DURANGO WELCOME CENTER

SUBLEASE AGREEMENT

802 MAIN AVENUE

SUBLESSOR:	**CITY OF DURANGO**
SUBLESSEE:	**LUCKY SERVICES, LLC**
DATE OF LEASE:	**MAY 1, 2025**

DURANGO WELCOME CENTER

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT, effective as of May 1, 2025, is by and between the City of Durango, a municipal home-rule corporation, having its office at 949 East 2nd Avenue, Durango, Colorado 81301 ("City"), as Sublessor, and Lucky Services, LLC, as Sublessee.

WHEREAS, City has entered into a lease with Griffith Properties, LLC (the "Landlord"), pursuant to which the City has acquired the right to occupy the premises located at 802 Main Avenue, Durango, Colorado, for an initial term of 8 months commencing May 1, 2025 and expiring December 31, 2025, with two (2) additional options to renew the lease, each for an additional term of one (1) year (hereinafter the "Master Lease"); and

WHEREAS, the City leased the property at 802 Main Avenue for purposes of creating available space for the Durango Area Tourism Office (hereinafter "DATO") operations and creating space for the Durango Welcome Center, which will be a multi-purpose facility providing information, assistance, hospitality, services, tickets and selected merchandise to visitors to the community; and

WHEREAS, the City is willing to sublease space to Lucky Services, LLC, under the terms, conditions and provisions herein set forth, and Griffith Properties, LLC, has agreed in the Master Lease to the City subleasing the space to Lucky Services, LLC; and

WHEREAS, the Sublessee agrees to share the Welcome Center Space with DATO, Fort Lewis College, and the Durango Business Improvement District on the terms contained herein; and

WHEREAS, it is the mutual desire of the parties to set forth their understanding and agreement in writing with respect to the terms and conditions of the sublease for space within the leased premises at 802 Main Avenue;

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein set forth, the parties agree as follows:

1. **Subleased Premises.**
    a. Subject to the terms and conditions hereinafter set forth, the City hereby leases to Sublessee, a right of joint occupancy with the other sublessees described herein of approximately 3,000 square feet of the ground floor

space of the premises located at 802 Main Avenue, such space being designated as the "Sales Floor," and approximately 3,000 square feet of the shared basement space (hereinafter collectively referred to as the "Subleased Premises"). The Sales Floor is depicted on Exhibit A hereto attached, the contents of which are incorporated by reference herein. The Subleased Premises shall be occupied jointly by FLC, DATO, Lucky Services, LLC, and the Durango Business Improvement District (hereinafter "BID"), and shall be used as a display area and visitor welcome center, for purposes of providing information, assistance, services, tickets and selected merchandise to visitors to the community.

b. Sublessee understands and acknowledges that the area designated as the "Sales Floor" on Exhibit A and shared basement area are accordingly non-exclusive to Sublessee. Sublessee further acknowledges and agrees that the City may elect to occupy and utilize some of the available space for activities and purposes consistent with the function of the Durango Welcome Center during the term of this Sublease.

c. Included within the Subleased Premises is access to and use of the public restrooms located to the east of the Sales Floor. Access and use of such facilities is nonexclusive.

2. **Condition of Subleased Premises.**
   a. Sublessee acknowledges that the Subleased Premises will be a partially furnished area, with adequate heat, light, electrical and communication connections to facilitate Sublessee's operations within the Durango Welcome Center. Furnishing of the Subleased Premises shall be the collective responsibility of each subtenant and should Sublessee or any other subtenant wish to add additional furnishings to the Subleased Premises, they may do so with written consent of the City, which consent shall not be unreasonably withheld. Unless approved as a joint expense of all sublessees, any such additional furnishings, if approved, shall be at the expense of the party wishing to add such furnishings.

3. **Term of Sublease and Options to Renew.**

a. **Initial Term.** Subject to Section 26 hereof, the term of this Sublease shall be 32 months commencing May 1, 2025 ("Commencement Date") and terminating at 12:00 midnight on December 31, 2025 ("Initial Lease Term").

b. **Options to Extend.**

   i. Once Sublessee's Initial Term expires, Sublessee shall have the option to extend this Sublease for a one (1) year period expiring December 31, 2026 (the "First Renewal Term"), conditional upon Sublessee's full and complete compliance with the terms, provisions and conditions herein set forth.

   ii. Once Sublessee's First Renewal Term expires, Sublessee shall have the option to extend this sublease for a second one (1) year period expiring December 31, 2027 (the "Second Renewal Term"), conditional upon Sublessee's full and complete compliance with the terms, provisions and conditions herein set forth.

c. The Sublessee shall provide notice of its election to exercise the option to extend this Sublease through written notification tb the City Manager of the City of Durango at the address hereinafter set forth, with such notice to be received by the office of the City Manager no later than thirty (30) days from the date of notification of such extension by the City. Failure to provide such written notice shall constitute an irrevocable election on the part of Sublessee not to exercise the option herein granted and the City shall thereafter be free to lease the Subleased Premises to a third-party or third-parties, free of any claim from Sublessee.

d. In the event that the Sublessee declines an option to extend the Sublease as provided in Section 3(b) here of, the Sublessee and the Sublessor may agree to extend the term of the Sublease for a concurrent renewal term, subject to an amendment to this Sublease identifying the renewal term and the applicable Rent.

