



TOWN COUNCIL WORK SESSION & MEETING
Zoom Webinar and/or Town Council Chamber
3 S. Timber Ridge Parkway, Severance, CO 80550

AGENDA

Tuesday, July 14, 2026, at 6:00 PM

A. CALL TO ORDER WORK SESSION

The Goal of the Work Session is to have the Town Council receive information on topics of Town business from the Town Manager, Town Attorney and Town Staff in order to exchange ideas and opinions regarding these topics.

1. Pg. 3- Red Flag WSFR Burn Restrictions

- Discussion
- Staff Presentation: Chris Angermuller

B. CALL TO ORDER REGULAR MEETING

1. Roll Call

2. Pledge of Allegiance

3. Agenda Review by Town Manager

4. Consent Calendar

The Consent Calendar is intended to allow the Town Council to spend time and energy on the important items and not routine actions. A Council Member may request an item on this calendar to be "pulled" off the Consent Calendar and considered separately as a regular agenda item. Items remaining on the Consent Calendar will be approved by Town Council with one vote.

a. Pg. 14 - Meeting Minutes 6.9.26

b. Pg. 18 - May 2026 Financial Statements

c. Pg. 60 - May 2026 Payables

d. Pg. 63 - Resolution 2026-17R: A Resolution of the Town Council of the Town of Severance, Colorado, amending the Fiscal Year 2025 Budget to Appropriate Funds

5. Approval of Agenda

6. Public Comment

The purpose of the Public Comment is for members of the public to speak to the Town Council on any subject not scheduled on the agenda. To accomplish scheduled agenda items, comments should be limited to three minutes for those attending in person or an appropriate

time as deemed by the Mayor. The Town Council is not obligated to make decisions or take action on comments but may choose to schedule the matter for a later discussion. Those addressing the Town Council, please state your name and address and sign-in.

7. Council Member Comments

8. Reports

Council approval may be sought for administrative actions in association with staff reports.

- a. Town Attorney
- b. Town Staff
- c. Town Management
- d. Council Members Liaisons
- e. Mayor

C. TOWN COUNCIL

- 1. Pg. 68 - Ordinance 2026-05: Ordinance Amending the Severance Municipal Code to Clarify that the State of Colorado Collects the Town's Sales Tax, that no Separate Town Sales Tax License is Required, and to Require the Disclosure of the Colorado Department of Revenue Account Number on Town Business License Applications**
 - Legislative, Public Comment
 - Staff Presentation: Andrew Rogers, Town Attorney
- 2. Pg. 76 - Resolution 2026-18R: Resolution to Approve the Lease of Real Property Located at 312 1st Street in Severance, Colorado, and Approving the Lease Agreement Pertaining Thereto**
 - Legislative
 - Staff Presentation: Nicholas Wharton, Town Manager

D. COUNCIL MEMBER PETITIONS

Council Members may ask for items to be added to future agendas.

E. ADJOURN

Town Council Meeting
Tuesday, July 14, 2026, 6:00 PM (MDT)

The Town Council reserves the right to adjourn to a virtual-only meeting at its discretion should the need arise.

Registration URL
<https://us02web.zoom.us/j/89354721574?pwd=2TJORo1yOgUN5NB28octprdXWugaLI.1>

The Town of Severance does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in the provision of services. For disabled persons needing reasonable accommodation to attend or participate in a town service, program, public meeting, or activity, call 970-686-1218 at least 72 hours in advance. Disabled access is available from the front entrance of the Town Hall.



AGENDA ITEM SUMMARY

AGENDA ITEM	SUBMITTED BY	PRESENTED BY
Pg. 3- Red Flag WSFR Burn Restrictions	Chris Angermuller	Fire Chief Chris Angermuller
ACTION REQUESTED		
Continued support from the Town of Severance and the Severance Police Department.		<u>Presentation</u>
BRIEF HISTORY OF ITEM		
The Windsor Severance Fire Rescue (WSFR) is requesting that verbiage be added to burn ban regulations that also prohibit burning on red flag days. WSFR would like to establish that if someone is burning within the town limits on a red-flag day, a stronger penalty will be issued.		
BRIEF SUMMARY		
Burning on red-flag days poses a significant public safety risk and therefore warrants a stronger punishment if it is violated.		
PUBLIC SUPPORT/CONCERN		
This will help to continue to minimize risk to the community.		
ANALYSIS AND RECOMMENDATION		
Update burn ban regulations to prohibit burning on red-flag days and research a stronger penalty (fine) for violations.		
MATERIALS SUBMITTED		
The following materials were submitted and included in this packet: 1. Board Red Flag Presentation-presentation		

Red Flag Warnings & Open Burning Regulations

- Windsor Severance Fire Rescue
- Severance Police Department
- Windsor Police Department





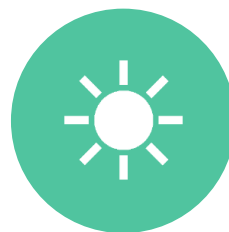
What is a Red Flag Warning?



ISSUED BY
NATIONAL
WEATHER SERVICE



CRITICAL FIRE
WEATHER
CONDITIONS



HIGH WINDS + LOW
HUMIDITY + DRY
FUELS



RAPID FIRE
GROWTH
POTENTIAL

Strong winds of 25 MPH
Humidity 20% or below

A red graphic consisting of a horizontal bar at the top and a larger rectangular box below it, with a small triangular point at the bottom center. The text "Why Red Flag Warnings Matter" is written in white inside the larger box.

Why Red Flag
Warnings
Matter

Faster ignition

Rapid spread

Spotting increases

Difficult suppression

State of Colorado Air Quality Control Commission Regulations

Does not
supersede state or
local codes,
including fire code

Must consider
weather and safety

Air quality
compliance
required

<https://www.weather.gov/bou/>

<https://forecast.weather.gov/MapClick.php?lat=40.4699666&lon=-104.9158188>

Weld County Regulations



Some agricultural exemptions for permitting



Issued through health department



All open burning is prohibited during Red Flag Days



Windsor & Severance Rules

- Open burning is prohibited within town limits per the municipal code
- Recreational fires allowed with some restrictions
- BBQ/cooking devices allowed

Severance Municipal Code Verbiage

Sec. 7-1-255. - Burning of trash, litter and rubbish; yard waste.

It is unlawful and shall constitute a nuisance for any person to build, maintain, attend or use an *open fire*, a portable outdoor fireplace, or recreational *fire*, or to conduct *open* burning, in the Town, including public and private lands, for purposes of removing and disposing of trash, junk, rubbish, litter, or yard waste.

Sec. 7-1-260. - Burning of irrigation ditches; crop fields.

(a) It is unlawful and shall constitute a nuisance for any person to build, maintain, attend or use an *open fire*, or to conduct *open* burning of irrigation ditches or crop fields in the Town without having first obtained a burn permit issued by the Windsor-Severance *Fire* Protection District, or in a manner contrary to the terms, conditions and restrictions set forth in such permit and any *fire* restrictions or *fire* ban issued by the Windsor-Severance *Fire* Protection District or Weld County to be in effect within or upon any area within the Town. A copy of said permit shall be provided to the Town prior to the commencement of burning.

(b) Any person engaging in such burning shall comply with any applicable state laws and regulations relating to the building, maintaining or attending to an *open fire* or acts related to, or that may create, *open* burning, including but not limited to any requirement to obtain an *open* burning permit from the Colorado Department of Public Health and Environment, as well as any and all terms, restrictions, and conditions contained in the burn permit issued by the Windsor-Severance *Fire* Protection District.

2024 IFC Code – Section 307

307.1 Approval required

307.1.1 Hazardous conditions prohibition

307.2 Permit required

105.5.36 Operational permits



HUMAN-CAUSED
FIRES DOMINATE



ILLEGAL BURNING
COMMON CAUSE



RED FLAG
CONDITIONS AMPLIFY
IMPACT

Community Risk



Key Takeaways

- Red Flag Warnings override permits
- Local rules stricter in town limits
- Prevention is critical



TOWN COUNCIL WORK SESSION & MEETING
Zoom Webinar and/or Town Council Chamber
3 S. Timber Ridge Parkway, Severance, CO 80550

WORK SESSION & MEETING MINUTES
Tuesday, June 9, 2026, at 6:00 PM

Mayor: Matthew Fries
Mayor Pro-tem: Brittany Vandermark
Council Members: David Bruen
Craig Joseph
Stephen Gagliardi
Karen Hessler
Josh Ochs

Audience:
Staff: Nicholas Wharton, Town Manager
Lindsay Radcliff-Coombes, Deputy Town Manager
Sarah Jacobsen, Town Clerk
Andrew Rogers, Town Attorney
John Tucker, Police Sergeant

A. CALL TO ORDER WORK SESSION

The Goal of the Work Session is to have the Town Council receive information on topics of Town business from the Town Manager, Town Attorney and Town Staff in order to exchange ideas and opinions regarding these topics.

1. Pg. 4- E-Bike Safety Regulations - Council Petition

- Discussion
- Staff Presentation: Karen Hessler
Council Member Hessler presented the item. Discussion focused on public safety, definitions of electric vehicles, where the vehicles should be allowed, and whether there should be age restrictions. This item will return to the Town Council for possible adoption of an Ordinance.

B. CALL TO ORDER REGULAR MEETING

1. Roll Call

Present:
Mayor Matthew Fries, Council Member David Bruen, Council Member Craig Joseph,
Council Member Stephen Gagliardi, Council Member Karen Hessler, Council Member Josh Ochs
Absent:

Mayor Pro Tem Brittany Vandermark

2. Pledge of Allegiance

3. Pg. 22- Proclamation: National Workplace Safety Month

4. Agenda Review by Town Manager

5. Consent Calendar

The Consent Calendar is intended to allow the Town Council to spend time and energy on the important items and not routine actions. A Council Member may request an item on this calendar to be "pulled" off the Consent Calendar and considered separately as a regular agenda item. Items remaining on the Consent Calendar will be approved by Town Council with one vote.

MOTION WAS MADE BY Council Member Bruen, seconded by Council Member Hessler to Approve the Consent Calendar with changes to Resolution 2026-16R. All Council Members present voting Yes.

MOTION PASSED

a. Pg. 23- Town Council Minutes 5.12.26

b. Pg. 27- Resolution 2026-15R: A Resolution for the Town Council of the Town of Severance, Colorado, Amending the Fiscal Year 2025 Budget to Authorize Transfers Between Funds

c. Pg. 29- Resolution 2026-16R: A Resolution of the Town Council of the Town of Severance, Colorado, Supporting S. 4505

- Legislative
- Staff Presentation: Lindsay Radcliff-Coombes, Deputy Town Manager

d. Pg. 31- April 2026 Financial Statements

e. Pg. 73- April 2026 Payables

6. Approval of Agenda

7. Public Comment

The purpose of the Public Comment is for members of the public to speak to the Town Council on any subject not scheduled on the agenda. To accomplish scheduled agenda items, comments should be limited to three minutes for those attending in person or an appropriate

time as deemed by the Mayor. The Town Council is not obligated to make decisions or take action on comments but may choose to schedule the matter for a later discussion. Those addressing the Town Council, please state your name and address and sign-in.

No public comment.

8. Council Member Comments

9. Reports

Council approval may be sought for administrative actions in association with staff reports.

- a. Town Attorney
- b. Town Staff
- c. Town Management
- d. Council Members Liaisons
- e. Mayor

C. TOWN COUNCIL

1. Pg. 89- Veteran and Military Recognition Area

- Legislative
- Staff Presentation: Nicholas Wharton, Town Manager
The Town Council discussed placing this stone monument on the north side of the Community Park. The celebration monument will encompass military branches, veterans, and first responders.

2. Pg. 91- Great Western Railway Caboose Allocation

- Legislative
- Staff Presentation: Lindsay Radcliff-Coombes, Deputy Town Manager, Nicholas Wharton, Town Manager

The Town Council discussed the costs of purchasing, relocating, and restoring the caboose. The costs are high, and the Town Council will not move forward at this time in purchasing the caboose. Councilmember Gagliardi will talk with the Great Western Trail Authority and see if they are interested in partnering and fundraising for the caboose.

3. Pg. 95- Ordinance 2026-04: An Ordinance of the Town Council of the Town of Severance, Colorado, amending Article 6 of Chapter 7 of the Severance Municipal Code to reduce the term of dog and cat licenses, to establish a December 31 expiration date, and to require owners to provide an owner identification tag for the animal

- Legislative, Public Comment
- Staff Presentation: Andrew Rogers, Town Attorney
No one present wished to speak for public comment.

MOTION WAS MADE BY Council Member Ochs, seconded by Council Member Gagliardi to Adopt Ordinance 2026-04: An Ordinance of the Town Council of the Town of Severance, Colorado, amending Article 6 of Chapter 7 of the Severance Municipal Code to reduce the term of dog and cat licenses, to establish a December 31 expiration date, and to require owners to provide an owner identification tag for the animal. All Council Members present voting Yes.

MOTION PASSED

4. Pg. 100- Finch Drive & Ptarmigan Street Traffic Request

- Legislative
- Staff Presentation: Nicholas Wharton, Town Manager

Management received two email complaints about vehicles driving the wrong way and speeding along Ptarmigan Street and Finch Drive by Range View Elementary. The Police Department patrolled the location for two weeks and found four vehicles going the wrong way and placed a speed trailer in the location from May 11-21, which resulted in 168 vehicles and/or e-vehicles going the wrong direction. The Town Council directed staff to reach out to the traffic consultants to see what options we have for the traffic control and enhanced traffic safety.

D. COUNCIL MEMBER PETITIONS

Council Members may ask for items to be added to future agendas.

E. EXECUTIVE SESSION

- 1. Considering the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest, pursuant to §24-6-402(4)(a), C.R.S., with regard to certain property in downtown Severance.**

MOTION WAS MADE BY Council Member Gagliardi, seconded by Council Member Bruen to ADJOURN INTO the executive session to consider the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest, pursuant to §24-6-402(4)(a), C.R.S., with regard to certain property in downtown Severance. All Council Members present voting Yes.

MOTION PASSED

F. ADJOURN

The meeting adjourned at 7:49 p.m.

TOWN OF SEVERANCE

Matthew Fries, Mayor

ATTEST

Sarah Jacobsen, Town Clerk



Monday, June 22nd, 2026

Attn: Town Council and Stakeholders

Re: Financial Statement Review

The Interim Financial Statements for **May 2026** for the Town of Severance have been reviewed and can be published as part of the **July 14th, 2026**, Town Council Consent Agenda.

All the best,

A handwritten signature in black ink, appearing to read "Jacquelyn Grossnickle".

Jacquelyn Grossnickle
Finance Director

TOWN OF SEVERANCE
COMBINED CASH INVESTMENT
MAY 31, 2026

COMBINED CASH ACCOUNTS

01-100700	CASH ON HAND	3,591
01-101000	BANK OF CO- CHECKING ***1469	272,484
01-101500	BANK OF CO CREDIT CARD ***1481	18,231
01-101600	BANK OF CO CASH OUTLAY ***8205	(198,277)
01-102100	COLOTRUST - 8001	17,872,570
01-102110	COLOTRUST - 4001	1,097
01-102180	UMB SAFEKEEPING	48,048,743
01-106000	XPRESS DEPOSIT ACCOUNT	125,908
01-107700	CASH CLEARING - WSFR	(9,903)
01-107800	CASH CLEARING - SD RE-4	(20,412)
TOTAL COMBINED CASH		66,114,033
01-100000	CASH ALLOCATED TO OTHER FUNDS	(66,114,033)

TOTAL UNALLOCATED CASH

CASH ALLOCATION RECONCILIATION

10	ALLOCATION TO GENERAL FUND	24,517,746
11	ALLOCATION TO CONSERVATION TRUST FUND	532,430
12	ALLOCATION TO TRANSPORTATION FUND	4,630,322
13	ALLOCATION TO PARKS FUND	637,739
14	ALLOCATION TO PUBLIC FACILITIES FUND	704,287
15	ALLOCATION TO PUBLIC SAFETY FUND	432,060
20	ALLOCATION TO GRANTS FUND	196,952
41	ALLOCATION TO FLEET FUND	323,146
51	ALLOCATION TO WATER FUND	18,355,945
52	ALLOCATION TO WASTEWATER FUND	17,046,714
53	ALLOCATION TO STORMWATER FUND	2,179,684
75	ALLOCATION TO CAPITAL PROJECTS	(3,442,990)
TOTAL ALLOCATIONS TO OTHER FUNDS		66,114,033
ALLOCATION FROM COMBINED CASH FUND - 01-100000		(66,114,033)

ZERO PROOF IF ALLOCATIONS BALANCE

TOWN OF SEVERANCE

BALANCE SHEET

MAY 31, 2026

GENERAL FUND

ASSETS

10-100000	CASH - COMBINED FUND	24,517,746	
10-105000	TAXES RECEIVABLE	781,900	
10-105300	CASH W/ WELD COUNTY TREASURER	90,180	
10-115000	ACCOUNTS RECEIVABLE	1,024	
10-115010	FUEL INVENTORY	9,795	
10-115011	DIESEL INVENTORY	3,420	
10-115100	OTHER ACCOUNTS RECEIVABLE	3,391	
10-115200	GRANT RECEIVABLE	141,017	
10-120000	DEVELOPER RECEIVABLES	68,872	
10-131000	DUE FROM OTHER GOVERNMENTS	198,486	
	TOTAL ASSETS		25,815,831

LIABILITIES AND EQUITYLIABILITIES

10-202000	ACCOUNTS PAYABLE	315,971	
10-203000	CUSTOMER DEPOSITS-DEVELOPERS	56,364	
10-203500	CUSTOMER DEPOSITS-RENTALS	1,900	
10-204000	OTHER ACCRUED EXPENSES	6,768	
10-211400	COLORADO UNEMPLOYMENT PAYABLE	1,169	
10-211650	AFLAC PAYABLE	1,456	
10-211710	DISABILITY INSURANCE PAYABLE	(5,302)	
10-211755	FSA PAYABLE	3,018	
10-211800	DEFERRED PROPERTY TAXES	781,900	
10-223000	DEFERRED INFLOWS OF RESOURCES	28,731	
	TOTAL LIABILITIES		1,191,975

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
10-290000	FUND BALANCE	24,563,006	
	REVENUE OVER EXPENDITURES - YTD	60,850	
	BALANCE - CURRENT DATE	24,623,857	
	TOTAL FUND EQUITY		24,623,857
	TOTAL LIABILITIES AND EQUITY		25,815,831

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND					
	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE					
<u>TAXES</u>					
10-31-1000	PROPERTY TAX	74,606	1,375,721	2,140,000	764,279 64.3
10-31-3000	SALES TAX	198,486	844,802	2,152,500	1,307,698 39.3
10-31-4000	USE TAX	53,345	165,858	(165,858)	.0
10-31-8100	SEVERANCE TAX (OIL & GAS)		10,000	10,000	.0
10-31-8200	FRANCHISE	18,805	103,880	200,000	96,120 51.9
10-31-9000	INTEREST / DELINQUENT TAX	61	83	1,100	1,017 7.6
	TOTAL TAXES	345,303	2,490,345	4,503,600	2,013,255 55.3
<u>LICENSES & PERMITS</u>					
10-32-1000	BUSINESS LICENSE	500	2,225	2,500	275 89.0
10-32-1100	LIQUOR LICENSE		275	500	225 55.0
10-32-2000	HOME BASED BUSINESS FEES		125	300	175 41.7
10-32-2100	BUILDING PERMIT & LICENSE	42,097	127,656	200,000	72,344 63.8
10-32-2600	ANIMAL LICENSES	35	240	100 (140)	240.0
10-32-3100	PLANNING ADMINISTRATION FEE	2,659	6,830	29,000	22,170 23.6
10-32-3400	OFFICE ADMINISTRATION FEE	11,140	35,564	100,000	64,436 35.6
10-32-4100	ROW/HUNT/SIGN/DEVELOP. PERMITS	1,600	13,950	25,000	11,050 55.8
10-32-4150	SOLICITOR LICENSES		2,160	3,000	840 72.0
	TOTAL LICENSES & PERMITS	58,031	189,025	360,400	171,375 52.5
<u>INTERGOVERNMENTAL</u>					
10-33-4000	STATE GRANTS	300	478	(478)	.0
10-33-5000	HIGHWAY USERS	34,774	130,229	419,000	288,771 31.1
10-33-5050	MINERAL LEASE			50,000	50,000 .0
10-33-5100	MOTOR VEHICLE FEES	3,731	26,144	53,500	27,356 48.9
10-33-5200	COUNTY ROAD & BRIDGE	5,362	26,809	32,100	5,291 83.5
10-33-5300	SPECIFIC OWNERSHIP TAX	7,168	36,469	42,800	6,331 85.2
10-33-5600	CIGARETTE TAX	321	1,187	3,000	1,813 39.6
10-33-6000	SHARED REVENUE WINDSOR	68,039	68,039	286,000	217,961 23.8
	TOTAL INTERGOVERNMENTAL	119,695	289,356	886,400	597,044 32.6
<u>CHARGES FOR SERVICES</u>					
10-34-1100	COURT COSTS	360	3,115	3,000 (115)	103.8
10-34-1200	POLICE REVENUE		18,236	66,000	47,764 27.6
10-34-1400	COPIES & REPORTS	106	1,016	2,000	984 50.8
	TOTAL CHARGES FOR SERVICES	466	22,367	71,000	48,633 31.5

