Custer County Clerk and Recorder on January 2, 2002,
as Reception No. 190506; and**

**Lot C-1B, Vivienda Parque C-1 Minor Subdivision, Section 17, Township
22 South, Range 72 West of the 6th P.M., according to the recorded
plat thereof filed with the Custer County Clerk and Recorder on
February 7, 2003, as Reception No. 194054;**

consisting of approximately 6.68 acres (290,981 square feet); and

WHEREAS, Lessor is desirous of leasing the Property to Lessee with an option to purchase the Property; and

WHEREAS, Lessee is desirous of leasing the Property from Lessor with an option to purchase the Property;

NOW, THEREFORE, for the considerations hereinafter named, Lessor and Lessee agree as follows:

1. **RENTAL TERMS:** The value of the Property has been calculated based on Three Dollars (\$3.00) per square foot for a total rental amount of \$872,943. Lessor agrees to make a gift to the County in the amount of \$290,981, thus reducing the rental amount due to the sum of \$581,962.
2. **TERMS:** in consideration of the payment of rent and the performance of the covenants and agreements by Lessee as hereinafter set forth, Lessor hereby leases to Lessee the Property described above. The term of this lease shall be for a period of eleven (11) years commencing on August 1, 2018, with an initial payment of Fifty Thousand Dollars

(\$50,000) being due and payable on said date and subsequent annual rental payments of \$50,000 being due and payable on the first day of August for each succeeding year thereafter for a total of 10 such payments, and with an 11th and final annual payment in the amount of \$31,962 being due and payable on August 1, 2029.

Notwithstanding the fact that this Agreement is for a lease with an option to purchase rather than for an immediate purchase and conveyance of title, interest shall accrue on the adjusted rental amount of \$531,962 at the rate of 2% per annum in accordance with the amortization schedule attached hereto as Exhibit A.

All rental payments except interest shall be applied to the principal balance of \$531,962 as set forth above in the event Lessee exercises its option to purchase the Property.

3. **SUBJECT TO ANNUAL APPROPRIATIONS:** Notwithstanding anything in this Lease Purchase Agreement to the contrary, every payment to Lessor set forth herein is subject to an annual appropriation by the County of funds to make said payment. Lessee has no obligation to make any annual appropriation of funds to make payments as set forth herein.
4. **PREPAYMENT RIGHT:** Lessee shall have the right to pre-pay the remaining principal balance owed in full at any time during the course of this Agreement without penalty and only the interest that has accrued to the date of payment in full shall be due. If such prepayment occurs Lessor shall give to Lessee a warranty deed for the 6.68 acres, and Lessor shall also provide to Lessee a title insurance policy for the Property at Lessor's sole expense.
5. **LEASE-PURCHASE STATUTE:** This Agreement is being entered into between Lessor and Lessee pursuant to the provisions of Section 30-11-104.1, Colorado Revised Statutes, which reads in pertinent part as follows:

Lease Purchase Agreements. (1) In order to provide for financing of a public park, a public trail, a public golf course, or public open space, or a courthouse, jail, or other county building or equipment used, or to be used, for governmental purposes, any county is authorized to enter into lease-purchase agreements. (3) The obligation under any such leases may only be from year to year and may not constitute a mandatory charge or requirement in any ensuing budget year.
6. **IMPROVEMENTS:** There are no fixtures or improvements on the Property as of the date this Agreement is executed. Lessee is acquiring an interest in the Property for the intended purpose of constructing a new Justice Center (court facility, jail, and Sheriff's Office) and perhaps other needed county buildings as well. Lessee understands and accepts the risk that, in the event of a default in payment of the annual amounts due under the terms of this Agreement, Custer County could lose and forfeit its interest in all buildings and structures erected on the Property as well as any utilities or other improvements made thereon. Pursuant to the provisions of Section 30-11-104.2, a courthouse, jail, or other county building subject to a lease-purchase agreement is

afforded a tax-exempt status so long as such buildings and structures are used for governmental purposes. In the event of a default in the terms of this Agreement which results in Lessor becoming the owner of such buildings and structures, the tax-exempt status will terminate.