4. **Rent.**

   a. For the period from May 1, 2025, through December 31, 2025, Sublessee shall pay to the City, as rent for the Subleased Premises, the amount of

$1500.00 per month, payable on the first day of each month, in lawful money of the United States, without abatement, deduction, claim, offset, prior notice or demand. Such payments shall be made payable to the City of Durango and shall be mailed or delivered to the City Finance Director at 949 East 2nd Avenue, Durango, Colorado 81301, or such other place as City may designate from time to time in writing

b. Sublessee acknowledges, understands and agrees that pursuant to the Master Lease, on January 1 of each year during the Initial Term, Rent shall be increased to an amount equal to 103% of the Rent paid during the prior 8-month period.

c. If the Sublessee validly exercises the option to renew this Sublease as provided herein, the Rent for the first year of the First Renewal Term shall be an amount equal to the greater of:

    i. 103% of the rent paid during the prior 12-month period of the Initial Lease Term, or

    ii. An amount that reflects the percentage increase in the Designated Index from 01/01/2025 through 8/31/2025.

d. The Designated Index used here-in is defined as the U.S. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers (CPI-U), Mountain Division, not seasonally adjusted.

e. The rent for each of the second and third years of the First Renewal Period shall increase to an amount equal to 103% of the rent during the prior 12-month period.

f. If the Sublessee validly exercises the option to renew the Sublease for a Second Renewal Term, the rental adjustment for the first year of the Second Renewal Term shall be the greater of:

    i. 103% of the rent paid during the prior 12-month period of the First Renewal Term, or

ii. An amount that reflects the percentage increase in the Designated Index from 01/01/2026 through 08/31/2026.

5. **Late Payment Charges**

Sublessee acknowledges that the City is subject to a Late Payment Charge to Griffith Properties, LLC pursuant to the terms of the Master Lease. In recognition of this fact, Sublessee agrees that if any installment of Rent or any other charge due from Sublessee to the City pursuant to the provisions of this Sublease is not paid within ten (10) days of the due date, a late charge of five percent (5%) of the amount due shall be assessed. The parties agree that this Late Charge represents a fair and reasonable estimate of the costs that Sublessor will incur by reason of the late payment by Sublessee. Acceptance of such Late Charge shall not constitute a waiver by Sublessor of Sublessee's default with respect to any then remaining overdue amount and shall not prevent Sublessor from exercising any of the other rights and remedies available to Sublessor for any other breach of Sublessee under this Lease.

6. **Holding Over.**

Upon the expiration of the Initial Lease Term, any option term thereafter, or the earlier termination of this Sublease, Sublessee shall surrender the Subleased Premises to Landlord in its condition existing as of the commencement date of the Sublease, normal wear and tear and acts of God excepted. If Sublessee remains in possession of all or any part of the Subleased Premises after the expiration of the Initial Lease Term or any option term thereafter with the consent of Sublessor, such possession shall constitute a month-to-month tenancy only and shall not constitute a renewal or extension for any further term. In such event, the monthly rent for the holdover period shall be equal to one hundred fifty percent (150%) of the rent payable during the last month of the Initial Lease Term or any option term thereafter ("Holdover Rent"), and any other sums due hereunder shall be payable in the amount and at the time specified in this Sublease. Such month-to-month tenancy shall be subject to every other term, condition, and covenant contained herein, not including any option to renew or extend. This month-to-month tenancy may be terminated by Sublessor or Sublessee upon thirty (30) days' prior notice to the nonterminating party, which shall run concurrently with any statutorily required notice. If Sublessee remains in possession of all or any part of the

Subleased Premises after the expiration of the Initial Lease Term or any option term thereof without Sublessor' s consent, then Sublessee shall pay Sublessor rent equal to the Holdover Rent, plus an amount equal to any damages actually incurred by Sublessor as a result of Sublessee' s holdover.