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>FINES & FORFEITS</u>					
10-35-1000 MUNICIPAL COURT FINES	7,959	63,243	64,000	757	98.8
10-35-1100 SURCHARGE	326	3,066	4,000	934	76.7
TOTAL FINES & FORFEITS	8,285	66,309	68,000	1,691	97.5
<u>MISCELLANEOUS</u>					
10-36-1000 RETURN CHECK CHARGES	450	2,090	3,000	910	69.7
10-36-1500 INSURANCE CLAIM PAYMENTS		9,392		(9,392)	.0
10-36-2000 OTHER MISCELLANEOUS REVENUE	500	2,646	12,000	9,354	22.1
10-36-3000 RENT	8,058	37,114	52,800	15,686	70.3
10-36-3500 INTEREST AND DIVIDENDS	57,696	328,830	802,000	473,170	41.0
10-36-3550 CHANGE IN MARKET VALUE	(177,866)	(889,790)		889,790	.0
10-36-4500 MATERIALS AND LABOR		4,173	2,000	(2,173)	208.7
10-36-5000 SPECIAL EVENT REVENUE		23,288	50,000	26,713	46.6
10-36-6500 REIMBURSEMENTS/REFUNDS		2,169		(2,169)	.0
10-36-8050 OIL AND GAS ROYALTIES	(580)	15,418		(15,418)	.0
10-36-9900 OTHER REVENUES		22,750		(22,750)	.0
TOTAL MISCELLANEOUS	(111,743)	(441,918)	921,800	1,363,718	(47.9)
TOTAL FUND REVENUE	420,037	2,615,484	6,811,200	4,195,717	38.4

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EXPENDITURES						
<u>LEGISLATIVE</u>						
10-41-1100	REGULAR STAFF WAGES	2,553	12,370	37,829	25,459	32.7
10-41-1102	OVERTIME			100	100	.0
10-41-1104	RETIREMENT 457	77	367	1,135	768	32.4
10-41-1105	TOWN COUNCIL FEES	3,000	12,743	36,000	23,257	35.4
10-41-1130	FICA/MEDICARE	424	1,919	5,647	3,728	34.0
10-41-1150	UNEMPLOYMENT	5	24	76	52	32.2
10-41-1160	HEALTH INSURANCE	179	896	2,661	1,765	33.7
10-41-1161	DISABILITY INSURANCE	45	180	567	387	31.7
10-41-2100	LEGAL FEES	(3,000)	184	15,000	14,816	1.2
10-41-3180	MILEAGE			300	300	.0
10-41-3320	PRINTING		17,044	25,200	8,156	67.6
10-41-3330	PUBLISHING/RECORDING			1,000	1,000	.0
10-41-3350	ORDINANCE CODIFICATION			12,000	12,000	.0
10-41-3810	DUES/MEMBERSHIPS/SUBSCRIPTIONS	282	6,185	11,000	4,815	56.2
10-41-3820	CONTINUING EDUCATION	69	8,513	24,000	15,487	35.5
10-41-3825	MEETING/MEALS	1,148	5,210	12,100	6,890	43.1
10-41-3990	MISCELLANEOUS		65	600	535	10.8
10-41-3992	COUNCIL SPECIAL EVENTS			5,000	5,000	.0
10-41-4530	VEHICLE & EQUIP AMORTIZATION	165	825	2,000	1,175	41.3
10-41-4810	UNIFORMS	449	695	6,000	5,305	11.6
10-41-4990	SUPPLIES	56	81	1,300	1,219	6.2
10-41-5560	CITIZEN ADVISORY BOARD		261	2,000	1,739	13.1
10-41-5570	PLANNING COMMISSION			2,000	2,000	.0
10-41-5580	YOUTH COUNCIL	50	569	2,000	1,431	28.5
TOTAL LEGISLATIVE		5,502	68,131	205,515	137,384	33.2
<u>ELECTIONS</u>						
10-42-3310	WELD CO COORDINATED ELECTION			15,200	15,200	.0
TOTAL ELECTIONS				15,200	15,200	.0

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>JUDICIAL</u>					
10-43-1100 REGULAR STAFF WAGES	2,146	10,293	29,287	18,994	35.1
10-43-1102 OVERTIME			100	100	.0
10-43-1104 RETIREMENT 457	64	309	879	570	35.1
10-43-1130 FICA/MEDICARE	160	765	2,240	1,475	34.2
10-43-1150 UNEMPLOYMENT	4	21	59	38	35.0
10-43-1160 HEALTH INSURANCE	448	2,240	5,375	3,136	41.7
10-43-1161 DISABILITY INSURANCE	43	128	439	311	29.1
10-43-2100 LEGAL FEES	850	4,250	15,000	10,750	28.3
10-43-2110 MUNICIPAL JUDGE	800	4,000	10,500	6,500	38.1
10-43-3820 EDUCATION			1,500	1,500	.0
10-43-3830 TRANSLATOR/JUROR FEES	55	312	400	88	78.0
10-43-4310 COURT SUPPLIES		138	200	62	69.1
10-43-4810 UNIFORMS			1,400	1,400	.0
 TOTAL JUDICIAL	 4,570	 22,455	 67,379	 44,924	 33.3

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>MANAGEMENT</u>					
10-44-1100 REGULAR STAFF WAGES	15,438	73,855	194,199	120,344	38.0
10-44-1101 PART-TIME STAFF WAGES	485	2,138	28,776	26,638	7.4
10-44-1102 OVERTIME		38	400	362	9.4
10-44-1104 RETIREMENT	763	3,650	9,719	6,069	37.6
10-44-1130 FICA/MEDICARE	1,232	5,870	17,057	11,187	34.4
10-44-1140 WORKERS COMPENSATION	847	36,062	75,600	39,538	47.7
10-44-1150 UNEMPLOYMENT	33	158	445	287	35.6
10-44-1160 HEALTH & LIFE INSURANCE	2,113	10,565	25,332	14,768	41.7
10-44-1161 DISABILITY INSURANCE	263	765	3,252	2,487	23.5
10-44-1164 FSA FUNDING		1,780	2,000	220	89.0
10-44-2150 HR SERVICES		4,917	50,000	45,083	9.8
10-44-2990 OTHER PROFESSIONAL FEES			7,000	7,000	.0
10-44-3110 UTILITIES	15,138	90,345	262,200	171,855	34.5
10-44-3150 TELEPHONE	3,335	17,429	40,000	22,571	43.6
10-44-3175 BUILDING REPAIRS & MAINTENANCE	1,073	7,157	17,000	9,843	42.1
10-44-3177 VEHICLE REPAIRS & MAINTENANCE		12	2,500	2,488	.5
10-44-3210 INSURANCE AND BONDS		144,911	274,200	129,289	52.9
10-44-3220 CIRSA DEDUCTIBLES	9,198	28,628	15,000	(13,628)	190.9
10-44-3810 DUES/MEMBERSHIPS/SUBSCRIPTIONS		2,390	3,500	1,110	68.3
10-44-3820 CONTINUING EDUCATION		1,807	12,000	10,193	15.1
10-44-3825 MEALS/MISCELLANEOUS	361	1,424	5,000	3,576	28.5
10-44-3992 SPECIAL EVENT EXPENDITURE	8,892	50,354	175,000	124,646	28.8
10-44-4000 ADVERTISING		51	2,000	1,949	2.6
10-44-4320 COMPUTER REPLACE./AUDIO VISUAL	4,047	18,753	40,000	21,247	46.9
10-44-4330 COMPUTER SUPPORT AND MAINT	18,481	200,024	356,630	156,606	56.1
10-44-4350 SAFETY		4,484	10,000	5,516	44.8
10-44-4360 WELLNESS	778	3,258	15,000	11,742	21.7
10-44-4520 VEHICLE FUEL	72	469	1,000	531	47.0
10-44-4530 VEHICLE & EQUIP AMORTIZATION	295	1,475	3,600	2,125	41.0
10-44-4810 UNIFORMS	148	476	1,500	1,024	31.7
10-44-4850 UNANTICIPATED EXP/CONTINGENCY		4,294	25,000	20,706	17.2
10-44-4990 MISCELLANEOUS SUPPLIES	398	688	3,000	2,312	22.9
10-44-8000 LEASE PAYMENT		256	1,100	844	23.3
TOTAL MANAGEMENT	83,390	718,482	1,679,010	960,528	42.8

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>FINANCE</u>					
10-45-1100 REGULAR STAFF WAGES	6,718	29,419	95,475	66,056	30.8
10-45-1102 OVERTIME			100	100	.0
10-45-1104 RETIREMENT 457	202	862	2,865	2,003	30.1
10-45-1130 FICA/MEDICARE	486	2,129	7,304	5,175	29.1
10-45-1150 UNEMPLOYMENT	13	59	192	133	30.7
10-45-1160 HEALTH & LIFE INSURANCE	889	4,084	11,205	7,121	36.5
10-45-1161 DISABILITY INSURANCE	102	591	1,432	841	41.3
10-45-2200 AUDIT & ACCOUNTING FEES	20,000	20,000	35,000	15,000	57.1
10-45-3315 WELD COUNTY TREASURER FEE	747	13,780	21,900	8,120	62.9
10-45-3340 BANK CHARGES	20	110	1,500	1,390	7.3
10-45-3810 DUES/MEMBERSHIPS/SUBSCRIPTIONS		466	1,000	534	46.6
10-45-3820 CONTINUING EDUCATION	40	549	7,000	6,451	7.8
10-45-3825 MEALS/MISCELLANEOUS	81	198	1,000	802	19.9
10-45-4810 UNIFORMS		547	2,100	1,553	26.1
TOTAL FINANCE	29,296	72,795	188,073	115,278	38.7

ADMINISTRATIVE SERVICES

10-46-1100 REGULAR STAFF WAGES	13,222	63,562	169,314	105,752	37.5
10-46-1102 OVERTIME			100	100	.0
10-46-1104 RETIREMENT 457	397	1,903	5,176	3,273	36.8
10-46-1130 FICA/MEDICARE	972	4,692	12,952	8,260	36.2
10-46-1150 UNEMPLOYMENT	26	127	339	212	37.5
10-46-1160 HEALTH INSURANCE	1,971	9,853	23,651	13,798	41.7
10-46-1161 DISABILITY INSURANCE	250	958	2,540	1,582	37.7
10-46-1170 RETENTION	775	2,488	10,000	7,512	24.9
10-46-3810 DUES/MEMBERSHIPS/SUBSCRIPTIONS		180	500	320	36.0
10-46-3820 CONTINUING EDUCATION		669	4,500	3,831	14.9
10-46-3825 MEETING/MEALS	24	24	1,000	976	2.4
10-46-3990 MISCELLANEOUS	654	2,335	7,200	4,865	32.4
10-46-4310 OFFICE SUPPLIES	177	2,469	8,000	5,531	30.9
10-46-4340 POSTAGE		404	6,000	5,596	6.7
10-46-4810 UNIFORMS			1,800	1,800	.0
TOTAL ADMINISTRATIVE SERVICES	18,469	89,664	253,072	163,408	35.4

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>PUBLIC SAFETY</u>					
10-51-1100 REGULAR STAFF WAGES	114,252	564,035	1,510,195	946,160	37.4
10-51-1102 OVERTIME	6,805	16,557	30,000	13,443	55.2
10-51-1104 RETIREMENT	441	2,115	5,750	3,635	36.8
10-51-1107 CONTRACTED SECURITY SERVICES (	1,487)	370	10,000	9,630	3.7
10-51-1130 FICA/MEDICARE	2,604	12,400	33,781	21,381	36.7
10-51-1150 UNEMPLOYMENT	239	1,162	3,020	1,858	38.5
10-51-1155 POLICE PENSION	10,372	50,024	197,783	147,759	25.3
10-51-1160 HEALTH INSURANCE	14,184	70,919	166,548	95,629	42.6
10-51-1161 DISABILITY INSURANCE	5,618	25,325	22,652 (	2,673)	111.8
10-51-2300 MEDICAL			1,000	1,000	.0
10-51-2310 PSYCHOLOGICAL		565	2,500	1,935	22.6
10-51-2900 CONTRACT POLICE SERVICES		40,515	40,215 (	300)	100.8
10-51-2990 OTHER PROFESSIONAL FEES	316	611	15,000	14,389	4.1
10-51-3173 REPAIRS & MAINTENANCE - EQUIPM			500	500	.0
10-51-3175 BUILDING REPAIRS & MAINTENANCE	210	9,191	15,000	5,809	61.3
10-51-3177 VEHICLE REPAIRS & MAINTENANCE	1,310	21,390	70,000	48,610	30.6
10-51-3320 PRINTING/FORMS		436	2,500	2,064	17.4
10-51-3610 DISPATCH COMMUNICATIONS			94,000	94,000	.0
10-51-3630 MENTAL HEALTH CO-RESP. PROGRAM			12,000	12,000	.0
10-51-3640 DRUG TASK FORCE			1,000	1,000	.0
10-51-3650 DOG TAGS/IMPOUND FEES		700	1,000	300	70.0
10-51-3740 RADIO MAINTENANCE			1,000	1,000	.0
10-51-3810 DUES/MEMBERSHIPS/SUBSCRIPTIONS	200	2,110	2,300	190	91.7
10-51-3820 CONTINUING EDUCATION & TRAIN	176	12,184	15,000	2,816	81.2
10-51-3825 MEALS/MISCELLANEOUS	65	1,016	4,000	2,984	25.4
10-51-3850 LAB TESTING FEES			1,200	1,200	.0
10-51-3950 TOWING	306	950	2,000	1,050	47.5
10-51-3990 MISCELLANEOUS SERVICES		77	500	423	15.4
10-51-3992 PD SPECIAL EVENTS			2,000	2,000	.0
10-51-4300 OFFICE FURNITURE		360	500	140	72.0
10-51-4310 OFFICE SUPPLIES		1,409	2,000	591	70.4
10-51-4520 VEHICLE FUEL	3,586	13,316	29,000	15,684	45.9
10-51-4530 VEHICLE & EQUIP AMORTIZATION	8,768	43,839	105,300	61,461	41.6
10-51-4720 EQUIPMENT FOR PATROL	239	2,118	4,000	1,882	53.0
10-51-4730 EQUIPMENT FOR TRAINING		588	4,000	3,412	14.7
10-51-4740 EQUIPMENT FOR INVEST./EVIDENCE	61	1,146	1,500	354	76.4
10-51-4750 AMMUNITION		231	7,000	6,769	3.3
10-51-4810 UNIFORMS	5,005	5,518	16,000	10,482	34.5
10-51-4990 MISCELLANEOUS SUPPLIES	82	187	1,000	813	18.8
TOTAL PUBLIC SAFETY	173,352	901,364	2,432,744	1,531,380	37.1

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>STREETS / MAINTENANCE</u>					
10-61-1100 REGULAR STAFF WAGES	18,205	88,004	300,930	212,926	29.2
10-61-1101 PART-TIME STAFF WAGES			9,674	9,674	.0
10-61-1102 OVERTIME	306	2,422	2,700	278	89.7
10-61-1104 RETIREMENT	558	2,699	9,029	6,330	29.9
10-61-1130 FICA/MEDICARE	1,256	6,388	23,021	16,633	27.8
10-61-1150 UNEMPLOYMENT	38	188	603	415	31.2
10-61-1160 HEALTH & LIFE INSURANCE	3,508	18,419	49,971	31,552	36.9
10-61-1161 DISABILITY INSURANCE	333	1,489	4,515	3,026	33.0
10-61-3162 TRAFFIC LIGHTS		1,005	20,000	18,995	5.0
10-61-3172 REPAIRS & MAINTENANCE - STREET	29,030	33,258	163,000	129,742	20.4
10-61-3820 CONTINUING EDUCATION		616	2,800	2,184	22.0
10-61-4311 STREET SUPPLIES		2,564	4,500	1,936	57.0
10-61-4530 VEHICLE & EQUIP AMORTIZATION	1,868	9,340	22,500	13,160	41.5
10-61-4810 UNIFORMS	34	191	1,500	1,309	12.7
10-61-4990 MISCELLANEOUS SUPPLIES		843	2,500	1,657	33.7
10-61-5000 STREET SIGNS		7,577	15,000	7,423	50.5
TOTAL STREETS / MAINTENANCE	55,137	175,003	632,243	457,240	27.7
<u>SNOW</u>					
10-63-1100 REGULAR STAFF WAGES	1,038	5,040	12,000	6,960	42.0
10-63-1102 OVERTIME		3,639	12,000	8,361	30.3
10-63-4110 SUPPLIES	2,677	24,519	68,000	43,481	36.1
10-63-4520 VEHICLE FUEL		634	1,500	866	42.3
10-63-4530 VEHICLE & EQUIP AMORTIZATION	2,083	10,417	25,000	14,583	41.7
TOTAL SNOW	5,798	44,248	118,500	74,252	37.3
<u>PUBLIC WORKS OVERHEAD</u>					
10-64-1102 OVERTIME			3,500	3,500	.0
10-64-2990 OTHER PROFESSIONAL FEES	80	1,545	2,500	955	61.8
10-64-3173 REPAIRS & MAINTENANCE - EQUIPM	2,931	37,577	53,000	15,423	70.9
10-64-3175 BUILDING REPAIRS & MAINTENANCE	6,555	11,565	21,000	9,435	55.1
10-64-3177 VEHICLE REPAIRS & MAINTENANCE		9,408	25,000	15,592	37.6
10-64-3690 MOSQUITO CONTROL	6,579	13,158	40,000	26,842	32.9
10-64-3825 MEALS, MEETINGS AND TRAVEL	582	798	3,000	2,202	26.6
10-64-3990 MISCELLANEOUS SERVICES	153	1,205	2,000	795	60.3
10-64-4310 OFFICE SUPPLIES	50	50		(50)	.0
10-64-4320 COMPUTER REPLACE./AUDIO VISUAL			2,500	2,500	.0
10-64-4520 VEHICLE FUEL	1,850	7,357	22,000	14,643	33.4
10-64-4810 UNIFORMS		339	500	161	67.8
10-64-4990 MISC SUPPLIES	210	3,212	5,000	1,788	64.2
10-64-5001 SMALL TOOLS	1,204	1,472	2,000	528	73.6
TOTAL PUBLIC WORKS OVERHEAD	20,194	87,685	182,000	94,315	48.2