7. **DISPOSITION OF IMPROVEMENTS:** In the event of a default by Lessee failing to make the annual lease purchase payment of principal and interest, ownership of all buildings, structures and other improvements on the Property shall be vested in the Lessor in "as is" condition, regardless of whether construction has been completed or not. Lessee shall have no obligation or liability to Lessor for unfinished construction work or for changes and alterations in the surface of the Property. Lessee's only obligation in the event of a default shall be to peaceably surrender the premises to Lessor.
8. **FAILURE TO PAY:** Notwithstanding anything contained in this Agreement to the contrary, in the event no funds or insufficient funds are appropriated by Lessee in future years for lease payments due and payable under the terms of this lease-purchase, Lessee will immediately notify the Lessor of this occurrence and this Agreement shall terminate on the last day of the fiscal period for which appropriations were made and received by Lessor. Said termination will occur without penalty or expense to the Lessee.
9. **TAXES:** From and after the date hereof, Lessee shall be responsible for paying all real estate taxes on the Property, if any. Lessor will promptly provide a copy of all tax notices and bills received to the Lessee, and the Lessee shall provide to the Lessor receipts showing that all such taxes have been paid in full.
10. **LIENS AND ENCUMBRANCES:** Neither Lessor nor Lessee shall cause any liens or encumbrances to be placed on the Property while this Agreement is in effect unless both parties mutually agree in writing to do so.
11. **INSURANCE:** Under the terms and provisions of this Agreement Lessee is acquiring an interest in vacant, unimproved land. There is no need to provide proof of insurance to the Lessor for buildings and fixtures for the reason that there are none. Any buildings or structures erected on the Property while this Agreement is in effect shall be insured by Lessee. If Lessee commences construction of improvements on the Property, Lessee shall maintain reasonable liability insurance naming Lessor as an additional insured.
12. **INDEMNIFICATION:** Lessee agrees to indemnify Lessor against, and to hold Lessor harmless from, any and all claims, actions, proceedings, expenses, damages or liabilities, including attorney fees and court costs, arising in connection with Lessee's use of the Property.

13. **DEFAULT:** In the event of default by Lessee's failure to appropriate and pay annual lease purchase payments to Lessor when due, the provisions of paragraph 8 above shall apply.
14. **TERMINATION OF AGREEMENT:** Upon the giving of such notice as set forth in the paragraph 8 above, the right of Lessee to use said Property shall absolutely cease and terminate.
15. **DELIVERY OF WARRANTY DEED:** Unless the Property has been purchased by Lessee prior to the expiration of the 12-year lease period, then upon the 12th and final annual lease payment being made in accordance with the terms of this Agreement, Lessor or its heirs, devisees and assigns shall transfer to Lessee all of its right, title and interest to the Property, free of all liens and encumbrances, by means of a good and sufficient warranty deed. Lessor shall also provide to Lessee a title insurance policy for the Property at Lessor's sole expense.
16. **ASSIGNMENT BY LESSEE PROHIBITED:** Lessee shall not assign its rights under this Agreement nor shall it sub-lease the property. This Agreement is intended by both parties to be solely for the benefit of the Custer County government and for the citizens of Custer County.
17. **CONSTRUCTION:** This Agreement shall be construed in accordance with and governed by the laws of the State of Colorado.
18. **ENTIRE AGREEMENT:** This Agreement constitutes the entire agreement between the parties with respect to the lease of the Property described above, and this Agreement shall not be modified, amended altered or changed in any way except with the written consent of Lessor and Lessee. Any provision of this Agreement found to be prohibited by law shall not invalidate the remainder of the Agreement. The waiver by Lessor of any breach by Lessee shall not operate as a waiver of any subsequent breach.
19. **NAMING RIGHTS:** In the event a Justice Center is constructed and completed on said Property and becomes a building or group of buildings used for governmental purposes, then Lessor shall have the right to choose the official name for said facility, with the stipulation and understanding that the name shall include "Custer County" and "Justice Center" in said official name. This right to choose a name shall mature and become operative upon completion of the contemplated judicial complex and before the opening of said complex for public use.

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5 of 6 R\$0 D\$0 N\$0 S\$0 M\$0 E\$0 Custer County Clerk

Dated the day and year first above written.

Chet Haga Trust, Lessor, by

Alberta J. Haga
Alberta J. Haga, Trustee

County of Custer, a political subdivision of
the State of Colorado, Lessee, by

Tommy G. Flower
Tommy G. Flower

Chairman, Board of County Commissioners

William R. Canda
William R. Canda

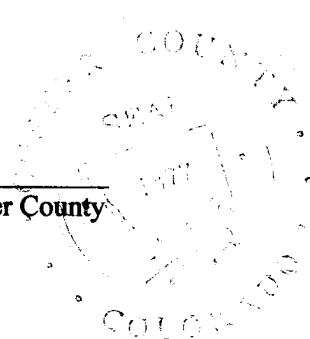
Vice Chairman, Board of County Commissioners

Jay D. Printz
Jay D. Printz
County Commissioner

SEAL:

ATTEST:

Kelley Camper
Kelley Camper, Clerk and Recorder for Custer County



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EXHIBIT A

Payment Schedule

(agreed purchase price of \$581,962.00)

Date	Payment Amount	Interest (at 2%)	Balance
8/1/2018	\$50,000	\$0.00	\$531,962
8/1/2019	\$50,000	\$10,639.24	\$481,962
8/1/2020	\$50,000	\$9639.24	\$431,962
8/1/2021	\$50,000	\$8639.24	\$381,962
8/1/2022	\$50,000	\$7639.24	\$331,962
8/1/2023	\$50,000	\$6639.24	\$281,962
8/1/2024	\$50,000	\$5639.24	\$231,962
8/1/2025	\$50,000	\$4639.24	\$181,962
8/1/2026	\$50,000	\$3639.24	\$131,962
8/1/2027	\$50,000	\$2639.24	\$81,962
8/1/2028	\$50,000	\$1639.24	\$31,962
8/1/2029	\$31,962	\$639.24	\$0.00