7. **Use of Subleased Premises.**
   a. **Sublessee's Use.** Sublessee shall use the Subleased Premises solely for purposes in furtherance of and consistent with the underlying use of the Subleased Premises as a "Welcome Center," consisting of a multi-purpose facility providing information, assistance, hospitality, services, tickets and selected merchandise to visitors to the community. Any other use shall require written consent of the City, as Sublessor, and consent of Griffith Properties, LLC, as Lessor under the Master Lease. Such consents shall not be unreasonably withheld, conditioned or delayed.

   b. **Compliance with Governmental Regulations.** Sublessee shall, at its own cost and expense, promptly and properly observe and comply with all present and future orders, regulations, directions, rules, laws, ordinances, and requirements of all governmental authorities (including, without limitation, state, municipal, county and federal governments and their departments, bureaus, boards and officials and) arising from Sublessee's use or occupancy of the Subleased Premises or privileges appurtenant to or in connection with the enjoyment of the Subleased Premises.

   c. **Nondiscrimination.** Sublessee, with respect to its use of the Subleased Premises, and the parties in connection with the performance of their respective obligation under this Sublease, agree that they will not discriminate against anyone with respect to race, color, creed, sex, age, national origin, religion, handicap, disability, veteran status, any other legally protected category of persons.

   d. **Limitations on Use.** Sublessee shall not overload or abuse the floors, walls, or ceiling of the Subleased Premises, or make any use of the Subleased Premises which would render insurance void or increase Landlord's risk for insurance purposes

8. **Alterations of the Subleased Premises.**

Sublessee shall make no alterations or structural changes to the Subleased Premises of any kind or nature. Any and all such alterations shall be made by Sublessor in compliance with the terms, provisions and obligations of the Master Lease.

9. **Utilities and Services: Maintenance.**
    a. Pursuant to the terms of the Master Lease, the City, as tenant, is responsible for payment of all utility costs, including water, sewer, gas, and electricity. Sublessee' s proportional share of such expenses is included within the rental figure specified in Section 4 above. Any other services including telephone, internet, cable, trash collection and janitorial expenses shall be the responsibility of the Sublessee and the other subtenants.

    b. The Master Lease also obligates the City to maintain and repair the Leased Premises and associated improvements, fixtures, and equipment, including, but not limited to, air conditioning and heating units, electrical and plumbing serving the Leased Premises, doors, plate glass, windows, signage, lighting, sidewalk snow removal and awnings. Sublessee's proportional share of such expenses incurred by the City to maintain the Leased Premises or provide insurance coverage for such contingencies, consistent with the obligations under the Master Lease, is included within the rental figure specified in Section 4 above. Improvements in addition to or above the level of provision by the City will be the responsibility of the Sublessee and the other subtenants.

    c. The Master Lease obligates the Landlord to maintain the exterior of the building, the roof, and the structural components of the building in good order and repair.

10. **No Liens by Sublessee.**
Sublessee shall at all times keep the Subleased Premises free from any liens arising out of any work performed or allegedly performed, materials furnished or allegedly furnished, or obligations incurred or allegedly incurred, by Sublessee or its contractors. Sublessee agrees to address and resolve any and all claims for mechanics', material men's or other liens in connection with any alterations,

repairs, or any work performed, materials furnished or obligations incurred by Sublessee or its contractors.

11. **Surrender of Subleased Premises.**
Upon the expiration of the Initial Lease Term, or any option term should Sublessee exercise the option to renew this Sublease, or upon earlier termination of this Sublease (hereinafter collectively the "Termination Date"), Sublessee shall surrender possession of the Subleased Premises to Sublessor in substantially the same quality of condition existing as of the Commencement Date, ordinary wear and tear excepted. Except as expressly provided elsewhere in this Sublease, all of the removable trade fixtures, furniture, equipment and other personal property in or upon the Subleased Premises owned by Sublessee shall be completely removed by Sublessee upon the Termination Date. Any damage occasioned to the Subleased Premises by the Sublessee's removal shall be repaired by Sublessee. Any of Sublessee's personal property not so removed shall, at the option of Sublessor, automatically become the property of Sublessor, and Sublessor may retain or dispose of Sublessee's personal property not so removed in any manner consistent with Colorado law.

12. **Property and Sales Taxes.**
    a. **Real Property Taxes.** Pursuant to the terms of the Master Lease, Griffith Properties, LLC retains responsibility for payment of real property taxes applicable to the Subleased Premises. Sublessor is potentially entitled to an annual rebate or credit of the ad valorem property taxes payable with respect to the Subleased Premises pursuant to C.RS., §39- 3-124(1)(b). To the extent such credit or rebate is realized by the City, as Sublessor, such funds shall be applied to proportionately reduce the monthly rental due from the Sublessee for the remainder of the year of the rebate.
    b. **Personal Property Taxes.** Sublessee shall pay any and all personal property taxes assessed on the personal property owned by Sublessee located on or used in connection with the Subleased Premises. All such taxes, if any, shall be paid as and when they become due and prior to delinquency.
    c. **Sales Taxes.** Sublessee shall pay all sales taxes assessed against any taxable sales occurring within the Subleased Premises in conjunction with

Sublessee's operations. All such taxes shall be paid as and when they become due and prior to delinquency.

d. **Proof of Payment.** Sublessee shall promptly provide to Sublessor reasonable proof of payment of personal property taxes on or before the due date for such tax payment. Reasonable proof may include certification of payment by a certified public accountant.
e. **Default.** If Sublessee fails to make the payments in strict compliance with the provisions of this Section, Sublessor shall have the right to make the payment on Sublessee's behalf and to be reimbursed therefore with interest at the rate of 12% per annum. This provision shall not impose any obligation on Sublessor to make such payment.