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>PARKS / GREEN SPACE</u>					
10-65-1100 REGULAR STAFF WAGES	21,014	92,158	223,454	131,296	41.2
10-65-1101 PART-TIME STAFF WAGES	672	672	58,044	57,372	1.2
10-65-1102 OVERTIME	221	365	2,800	2,435	13.0
10-65-1104 RETIREMENT	649	2,806	6,703	3,897	41.9
10-65-1130 FICA/MEDICARE	1,542	6,705	21,534	14,829	31.1
10-65-1150 UNEMPLOYMENT	45	193	561	368	34.4
10-65-1160 HEALTH & LIFE INSURANCE	3,805	16,288	35,228	18,940	46.2
10-65-1161 DISABILITY INSURANCE	415	1,489	4,222	2,733	35.3
10-65-3171 VANDALISM		220	3,500	3,280	6.3
10-65-3176 GROUNDS MAINTENANCE	318	1,223	21,000	19,777	5.8
10-65-3185 RECREATION			10,000	10,000	.0
10-65-3186 COMMUNITY GARDEN			3,000	3,000	.0
10-65-3810 DUES/MEMBERSHIPS/SUBSCRIPTIONS	300	2,019	1,000	(1,019)	201.9
10-65-3820 CONTINUING EDUCATION		82	3,000	2,918	2.7
10-65-3990 SERVICES		1,260	5,000	3,740	25.2
10-65-4530 VEHICLE & EQUIP AMORTIZATION	826	4,132	10,000	5,868	41.3
10-65-4810 UNIFORMS		155	1,100	945	14.1
10-65-4990 SUPPLIES	213	5,309	10,000	4,691	53.1
10-65-6000 TREE CITY USA		579	23,000	22,421	2.5
10-65-7990 OTHER SMALL EQUIPMENT			2,000	2,000	.0
TOTAL PARKS / GREEN SPACE	30,021	135,653	445,146	309,493	30.5
<u>PLANNING</u>					
10-70-1100 REGULAR STAFF WAGES	13,646	65,461	177,402	111,941	36.9
10-70-1101 INTERN STAFF WAGES			6,147	6,147	.0
10-70-1102 OVERTIME			100	100	.0
10-70-1104 RETIREMENT	409	1,964	5,322	3,358	36.9
10-70-1130 FICA/MEDICARE	1,027	4,929	14,041	9,112	35.1
10-70-1150 UNEMPLOYMENT	27	131	367	236	35.7
10-70-1160 HEALTH & LIFE INSURANCE	1,792	8,966	21,524	12,558	41.7
10-70-1161 DISABILITY INSURANCE	258	1,032	2,661	1,629	38.8
10-70-2400 ENGINEERING	2,799	19,229	75,000	55,771	25.6
10-70-2600 PLANNING SERVICES		12,087	50,000	37,913	24.2
10-70-2980 BUILDING INSPECTIONS & LICENSE	28,925	84,748	200,000	115,252	42.4
10-70-3810 DUES & MEMBERSHIPS			3,000	3,000	.0
10-70-3820 CONTINUING EDUCATION		35	5,500	5,465	.6
10-70-3825 MEALS/MISCELLANEOUS/TRAVEL		120	1,000	880	12.0
10-70-4095 PENDING DEVELOPMENT PROJECTS	271	3,878	(	3,878)	.0
10-70-4099 DEVELOPER EXP.TO BE REIMBURSED	(10,712)	20,747	(	20,747)	.0
10-70-4530 VEHICLE & EQUIP AMORTIZATION	165	825	2,000	1,175	41.3
10-70-4810 UNIFORMS			500	500	.0
10-70-4989 TRAIL DEVELOPMENT		15,000	15,000		100.0
TOTAL PLANNING	38,606	239,151	579,564	340,413	41.3

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

GENERAL FUND					
	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
TOTAL FUND EXPENDITURES	464,335	2,554,633	6,798,446	4,243,813	37.6
NET REVENUE OVER EXPENDITURES	(44,297)	60,850	12,754	(48,096)	477.1

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

CONSERVATION TRUST FUND

<u>ASSETS</u>			
11-100000	CASH - COMBINED FUND	532,430	
	TOTAL ASSETS		532,430
<u>LIABILITIES AND EQUITY</u>			
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
11-290000	FUND BALANCE	477,453	
	REVENUE OVER EXPENDITURES - YTD	54,977	
	BALANCE - CURRENT DATE	532,430	
	TOTAL FUND EQUITY		532,430
	TOTAL LIABILITIES AND EQUITY		532,430

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

CONSERVATION TRUST FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
	<u>INTERGOVERNMENTAL</u>					
11-33-5900	COLORADO LOTTERY		42,839		(42,839)	.0
	TOTAL INTERGOVERNMENTAL		42,839		(42,839)	.0
	<u>MISCELLANEOUS</u>					
11-36-3500	INTEREST AND DIVIDENDS	1,222	7,262	12,000	4,738	60.5
11-36-3550	CHANGE IN MARKET VALUE	799	4,876		(4,876)	.0
	TOTAL MISCELLANEOUS	2,021	12,138	12,000	(138)	101.2
	TOTAL FUND REVENUE	2,021	54,977	12,000	(42,977)	458.1
	NET REVENUE OVER EXPENDITURES	2,021	54,977	12,000	(42,977)	458.1

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

TRANSPORTATION FUND

ASSETS

12-100000	CASH - COMBINED FUND	4,630,322	
12-115000	ACCOUNTS RECEIVABLE	66,608	
12-115300	CONTRACT RECEIVABLE	29	
	TOTAL ASSETS		4,696,959

LIABILITIES AND EQUITY

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
12-290000	FUND BALANCE	4,167,595	
	REVENUE OVER EXPENDITURES - YTD	529,364	
	BALANCE - CURRENT DATE	4,696,959	
	TOTAL FUND EQUITY		4,696,959
	TOTAL LIABILITIES AND EQUITY		4,696,959

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

TRANSPORTATION FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
	<u>IMPACT FEES</u>					
12-34-1000	TRANSPORTATION UTILITY FEE	64,556	321,887	766,300	444,413	42.0
12-34-3000	TRANSPORTATION IMPACT FEE	36,450	103,275		(103,275)	.0
	TOTAL IMPACT FEES	101,006	425,162	766,300	341,138	55.5
	<u>MISCELLANEOUS</u>					
12-36-3500	INTEREST AND DIVIDENDS	10,470	62,327	137,000	74,673	45.5
12-36-3550	CHANGE IN MARKET VALUE	6,870	41,874		(41,874)	.0
	TOTAL MISCELLANEOUS	17,339	104,202	137,000	32,798	76.1
	TOTAL FUND REVENUE	118,346	529,364	903,300	373,936	58.6
	NET REVENUE OVER EXPENDITURES	118,346	529,364	903,300	373,936	58.6

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

PARKS FUND

ASSETS

13-100000	CASH - COMBINED FUND		637,739	
	TOTAL ASSETS			637,739

LIABILITIES AND EQUITY

FUND EQUITY

UNAPPROPRIATED FUND BALANCE:				
13-290000	FUND BALANCE	599,408		
	REVENUE OVER EXPENDITURES - YTD	38,331		
	BALANCE - CURRENT DATE		637,739	
	TOTAL FUND EQUITY			637,739
	TOTAL LIABILITIES AND EQUITY			637,739

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		PARKS FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
<u>IMPACT FEES</u>						
13-34-7400	PARK IMPACT FEE	9,870	23,524		(23,524)	.0
	TOTAL IMPACT FEES	9,870	23,524		(23,524)	.0
<u>MISCELLANEOUS</u>						
13-36-3500	INTEREST AND DIVIDENDS	1,456	8,837	17,000	8,163	52.0
13-36-3550	CHANGE IN MARKET VALUE	989	5,971		(5,971)	.0
	TOTAL MISCELLANEOUS	2,445	14,808	17,000	2,192	87.1
	TOTAL FUND REVENUE	12,315	38,331	17,000	(21,331)	225.5
	NET REVENUE OVER EXPENDITURES	12,315	38,331	17,000	(21,331)	225.5

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

PUBLIC FACILITIES FUND

ASSETS

14-100000	CASH – COMBINED FUND		704,287	
	TOTAL ASSETS			704,287

LIABILITIES AND EQUITY

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:			
14-290000	FUND BALANCE	644,039		
	REVENUE OVER EXPENDITURES - YTD	60,248		
	BALANCE - CURRENT DATE		704,287	
	TOTAL FUND EQUITY			704,287
	TOTAL LIABILITIES AND EQUITY			704,287

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

PUBLIC FACILITIES FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>REVENUE</u>						
	<u>IMPACT FEES</u>					
14-32-3000	GENERAL GOVERNMENT IMPACT FEE	15,666	44,387		(44,387)	.0
	TOTAL IMPACT FEES	15,666	44,387		(44,387)	.0
	<u>MISCELLANEOUS</u>					
14-36-3500	INTEREST AND DIVIDENDS	1,621	9,505	18,000	8,495	52.8
14-36-3550	CHANGE IN MARKET VALUE	1,035	6,356		(6,356)	.0
	TOTAL MISCELLANEOUS	2,656	15,861	18,000	2,139	88.1
	TOTAL FUND REVENUE	18,322	60,248	18,000	(42,248)	334.7
	NET REVENUE OVER EXPENDITURES	18,322	60,248	18,000	(42,248)	334.7

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

PUBLIC SAFETY FUND

<u>ASSETS</u>			
15-100000	CASH – COMBINED FUND	432,060	
	TOTAL ASSETS		432,060
<u>LIABILITIES AND EQUITY</u>			
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
15-290000	FUND BALANCE	409,302	
	REVENUE OVER EXPENDITURES - YTD	22,758	
	BALANCE - CURRENT DATE	432,060	
	TOTAL FUND EQUITY		432,060
	TOTAL LIABILITIES AND EQUITY		432,060

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

PUBLIC SAFETY FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
	<u>IMPACT FEES</u>					
15-32-3000	POLICE IMPACT FEE	4,494	12,733		(12,733)	.0
	TOTAL IMPACT FEES	4,494	12,733		(12,733)	.0
	<u>MISCELLANEOUS</u>					
15-36-3500	INTEREST AND DIVIDENDS	987	5,983	12,000	6,017	49.9
15-36-3550	CHANGE IN MARKET VALUE	669	4,042		(4,042)	.0
	TOTAL MISCELLANEOUS	1,656	10,025	12,000	1,975	83.5
	TOTAL FUND REVENUE	6,150	22,758	12,000	(10,758)	189.7
	NET REVENUE OVER EXPENDITURES	6,150	22,758	12,000	(10,758)	189.7

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

GRANTS FUND

<u>ASSETS</u>			
20-100000	CASH - COMBINED FUND	196,952	
	TOTAL ASSETS		196,952
<u>LIABILITIES AND EQUITY</u>			
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
	REVENUE OVER EXPENDITURES - YTD	196,952	
	BALANCE - CURRENT DATE	196,952	
	TOTAL FUND EQUITY		196,952
	TOTAL LIABILITIES AND EQUITY		196,952

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		GRANTS FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
	<u>AWARDS</u>					
20-33-4500	FEDERAL AWARDS	115,677	192,735		(192,735)	.0
20-33-4600	STATE AWARDS	4,217	4,217		(4,217)	.0
	TOTAL AWARDS	119,894	196,952		(196,952)	.0
	TOTAL FUND REVENUE	119,894	196,952		(196,952)	.0
	NET REVENUE OVER EXPENDITURES	119,894	196,952		(196,952)	.0

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

FLEET FUND

<u>ASSETS</u>			
41-100000	CASH - COMBINED FUND	323,146	
	TOTAL ASSETS		323,146
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
41-202000	ACCOUNTS PAYABLE	(136,453)	
	TOTAL LIABILITIES		(136,453)
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
41-290000	FUND BALANCE	677,206	
	REVENUE OVER EXPENDITURES - YTD	(217,608)	
	BALANCE - CURRENT DATE	459,598	
	TOTAL FUND EQUITY		459,598
	TOTAL LIABILITIES AND EQUITY		323,146

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		FLEET FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
<u>CHARGES FOR SERVICES</u>						
41-34-2000	FLEET REPLACEMENT REVENUE	15,632	78,158	188,000	109,842	41.6
	TOTAL CHARGES FOR SERVICES	15,632	78,158	188,000	109,842	41.6
<u>MISCELLANEOUS</u>						
41-36-3500	INTEREST AND DIVIDENDS	685	5,466	18,000	12,534	30.4
41-36-3550	CHANGE IN MARKET VALUE	723	3,950		(3,950)	.0
	TOTAL MISCELLANEOUS	1,408	9,416	18,000	8,584	52.3
	TOTAL FUND REVENUE	17,040	87,574	206,000	118,426	42.5

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		FLEET FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EXPENDITURES						
	<u>OPERATIONS</u>					
41-60-7550	VEHICLES	55,315	235,029	683,000	447,971	34.4
41-60-7580	EQUIPMENT	25,950	70,153	86,500	16,347	81.1
	TOTAL OPERATIONS	81,265	305,182	769,500	464,318	39.7
	TOTAL FUND EXPENDITURES	81,265	305,182	769,500	464,318	39.7
	NET REVENUE OVER EXPENDITURES	(64,224)	(217,608)	(563,500)	(345,892)	(38.6)

TOWN OF SEVERANCE

BALANCE SHEET

MAY 31, 2026

WATER FUND

ASSETS

51-100000	CASH - COMBINED FUND	18,355,945	
51-115000	ACCOUNTS RECEIVABLE	286,542	
51-115005	PARTS INVENTORY	43,398	
51-115300	CONTRACT RECEIVABLE	68	
51-161000	LAND	294,759	
51-162100	ACCUMULATED DEPRECIATION	(2,393,272)	
51-163000	WATER SYSTEM	16,548,939	
51-164000	EQUIPMENT	195,883	
51-165000	CONSTRUCTION IN PROGRESS	225,031	
51-166000	WATER RIGHTS	35,151,374	
51-167000	WATER CAPACITY	4,880,334	
51-168000	BUILDINGS	1,010,077	
51-168500	NISP PROJECT	2,448,677	
TOTAL ASSETS			77,047,755

LIABILITIES AND EQUITYLIABILITIES

51-202000	ACCOUNTS PAYABLE	93,013	
51-212000	ACCRUED COMPENSATED ABSENCES	30,086	
51-222000	HYDRANT METER DEPOSITS	7,000	
TOTAL LIABILITIES			130,099

FUND EQUITY

51-273000	CONTRIBUTED CAPITAL - DEVELOPM	6,848,000	
UNAPPROPRIATED FUND BALANCE:			
51-290000	RETAINED EARNINGS	71,177,749	
	REVENUE OVER EXPENDITURES - YTD	(1,108,092)	
BALANCE - CURRENT DATE		70,069,656	
TOTAL FUND EQUITY			76,917,656
TOTAL LIABILITIES AND EQUITY			77,047,755

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		WATER FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
<u>CHARGES FOR SERVICES</u>						
51-34-1000	WATER UTILITY	281,166	1,171,892	2,895,200	1,723,308	40.5
	TOTAL CHARGES FOR SERVICES	281,166	1,171,892	2,895,200	1,723,308	40.5
<u>RESTRICTED</u>						
51-35-6500	RAW WATER ACQUISITION FEE		155,300		(155,300)	.0
51-35-7150	WATER UTILITY IMPACT FEE		169,750		(169,750)	.0
	TOTAL RESTRICTED		325,050		(325,050)	.0
<u>MISCELLANEOUS</u>						
51-36-2000	WATER PIT/METER SET FEE		3,889	10,000	6,111	38.9
51-36-3500	INTEREST AND DIVIDENDS	40,803	260,289	549,000	288,711	47.4
51-36-3550	CHANGE IN MARKET VALUE	30,203	178,357		(178,357)	.0
	TOTAL MISCELLANEOUS	71,005	442,535	559,000	116,465	79.2
	TOTAL FUND REVENUE	352,171	1,939,477	3,454,200	1,514,723	56.2

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

WATER FUND

EXPENDITURES		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>ADMINISTRATION</u>						
51-81-1100	REGULAR STAFF WAGES	39,885	193,340	598,805	405,465	32.3
51-81-1102	OVERTIME		769	5,100	4,331	15.1
51-81-1104	RETIREMENT	1,796	8,538	25,752	17,214	33.2
51-81-1130	FICA/MEDICARE	2,933	14,355	45,808	31,453	31.3
51-81-1150	UNEMPLOYMENT	80	390	902	512	43.3
51-81-1160	HEALTH & LIFE INSURANCE	5,052	25,631	73,110	47,479	35.1
51-81-1161	DISABILITY INSURANCE	627	2,649	9,278	6,629	28.6
51-81-2100	LEGAL FEES			15,000	15,000	.0
51-81-2990	OTHER PROFESSIONAL FEES	12,408	48,566	110,000	61,434	44.2
51-81-3110	UTILITIES	1,452	6,311	40,800	34,489	15.5
51-81-3162	CC FEES	2,813	14,431	27,000	12,569	53.5
51-81-3810	DUES/MEMBERSHIPS/SUBSCRIPTIONS		2,203	2,500	298	88.1
51-81-3820	CONTINUING EDUCATION			7,500	7,500	.0
51-81-3990	MISCELLANEOUS SERVICES	3,519	5,851	6,000	149	97.5
51-81-4345	MAILING SERVICE	1,900	7,185	15,000	7,815	47.9
51-81-4810	UNIFORMS	66	406	1,500	1,094	27.1
51-81-4990	MISCELLANEOUS SUPPLIES		4,628	8,500	3,872	54.5
TOTAL ADMINISTRATION		72,532	335,253	992,555	657,302	33.8
<u>WATER OPERATIONS</u>						
51-82-2400	ENGINEERING	2,740	17,203	35,000	17,797	49.2
51-82-2410	WATER SYSTEM IMPROVE. PERMIT			1,000	1,000	.0
51-82-3173	REPAIRS & MAINTENANCE - EQUIPM			6,000	6,000	.0
51-82-3177	VEHICLE REPAIRS & MAINTENANCE		77	5,000	4,923	1.5
51-82-3178	SYSTEM REPAIR & MAINTENANCE		273	40,000	39,727	.7
51-82-3200	SAMPLING/TESTING	379	2,251	500	(1,751)	450.2
51-82-4120	WATER SYSTEM SUPPLIES		1,050	3,000	1,950	35.0
51-82-4130	METER SET SUPPLIES	159	7,110	35,000	27,890	20.3
51-82-4520	VEHICLE FUEL	270	1,824	10,000	8,176	18.2
51-82-4530	VEHICLE & EQUIP AMORTIZATION	731	3,653	8,800	5,147	41.5
51-82-4850	UNANTICIPATED EXP/CONTINGENCY			20,000	20,000	.0
51-82-4995	WATER TREATMENT & DISTRIBUTION	70,607	276,258	1,212,800	936,542	22.8
51-82-4997	WATER SHARE ASSESSMENTS		16,450	125,000	108,550	13.2
TOTAL WATER OPERATIONS		74,885	326,147	1,502,100	1,175,953	21.7
<u>WATER CAPITAL</u>						
51-83-2400	ENGINEERING	8,249	8,249	205,000	196,751	4.0
51-83-7000	CAPITAL OUTLAY			300,000	300,000	.0
51-83-7500	CONSTRUCTION	35,000	91,920	6,142,914	6,050,994	1.5
51-83-7565	SYSTEM IMPROVEMENTS			2,225,000	2,225,000	.0
TOTAL WATER CAPITAL		43,249	100,169	8,872,914	8,772,745	1.1

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

WATER FUND

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>LOCAL PLANT INVESTMENT EXPENSE</u>					
51-84-7550 SYSTEM IMPROVEMENTS		2,286,000	2,286,000		100.0
TOTAL LOCAL PLANT INVESTMENT EXPENS		2,286,000	2,286,000		100.0
TOTAL FUND EXPENDITURES	190,667	3,047,570	13,653,569	10,605,999	22.3
NET REVENUE OVER EXPENDITURES	161,504	(1,108,092)	(10,199,369)	(9,091,277)	(10.9)

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

WASTEWATER FUND

ASSETS

52-100000	CASH - COMBINED FUND	17,046,714	
52-115000	ACCOUNTS RECEIVABLE	148,306	
52-115002	MISCELLANEOUS RECEIVABLE	111,517	
52-115300	CONTRACT RECEIVABLE	39	
52-162100	ACCUMULATED DEPRECIATION	(5,079,195)	
52-163000	SEWER SYSTEM	20,483,958	
52-164000	EQUIPMENT	202,289	
52-168000	BUILDINGS	653,477	
	TOTAL ASSETS		33,567,103