13. **Acknowledgement of Sublessor's and Landlord's Right to Enter Premises.** Sublessor shall, at all times, have the right to enter the Subleased Premises during reasonable hours for any purpose legitimately related to the operation of the Subleased Premises or the terms of this Sublease. Sublessee acknowledges that Griffith Properties, LLC, has reserved a right of entry to the Leased Premises under the terms of the Master Lease upon one business day's advanced written notice, excluding, however, events of emergency, in case of which no advance notice is required.

14. **Signage.**
Sublessee shall not erect, fabricate, install, or otherwise place any signage on the exterior or within the interior of the Subleased Premises without prior written consent of Sublessor. Sublessee acknowledges, understands, and agrees that signage, advertising material and decor of the Durango Welcome Center will be coordinated through Sublessor, and Sublessor accordingly reserves the right to withhold or deny approval to any proposed signage, decoration or placement of materials that is deemed inconsistent with the chosen décor.

15. **Insurance.**
    a. **Sublessee Liability Insurance.** Sublessee shall obtain and keep in full force a policy of commercial general liability insurance under which Sublessee is named as insured and Sublessor and Griffith Properties, LLC, as Landlord, are named as additional insureds. The minimum limits of liability shall be a combined single limit with respect to each occurrence of not less than One Million Dollars ($1,000,000.00) and Two Million Dollars

($2,000,000.00) aggregate. The policy shall insure against liability arising out of or related to Sublessee's use, occupancy or maintenance of the Subleased Premises.

b. **Insurance Obligations.**

   i. Sublessor Liability Insurance. Sublessor, through the Colorado Governmental Risk Sharing Agency (CIRSA) is providing a certificate of liability insurance to meet the requirements under the Master Lease with Griffith Properties, LLC, of commercial general liability insurance coverage with a minimum combined single liability limit or One Million Dollars ($1,000,000) and Two Million Dollars ($2,000,000) aggregate coverage. Sublessee's proportional cost of the Sublessor's insurance coverage is included within the monthly rental figure set forth in Section 4 above.

   ii. Personal Property Insurance. Sublessee shall be responsible for obtaining, at its own cost and expense, property/casualty insurance for Sublessee's personal property located on or in the Subleased Premises, and all items, if any, which Sublessee is responsible to maintain pursuant to the terms of this Sublease. Such insurance coverage shall name Griffith Properties, LLC and the City of Durango as loss payees to the extent of their respective interests in such personal property, if any.

   iii. Worker's Compensation. If Sublessee has any employees occupying the Subleased Premises, Sublessee shall maintain with respect to any and all such employees Worker's Compensation insurance as required by law and Employer's Liability insurance in an amount not less than the Colorado statutory requirement.

   iv. Proof of Insurance. Sublessee shall provide Sublessor concurrently upon taking possession of the Subleased Premises, and thereafter as Sublessor may reasonably require, certificates of insurance issued by the companies providing coverage consistent with the obligations herein set forth, which companies must be permitted to do business within the State of Colorado and must have a financial rating of at least an A status as rated in the most recent edition of AM. Best Insurance Reports, evidencing compliance with the foregoing insurance requirements. All policies required under this Section 15 shall require prior written notice to Sublessor of cancellation or material modification prior to the effective date of any such cancellation or modification.

c. **Liability.** Notwithstanding any other provision of this Sublease to the contrary, no term or condition of this Sublease shall be construed or interpreted as a waiver of any provision of the Colorado Governmental Immunity Act, § 24-10-101, et seq., C.R.S., as now or hereafter amended by either party. The parties hereto understand and agree that liability for claims for injuries to persons or property arising out of the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials and employees, as well as the City of Durango, its agencies, boards, officials and employees, is controlled and limited by the provisions of § 24-10-101, et seq., C.R.S., as now or hereafter amended. Any provision of this Sublease, whether or not incorporated herein by reference, shall be controlled, limited and otherwise modified so as to limit any liability of the Sublessee and the Sublessor to the above cited Act.

16. **Damage or Destruction of Premises.**

a. Pursuant to the terms of the Master Lease, Griffith Properties, LLC, as Landlord, is obligated to repair or rebuild the Subleased Premises if such premises are damaged or destroyed by fire or other casualty, subject to certain stated exceptions. There is no obligation to rebuild the Subleased Premises if the damage or destruction is 90% or more of the building; or if insurance proceeds are inadequate to pay the costs to fully repair the damaged premises; or the premises cannot, with reasonable diligence be repaired within a period of 18 months following the damage or destruction; or if the premises cannot be safely repaired because of the presence of hazardous factors, including, but not limited to, earthquake faults, radiation, chemical waste or other similar dangers or because of dangerous conditions in the remainder of the Building in which the Premises are located. In the event of any of the foregoing, both Griffith Properties, LLC and the City, as tenant under the Master Lease, have the right to terminate the Master Lease.

b. Sublessee acknowledges and agrees to the foregoing conditions and further agrees that in the event of an election to terminate the Master Lease by either Griffith Properties, LLC or the City, as Sublessor, this Sublease shall immediately terminate and Sublessee and Sublessor agree to release each other from any and all obligations and liabilities with respect to this Sublease except such obligations and liabilities which arise or accrue prior to such termination.

c. If an election to rebuild the Subleased Premises is made by Griffith Properties, LLC, this Sublease shall continue in full force and effect and, in accordance with the terms of the Master Lease, rent shall abate during the period of reconstruction and shall not recommence until such time as the Subleased Premises are ready for re-occupancy.
d. This Section 16 constitutes the Sublessee's sole and exclusive remedies in the event of damage or destruction to the Subleased Premises and the proper exercise of the election to terminate pursuant to the terms of the Master Lease.

17. **Condemnation.**

a. **Permanent Taking – When Lease Can Be Terminated.** The Master Lease provides that if the whole of the Subleased Premises, or so much of said Premises as to render the Subleased Premises, in Sublessor's reasonable opinion, impractical for Sublessor's use, shall be taken under the power of eminent domain, the Master Lease shall automatically terminate as of the date of final judgment in such condemnation, or as of the date possession is taken by the condemning authority, whichever is earlier. The Master Lease further provides that no award for any partial or entire taking shall be apportioned, except as specifically provided therein, and that Sublessor assigns to Griffith Properties, LLC any award which may be made in such taking or condemnation, provided that nothing contained in the Master Lease shall be deemed to give Griffith Properties, LLC any interest in or to require Sublessor to assign to Griffith Properties, LLC any award made to Sublessor for (a) the taking of Sublessor's Personal Property, or (b) interruption to Sublessor's business, or (c) Sublessor's moving expenses. Sublessee acknowledges and agrees to such terms and recognizes and agrees that whatever interest it may have in any such award for such taking is derivative through Sublessor.
b. **Permanent Taking – When a Lease Cannot Be Terminated**. The Master Lease with Griffith Properties, LLC provides that in the event of a partial taking which does not result in a termination of the Master Lease and which does not interfere with Sublessor's ability to conduct its business operations from the remaining portion of the Subleased Premises, and which does not cause any financial loss to Sublessor, rent shall not be reduced, but Griffith Properties, LLC shall restore any damage to the

Subleased Premises caused by such taking. The Master Lease further provides that in the event of a partial taking which does not result in a termination of the Master Lease but which either interferes with Sublessor's ability to conduct its business operations from the remaining portion of the Subleased Premises or causes any financial loss to Sublessor, rent shall be proportionately reduced, based on the portion of the Subleased Premises rendered unusable and not used by Sublessor, and Griffith Properties, LLC shall restore any damage to the Subleased Premises- caused by such taking. Sublessee acknowledges and agrees to such terms.

c. **Temporary Taking.** The Master Lease provides that no temporary taking of the Subleased Premises or any part of the Subleased Premises and/or of Sublessor's rights to the Subleased Premises under the Master Lease shall terminate the effectiveness of the Master Lease or give Sublessor any right to any abatement of any payments owed to Griffith Properties, LLC pursuant to said Master Lease. Any award made to Sublessor by reason of such temporary taking shall belong entirely to Sublessor and Griffith Properties, LLC shall not be entitled to share therein. Sublessee acknowledges and agrees to such terms and recognizes and agrees that whatever interest it may have in any such award for partial taking is derivative through Sublessor.

d. **Exclusive Remedy.** This Section 17 contains Sublessor's sole and exclusive remedies in the event of a taking or condemnation under the terms of the Master Lease and Sublessee acknowledges and agrees to such terms.

e. **Release Upon Termination.** Upon any termination of the Master Lease as a result of condemnation, Sublessor and Sublessee hereby agree to release each other from any and all obligations and liabilities with respect to this Sublease except such obligations and liabilities which arise or accrue prior to such termination.