LIABILITIES AND EQUITY

LIABILITIES

52-202000	ACCOUNTS PAYABLE	17,538	
52-205000	RETAINAGE PAYABLE	2,793	
52-212000	ACCRUED COMPENSATED ABSENCES	26,824	
	TOTAL LIABILITIES		47,154

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
52-290000	RETAINED EARNINGS	32,682,944	
	REVENUE OVER EXPENDITURES - YTD	837,005	
	BALANCE - CURRENT DATE	33,519,949	
	TOTAL FUND EQUITY		33,519,949
	TOTAL LIABILITIES AND EQUITY		33,567,103

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		WASTEWATER FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
<u>CHARGES FOR SERVICES</u>						
52-34-1000	WASTEWATER UTILITY	147,684	731,846	1,596,700	864,854	45.8
	TOTAL CHARGES FOR SERVICES	147,684	731,846	1,596,700	864,854	45.8
<u>RESTRICTED</u>						
52-35-7100	WASTEWATER UTILITY IMPACT FEE	88,776	251,532		(251,532)	.0
	TOTAL RESTRICTED	88,776	251,532		(251,532)	.0
<u>MISCELLANEOUS</u>						
52-36-3500	INTEREST AND DIVIDENDS	38,419	237,036	455,000	217,964	52.1
52-36-3550	CHANGE IN MARKET VALUE	26,851	160,919		(160,919)	.0
	TOTAL MISCELLANEOUS	65,270	397,955	455,000	57,045	87.5
	TOTAL FUND REVENUE	301,730	1,381,333	2,051,700	670,367	67.3

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

WASTEWATER FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EXPENDITURES						
	<u>WASTEWATER ADMINISTRATION</u>					
52-81-1100	REGULAR STAFF WAGES	39,441	188,598	593,599	405,001	31.8
52-81-1102	OVERTIME		721	4,800	4,079	15.0
52-81-1104	RETIREMENT	1,782	8,396	25,596	17,200	32.8
52-81-1130	FICA/MEDICARE	2,904	13,995	45,409	31,414	30.8
52-81-1150	UNEMPLOYMENT	79	381	2,026	1,645	18.8
52-81-1160	HEALTH & LIFE INSURANCE	4,962	24,869	72,033	47,164	34.5
52-81-1161	DISABILITY INSURANCE	619	2,615	8,065	5,450	32.4
52-81-2100	LEGAL FEES			15,000	15,000	.0
52-81-2990	OTHER PROFESSIONAL FEES	7,165	24,001	100,000	75,999	24.0
52-81-3110	UTILITIES	6,866	30,890	35,300	4,410	87.5
52-81-3162	CC FEES	2,813	14,431	27,000	12,569	53.5
52-81-3820	CONTINUING EDUCATION			5,000	5,000	.0
52-81-3990	MISCELLANEOUS SERVICES	3,519	5,851	6,000	149	97.5
52-81-4345	MAILING SERVICE	1,900	7,185	15,000	7,815	47.9
	TOTAL WASTEWATER ADMINISTRATION	72,051	321,933	954,828	632,895	33.7
	<u>WASTEWATER OPERATIONS</u>					
52-82-2400	ENGINEERING	3,124	4,331	25,000	20,669	17.3
52-82-2410	DISCHARGE PERMIT FEES			1,000	1,000	.0
52-82-3173	REPAIRS & MAINTENANCE - EQUIPM			6,000	6,000	.0
52-82-3177	VEHICLE REPAIRS & MAINTENANCE			5,000	5,000	.0
52-82-3178	SYSTEM REPAIR & MAINTENANCE			24,000	24,000	.0
52-82-3200	SAMPLING/TESTING	379	2,251	500	(1,751)	450.2
52-82-3290	OTHER TREATMENT COSTS	18,502	74,609	269,000	194,391	27.7
52-82-4120	SYSTEM SUPPLIES	1,650	9,131	30,000	20,869	30.4
52-82-4520	VEHICLE FUEL	215	1,048	7,000	5,952	15.0
52-82-4530	VEHICLE & EQUIP AMORTIZATION	731	3,653	8,800	5,147	41.5
52-82-4850	UNANTICIPATED EXP/CONTINGENCY			10,000	10,000	.0
52-82-4990	MISCELLANEOUS SUPPLIES		444	2,000	1,556	22.2
	TOTAL WASTEWATER OPERATIONS	24,599	95,466	388,300	292,834	24.6
	<u>WASTEWATER CAPITAL</u>					
52-83-7500	CONSTRUCTION	60,439	126,930	263,000	136,071	48.3
	TOTAL WASTEWATER CAPITAL	60,439	126,930	263,000	136,071	48.3
	TOTAL FUND EXPENDITURES	157,089	544,329	1,606,128	1,061,799	33.9
	NET REVENUE OVER EXPENDITURES	144,641	837,005	445,572	(391,433)	187.9

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

STORMWATER FUND

ASSETS

53-100000	CASH - COMBINED FUND	2,179,684	
53-115000	ACCOUNTS RECEIVABLE	26,528	
53-115300	CONTRACT RECEIVABLE	9	
53-162100	ACCUMULATED DEPRECIATION	(1,717,010)	
53-163000	STORM DRAINAGE SYSTEM	10,333,147	
53-164000	VEHICLES & EQUIPMENT	86,490	
	TOTAL ASSETS		10,908,848

LIABILITIES AND EQUITY

LIABILITIES

53-212000	ACCRUED COMPENSATED ABSENCES	2,537	
	TOTAL LIABILITIES		2,537

FUND EQUITY

53-273000	CONTRIBUTED CAPITAL	4,113,680	
	UNAPPROPRIATED FUND BALANCE:		
53-290000	RETAINED EARNINGS	6,612,694	
	REVENUE OVER EXPENDITURES - YTD	179,936	
	BALANCE - CURRENT DATE	6,792,630	
	TOTAL FUND EQUITY		10,906,310
	TOTAL LIABILITIES AND EQUITY		10,908,848

TOWN OF SEVERANCE
REVENUES AND EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

		STORMWATER FUND				
		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
REVENUE						
<u>CHARGES FOR SERVICES</u>						
53-34-1000	STORMWATER UTILITY FEE	26,128	130,256	267,400	137,144	48.7
	TOTAL CHARGES FOR SERVICES	26,128	130,256	267,400	137,144	48.7
<u>MISCELLANEOUS</u>						
53-36-3500	INTEREST AND DIVIDENDS	4,922	29,709	55,000	25,291	54.0
53-36-3550	CHANGE IN MARKET VALUE	3,310	20,041		(20,041)	.0
	TOTAL MISCELLANEOUS	8,232	49,751	55,000	5,249	90.5
	TOTAL FUND REVENUE	34,360	180,006	322,400	142,394	55.8

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

STORMWATER FUND

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EXPENDITURES						
STORMWATER OPERATIONS						
53-82-3110	UTILITIES			4,600	4,600	.0
53-82-3150	TELEPHONE			1,000	1,000	.0
53-82-4520	VEHICLE FUEL	7	70	1,000	930	7.0
TOTAL STORMWATER OPERATIONS		7	70	6,600	6,530	1.1
TOTAL FUND EXPENDITURES		7	70	6,600	6,530	1.1
NET REVENUE OVER EXPENDITURES		34,353	179,936	315,800	135,864	57.0

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

CAPITAL PROJECTS

ASSETS

75-100000	CASH – COMBINED FUND	(3,442,990)	
	TOTAL ASSETS		(3,442,990)

LIABILITIES AND EQUITY

LIABILITIES

75-202000	ACCOUNTS PAYABLE	385,334	
75-205000	RETAINAGE PAYABLE	114,802	
	TOTAL LIABILITIES		500,136

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
75-290000	FUND BALANCE		
	REVENUE OVER EXPENDITURES - YTD	(3,943,126)	
	BALANCE - CURRENT DATE	(3,943,126)	
	TOTAL FUND EQUITY		(3,943,126)
	TOTAL LIABILITIES AND EQUITY		(3,442,990)

TOWN OF SEVERANCE
EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 5 MONTHS ENDING MAY 31, 2026

CAPITAL PROJECTS

		PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
EXPENDITURES						
GENERAL FUND						
75-75-2400	ENGINEERING	3,781	83,622	260,000	176,378	32.2
75-75-5570	CONSERVATION		1,150	200,000	198,850	.6
75-75-7000	CAPITAL OUTLAY	97,472	423,204	2,207,430	1,784,226	19.2
75-75-7500	CONSTRUCTION	1,555,679	3,266,709	15,388,206	12,121,497	21.2
TOTAL GENERAL FUND		1,656,932	3,774,686	18,055,636	14,280,950	20.9
TRANSPORTATION FUND						
75-77-7000	CAPITAL OUTLAY	117,184	117,184		(117,184)	.0
75-77-7500	CONSTRUCTION	1,123	51,257	767,950	716,693	6.7
TOTAL TRANSPORTATION FUND		118,307	168,440	767,950	599,510	21.9
PUBLIC FACILITIES FUND						
75-79-5570	CONSERVATION			750	750	.0
75-79-7000	CAPITAL OUTLAY			15,000	15,000	.0
TOTAL PUBLIC FACILITIES FUND				15,750	15,750	.0
TOTAL FUND EXPENDITURES		1,775,239	3,943,126	18,839,336	14,896,210	20.9
NET REVENUE OVER EXPENDITURES		(1,775,239)	(3,943,126)	(18,839,336)	(14,896,210)	(20.9)

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

GENERAL FIXED ASSET GROUP

ASSETS

80-160000	CONSTRUCTION IN PROGRESS	838,386	
80-161000	LAND	1,063,771	
80-162000	BUILDINGS	8,253,426	
80-163000	IMPROVEMENTS OTHER THAN BUILDI	50,251,803	
80-164000	MACHINERY AND EQUIPMENT	1,992,993	
80-165000	VEHICLES	2,113,785	
80-169999	ACCUMULATED DEPRECIATION	(14,040,777)	
TOTAL ASSETS			50,473,386

LIABILITIES AND EQUITY

FUND EQUITY

80-280000	INVESTMENTS IN FIXED ASSETS	50,473,386	
TOTAL FUND EQUITY			50,473,386
TOTAL LIABILITIES AND EQUITY			50,473,386

TOWN OF SEVERANCE
BALANCE SHEET
MAY 31, 2026

GENERAL LONG-TERM DEBT GROUP

ASSETS

90-170000	AMOUNT TO BE PROVIDED	245,036	
	TOTAL ASSETS		245,036

LIABILITIES AND EQUITY

LIABILITIES

90-250000	ACCRUED LEAVE	245,036	
	TOTAL LIABILITIES		245,036
	TOTAL LIABILITIES AND EQUITY		245,036

TOWN OF SEVERANCE
PAYABLES
05/01/2026-05/31/2026

Check Issue Date	Check Number	Payee	Amount Paid
5/1/2026	5012601	Connecting Point Greeley	\$ 1,793.00
5/6/2026	12062	Northwest Parkway, LLC	\$ 16.85
5/6/2026	12058	Lands End Business Outfitters	\$ 63.65
5/6/2026	12064	Poulsen Ace Hardware, Inc.	\$ 81.60
5/6/2026	12053	Front Range Compliance Services, LLC	\$ 112.50
5/6/2026	12059	LightGig Communications, LLC	\$ 120.00
5/6/2026	12049	Ascent Broadband, LLC	\$ 150.00
5/6/2026	12071	Tri-Tech Security, Inc.	\$ 198.99
5/6/2026	12060	Next Step Communications, LLC	\$ 250.00
5/6/2026	12054	Frontier Business Products	\$ 299.45
5/6/2026	12048	Amazon Capital Services	\$ 458.85
5/6/2026	12051	DBC Irrigation Supply	\$ 543.16
5/6/2026	12050	Bobcat of the Rockies	\$ 731.65
5/6/2026	12066	Recreational Electrical, LLC	\$ 793.00
5/6/2026	12073	Weld County Health Department	\$ 961.00
5/6/2026	12056	Greeley Lock & Key	\$ 1,199.96
5/6/2026	12052	EAS Tire & Auto LLC	\$ 2,657.68
5/6/2026	12057	La Salle Oil Co.	\$ 2,700.41
5/6/2026	12067	Red Willow Construction, LLC	\$ 2,715.00
5/6/2026	12072	Utility Notification Center	\$ 3,107.70
5/6/2026	12070	Sentry Siren Inc	\$ 4,500.00
5/6/2026	5012601	UNUM Life Insurance Co America	\$ 5,097.50
5/6/2026	12063	Pipestone Equipment	\$ 6,500.00
5/6/2026	12069	SAFEbuilt Colorado, Inc.	\$ 11,634.20
5/6/2026	12068	Road Runner Grading LLC	\$ 29,030.00
5/6/2026	5062601	Xcel Energy	\$ 49,940.44
5/6/2026	12061	North Weld County Water District	\$ 65,908.29
5/6/2026	12055	GLH Construction, LLC	\$ 132,417.32
5/7/2026	5072602	Poudre Valley REA	\$ 94.50
5/7/2026	5072601	Xcel Energy	\$ 826.03
5/8/2026	508202601	Verizon Wireless	\$ 3,132.65
5/8/2026	5082601	CEBT	\$ 53,167.99
5/12/2026	512202601	Mountain High Disposal	\$ 45.00
5/13/2026	12085	Language Line Services, Inc.	\$ 50.26
5/13/2026	12089	Upper Case Printing Ink	\$ 54.93
5/13/2026	12088	University Auto Parts, Inc.	\$ 199.99
5/13/2026	12076	Associated Landscape Contractors of CO	\$ 300.00
5/13/2026	12080	EPS Group Inc.	\$ 305.00
5/13/2026	12075	Amazon Capital Services	\$ 373.10
5/13/2026	12079	Dean Contracting, Inc.	\$ 400.00
5/13/2026	12082	Fleet Upfitting Services Elite, LLC	\$ 475.00
5/13/2026	12087	Ramey Environmental Compliance, Inc.,	\$ 561.12
5/13/2026	513202610	Adam B Stephens	\$ 800.00
5/13/2026	12077	Ausmus Law Firm PC	\$ 850.00

TOWN OF SEVERANCE
PAYABLES
05/01/2026-05/31/2026

Check Issue Date	Check Number	Payee	Amount Paid
5/13/2026	513202613	SBS Services Group LLC	\$ 1,160.00
5/13/2026	513202614	Wear Parts and Equipment Co, Inc.	\$ 1,719.00
5/13/2026	12083	Freedom Mailing Services Inc	\$ 1,885.10
5/13/2026	12084	La Salle Oil Co.	\$ 2,605.05
5/13/2026	513202612	Caselle, Inc.	\$ 2,829.00
5/13/2026	513202611	Ayres Associates Inc.	\$ 5,316.00
5/13/2026	12090	Vector Disease Control International, LL	\$ 6,578.88
5/13/2026	12078	D&D Concrete, LLC	\$ 34,296.00
5/13/2026	12081	Ferguson Waterworks #1116	\$ 35,000.00
5/13/2026	12074	A-1 Chipseal Company	\$ 117,183.60
5/13/2026	12086	Morton Electric, Inc.	\$ 172,956.23
5/20/2026	12109	Windsor Ace Hardware	\$ 24.74
5/20/2026	520202603	Xcel Energy	\$ 44.00
5/20/2026	12095	DBC Irrigation Supply	\$ 52.21
5/20/2026	12099	Kinsco	\$ 110.00
5/20/2026	12104	Recreational Electrical, LLC	\$ 145.00
5/20/2026	12093	Citadel Security Group, LLC	\$ 147.11
5/20/2026	12101	MAIL'N COPY INC	\$ 150.00
5/20/2026	12102	Mountain View Garage Doors LLC	\$ 210.00
5/20/2026	12105	Scott's Electric & Bucket Truck, Inc	\$ 300.00
5/20/2026	12107	Treatment Technology, LLC	\$ 524.90
5/20/2026	12092	Beavers Fish Farm Inc	\$ 972.50
5/20/2026	12108	Western States Land Services LLC	\$ 1,719.92
5/20/2026	12106	South Dakota Mines	\$ 2,000.00
5/20/2026	12100	Lumin8 Transportation Technologies, LLC	\$ 2,610.00
5/20/2026	520202602	Xcel Energy	\$ 2,865.11
5/20/2026	12096	Eggers Electric	\$ 3,453.11
5/20/2026	520202613	WestWater Research LLC	\$ 3,483.75
5/20/2026	12098	JR Engineering, LLC	\$ 3,711.25
5/20/2026	520202611	CivicPlus	\$ 4,455.78
5/20/2026	12097	InVision GIS LLC	\$ 5,242.50
5/20/2026	12094	Collins Control & Electric, Inc.	\$ 6,762.10
5/20/2026	520202610	CIRSA	\$ 10,044.48
5/20/2026	520202601	Town of Windsor	\$ 18,502.00
5/20/2026	12103	OJ Watson Company Inc	\$ 59,423.00
5/20/2026	520202612	ECI Site Construction Manageme, Inc.	\$ 1,061,762.14
5/21/2026	521202602	Republic Services, Inc	\$ 52.43
5/21/2026	5212602	PURCHASE POWER	\$ 383.70
5/21/2026	521202603	Xcel Energy	\$ 3,970.62
5/21/2026	521202601	Poudre Valley REA	\$ 5,525.14
5/21/2026	5212601	Connecting Point Greeley	\$ 11,157.25
5/22/2026	522202601	Xcel Energy	\$ 8,392.22
5/25/2026	525202601	Comcast	\$ 264.97
5/27/2026	12139	Li'L Flower Shop	\$ 80.95

**TOWN OF SEVERANCE
PAYABLES
05/01/2026-05/31/2026**

Check Issue Date	Check Number	Payee	Amount Paid
5/27/2026	12133	Anticimex Inc	\$ 92.00
5/27/2026	12137	DBC Irrigation Supply	\$ 115.81
5/27/2026	12142	Top Shelf Printing	\$ 148.32
5/27/2026	12141	Superior Towing, Inc.	\$ 306.30
5/27/2026	12138	Hardline Equipment, LLC	\$ 1,012.00
5/27/2026	12135	BearCom	\$ 1,095.00
5/27/2026	527202611	SBS Services Group LLC	\$ 1,160.00
5/27/2026	52202601	Comcast	\$ 1,710.58
5/27/2026	12140	Spot On Sound Productions	\$ 5,875.00
5/27/2026	12134	Axon Enterprise, Inc.	\$ 11,351.16
5/27/2026	12136	Concrete Conservation, LLC	\$ 60,000.00
5/27/2026	527202610	Colorado Civil Group Inc.	\$ 80,569.72
5/29/2026	529202601	Waste Management of Colorado, Inc	\$ 925.25
			Total: \$ 2,150,050.65

**TOWN OF SEVERANCE
RESOLUTION NO. 2026-17R**

**A RESOLUTION FOR THE TOWN COUNCIL OF THE TOWN OF SEVERANCE,
COLORADO, AMENDING THE FISCAL YEAR 2025 BUDGET TO APPROPRIATE
FUNDS FROM THE FUND BALANCE**

WHEREAS, the Town Council of the Town of Severance adopted the 2025 budget in accordance with the local government budget law on December 10, 2024; and

WHEREAS, the Town would like to appropriate the funds for these expenditures; and

WHEREAS, in accordance with §8.10 of the Town of Severance Home Rule Charter, the Town Council may modify appropriations by resolution during the fiscal year for unanticipated budgetary issues so long as such modified appropriations do not cause total expenditures within a fund to exceed the beginning fund balance or the funds available plus anticipated revenues and other sources of funds within the fund as estimated in the budget; and

WHEREAS, the Town Council desires to modify appropriations and authorize the appropriation of certain funds by enacting an amendment to the 2026 Town Budget.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SEVERANCE, COLORADO:

Section 1. The following modifications to unencumbered appropriation balances for Fiscal Year 2025, as set forth below, are hereby approved:

APPROPRIATIONS FROM FUND BALANCE	
TRANSPORTATION FUND	\$ 18,000

TOTAL FUNDS TO BE APPROPRIATED: \$ 18,000

Section 2. The following modifications to budget expenditures for Fiscal Year 2025, as set forth below, are hereby approved:

Expenditures by Account and Fund:

FUND	TITLE	ACCOUNT CODE	ACTIVITY	AMOUNT
TRANSPORTATION	Street Improvements	12-61-7500	#27 PROG-TR1	\$18,000

TOTAL EXPENDITURES:

\$ 18,000

Section 3. The Town Manager is directed to affect the necessary transfers to comply with this resolution and to update beginning balances to actual balances for a more accurate statement of budget status.