18. **Assignment and Subletting.**

a. Sublessee is prohibited from assigning or subleasing its rights in this Sublease or any interest in the Subleased Premises. Sublessee shall not encumber, assign or otherwise transfer any right or interest in this Sublease without the prior written consent of Sublessor, which consent may be withheld at the sole discretion of Sublessor.

b. Pursuant to the terms of the Master Lease, Griffith Properties, LLC has reserved the right to assign its interest in the Master Lease. Sublessee acknowledges and agrees to such reservation of rights by Griffith Properties, LLC

19. **Default.**

a. **Default by Sublessee.** Each of the following shall be an "Event of Default" by Sublessee and Sublessee will not be deemed to be in default of this Sublease until one of the following has occurred:

i. Sublessee shall fail to make any payment owed by Sublessee under this Sublease, as and when due, or within fifteen days of such due date.

ii. Sublessee shall fail to observe, keep or perform any of the material terms, covenants, agreements or conditions under this Sublease that Sublessee is obligated to observe or perform (other than failure to pay rent) for a period of thirty (30) days after notice to Sublessee of said failure; provided, however, that if the nature of Sublessee's default is such that more than thirty (30) days are reasonably required for its cure, then Sublessee shall not be deemed to be in default under this Sublease if Sublessee shall commence the cure of such default so specified within the thirty (30) day period and diligently prosecutes the same to completion. Such thirty (30) day notice shall run concurrently with any notice required under Colorado law.

b. **Sublessor's Default.** Sublessor shall not be in default in the performance of any obligation required to be performed under this Sublease ("Event of Default") unless Sublessor has failed to perform such obligation within thirty (30) days after the receipt of notice from Sublessee specifying in detail Sublessor's failure to perform; provided, however, that if the nature of Sublessor's obligation is such that more than thirty (30) days are required for its performance, then Sublessor shall not be deemed in default if it shall commence such performance within thirty (30) days and thereafter diligently pursues the same to completion. If Sublessor does not cure the default, Sublessee may exercise any of its rights or remedies provided in law or at equity.

c. **Sublessor's Remedies.**

i. **Termination of Lease.** In the event of any Event of Default by Sublessee, Sublessor shall have the right, in addition to all other rights available to Sublessor under this Sublease or now or later permitted by law or equity, to terminate this Sublease by providing Sublessee with notice of termination. In such event, Sublessor shall be entitled to recover from Sublessee damages as provided by law including, without limitation, damages proximately caused by Sublessee's failure to perform under this Sublease, or which are likely in the ordinary course of business to be incurred, including any amount expended or to be expended by Sublessor in an effort to mitigate damages.

ii. **Right of Entry.** In the event of any default by Sublessee, Sublessor shall also have the right, with or without terminating this Sublease, to enter the Subleased Premises and remove all persons and personal property from the Subleased Premises, such property being removed in any manner consistent with Colorado law, all without notice or legal process (except as required by law) and without being deemed guilty of trespass, or liable for any loss or damage occasioned thereby. No removal by Sublessor of any persons or property in the Subleased Premises shall constitute an election to terminate this Sublease. Such an election to terminate may only be made by Sublessor in writing. Sublessor's right of entry shall include the right to remodel the Subleased Premises and re-let the Subleased Premises. All costs incurred in such entry and re-letting shall be paid by Sublessee. Rents collected by Sublessor from any other sublessee who occupies the Subleased Premises shall be offset against the amounts owed to Sublessor by Sublessee. Subject to Section 26 hereof, the Sublessee shall be responsible for any amounts not recovered by Sublessor from any other Sublessee. Any payments made by Sublessee shall be credited to the amounts owed by Sublessee in the sole order and discretion of Sublessor, irrespective of any designation or request by Sublessee. No entry by Sublessor shall prevent Sublessor from later terminating this Sublease by written notice.

d. **Right to Perform.** If Sublessor or Sublessee fails to perform any covenant or condition to be performed by such party within the applicable grace or cure period, the other party ("Performing Party") may perform such covenant or condition at its option, after notice to the party required to perform. Subject to Section 26 hereof, all costs incurred by Performing Party in so performing shall immediately be reimbursed to the Performing

Party by the party obligated to perform, together with interest computed from the time payment is made by the Performing Party. In the event Sublessee shall be the Performing Party, and if Sublessor shall fail to either pay the costs incurred by Sublessee as the Performing Party or object to such costs in writing within thirty (30) days after receipt of an invoice from Sublessee of its costs of taking action which should have been taken by Sublessor, then Sublessee shall be entitled to deduct from the next payment(s) of rent payable by Sublessee under the Sublease, the amount set forth in such invoice plus interest. If, however, Sublessor delivers to Sublessee, within twenty (20) days after receipt of Sublessee's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Sublessor's reasons for its claim that such action did not have to be taken by Sublessor pursuant to the terms of the Sublease or that the charges are excessive (in which case Sublessor shall pay the amount it contends would not have been excessive), then Sublessee shall not be entitled to such deduction from rent, but, as Sublessee's sole remedy, Sublessee may proceed to claim a default by Sublessor.

e. **Remedies Not Exclusive.** The rights and remedies of Sublessor and Sublessee set forth herein are not exclusive, and Sublessor and Sublessee may exercise any other right or remedy available to each of them under this Sublease, at law, or in equity
f. **Interest.** Sums owed by a party pursuant to this Sublease not paid when due shall bear interest at twelve percent (12%) per annum.