RESOLVED AND APPROVED THIS 14TH DAY OF JULY 2026.

TOWN OF SEVERANCE, COLORADO

Matthew Fries, Mayor

ATTEST

Sarah Jacobsen, Town Clerk



Planning Department

July 2026 Department Update

The Planning Department continues to review several development applications across Town. Below is a summary of projects currently under review.

- **Northgate Lake (Final Plat):** 315 acres north of Harmony Road and east of CR 21, proposing 600 single-family homes with future mixed uses and open space.
- **WinDance (Preliminary Plat):** 168 acres north of Highway 392, proposing approximately 569 single-family homes and 34 acres of open space.
- **Saddle Ridge Tracts 9 & 10 (Final Plat):** 11 acres north of SH 14, proposing paired homes and single-family lots.
- **Schlagel Minor Subdivision:** Four rural residential lots west of CR 21.
- **Saddler Southern (Preliminary Plat):** 46 acres proposing single-family homes and commercial space.
- **Berrado Holdings (Minor Subdivision):** 20-acre lot for an existing PRPA electrical substation.
- **Bower North (Preliminary Plat):** 160 acres south of Hunters Crossing and west of CR 19, proposing 31 large residential lots, 278 single family, 5-acre commercial area and open space.

Several of these projects will move forward to public hearings before the Planning Commission and Town Council.

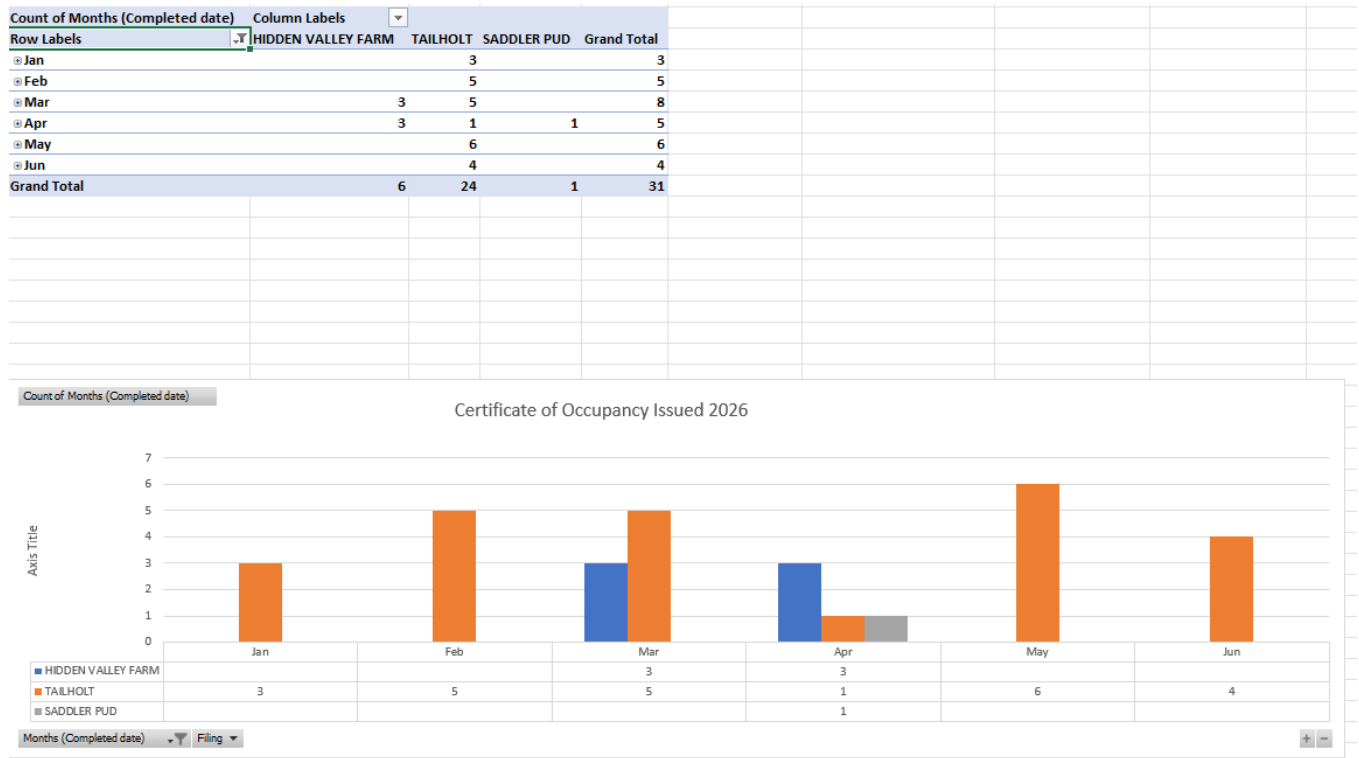
-
- Planning Staff continues working on the Comprehensive Master Plan update. We held our first meeting with the Comprehensive Plan Advisory Committee (CPAC) on May 6th. The following is an outline of future meetings and topics for the CPAC to consider as part of the update:

July: Findings of early research/analysis, elements from current Comp Plan and other plans to carry forward, adjust, or remove, and discuss outreach approach and CPAC voluntary involvement.

August: Draft Plan outline review, discuss content review cadence and approach for CPAC, additional outreach discussions.

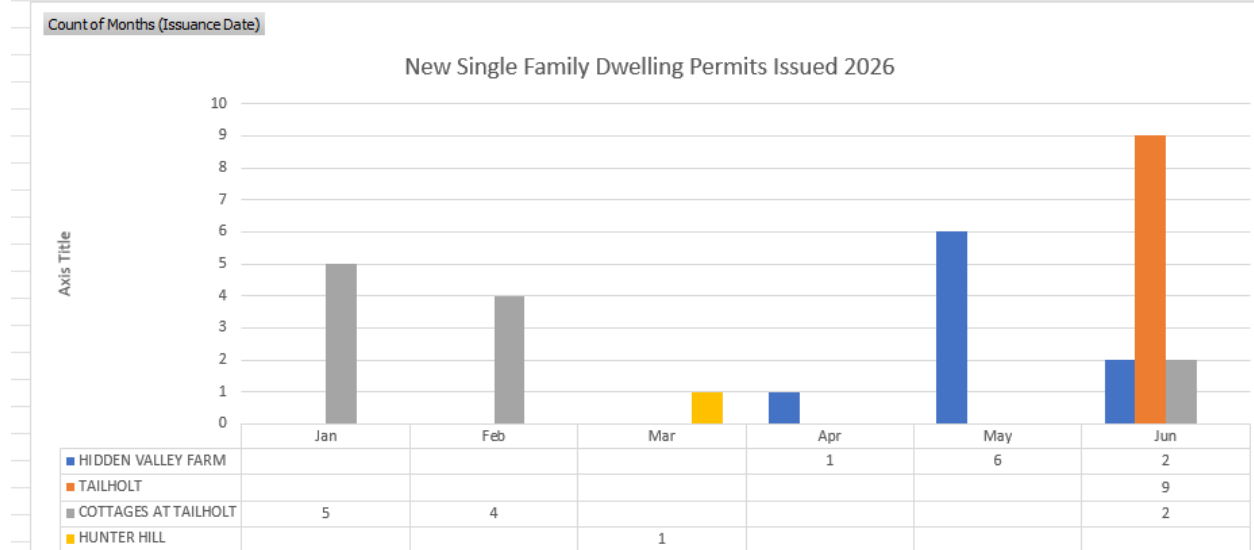
September: Review and discuss the first set of chapter(s) (possibly a shifted meeting date to mid-late Sept.)

- The Building Department has issued 31 certificates of occupancy permits for new single-family homes since January 1, 2026. Below is a breakdown:



- The Building Department has issued 30 permits for new single-family homes since January 1, 2026. Below is a breakdown:

Row Labels	HIDDEN VALLEY FARM	TAILHOLT	COTTAGES AT TAILHOLT	HUNTER HILL	Grand Total
Jan				5	5
Feb				4	4
Mar				1	1
Apr		1			1
May		6			6
Jun		2	9	2	13
Grand Total	9	9	11	1	30





AGENDA ITEM SUMMARY

AGENDA ITEM	SUBMITTED BY	PRESENTED BY
Pg. 68 - Ordinance 2026-05: Ordinance Amending the Severance Municipal Code to Clarify that the State of Colorado Collects the Town's Sales Tax, that no Separate Town Sales Tax License is Required, and to Require the Disclosure of the Colorado Department of Revenue Account Number on Town Business License Applications	Andrew Rogers, Town Attorney	Andrew Rogers, Town Attorney
ACTION REQUESTED		
The Council may approve, reject, or approve with corrections.		Ordinance Attorney Approved
BRIEF HISTORY OF ITEM		
None.		
BRIEF SUMMARY		
The Town of Severance's sales tax revenue is collected by the Executive Director for the Colorado Department of Revenue pursuant to the Colorado Sales and Use Tax System. This benefit is authorized by statute, and it is provided to many municipalities across the State of Colorado. The Severance Municipal Code currently assigns the collection, administration, and enforcement of the Town's sales tax to the Town Finance Director, but this language does not reflect the Town's practice. The Town Code also requires businesses to obtain a local sales tax license. This ordinance amends the Town Code to reflect its practice and does not require a local sales tax license. The ordinance also addresses Senate Bill 22-032, which prohibits local jurisdictions from charging retailers a fee for a local business license in certain circumstances.		
PUBLIC SUPPORT/CONCERN		
None.		
ANALYSIS AND RECOMMENDATION		
This update does not change the Town's obligations under state law, but it does update the Town Code to reflect these obligations. The Severance Municipal Code currently assigns the collection, administration, and enforcement of the Town's sales tax to the Town Finance Director, but this language does not reflect the Town's practice. Nothing within this ordinance alters the sales tax rate or modifies existing sales tax exemptions already existing within the Severance Municipal Code. This ordinance does not require voter approval pursuant to TABOR. The Town's ability to impose, levy, and collect sales tax is preserved. Town staff recommend the Council approves this ordinance.		
MATERIALS SUBMITTED		
The following materials were submitted and included in this packet:		

1. ORD 2026-05 Updating Tax License

**TOWN OF SEVERANCE
ORDINANCE NO. 2026-05**

**AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF SEVERANCE,
COLORADO, AMENDING SECTIONS 4-3-70, 6-1-20, AND 6-1-40 OF THE
SEVERANCE MUNICIPAL CODE TO CLARIFY THAT THE STATE OF COLORADO
COLLECTS THE TOWN'S SALES TAX, THAT NO SEPARATE TOWN SALES TAX
LICENSE IS REQUIRED, AND TO REQUIRE THE DISCLOSURE OF THE
COLORADO DEPARTMENT OF REVENUE ACCOUNT NUMBER ON TOWN
BUSINESS LICENSE APPLICATIONS.**

WHEREAS, the Town of Severance, Colorado (the "Town") is a Colorado home rule municipality, duly organized and existing under the laws of the State of Colorado and the Town's Home Rule Charter (the "Charter"); and

WHEREAS, the Town Council for the Town of Severance (the "Council") is the legislative and governing body of the Town, and it is vested with the authority to adopt, amend, repeal, and enforce all ordinances necessary to protect the life, health, safety, welfare, and property of the community in accordance with the Charter; and

WHEREAS, the Town has full authority to levy, collect, retain, and expend sales and use tax revenues pursuant to the Town's home rule authority under Article XX, Section 6 of the Colorado Constitution, the Town's Home Rule Charter, including Sections 10.01 and 10.03(1) thereof, and Article 2 of Title 29, C.R.S. The amendments adopted by this ordinance are within the scope of that authority; and

WHEREAS, the Town levies a municipal sales tax pursuant to Chapter 4, Article 3 of the Severance Municipal Code ("SMC"), originally enacted by Ord. No. 80-1 and subsequently amended, currently imposed at a rate of three percent (3%) on the sale at retail of tangible personal property and the furnishing of certain services within the Town; and

WHEREAS, collection, administration, and enforcement of the Town's sales tax is performed by the Executive Director of the Colorado Department of Revenue of the State of Colorado (the "State"), pursuant to the Colorado Sales and Use Tax System, and in accordance with the provisions of Articles 26 and 21 of Title 39 and Article 2 of Title 29 of the Colorado Revised Statutes; and

WHEREAS, Section 4-3-70(b) of the SMC, as originally enacted by Ord. No. 80-1 §8, and last amended by Ord. No. 2007-07, §1, assigns the collection, administration, and enforcement of the Town's sales tax to the "Town Finance Director," but this language does not reflect the Town's actual practice of State-administered collection; and

WHEREAS, Senate Bill 22-032 was signed into law on April 21, 2022, enacting §39-26-802.9, C.R.S., which prohibits local taxing jurisdictions from charging a fee for a local general business license to retailers that have a state standard retail license and either have no physical presence within the local taxing jurisdiction or have only incidental physical presence in the local

taxing jurisdiction, and further prohibits local taxing jurisdictions from requiring such retailers to separately apply for a local general business license on or after July 1, 2023; and

WHEREAS, Section 6-1-20 of the SMC, as most recently amended by Ord. No. 2025-11, §1, requires any person engaged in the business of selling tangible personal property at retail, or furnishing certain taxable services, to obtain a license from the Town as a condition of doing business; and

WHEREAS, Section 6-1-40 of the SMC, as most recently amended by Ord. No. 2025-11, §2, sets forth the information required on a business license application; and

WHEREAS, the Council finds that the current code language could be misread as imposing a Town-administered sales tax license obligation that does not reflect the actual practice and may cause confusion for businesses operating within the Town; and

WHEREAS, the Council finds it necessary to amend the SMC to: (1) clarify that the State collects the Town's sales tax on the Town's behalf, (2) confirm that no separate Town sales tax license is required, (3) broaden the general business license requirement to apply to all persons conducting business within the Town regardless of whether their business involves retail sales, (4) require retailers subject to the Town's sales tax to disclose their Colorado Department of Revenue Account Number as part of the business license application, and (5) preserve the Town's full authority to impose, levy, and collect a sales tax; and

WHEREAS, the Council finds and declares that this ordinance does not impose a new tax, increase the rate of any existing tax, extend any expiring tax, or constitute a tax policy change directly causing a net tax revenue gain to the Town within the meaning of the Taxpayer's Bill of Rights contained within Article X, Section 20 of the Colorado Constitution ("TABOR"). This ordinance amends only administrative provisions, and voter approval is not required for its adoption. This ordinance complies with the requirements of TABOR; and

WHEREAS, this ordinance is enacted pursuant to the Town's home rule authority under Article XX, Section 6 of the Constitution of the State of Colorado, pursuant to Article III of the Town's Charter, and pursuant to the Town's general police powers in order to safeguard and preserve the life, health, safety, welfare, and property of the community.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SEVERANCE, COLORADO, AS FOLLOWS:

Section 1. **Recitals.** The foregoing recitals are affirmed and incorporated herein.

Section 2. Section 4-3-70(b) of the Severance Municipal Code, titled "Collection, administration and enforcement", is amended to read as follows. Subsections (a), (c), (d), and (e) are unchanged and are not amended by this ordinance:

Sec. 4-3-70. Collection, administration, and enforcement.

- (b) The collection, administration, and enforcement of the sales tax imposed by this Article shall be performed by the Executive Director of the Department of Revenue of the State of Colorado in the same manner as the collection, administration, and enforcement of the state sales tax. Accordingly, the provisions of Articles 26 and 21 of Title 39, and Article 2 of Title 29, C.R.S., and all rules and regulations promulgated by the Executive Director of the Colorado Department of Revenue pertaining to such collection, administration, and enforcement, are incorporated herein by this reference. The Town does not separately administer or license the sales tax, and no Town sales tax license is required.

Section 3. Section 6-1-20 of the Severance Municipal Code, titled “License required”, is amended to read as follows:

Sec. 6-1-20. License required.

- (a) It is unlawful for any person to operate, conduct, or carry on any business, trade, profession, or occupation within the limits of the Town without first having obtained a license therefor, which license shall be granted and issued by the Town Manager or their designee, and shall be in force and effect until December 31 of the year in which the license is issued, unless sooner revoked. Such license shall be granted or renewed only upon application stating the name and address of the person desiring the license, the name and location of the business, and such other information as the Town Manager or their designee may require.

The Town does not issue a Town sales tax license. Retailers subject to the sales tax imposed by Article 3 of Chapter 4 of this Code shall obtain and maintain a current sales tax license directly from the Colorado Department of Revenue pursuant to Article 26, Title 39, C.R.S. Retailers subject to the Town sales tax are required to provide their Colorado Department of Revenue Account Number on the business license application as required by Section 6-1-40 of this Article.

- (b) Every applicant shall state under oath or affirmation such facts as may be required for the granting of a license. It is unlawful for any person to make any false statement or misrepresentation in connection with any application for a license.
- (c) It shall be the duty of each licensee, on or before January 1 of each year, to obtain a renewal of the license if the licensee continues to operate a business within the Town; but nothing herein contained shall be construed to empower the Town Manager or their designee to refuse such renewal, except revocation for cause of the licensee's prior license.
- (d) Nonprofit state corporations, excluding federal, state, or municipal corporations, are exempt from the license requirements set forth in this Article.
- (e) Retailers holding a state standard retail license and that either do not have a physical presence in the Town or that have only incidental physical presence in the Town, as those terms are defined in §39-26-802.9, C.R.S., as amended, shall be automatically issued a general business license at no charge, without a separate

application, in accordance with §39-26-802.9, C.R.S. The Town Manager or their designee shall issue such licenses using information provided by the Colorado Department of Revenue. This subsection shall not apply if the Town has previously revoked the retailer's general business license for violation of this Code.

Section 4. Section 6-1-40 of the Severance Municipal Code, titled "License application", is amended to read as follows:

Sec. 6-1-40. License application.

- (a) The applicant shall, on a form provided by the Town Manager or their designee, provide the following information:
 - a. The name and address of the business;
 - b. The type of business carried on at that location;
 - c. Other business locations, if any;
 - d. The name of the owner, manager, or other person who is responsible for conducting the operations of the business and his or her address and phone number; and
 - e. For any business engaged in the retail sale of tangible personal property or the furnishing of taxable services as provided in Chapter 4, Article 3 of this Code, the Colorado Department of Revenue Account Number (Colorado Account Number) assigned to the business by the State of Colorado for sales tax purposes. If a Colorado Account Number has not yet been issued at the time of application, the applicant shall provide the number to the Town Manager or their designee within thirty (30) days of its issuance. This subsection shall not apply to any retailer entitled to automatic issuance of a business license pursuant to Section 6-1-20(e) of this Article and §39-26-802.9, C.R.S.

Section 5. Section 6-1-50 of the Severance Municipal Code, titled "License fees", is amended to include (c) and shall read as follows. Subsections (a) and (b) are unchanged and are not amended by this ordinance:

Sec. 6-1-50. License fees.

- (c) Notwithstanding subsections (a) and (b) of this Section, no fee shall be charged for a business license issued pursuant to Section 6-1-20(e) of this Article.

Section 6. **Severability.** If any article, section, paragraph, sentence, clause, or phrase of this ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The Town Council declares it would have passed this ordinance and each part or parts hereof, irrespective of the fact that any one part or parts be declared unconstitutional or invalid.

Section 7. **Repealer.** All other ordinances, or portions thereof, inconsistent or conflicting with this ordinance or any portion thereof are repealed to the extent of such inconsistency or conflict.

Section 8. **No Effect on Tax Rate or Exemptions.** Nothing in this ordinance shall be construed to alter the rate of the Town’s sales tax as imposed by Section 4-3-50 of the Severance Municipal Code, or to modify the exemptions from the Town’s sales tax as set forth in Section 4-3-40 of the Severance Municipal Code. The Town’s authority to impose, levy, and collect a sales tax is fully preserved.

Section 9. **Effective Date.** In accordance with Section 6.03(6) of the Town of Severance Home Rule Charter, this ordinance, after approval by the Town Council of the Town of Severance, shall be effective thirty (30) days after publication.

**INTRODUCED, READ, ADOPTED, APPROVED, AND ORDERED PUBLISHED
IN FULL THIS 14TH DAY OF JULY, 2026.**

TOWN OF SEVERANCE, COLORADO

Matthew Fries, Mayor

ATTEST:

Sarah Jacobsen, Town Clerk

AFFIDAVIT OF PUBLICATION

STATE OF COLORADO)
)
COUNTY OF WELD)

I, Sarah Jacobsen, Town Clerk for the Town of Severance, do solemnly swear and affirm that I published in full a true and correct copy of Ordinance No. 2026-05, enacted by the Town Council on July 14, 2026, on the Town of Severance's web site, <https://www.townofseverance.org/>, on the ____ day of _____ 20__.

Witness my hand and seal this ____ day of _____ 2026.

Sarah Jacobsen, Town Clerk

[Town Seal]



AGENDA ITEM SUMMARY

AGENDA ITEM	SUBMITTED BY	PRESENTED BY
Pg. 76 - Resolution 2026-18R: Resolution to Approve the Lease of Real Property Located at 312 1st Street in Severance, Colorado, and Approving the Lease Agreement Pertaining Thereto	Nicholas Wharton, Town Manager	Nicholas Wharton
ACTION REQUESTED		
Town staff recommends approval of this resolution.		<u>Resolution</u> <u>Attorney Approved</u>
BRIEF HISTORY OF ITEM		
Pivot Structures, Inc., has an existing lease of this property. The lease agreement before the Council is a new lease for the same property.		
BRIEF SUMMARY		
The Town of Severance owns real property located at 312 1st Street, in Severance, Colorado. Pivot Structures, Inc., has an existing lease for the property. The new lease agreement includes additional terms and conditions, and it adds a sister company, Mastercraft Property Solutions, Inc., to the lease agreement.		
PUBLIC SUPPORT/CONCERN		
None.		
ANALYSIS AND RECOMMENDATION		
Town staff recommends approval of this resolution.		
MATERIALS SUBMITTED		
The following materials were submitted and included in this packet: 1. Res 2026-18R - To Approve the Lease of Real Property to Pivot 2. 312 1st Street Severance Lease - 2026		

**TOWN OF SEVERANCE
RESOLUTION NO. 2026-18R**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF SEVERANCE,
COLORADO, AUTHORIZING THE LEASE OF REAL PROPERTY LOCATED AT 312
1ST STREET, IN SEVERANCE, COLORADO, AND APPROVING THE LEASE
AGREEMENT PERTAINING THERETO.**

WHEREAS, the Town of Severance (the “Town”) is a Colorado home rule municipality organized under the Town Home Rule Charter (the “Charter”); and

WHEREAS, pursuant to Section 12.01 of the Charter, the Town Council for the Town of Severance (the “Council”) may authorize the lease of real property by resolution; and

WHEREAS, the Town owns certain real property located at 312 1st Street, Severance, Colorado (the “Property”); and

WHEREAS, Pivot Structures, Inc., and Mastercraft Property Solutions, Inc., (collectively the “Companies”) have offered to lease the Property from the Town; and

WHEREAS, the Companies and the Town Manager have negotiated the material terms of a Lease pursuant to which the Town will lease the Property to the Companies; and

WHEREAS, the Council finds and determines that this Lease is authorized and appropriate pursuant to Section 12.01 of the Charter; and

WHEREAS, the Council finds that leasing the Property to the Companies will generate fair market rent and other consideration for the Town and will put the Property to productive economic use consistent with the Town’s economic development interests, all of which the Council finds constitute a valid public purpose; and

WHEREAS, the Council desires to authorize the lease of the Property to the Companies pursuant to the terms and conditions of the lease (the “Lease”), a copy of which is attached hereto and incorporated herein as **Exhibit A**, and to authorize the Town Manager to execute all documents necessary to complete the lease transaction on behalf of the Town; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SEVERANCE, COLORADO, AS FOLLOWS:

Section 1. The above recitals and findings of the Town Council are incorporated herein and made a part of this resolution.

Section 2. The Town Council for the Town of Severance authorizes the lease of the real property located at 312 1st Street, Severance, Colorado, to Pivot Structures, Inc., and Mastercraft Property Solutions, Inc.

Section 3. The Town Council approves the Lease between the Town of Severance and

Pivot Structures, Inc., and Mastercraft Property Solutions, Inc., in substantially the same form as the copy attached hereto and incorporated herein as **Exhibit A**. The Town Manager is authorized to execute the Lease on behalf of the Town of Severance.

Section 4. The Town Manager is authorized to negotiate, finalize, execute, and deliver any and all documents necessary to complete the lease transaction on behalf of the Town of Severance, subject to approval as to form by the Town Attorney, and to carry out the intentions of the Town Council consistent with the Lease and this resolution.

RESOLVED AND APPROVED THIS 14TH DAY OF JULY, 2026.

TOWN OF SEVERANCE, COLORADO

Matthew Fries, Mayor

ATTEST

Sarah Jacobsen, Town Clerk

COMMERCIAL LEASE

This commercial lease (the "**Lease**") is made on the 25 day of June, 2026, and is entered into by and between Landlord (as defined below) and Tenant (as defined below). In consideration of the payment of the Rent (as defined below); all costs, charges, and expenses, which Tenant assumes, agrees, or is obligated to pay to Landlord pursuant to the Lease (the "**Additional Rent**"); and the performance of the promises by Tenant set forth below, Landlord hereby leases to Tenant, and Tenant hereby accepts, the Premises (as defined below), subject to the terms and provisions set forth in the Lease.

PARTIES, PREMISES, AND DEFINED TERMS

1. **Landlord:** Town of Severance, a home rule municipality and political subdivision of the State of Colorado (the "**Landlord**").

2. **Tenant:** Pivot Structures, Inc., a Colorado Corporation with ID Number 20201683171, in good standing with the Colorado Secretary of State, and Mastercraft Property Solutions, Inc., a Colorado Corporation with ID Number 20261014817, in good standing with the Colorado Secretary of State (individually and collectively the "**Tenant**"). Pivot Structures, Inc. and Mastercraft Property Solutions, Inc. are jointly and severally liable for all obligations of Tenant under the Lease. Landlord may, at its sole option, enforce any obligation of Tenant against either or both entities comprising Tenant without first proceeding against the other.

3. **Guarantor:** Jeffrey Hanesworth, in his individual capacity.

4. **Premises.** Landlord is the owner of certain real estate described as 312 1st Street (County Road 23) in Severance, Weld County, Colorado 80546 (the "**Real Estate**"). The Real Estate is improved with a metal "Quonset Hut" style building with adjoining structures (collectively, the "**Improvements**") (the Real Estate and the Improvements are collectively referred to as the "**Property**"). Landlord hereby leases and demises to Tenant the following described portion of the Property: Address: 312 1st Street, **Unit A and Unit B**, Severance, Colorado 80546, consisting of a portion of the Property and the Improvements, containing approximately 6,690 square feet (with this portion of the Property and the Improvements collectively referred to as the "**Premises**"). The boundaries of the Premises are shown on that certain survey drawing, a copy of which is attached hereto and incorporated herein as **Exhibit A**.

5. **Term.** Landlord leases the Premises to Tenant from twelve o'clock noon on the 1st day of July 2026 and until 11:59 p.m. on the 31st day of December 2029 (the initial three and a half year "**Term**"). Subject to Tenant's performance of all obligations under the Lease, including, without limitation, payment of Rent and Additional Rent, Tenant shall enjoy quiet possession of the Premises.

6. **Base Rent.** Monthly base rental for the first year of the Term is Five Thousand Five Hundred Thirty-Seven and 25/100 Dollars (\$5,537.25) payable in advance to Landlord on the tenth day of each calendar month for that month's base rental before twelve o'clock noon, without notice (the "**Base Rent**"). This base rent will increase by 3% annually starting July 1st, 2027.

7. **Option.** If it is eligible per the terms set forth below, Tenant will have the option to extend the Term, pursuant to the terms and conditions contained herein, on a month-to-month basis

(the “**Option**” for the “**Extended Term**”). In the event Tenant desires to exercise the Option, Tenant shall, at least ninety (90) days before expiration of the Term, provide Landlord with written notice of its intent to exercise the Option. During the Extended Term, Base Rent shall equal the Base Rent in effect during the final month of the initial Term, subject to the same 3% annual escalation on each July 1st thereafter. The Option shall only be exercisable provided that no Tenant Defaults (as defined below) currently exist and that no Tenant Defaults have occurred over the Term of the Lease that have not been cured by Tenant as provided by the Lease.

8. Security Deposit. Prior to occupying the Premises, Tenant shall keep on deposit with Landlord a security, cleaning, and damage deposit in the amount of Five Thousand Five Hundred Thirty-Seven and 25/100 Dollars (\$5,537.25) as security for the return of the Premises at the expiration of the Term or Extended Term, as applicable, in as good condition as when Tenant entered the Premises, normal wear and tear excepted, as well as the faithful, timely, and complete performance of all other terms, conditions, and covenants of the Lease (the “**Security Deposit**”).

9. Use. The Premises shall be used for the purpose of Tenant’s fabricating, storing, and selling prefabricated shipping container structures, provided this use conforms with applicable zoning regulations. Tenant shall not, without the prior written consent of Landlord, permit the Premises to be used for any other purpose. Tenant shall neither use nor allow the Premises to be used for any purpose contrary to and/or in violation of any municipal, county, state, ordinance, code, regulation, statute, law, court order, or ruling applicable to the Property or any portion thereof (collectively, “**Applicable Laws**”). Tenant’s obligations and duties regarding its use of the Premises are further described in Paragraph 17 (captioned “Use of Premises”) below. Tenant shall have access to the Premises 24 hours a day, 7 days a week during the Term and Extended Term, if applicable. Tenant shall use commercially reasonable efforts not to conduct noise-creating activities before 8:00 AM or after 8:00 PM each day, with Tenant agreeing not to make excessive outside noise (for example, loud cutting, grinding, sanding, or metal working sounds) prior to 8:00 AM or after 6:00 PM each day. Deliveries and primary access to the Premises shall be made through the Drive-Through Gate (defined below) along 3rd Avenue.

10. Utilities. Tenant shall pay all utilities for the Premises. For the Term and Extended Term, if applicable, Tenant shall assume the electrical, natural gas, water, and sewer utility accounts from Landlord and shall pay all bills for electrical service to the Property (“**Electrical Service**”), natural gas service to the Property (“**Gas Service**”), and water and sanitary sewer utility service (the “**Water and Sewer Services**”) in full and in a timely manner so that Gas Service, Electrical Service, and Water and Sewer Services are maintained uninterrupted to the entire Property, more than just the Premises’ portion of the Property. Tenant, on behalf of itself and its affiliates, officers, members, owners, employees, contractors, agents, representatives, invitees, successors, and assigns (with Tenant and these parties collectively referred to as the “**Tenant Parties**”) agrees to work with Landlord in good faith and in a commercially reasonable manner to resolve any disputes concerning utility services for the Property. Likewise, Landlord, on behalf of itself, its officers, employees, contractors, agents, representatives, invitees, successors, and assigns (with Landlord and these parties collectively referred to as the “**Landlord Parties**”) agrees to work with Tenant in good faith and in a commercially reasonable manner to resolve any disputes concerning utility services for the Property. Utility costs payable under this paragraph shall constitute Additional Rent. Landlord shall not be required to provide internet or Wi-Fi service to the Premises.

11. Sales Tax. Tenant shall maintain the Premises as the primary place of business for Pivot Structures, Inc. and Mastercraft Property Solutions, Inc. for the duration of the Lease Term and any Extended Term. Tenant shall register each entity comprising Tenant with the Colorado Department of Revenue for a Colorado sales tax license, identifying the Premises as the licensed retail location, and shall maintain that license in good standing throughout the Lease Term and any Extended Term. For each entity comprising Tenant, Tenant shall also maintain the Premises as the principal office address on file with the Colorado Secretary of State. Tenant shall collect and remit all applicable Town of Severance sales taxes on all retail sales made by either entity comprising Tenant that are sourced to the Premises under applicable Colorado law. Tenant shall structure its sales transactions, including but not limited to its sales contracts, invoicing practices, and delivery terms, in a manner consistent with sourcing retail sales to the Premises to the maximum extent permitted by applicable law. Tenant shall use commercially reasonable efforts to structure sales contracts so that title to and risk of loss for each sale passes to the buyer at the Premises. However, Tenant shall not be required to insist upon such terms where the customer reasonably requests otherwise or where the nature of the particular transaction makes transfer of title at the delivery destination customary or appropriate. Tenant shall not structure transactions in a manner designed to avoid or minimize the collection or remittance of Town of Severance sales taxes. Landlord shall have the right, upon thirty (30) days' written notice, to request from Tenant copies of the Tenant's sales tax returns and remittance records for the Tenant for any period during the Lease Term and any Extended Term. Tenant shall provide such records within fifteen (15) business days of such request. Landlord's right to review such records is in addition to, and does not limit, any audit rights available to the Town of Severance under its local sales tax ordinance or other applicable law.

12. Late Payments. If any Rent, Additional Rent, or other payment is received later than 5 days after the date when due, the parties agree that Additional Rent in the amount of ten percent (10.0%) of the outstanding sums shall also be due and payable. The addition of such amount and the collection thereof shall not operate to waive any other rights of Landlord for nonpayment of Rent, or for any other reason.

13. Repairs and Maintenance of the Premises. Except as otherwise specified in this Lease, Landlord shall maintain the foundation, exterior walls, and roof of the Improvements in good repair. Tenant agrees to keep all the other improvements (including plate glass and other windows, window frames, and doors) upon the Premises repaired and maintained in good order as described in the Lease. Specifically, Tenant shall (i) maintain and repair the radiant heaters within the Premises in working order at Tenant's sole expense, (ii) maintain and repair the overhead roll-up door and its motor in working order at Tenant's sole expense, and (iii) maintain and repair the Drive-Through Gate (defined below). In addition, a "porta cool" unit is available for Tenant's use during the Term and Extended Term, if applicable, so long as Tenant maintains and repairs it at Tenant's sole cost and expense. Tenant shall properly irrigate and care for all trees, shrubbery, and lawn, and the Tenant shall keep all driveways, sidewalks, and parking areas on the Premises free and clear of ice and snow.

14. Parking. For the Term and Extended Term, if applicable, Landlord grants to Tenant and its employees and invitees, at no additional charge, a Parking License. The Parking License is a non-exclusive license for the non-exclusive use of lateral parking spaces upon the Property along the northern boundary of the Property parallel to 3rd Avenue (the "**Parking License**"). Tenant, for itself and the rest of the Tenant Parties, agrees (i) not to park, or store vehicles and equipment, in

certain areas of the Property as reasonably requested by Landlord, and (ii) not to block or materially interrupt access of the Landlord Parties, or any of them, to the Property.

PREMISES

15. Common Areas. The common areas are all areas outside of the Premises upon the Property designated by Landlord for common use of the Tenant Parties and Landlord Parties (the "**Common Areas**"). Landlord grants to the Tenant Parties a non-exclusive license over such Common Areas of the Property necessary to the use and occupancy of the Premises and Parking License (the "**Common Area License**"). Said License shall be effective for the Term of the Lease, as extended. Tenant shall not use Common Areas for any type of storage, or parking of trucks, trailers, or other vehicles without the advance written consent of Landlord. All parking and Common Areas of Property shall at all times be subject to the management of Landlord and are not part of the Premises. All use of the Common Areas (i) shall be at the sole risk of Tenant and the rest of the Tenant Parties; Landlord Parties shall not be liable for any damages, or injuries occasioned by such use; and Tenant shall defend, indemnify and hold harmless Landlord Parties, or any of them, from claims, causes of action, fines, penalties, lawsuits, judgments, awards and other damages arising from the use of the Common Areas by any of the Tenant Parties. Landlord shall have the right, power, and authority to compile, promulgate, change, and modify all rules and regulations that it may, in its sole discretion, deem necessary for use of the Common Areas. Tenant agrees to abide by and conform with all rules and regulations pertaining to such Common Areas. Landlord shall have the right to construct, maintain, and operate lighting facilities; to police and from time to time change the area, location, and arrangement of the Common Areas and facilities; to restrict employee parking to certain areas; to temporarily close all, or any portion of the Common Areas; to discourage non-customer parking; and to do and perform any and all such other acts in and to said Common Areas and facilities as Landlord shall determine in its sole and absolute discretion.

16. Condition of Premises and Representations. Tenant is familiar with the physical condition of the Premises and the Property. Except as may otherwise be provided in this Lease, Landlord makes no representations or warranties as to the physical condition of the Premises, or the Property, or their suitability for Tenant's intended use. In the event that Landlord agrees to provide any renovations, build-out, or any other labor and materials for the improvement of the Premises, or any allowance for improvements to be effected by Tenant, such work, or allowance shall be specified and agreed to between the parties in a separate document appended to this Lease and which shall constitute a part of this Lease ("**Work Letter**"). Other than the work, if any, to be performed pursuant to Tenant's Work Letter, the Premises are rented "AS-IS," "WHERE-IS," "WITH ALL FAULTS," in current condition, and all warranties are hereby expressly disclaimed. Landlord makes no representations or warranties as to the suitability of the Premises for Tenant's intended use. Landlord further makes no representations or warranties as to whether Tenant's intended use will necessitate changes or alterations to the Premises in order to comport with Applicable Laws. Such laws and regulations include, but are not limited to: health code regulations, access regulations (including, but not limited to, the Americans with Disabilities Act), and zoning regulations. Tenant understands and agrees that in the event actions, alterations, or improvements are required in order to bring the Premises into compliance with any local, state, or federal laws and regulations because of Tenant's intended use, Tenant shall be solely responsible for any and all associated costs and expenses relative thereto. Tenant further indemnifies and

agrees to defend and hold Landlord harmless from any and all claims and liabilities that may arise by virtue of use of the Premises by Tenant Parties, or any of them in violation of any of the Applicable Laws.

17. Check-In Inspection. Landlord and Tenant may conduct an inspection of the Premises at the time of possession. A check-in inspection sheet may be completed at that time, and the information contained therein shall be sufficient and satisfactory proof of the condition of the Premises at the time of possession, should a subsequent dispute arise at a later date as to the condition of the Premises at the time of move-in.