20. **Notices.**

Any notice or demand required or desired to be given under this Sublease shall be in writing and shall be personally served or in lieu of personal service may be given by mail. If given by mail, such notice shall be deemed to have been given when seventy-two (72) hours have elapsed from the time when such notice was deposited in United States mail, certified, postage prepaid, return receipt requested, addressed to the party to be served. The addresses of Sublessor and Sublessee are set forth herein. Either party may change its address by giving notice of same in accordance with this Section.

Addresses for Notice: Sublessor:
City Manager City of Durango
949 East 2nd Avenue Durango, Colorado 81301

Sublessee:
Lucky Services, LLC
802 Main Avenue
Durango, Colorado 81301

21. **Dispute Resolution.**
    a. **Mediation.** In the event of any disagreement arising out of or relating to the provisions of this Sublease Agreement, or the negotiations leading up to this Sublease Agreement, the parties agree to first proceed in good faith to submit the dispute to mediation. The parties will jointly appoint an acceptable mediator and the parties will share equally the cost of such mediation. If the parties cannot agree upon a mediator, either party may request that any person then sitting as District Judge of the Sixth Judicial District Court, Colorado appoint a mediator. In the event the dispute is not resolved within thirty calendar days from the date a mediator is selected, the mediation shall terminate unless otherwise agreed. Good faith participation in mediation, unless prevented by the other party, shall be a condition precedent to either party commencing any legal proceeding.
    b. **Attorney Fees.** Intentionally deleted.

22. **Licenses and Permits.**
In the use and occupation of the Subleased Premises and the conduct of its business thereon, Sublessee, at its sole cost and expense, shall be responsible for obtaining and keeping in effect any required licenses and permits required in connection with Sublessee's use of the Premises.

23. **Subordination.**
This Sublease and the rights granted to Sublessee by this Sublease are and shall be subject and subordinate at all times to the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Subleased Premises, underlying land or the interest of Griffith Properties, LLC in any of said items is specified as security. Sublessee covenants and agrees to execute and deliver, within fifteen (15) days following a demand by Sublessor and in a commercially reasonable form demanded by Sublessor, any commercially

reasonable documents evidencing the priority or subordination of this Sublease with respect to such mortgage or deed of trust.

24. **Special Provisions.**
    a. As partial consideration for the granting of this Sublease, Sublessee agrees that it will cooperate with DATO and BID to operate and maintain the facilities constituting the Durango Welcome Center, to be outlined in an Operation Plan for the Durango Welcome Center, a copy of which will be provided to the Sublessor.
    b. The parties agree that an Operation Plan will be reviewed annually and adjusted as necessary to assure that staffing and facility responsibilities are performed in the most equitable, economical and cost efficient manner possible. In the event of amendment to the Operating Plan, a new copy shall be provided to the Sublessor.

25. **General.**
    a. **Covenants and Agreements.** The failure of Sublessor or Sublessee to insist in any instance on the strict keeping, observance or performance of any covenant or agreement contained in this Sublease, or the exercise of any election contained in this Sublease shall not be construed as a waiver or relinquishment for the future of such covenant or agreement, but the same shall continue and remain in full force and effect
    b. **Quiet Enjoyment.** Subject to (i) the rights of any lender of record; (ii) the other provisions of this Sublease; and (iii) so long as Sublessee is not in default hereof, Sublessor warrants that Sublessee shall have the non-exclusive right to and possession of, and the quiet enjoyment of, the Subleased Premises and shall have, hold and enjoy the Subleased Premises without unreasonable interference by Sublessor. Sublessee shall not cause or allow any nuisance on or about the Subleased Premises or otherwise disturb the quiet enjoyment of other persons in the building of which the Subleased Premises are a part.
    c. **Captions.** The captions and headings used in this Sublease are for the purpose of convenience only and shall not be construed to limit or extend the meaning of any part of this Sublease.
    d. **Executed Copy.** Any fully executed copy of this Sublease shall be deemed an original for all purposes.
    e. **Time.** Time is of the essence for the performance of each term, condition and covenant of this Sublease.

f. **Severability.** If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Sublease, but this Sublease shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

g. **Choice of Law.** This Sublease shall be construed and enforced in accordance with the laws of the State of Colorado. The language in all parts of this Sublease shall in all cases be construed as a whole according to its fair meaning and any ambiguity shall not be construed strictly for or against either Sublessor or Sublessee. The parties agree that venue for any litigation stemming from this Sublease will be an applicable court in La Plata County, Colorado.

h. **Gender; Singular, Plural.** When the context of this Sublease requires, the neuter gender includes the masculine, the feminine, a partnership or corporation, joint venture or other legal business entity, and the singular includes the plural.

i. **Binding Effect.** The covenants and agreement contained in this Sublease shall be binding on the parties hereto and on their respective successors and assign to the extent this Sublease is assignable.