18. Use of Premises. Tenant, in consideration of the leasing of the Premises, agrees as follows:

a. Use of Premises. To use and occupy the Premises solely as and for the use specified in Paragraph 9 of this Lease. Landlord's consent to the aforementioned use is not an assurance or warranty that the Premises' attributes are sufficient for Tenant's use. Tenant represents and warrants that it has conducted sufficient due diligence to assure itself that the Premises are suitable for its use, and that such use is permitted by Applicable Laws. Landlord expressly reserves its right to lease space within the Property as it sees fit, unless explicitly prohibited by other provisions in the Lease. Landlord's demise of the Premises to Tenant does not preclude Landlord from leasing other parts of the Property to other tenants who may be viewed objectively, or subjectively as competing with Tenant. In connection with its use of the Premises, Tenant shall use commercially reasonable efforts to avoid causing or allowing (i) penetrations of the metal sheeting on the outer surface of the Premises and other Improvements, as applicable, and shall otherwise ensure that any such penetrations are sufficiently sealed to prevent moisture intrusion, and (ii) large and/or forceful impacts to the concrete floor of the Premises. Tenant shall use the drive-through gate on the northeastern portion of the Property (the "**Drive-Through Gate**") for most access to the Premises, and shall ensure that the Drive-Through Gate remains closed and locked when the Premises are not in use. The Drive-Through Gate is depicted on **Exhibit A**.

b. Signage. Tenant shall be permitted to place a sign or signs upon the Premises, provided all signage is in compliance with size and other requirements of Landlord and as may be set forth by Applicable Laws including, but not limited to, sign and design ordinances. All signage shall conform to aesthetic and design criteria, themes, and standards of the Property and the Improvements. Additionally, Landlord may provide signage space on a common or community sign located on the Property.

c. Vacancy. It will be deemed a Default of the Lease if the Premises are left vacant and unoccupied for over fifteen (15) consecutive business days. For the purposes of this paragraph, "vacant and unoccupied" shall include no personnel on-site and no business operations on-site, regardless of whether inventory or equipment may remain on-site. In addition to other remedies contained in the Lease, the Landlord may, without being obligated to do so, and without terminating the Lease, retake possession of the Premises and relet, or attempt to relet them for such rent and upon such conditions as the Landlord deems best, making such changes and repairs as may be required, giving credit for the amount of rent so received, less all expenses of such changes and repairs. Tenant shall be liable for the balance of the Rent and Additional Rent herein reserved until the expiration of the Term.

d. Legal Compliance. Tenant and its licensees and invitees shall comply with and abide by all Applicable Laws in connection with the occupancy and use of the Premises. Tenant and its licensees and invitees may not possess, or consume alcoholic beverages on the Premises unless they are of legal age. No alcoholic beverages shall be sold upon the Premises unless proper licenses have been obtained. No illegal drugs or controlled substances (unless specifically prescribed by a physician for a specific person occupying or present upon the Premises) shall be permitted upon the Premises. Tenant hereby covenants and agrees to use its reasonable efforts to prevent and preclude its employees, guests, invitees, etc., from the aforementioned illegal conduct. Tenant and its licensees and invitees and all other Tenant Parties shall not use the Premises in any way that may result in an increase of the rate or cost to the Landlord to insure the Property. No hazardous or dangerous activities are permitted upon the Premises.

e. Additional Prohibitions. Neither Tenant nor its subtenants, licensees, volunteers, employees, guests, or invitees shall act in any manner that would interfere with, or be a nuisance to, other subtenants, occupants, or invitees of the Premises, or adjacent property owners, or adjacent tenants, or that would interfere with those other parties' quiet enjoyment of their premises. Said prohibition includes, but is not limited to, loud noises, loud music, noxious or unpleasant odors, and disruptive behavior or actions. Tenant shall not permit any portion of the Premises to be used in a manner that may endanger the person or property of Landlord, co-tenants, or any person living on or near the Premises. Tenant shall keep all portions of the Premises in a clean, safe, sanitary, and habitable condition.

f. Pets and Animals. Pets or animals belonging to and/or under the care of the Tenant Parties, or any of them, shall not be permitted upon the Premises.

g. Storage/Trash. Tenant shall store all personal property entirely within the Premises. Tenant shall store all trash and refuse in adequate containers within the Premises, which Tenant shall maintain in a neat and clean condition, or within designated Common Areas so as not to be visible to members of the public in, or about the Property, and so as not to create any health or fire hazard. Tenant shall be responsible for and pay all costs associated with trash or dumpster service for the Premises.

h. Hazardous Material Prohibited. Tenant shall not cause or permit any hazardous material to be brought upon, kept or used in, or about the Premises by Tenant, its agents, employees, contractors, or invitees. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of hazardous material on the Premises caused, or permitted by Tenant results in contamination of the Premises, or if contamination of the Premises by hazardous material otherwise occurs for which Tenant is responsible to Landlord for resulting damage, then Tenant shall indemnify, defend, and hold Landlord harmless from any and all resulting claims, judgments, damages, penalties, fines, costs, liabilities, or losses.

i. Quiet Enjoyment. Landlord agrees that upon Tenant paying the Rent and Additional Rent in a timely manner and performing Tenant's obligations under the Lease, Tenant shall peacefully and quietly have, hold, and enjoy the Premises throughout the Term or until the Lease is terminated pursuant to its terms. Landlord shall not be responsible for the acts or omissions of any other tenant or third party that may interfere with Tenant's use and enjoyment of the Premises. In the event of any transfer or transfers of Landlord's interest in the Premises or in the Property, other than a transfer for security purposes only, the Landlord shall be automatically relieved of any and all obligations and liabilities accruing from and after the date of such transfer.

j. Rules and Regulations. Landlord shall provide Tenant with a copy of all of Landlord's rules and regulations, if any, affecting the Premises, and Tenant shall abide by all such rules and regulations.

18. Subletting or Assignment. Tenant shall not sublet the Premises or any part thereof, nor assign the Lease or any interest therein, without the prior written consent of Landlord. Such consent shall be at the sole discretion of Landlord. As a condition of assignment or sublease, Landlord may require the continued liability of Tenant or a personal guaranty by Tenant or its principal. If Tenant is a corporation, limited liability company, or other entity that is not a natural person, any change in ownership of more than thirty percent (30.0%) (over any period) of the ownership interest shall be deemed an assignment of the Lease. In the event an assignment or sublease is permitted, all payments from assignee or sublessee shall be made directly by said party to Landlord, and not through Tenant. So long as this lease remains in place, Landlord may transfer ownership of the Premises to a third party.

19. Surrender of Premises. Tenant will return the Premises to Landlord at the expiration of the Term in as good order and repair as when Tenant took possession, loss by casualty and normal wear and tear excepted. Any deterioration or damage caused by accident, abuse, carelessness, or negligence shall not be considered normal wear and tear. In the event that Tenant fails to redeliver the Premises in appropriate condition, Landlord may restore the Premises to appropriate condition, including repair, replacement, and cleaning. The cost of any work necessitated shall be deducted from the Security Deposit; if the Security Deposit is insufficient to cover work performed, Tenant shall be obliged to pay the additional balance.

20. Removal of Fixtures/Redelivery. Tenant shall remove, at the termination of the Lease, provided Tenant is not in Default, Tenant's movable trade fixtures and other items of personal property that are not permanently affixed to the Premises. Tenant shall remove the alterations and additions and signs made by Tenant as Landlord may request and repair any damage caused by such removal. Tenant shall peaceably yield up the Premises and all alterations and additions thereto (except such as Landlord has requested Tenant to remove); and all fixtures, furnishings, floor coverings, and equipment that are permanently affixed to the Premises, which shall thereupon become the property of the Landlord. Any personal property of Tenant not removed within five (5) days following such termination shall, at Landlord's option, become the property of Landlord.

PAYMENTS

21. Payments/Dishonored Checks. Payments shall be deemed received when actually delivered to, and received by, Landlord at the payment location. Dishonored checks and any checks received late in the mail will be treated as late payments. Additional bank and handling charges may also be assessed in the event of a dishonored check. The foregoing items shall be deemed Additional Rent. Landlord may require Tenant to replace such dishonored check with a money order, cashier's check, or other good funds. Landlord may further require that all subsequent payments after a dishonored check be paid with a money order, cashier's check, or other good funds.

22. Partial Payment. If any partial payment is made by Tenant, it shall be allocated first to the payment of Additional Rent, including, without limitation, utilities (if applicable) and other expenses; and second to unpaid Rent. Acceptance by Landlord of any partial payment shall not

waive the right of Landlord to require immediate payment of the unpaid balance of Rent or waive or affect Landlord's rights to institute legal proceedings including, without limitation, an eviction action.

23. No Offset. No assent, express or implied, to any Default of any one or more of the agreements hereof shall be deemed or taken to be a waiver of any succeeding or other Default. The covenants set forth in the Lease are independent. Tenant shall have no right to withhold or set off any Rent due Landlord.

24. Joint and Several Obligations of Tenant. In the event more than one person or entity comprises Tenant, it is expressly understood and agreed that each party comprising Tenant is jointly and severally liable for any and all obligations of Tenant in the Lease. This means that all parties comprising Tenant are each, together and separately, responsible for all of Tenant's obligations. Landlord may, at its option, determine whom to hold responsible.

SECURITY DEPOSIT

25. Security Deposit. To secure the faithful performance by Tenant of all of Tenant's covenants, conditions, and agreements in the Lease to be observed and performed, Tenant shall deposit with Landlord the Security Deposit prior to commencement of the Lease. The Security Deposit may also be used in the event of termination of the Lease by re-entry, eviction, or otherwise.

26. Application of Security Deposit. The parties agree: (1) that the Security Deposit or any portion thereof, may be applied to the curing of any Default that may exist, and/or payment of subsequent damages and costs incurred by Landlord, without prejudice to any other remedy or remedies that the Landlord may have on account thereof, and upon such application Tenant shall pay Landlord on demand the amount so applied, which shall be added to the Security Deposit so it will be restored to its original amount; (2) that should the Premises be conveyed by Landlord, the Security Deposit or any portion thereof may be turned over to Landlord's grantee, and if the Security Deposit is turned over, Tenant agrees to look to such grantee for such application or return; (3) that Landlord shall not be obligated to hold Security Deposit as a separate fund; (4) that should the Rent be increased, the Security Deposit shall be increased in the same proportion within thirty (30) days of such Rent increase; and (5) that should a Default occur, Landlord may, as an additional remedy, increase the Security Deposit at its sole discretion.

27. Return of Security Deposit. 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.

REPAIRS AND MAINTENANCE

28. Improvements, Repairs, and Maintenance. Subject to the limitations set forth in Paragraphs 29 and 30 below, either Landlord or Tenant, as specified in Paragraph 12 above, shall be responsible for the cost and condition of the respective improvements, repairs, and maintenance relating to all structural components, interior and exterior walls, floors, ceiling, roofs, sewer

connections, plumbing, wiring, appliances, and glass used in connection with the Premises. In addition, Tenant shall maintain and repair the privacy screen along the north side of the property along 3rd Avenue, except for the Drive-Through Gate.

29. Landlord's Limited Responsibility. In the event Paragraph 12 of the Lease provides for Landlord's responsibility for certain repair and maintenance, Landlord shall be responsible for: (i) any repairs, replacements, restorations, or maintenance that have been necessitated by reason of ordinary wear and tear, and (ii) any repairs, replacements, restorations, or maintenance that have been necessitated by sudden natural forces, or acts of God, or by fire not caused by Tenant. The cost of any maintenance, repairs, or replacements necessitated by the act, neglect, misuse, or abuse of Tenant, its agents, employees, customers, licensees, invitees, or contractors shall be paid by Tenant to Landlord promptly upon billing. Landlord shall use reasonable efforts to cause any necessary repairs to be made promptly; provided, however, that Landlord shall have no liability whatsoever for any delays in causing such repairs to be made, including, without limitation, any liability for injury to or loss of Tenant's business, nor shall any delays entitle Tenant to any abatement of Base and Additional Rent or damages, or be deemed an eviction of Tenant in whole or in part.

30. Tenant's Allowed Responsibilities. In the event Paragraph 12 of the Lease provides for Landlord's responsibility for certain repair and maintenance, Tenant shall not perform or contract with third parties to perform any repairs of any kind upon the Premises or structure upon which the Premises are located. In the event any repair that is the responsibility of Landlord becomes necessary, Tenant shall notify Landlord as soon as possible, and allow a reasonable time for the work to be completed. Any unauthorized work performed or contracted for by Tenant will be at the sole expense of Tenant.

31. Tenant's Duty to Repair. In the event Paragraph 12 of the Lease provides for Tenant's responsibility for certain repair and maintenance, Tenant shall, at Tenant's sole cost and expense, maintain the Premises, including, but not limited to, the plumbing, exterior plate glass, other windows, and window frames, electric wiring, HVAC equipment, fixtures, appliances, and interior walls, doorways, and appurtenances belonging thereto installed for the use or used in connection with the Premises. Tenant shall, at Tenant's own expense, make as and when needed all repairs to the Premises and to all such equipment, fixtures, appliances, and appurtenances necessary to keep the same in good order and condition. Tenant repairs shall include all replacements, renewals, alterations, and betterments (the "**Tenant Repairs**"). All Tenant Repairs shall be equal or better in quality and class to the original work. In the event Tenant fails to complete Tenant Repairs, Landlord may obtain them and bill Tenant for such work as Additional Rent.

32. Tenant Improvements. Unless otherwise provided in the Work Letter, Tenant shall be solely responsible for any and all improvements and alterations within the Premises necessary for Tenant's intended use of the Premises, including, but not limited to, electrical wiring, HVAC, plumbing, framing, drywall, flooring, finish work, telephone systems, wiring, and fixtures necessary to finish the Premises to a condition suitable for Tenant's use (the "**Tenant Work**"). In connection with all Tenant Work, Tenant shall use commercially reasonable efforts to avoid causing or allowing (i) penetrations of the metal sheeting on the outer surface of the Premises and other Improvements, as applicable, and shall otherwise ensure that any such penetrations are sufficiently sealed to prevent moisture intrusion, and (ii) large and/or forceful impacts to the concrete floor of the Premises. Subject to its approval of Tenant's plans for Tenant Work, Landlord

approves the concept of the following Tenant Work: (A) improving the rear interior entryway to the Premises, and (B) constructing a "pony wall" on the west end of the interior of the Premises to delineate desk space.

33. Improvements/Prior Landlord Consent. Tenant agrees to submit to Landlord complete plans and specifications, including engineering, mechanical, and electrical work covering any and all contemplated Tenant Work, if applicable, and any subsequent improvements or alterations of the Premises. The plans and specifications shall be in such detail as Landlord may require, and in compliance with all applicable statutes, ordinances, regulations, and codes. As soon as reasonably feasible thereafter, Landlord shall notify Tenant of any failures of Tenant's plans to meet with Landlord's approval. Tenant shall cause Tenant's plans to be revised to the extent necessary to obtain Landlord's approval. Tenant shall not commence any Tenant Work, or any other improvements, or alterations of Premises until Landlord has approved Tenant's plans.

34. Tenant Work and Repairs/Compliance with Codes/Mechanic Liens. Tenant shall procure all necessary permits before undertaking Tenant Work or Tenant Repairs. Tenant shall perform all Tenant Work or Tenant Repairs in a good and workmanlike manner. Tenant shall use materials of good quality and perform Tenant Work or Tenant Repairs only with contractors previously approved in writing by Landlord. Tenant shall comply with all laws, ordinances, and regulations, including, but not limited to, building, health, fire, and safety codes. Tenant hereby agrees to hold Landlord and Landlord's agents harmless and indemnified from all injury, loss, claims, or damage to any person or property (including the cost for defending against the foregoing) occasioned by, or growing out of Tenant Work or Tenant Repairs. Tenant shall promptly pay when due the entire cost of any Tenant Work or Tenant Repairs on the Premises undertaken by Tenant, so that the Premises shall at all times be free of liens for labor and materials. Tenant hereby agrees to indemnify, defend, and hold Landlord harmless from all liability, loss, damages, costs, or expenses, including reasonable attorneys' fees, incurred in connection with any claims of any nature whatsoever for work performed for, or materials or supplies furnished to Tenant, including lien claims of laborers, materialmen, or others. Should any such liens be filed or recorded against the Premises or the Improvements with respect to work done for, or materials supplied to, or on behalf of Tenant, or should any action affecting the title thereto be commenced, Tenant shall cause such liens to be released of record within five (5) days after notice thereof. If Tenant desires to contest any such claim of lien, Tenant shall nonetheless cause such lien to be released of record by the posting of adequate security with a court of competent jurisdiction as may be provided by Colorado's mechanic's lien statutes. If Tenant shall be in default in paying any charge for which such mechanic's lien or suit to foreclose such lien has been recorded or filed and shall not have caused the lien to be released as aforesaid, Landlord may (but without being required to do so) pay such lien or claim and any associated costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due from Tenant to Landlord as Additional Rent.

35. Keys/Locks. Tenant shall not place any additional locks upon the Premises, including, but not limited to, exterior and interior doors, without providing a copy of keys for all such locks to Landlord. Tenant shall not cause any of the existing locks or cylinders therein to be changed or re-keyed.

36. Waste/Rubbish Removal. Tenant shall not lay waste to the Premises. Tenant shall not perform any action or practice that may injure the Premises or Property. Tenant shall keep the Premises and the Property surrounding the Premises free and clear of all debris, garbage, and

rubbish. Unless otherwise provided for in the Lease, Tenant shall be responsible for contracting for and paying for trash and debris removal required by Tenant's use of the Premises.

DEFAULT, NOTICE, AND REMEDIES

37. Default. If Tenant is in arrears in the payment of any installment of Rent, any Additional Rent, or any portion thereof, or is in violation of any other covenants or agreements set forth in the Lease (a "**Default**") and the Default remains uncorrected for a period of three (3) days after Landlord has given written notice thereof pursuant to applicable law, then Landlord may, at Landlord's option, undertake any of the following remedies without limitation: (a) declare the Term of the Lease ended; (b) terminate Tenant's right to possession of the Premises and reenter and repossess the Premises pursuant to applicable provisions of the Colorado Forcible Entry and Unlawful Detainer statute; (c) recover all present and future damages, costs, and other relief to which Landlord is entitled; (d) pursue Landlord's lien remedies; (e) pursue breach of contract remedies; and (f) pursue any and all available remedies in law or equity. In the event possession is terminated by reason of a Default prior to expiration of the Term, Tenant shall remain responsible for the Rent and Additional Rent, subject to Landlord's duty to mitigate such damages. Pursuant to §§ 13-40-104(d.5) and (e.5), and 13-40-107.5, C.R.S., hereby incorporated by reference, in the event repeated or substantial Defaults(s) under the Lease occur, Landlord may terminate Tenant's possession upon a written Notice to Quit, without a right to cure. Upon such termination, Landlord shall have available any and all of the remedies listed above.

38. Abandonment. In the event of an abandonment of the Premises, Landlord may, without being obligated to do so and without terminating the Lease, retake possession of the Premises and exercise any of the remedies contained in Paragraph 39 below.

39. Re-Entry. Landlord may re-enter the Premises in the event of abandonment or a Default by Tenant. In such case the Parties agree:

a. Tenant shall be liable for damages to Landlord for all loss sustained, including, without limitation, the balance of the Rent and Additional Rent, court costs, and reasonable attorneys' fees;

b. Tenant's personal property and the personal property of any guest, invitee, licensee, or occupant may be removed from the Premises and left on the street or alley, or, at Landlord's option, it may be removed and stored, or disposed of at Landlord's sole discretion. Landlord shall not be deemed a bailee of the property removed, and Landlord shall not be held liable for the property. Tenant shall indemnify Landlord for any expense in defending against any claim by Tenant or third party and for any legal expense, cost, fine, or judgment awarded to a third party as a result of Landlord's action under the terms of the Lease;

c. Landlord may attempt to relet the Premises for such rent and under such terms as Landlord believes appropriate;

d. Landlord may enter the Premises, clean and make repairs, and charge Tenant accordingly;

e. Any money received by Landlord from Tenant shall be applied first to Rent, Additional Rent, and other payments due; and

f. Tenant shall surrender all keys and peacefully surrender and deliver up possession of the Premises.

INSURANCE AND INDEMNIFICATION

40. Negligent Damages: Tenant shall be responsible for and reimburse Landlord for any and all damages to the Premises or Property and persons and property therein caused by the negligent, grossly negligent, reckless, or intentional acts of itself, its employees, agents, invitees, licensees, or contractors.

41. Liability Indemnification/Insurance. Tenant shall hold Landlord, Landlord's agents, and their respective successors and assigns, harmless and indemnified from all injury, loss, claims, or damage to any person or property while on the Premises, or any other part of the Property, or arising in any way out of Tenant's business, which is occasioned by a negligent, intentional, or reckless act, or omission of Tenant, its employees, agents, invitees, licensees, or contractors. Tenant shall maintain public liability insurance insuring Landlord and Landlord's agents, as their interest may appear, against all claims, demands, or actions for injury or death, and property damage in an amount of not less than two million dollars (\$2,000,000) arising out of any one occurrence, made by, or on behalf of any person, firm, or corporation, arising from, related to, or connected with the conduct and operation of Tenant's business, including, but not limited to, events on the Premises and anywhere upon the Property. Tenant shall also obtain coverage in the amount of two million dollars (\$2,000,000) per occurrence covering Tenant's contractual liability under the aforesaid indemnification clauses.

42. Fire/Casualty Insurance. Tenant shall obtain and maintain, at Tenant's sole cost and expense, a commercial property insurance policy covering the Premises on an all-risk or special form basis at replacement cost value throughout the Lease Term and any Extended Term. Such insurance shall include property and hazard insurance coverage for fire damage, extended coverage, vandalism, and malicious mischief damage to the Premises. The Town of Severance shall be named as additional insured and loss payee on such policy. Tenant's insurance policy shall include coverage for loss of rental income for at least twelve (12) months, with the Town of Severance being named as a loss payee. Tenant shall provide Landlord with a certificate of insurance evidencing the required coverage prior to the Lease commencement date and on each annual renewal date thereafter. The policy shall provide that Landlord will receive not less than thirty (30) days' advance written notice directly from the insurer in the event of cancellation, non-renewal, or material modification of coverage. Should Tenant fail to obtain or maintain the insurance coverage required under this Paragraph, Landlord may, but shall not be obligated to, obtain such coverage at Tenant's expense. Any premiums paid by Landlord under this Paragraph shall be due and payable by Tenant as Additional Rent within fifteen (15) days of written demand.

43. Business Personal Property Insurance. Tenant shall obtain and maintain, at Tenant's sole cost and expense, a commercial property insurance policy sufficient to cover all of Tenant's property, including Tenant's inventory, materials, furniture, equipment, tools, fixtures, and products throughout the Lease Term and any Extended Term. It shall be Tenant's obligation to obtain insurance sufficient to cover Tenant's lost income and business interruption. Tenant understands and agrees that under no situation shall Landlord or Landlord's insurance coverage be liable to reimburse Tenant for losses at the Premises.

44. Insurance Requirements. All of Tenant's insurance related to the Premises and the Property shall be in the form and from responsible and well-rated companies satisfactory to Landlord, shall name Landlord as an additional insured thereunder, and shall provide that the insurance will not be subject to cancellation, termination, or change except after at least thirty (30) days prior written notice to Landlord. The policies or duly executed certificates for such insurance shall be provided to Landlord prior to commencement of Term and upon request of Landlord. All of Tenant's insurance related to the Premises and the Property shall contain non-subrogation provisions in favor of Landlord. The Parties agree that any insurance obtained and maintained by Landlord shall be excess over any other valid and collectible insurance maintained by Tenant. Tenant's insurance shall be primary and non-contributory to any insurance obtained and maintained by Landlord. The requirements of this Paragraph shall apply to all insurance policies required under the Lease, except that the additional insured, non-subrogation, and cancellation notice requirements shall not apply to the commercial property insurance policy required under Paragraph 43, the terms of which are now governed solely by that paragraph.

45. Waiver of Liability. Landlord and Landlord's agents and employees shall not be liable for, and Tenant waives all claims for, damage to property sustained by Tenant, employees, agents or contractors, or any other person claiming through Tenant, resulting from any accident in or upon the Premises or the Property of which they shall be a part, including, but not limited to, claims for damage resulting from: (1) any equipment or appurtenances becoming out of repair; (2) Landlord's failure to keep the Property or the Premises in repair; (3) injury done or occasioned by wind, water, or other act of God; (4) any defect in, or failure of, plumbing, heating, or air-conditioning equipment, electric wiring, or installation thereof, gas, water and steam pipes, stairs, porches, railings, or walks; (5) broken glass; (6) the backing-up of any sewer pipe, or downspout; (7) the bursting, leaking, or running of any tank, tub, sink, sprinkler system, water closet, waste pipe, drain, or any other pipe or tank in, upon, or about the Property or Premises; (8) the escape of steam, or hot water; (9) water, snow, or ice being upon, or coming through the roof, skylight, doors, stairs, walks, or any other place upon, or near such Property, or the Premises, or otherwise; (10) the falling of any fixtures, plaster, or stucco; (11) fire or other casualty; and (12) any act, omission, or negligence of other occupants of the Premises, or of other persons or occupants of the Property, or of adjoining or contiguous buildings, or of adjacent or contiguous property.

46. Third-Party Liability. Landlord shall not be liable to Tenant for any damage by or from any act or negligence of any co-tenant or other occupant of the Improvements, or by any owner or occupant of adjoining or contiguous property. Landlord shall not be liable for any injury or damage to persons or property resulting in whole or in part from the criminal activities of others. To the extent not covered by insurance, Tenant agrees to pay for all damage to the Improvements.

47. Landlord Insurance. Insurance shall be procured by Landlord in accordance with its sole discretion. All awards and payments thereunder shall be the property of the Landlord, and Tenant shall have no interest in the same.

48. Indemnification Fees and Costs. In case any claim, demand, action, or proceeding is made or brought against Landlord, its agents, or employees, by reason of any obligation on Tenant's part to be performed under the terms of the Lease or arising from any act of negligence of Tenant or its agents or employees, or which gives rise to Tenant's obligation to indemnify Landlord, Tenant shall be responsible for all costs and expenses, including, but not limited to, reasonable attorneys' fees incurred in defending or prosecution of the same, as applicable.

OTHER PROVISIONS

49. Destruction or Condemnation of Premises. Landlord's and Tenant's duties and responsibilities are as follows when destruction or condemnation of the Premises occurs:

a. Partial Destruction of the Premises. In case of partial destruction of the Premises by fire or other casualty, Landlord, at its sole discretion, may repair the Premises with reasonable dispatch after notice of said partial destruction. In the event of partial destruction rendering a portion of the Premises unusable for Tenant's permitted use, Base Rent shall be proportionately abated during the period of repair, based on the ratio of the unusable area to the total square footage of the Premises, until the Premises are restored to a tenantable condition, as determined by Landlord in its reasonable discretion to be reasonably suitable for Tenant's permitted use under Paragraph 9. During any such abatement period, Landlord shall seek recovery of the abated portion of Base Rent from the loss of rental income coverage required under Paragraph 42 before pursuing such amounts from Tenant directly. Tenant's obligation to pay the non-abated portion of Base Rent shall continue uninterrupted during the repair period. Landlord shall not be entitled to collect the abated portion of Base Rent from both Tenant and Tenant's insurance carrier for the same period of loss. Any amounts actually received by Landlord from Tenant's loss of rental income insurance for a given period shall be credited against Tenant's Base Rent obligation for that same period, such that Landlord's total recovery of Base Rent from all sources shall not exceed the Base Rent otherwise due under the Lease. No abatement shall apply to Tenant's Additional Rent obligations during the repair period. Subparagraph (d) of this Paragraph shall apply if Landlord determines that the partial destruction will not be repaired.

b. Premises Untenable. If the Premises are made totally untenable by fire, the elements, or other casualty, or if the building in which the Premises are located is partially destroyed to the point where Landlord, within a reasonable time, decides not to rebuild or repair, then Subparagraph (d) of this Paragraph shall apply.

c. Condemnation. If the whole or part of the Premises are taken by any authority for any public or quasi-public use or purpose, then Subparagraph (d) of this Paragraph shall apply. All damages and compensation awarded for any taking shall be the sole property of Landlord.

d. Termination of Term. Tenant agrees that if Landlord decides not to repair or rebuild the Premises where the destruction has occurred as described in Subparagraphs (a) and (b) of this Paragraph, the Term hereby granted by the Lease shall cease, and the Rent and Additional Rent shall be prorated and payable up to the time of the cessation of the Term. A refund will be given for the balance of any Rent paid in advance for which Tenant did not have use of the Premises due to the cessation of the Term under the conditions of this Paragraph. Where the Premises have been taken due to condemnation as described in Subparagraph (c) of this Paragraph, the Term of the Lease shall cease and terminate upon the date that possession of the Premises is taken by the authority. Rent and Additional Rent shall be prorated and payable up to the time of the cessation of the Term. Tenant shall not hold Landlord liable for any damages as a result of any of the acts or events described in this subparagraph.

50. Holdover. Tenant shall vacate the Premises and remove all of Tenant's personal property from the Premises prior to 11:59 p.m. on the date the Term expires. Landlord may immediately commence eviction proceedings at its sole discretion. If, after the expiration of the Lease, Tenant shall remain in possession of the Premises and continue to pay Rent without a

written agreement as to such possession, then such tenancy shall be regarded as a month-to-month tenancy, at a monthly rental, payable in advance, equivalent to the last month's Rent paid under the Lease, and subject to all the terms and conditions of the Lease.

51. Entry by Landlord. Landlord may enter the Premises at reasonable hours for reasonable purposes (such as repairs, inspections, or re-letting to prospective new tenants), upon reasonable notice to Tenant. Landlord may also enter the Premises in the event of an emergency, without notice, or in the event of vacancy of the Premises, as described in Paragraph 17(c). Landlord may show the Premises to potential tenants and post signage related to leasing the Premises starting 120 days prior to the end of the Term or Extended Term, as applicable.

52. Subordination/Estoppel/Attornment. The Lease shall be subordinate to all existing and future mortgages, deeds of trust, and other security interests on the Premises and to any and all extensions, renewals, refinancing, and modifications thereof. Tenant shall execute and deliver whatever instruments may be required for such purposes, or for the purpose of informing a potential or existing lender or purchaser of the Property as to the status of its tenancy. Any such instruments or estoppel letters shall contain all information reasonably required by Landlord or other entity in conjunction with such transaction. Tenant agrees to attorn to a lender or other party coming into title to the Property upon written request of Landlord.

53. Notices. All notices required to be sent under the Lease shall be in writing and either: (i) delivered as provided by applicable law, including, inter alia, § 13-40-101, C.R.S., et seq., (Colorado Forcible Entry and Unlawful Detainer statute); (ii) personally delivered, with proper proof of service; or (iii) sent via U.S. first class mail, postage prepaid. Notwithstanding the foregoing, all notices involving or concerning § 13-40-101, C.R.S., et seq. shall be delivered as provided by statute. Unless otherwise specified in the Lease or required by law, notice shall be delivered to the Parties as follows:

a. To the Landlord:

Town Manager
Town of Severance
P.O. Box 339
Severance, Colorado 80546

b. To the Tenant:

Pivot Structures, Inc.
C/O: Jeffrey Hanesworth
312 1st Street, Suite B
Severance, Colorado 80546

c. To the Guarantor:

Jeffrey Hanesworth
PO Box 175
Timnath, CO 80547

54. Attorneys' Fees. In the event Tenant or Landlord fails to perform any of its obligations under the Lease, or in the event a dispute arises concerning the meaning or interpretation of any provision of the Lease, the defaulting party, or the party not prevailing in such dispute, as the case

may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees.

55. Governing Law. The Lease shall be governed by and construed in accordance with the laws of the State of Colorado. Venue shall be proper in Weld County, where the Premises are located. By signing the Lease, the Parties consent to this jurisdiction and venue.

56. Amendments and Termination. Unless otherwise provided in the Lease, the Lease may be amended, modified, or terminated only by a written instrument executed by the Parties.

57. Captions. The paragraph titles or captions in the Lease are for convenience only and shall not be deemed to be part of the Lease.

58. Pronouns; Joint and Several Use of Certain Terms. Whenever the terms referred to in the Lease are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa. All references to the "Landlord" shall mean Landlord and/or its authorized agents, contractors, or employees as may be required by the specific context. All references to the "Tenant" shall mean each and every person comprising Tenant, or an individual person, or combination of persons comprising Tenant as may be required by the specific context.

59. Waivers. No right under the Lease may be waived except by written instrument executed by the party who is waiving such right. No waiver of any breach of any provision contained in the Lease shall be deemed a waiver of any preceding or succeeding breach of that provision, or of any other provision contained in the Lease. No extension of time for performance of any obligations or acts shall be deemed an extension of the time for performance of any other obligations or acts.

60. Heirs, Assigns, Successors. The Lease is binding and inures to the benefit of the heirs, assigns, and successors in interest to the parties, subject to the restrictions on assignment in Paragraph 18.

61. Time of the Essence. Time is of the essence of the Lease, and each and all of its provisions.

62. No Reservation of Option. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution and delivery by all Parties.

63. Severability. If any term, covenant, condition, or provision of the Lease, or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of the Lease, or the application of such term, or provision to persons, or circumstances other than those to which it is held invalid, or unenforceable, shall not be affected thereby, and each provision of the Lease shall be valid and shall be enforced to the fullest extent permitted by law.

64. Lead-Based Paint Disclosure Rule. Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Tenant must also receive a federally approved pamphlet

on lead poisoning prevention. In the event the Premises were constructed before 1978, Landlord shall comply with the Lead-Based Paint Disclosure, 42 U.S.C. § 4852d.

65. ADA Compliance. Tenant shall not cause or permit any violation of the Americans with Disabilities Act (the “ADA”) to occur on, or about the Premises by Tenant, its agents, employees, contractors or invitees. Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction of use of rentable or usable space, damages arising from any adverse impact on marketing of space, and sums paid in settlement of claims, attorneys’ fees, consultation fees and expert fees) that arise during or after the Term as a result of such violation. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any remedial work required by any federal, state, or local governmental agency or political subdivision because of any ADA violation present on or about the Premises. Tenant shall be permitted to make such alterations to the Premises as may be necessary to comply with the ADA, at Tenant’s sole expense and upon the prior written consent of Landlord. Without limiting the foregoing, if the presence of any ADA violation on the Premises caused or permitted by Tenant results in remedial work on the Premises, Tenant shall promptly take all actions at its sole expense as are required by any authority to comply with the ADA; provided that Landlord’s consent to such actions shall first be obtained, which shall not be unreasonably withheld.

66. Other Applicable Laws. Federal, state, county, or municipal laws and ordinances may affect the Premises, the Lease, and Landlord/Tenant relationship that are not specifically addressed in the Lease.

67. Corporate Authorization. If Tenant is a business entity, such as a corporation or an LLC, each person signing the Lease on Tenant’s behalf confirms that he or she is properly authorized by Tenant’s Board of Directors, members, managers, or equivalent governing body, to sign the Lease and bind Tenant. If Tenant comprises more than one business entity, this confirmation applies to each entity. Tenant shall provide Landlord with written proof of authorization, such as a resolution by the Board of Directors, within five (5) business days after the Lease is signed. If Tenant does not provide sufficient documentation, or if the documentation is defective, Landlord may, at its sole discretion, void the Lease by providing written notice to Tenant. Landlord’s decision to void the Lease does not waive any claim Landlord may have against Tenant for costs or damages Landlord may have incurred in relying on the Lease before the decision was made.

68. Personal Guaranty. The person guaranteeing the Lease (the “Guarantor”) hereby absolutely and personally guarantees Tenant’s obligations and performance under the Lease. Guarantor further agrees to be bound by the same covenants and conditions of the Lease and hereby makes the same warranties and representations as Tenant hereunder. If Tenant defaults in the performance of its obligations under the Lease, Guarantor will perform said obligations, including, but not limited to, the Guarantor’s personal obligation to timely submit all Rents to the Landlord. Guarantor acknowledges that Guarantor has had ample time and opportunity to consult with an attorney of his own choosing regarding this personal guaranty, has carefully read and fully understands the rights and obligations it creates, including Guarantor’s personal liability for the Tenant’s obligations under the Lease. Guarantor understands and agrees that Landlord is relying on this personal guaranty as a material inducement to enter into the Lease, and, as such, Guarantor

acknowledges the inducement as sufficient and adequate consideration to support Guarantor's obligations under this personal guaranty.

69. Acknowledgment of Review, Negotiation, and Voluntary Execution. Tenant and Guarantor represent and warrant that they had ample time and opportunity to review the Lease in its entirety and to consult with legal counsel of their own choosing regarding the Lease terms, including but not limited to the personal guaranty discussed above in the paragraph captioned "Personal Guaranty." Tenant and Guarantor either retained counsel to review the Lease or knowingly and voluntarily declined to do so. Tenant and Guarantor actively and materially participated in the negotiation of this Lease. Tenant and Guarantor have carefully read and fully understand their respective rights, obligations, and liabilities under the Lease, including the nature and extent of the personal guaranty required herein. Tenant and Guarantor have not relied on any representation, statement, or advice from Landlord or Landlord's agents, officers, attorneys, or staff regarding the legal effect or advisability of the Lease. Tenant and Guarantor have relied solely on their own good judgment and experience as well as that of their advisors, if any. Tenant and Guarantor are entering into the Lease knowingly, voluntarily, intelligently, and without any duress, coercion, or undue influence exerted by Landlord or any other party.

70. Integration. This Lease (including any exhibits attached hereto and incorporated herein) constitutes the entire agreement between the Parties, superseding all prior oral or written communications, representations, and understandings of the Parties regarding the subject matter of this Lease. No supplement, modification, or amendment of this Lease shall be binding unless executed in writing by the Parties. No representations or warranties whatever are made by any Party to this Lease except as specifically set forth in this Lease.

71. Independent Negotiations. The Parties acknowledge and agree that, from time to time, Landlord, Tenant, or Guarantor may, at their respective sole discretion, engage in discussions or negotiations regarding other potential projects, transactions, or business arrangements separate and distinct from the Lease. Any such discussions, whether occurring before, during, or after the execution of the Lease, are independent and distinct from the Lease and shall not be considered to modify, amend, supplement, or otherwise affect the terms of the Lease in any respect. Any such discussions shall not create any obligation, express or implied, on the part of the Parties to enter into, continue negotiating, or complete any other project. Any such negotiations shall not constitute a condition, contingency, or inducement to the Parties' performance under the Lease. No agreement concerning any other project shall be binding upon the Parties unless and until it shall be set forth in a separate written agreement properly executed by the relevant parties, and no oral or written communications, course of dealing, or partial performance related to any other project shall be deemed to amend, waive, or supersede any provision of the Lease.

72. Subject to Annual Appropriation. Consistent with Article X, §20 of the Colorado Constitution, any financial obligations of the Landlord not performed during the current fiscal year are subject to annual appropriation, shall extend only to monies currently appropriated, and shall not constitute a mandatory change, requirement, debt, or liability beyond the current fiscal year.

73. Governmental Immunity. The Parties understand and agree that Landlord is relying on, and does not waive or intend to waive by any provision of this Lease, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, Sections 24-10-101 et. seq. C.R.S. as may be amended, or those otherwise available to Landlord, its officers, or employees.



74. Additional Provisions: In the event that there are any additional agreements between the parties or provisions with respect to the Premises, an Addendum may be attached to the Lease, which shall be incorporated by this reference as a part of the Lease. An Addendum containing additional provisions is not attached. The Lease and the attached **Exhibit A** constitute the entire agreement between the parties.

~ The rest of this page intentionally left blank. Signatures appear on the following page ~

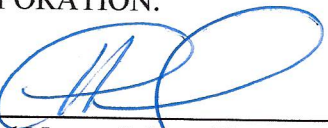
THE PARTIES HEREBY EXECUTE THIS LEASE TO BE EFFECTIVE IN ALL THINGS DISCUSSED HEREIN AS OF THE DATE FIRST STATED ABOVE.

TENANT:

**PIVOT STRUCTURES, INC., A
COLORADO CORPORATION.**

By: 
Printed Name: Jeffrey Hanesworth
Its: President and CEO

**MASTERCRAFT PROPERTY
SOLUTIONS, INC., A COLORADO
CORPORATION.**

By: 
Printed Name: Jeffrey Hanesworth
Its: President and CEO

LANDLORD:

**TOWN OF SEVERANCE, A HOME RULE MUNICIPALITY AND POLITICAL
SUBDIVISION OF COLORADO.**

By: Nicholas J. Wharton
Its: Town Manager

ATTEST:

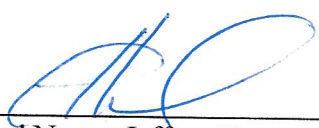
APPROVED AS TO FORM:

Sarah Jacobsen, Town Clerk

Andrew Rogers, Town Attorney

**BY SIGNING BELOW, GUARANTOR ACKNOWLEDGES THAT GUARANTOR HAS
HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF
HIS OWN CHOOSING REGARDING THIS PERSONAL GUARANTY, HAS
CAREFULLY READ AND FULLY UNDERSTANDS THE RIGHTS AND OBLIGATIONS
IT CREATES, INCLUDING GUARANTOR'S PERSONAL LIABILITY FOR THE
TENANT'S OBLIGATIONS UNDER THE LEASE. GUARANTOR UNDERSTANDS
AND AGREES THAT LANDLORD IS RELYING ON THIS PERSONAL GUARANTY AS
A MATERIAL INDUCEMENT TO ENTER INTO THE LEASE. GUARANTOR
EXECUTES THIS GUARANTY KNOWINGLY, VOLUNTARILY, INTELLIGENTLY,
AND FREE FROM DURESS OR COERCION.**

GUARANTOR


Printed Name: Jeffrey Hanesworth