j. **Waiver.** Any waiver of any terms and conditions hereof must be in writing, and signed by the parties hereto. No failure to insist upon strict compliance with any of the provisions of this Sublease shall operate or be construed as a waiver of any subsequent breach of the same or any other provision of this Sublease. A waiver of any term or condition hereof shall not be construed as a future waiver of the same or any other term or condition hereof. The subsequent acceptance of rent hereunder by Sublessor shall not be deemed to be a waiver of any preceding breach at the time of acceptance of such payment. No covenant, term, or condition of this Sublease shall be deemed to have been waived by Sublessor or Sublessee unless such waiver is in writing signed by the waiving party

k. **Entire Agreement.** This Sublease is the entire agreement between the parties, and supersedes any prior agreements, representations, negotiations or correspondence between the parties except as expressed herein. The parties shall not be deemed affiliates, partners, or joint venturers of the others. Except as otherwise provided herein, no subsequent change or addition to this Sublease shall be binding unless in writing and signed by the parties hereto.

l. **Authority.** Each individual executing this Sublease on behalf of a party to this Sublease represents and warrants that he/she is duly authorized to execute and deliver this Sublease on behalf of such party in accordance with the terms of such entity's articles and bylaws, and that this Sublease is binding upon such party in accordance with its terms.

m. **Survival.** The obligations of the Sublessee and the Sublessor herein shall, to the extent arising under this Sublease, survive the termination of the Sublease.

26. **Sublessee's Fiscal Funding.**

a. This Sublease is dependent upon the continuing availability of funds beyond the term of the State's current fiscal period ending upon the next succeeding June 30, as financial obligations of the Sublessee payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available. While the act of appropriation is a legislative act, Sublessee will take appropriate actions under the laws applicable to Sublessee to timely and properly budget for, request of and seek and pursue appropriation of funds permitting Sublessee to make payments required hereunder during the period to which such appropriation applies. If funds are not appropriated, this Sublease shall terminate at the end of the then current fiscal year, with no penalty or additional cost to Sublessee. Sublessee shall notify Sublessor of such non-allocation of funds by sending written notice thereof to Sublessor forty-five (45) days prior to the effective date of termination.

b. Sublessee's obligation to pay rent hereunder constitutes a current expense of Sublessee payable exclusively from Sublessee 's funds and shall not in any way be construed to be a general obligation indebtedness of the State of Colorado or any agency or department thereof within the meaning of any provision of§§ 1,2,3,4, or 5 of Article XI of the Colorado Constitution, or any other constitutional or statutory limitation or requirement applicable to the State concerning the creation of indebtedness. Neither Sublessee, nor Sublessor on its behalf, has pledged the full faith and credit of the State, or any agency or department thereof to the payment of the charges hereunder, and this Sublease shall not directly or contingently obligate the State or any agency or department thereof to apply money from, or levy or pledge any form of taxation to, the payments due hereunder.

l. **Authority.** Each individual executing this Sublease on behalf of a party to this Sublease represents and warrants that he/she is duly authorized to execute and deliver this Sublease on behalf of such party in accordance with the terms of such entity's articles and bylaws, and that this Sublease is binding upon such party in accordance with its terms.
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   b. Sublessee's obligation to pay rent hereunder constitutes a current expense of Sublessee payable exclusively from Sublessee 's funds and shall not in any way be construed to be a general obligation indebtedness of the State of Colorado or any agency or department thereof within the meaning of any provision of§§ 1,2,3,4, or 5 of Article XI of the Colorado Constitution, or any other constitutional or statutory limitation or requirement applicable to the State concerning the creation of indebtedness. Neither Sublessee, nor Sublessor on its behalf, has pledged the full faith and credit of the State, or any agency or department thereof to the payment of the charges hereunder, and this Sublease shall not directly or contingently obligate the State or any agency or department thereof to apply money from, or levy or pledge any form of taxation to, the payments due hereunder.

IN WITNESS WHEREOF, the undersigned have executed this instrument effective as of the date and year first above written.

SUBLESSOR:

CITY OF DURANGO, COLORADO

Gilda Yazzie
____
Mayor

STATE OF COLORADO)
)ss.
County of La Plata)

DESTINEIGH ROBINSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20234001774
MY COMMISSION EXPIRES 01/13/2027

Acknowledged before me on this 1st day of May, 2025 by Gilda Yazzie, as Mayor of the City of Durango, Colorado, a Home Rule Municipality.

Witness my hand and seal.

D Robinson
____
Notary

1-13-2027
____
Commission Expiration Date

SUBLESSEE:

LUCKY SERVICES, LLC

____

Jessika Buell

STATE OF COLORADO)

)ss.

County of La Plata)

DESTINEIGH ROBINSON
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID# 20234001774
MY COMMISSION EXPIRES 01/13/2027

Acknowledged before me on this 1st day of May, 2025 by Jessica Buell, Owner of Lucky Services, LLC.

Witness my hand and seal.

____

Notary

1/13/2027

Commission Expiration Date