

**Letter of Intent to Enter into a Commercial Lease Agreement  
with Option to Purchase and Right of First Refusal**

Pursuant to this Letter of Intent (“Letter of Intent”) to Enter into a Commercial Lease Agreement with Option to Purchase and Right of First Refusal (“Lease”), it is the intent of the undersigned Parties that the Board of County Commissioners of Archuleta County, Colorado (“Tenant”) shall lease from Geneva Investments, LLC (“Landlord”) that certain real property and improvements described below, located in Archuleta County, Colorado (the “Property”), on the below terms and conditions. Landlord and Tenant may be collectively referred to herein as the Parties or individually as a Party.

**SECTION ONE  
PROPERTY DESCRIPTION AND NAME OF PROJECT**

The Property is described as approximately 3-acre parcel of real property located at TBD Majestic Parkway, Pagosa Springs, Colorado 81147. Landlord shall acquire the Property by purchase, obtain the necessary permits, and thereafter construct in a good and workmanlike manner an approximately twenty-five thousand (25,000) square foot office building and appurtenant improvements (collectively “Building”) on the Property pursuant to certain detailed plans and specifications to be agreed upon by and between Landlord and Tenant. Preliminary Civil and Architectural drawings and a preliminary breakdown of the associated costs are attached hereto and incorporated herein by this reference. The Building shall be known as the Archuleta County Administrative Building.

**SECTION TWO  
PERIOD OF LEASE**

The initial period of the Lease shall be for twenty (20) years, with two subsequent options to renew for a period of four years each exercisable by Tenant pursuant to terms and conditions to be negotiated and set forth in the Lease.

**SECTION THREE  
LEASE COMMENCEMENT DATE**

The initial period of the Lease shall commence upon the substantial completion of the construction of the building, improvements and landscaping and the issuance of the Certificate of Occupancy by the Archuleta County Building Department (“Commencement Date”).

**SECTION FOUR  
PRIMARY LEASE TERMS**

Monthly Rental: Minimum monthly rent payable by Tenant shall be in the amount of Fifty-Thousand Dollars (\$50,000.00), subject to annual rent increases in the amount of one and one-half percent (1.5%) annually, compounded annually at the beginning of each calendar year.

Additional Terms of Triple Net Lease: In addition to the payment of the above rental, Tenant shall also pay all operating expenses, including without limitation, all utilities, real property taxes, property and casualty insurance, and shall be responsible for all repairs, maintenance, and upkeep.

Guarantee: All rental fees and other terms and conditions of the triple net lease shall be guaranteed by the Archuleta County.

#### **SECTION FIVE SECURITY DEPOSIT**

A security deposit in the amount of One Hundred Thousand Dollars (\$100,000.00) shall be paid by Tenant at execution of the lease to be applied toward damages to the Property and Building during the term of the Lease and to be toward rent at end of Lease term.

#### **SECTION SIX RIGHT OF FIRST REFUSAL**

If at any time the Landlord shall receive from a third-party a bona fide offer to purchase the Property and Building which the Landlord desires to accept, the Landlord, before accepting the offer, shall send the Tenant two (2) copies of a contract ("Contract") for the sale of the Property embodying the terms of the third-party offer. Both copies of the Contract shall have been executed by the Landlord, together with a written notification from the Landlord of Landlord's intention to accept the offer embodied in the Contract, if the offer is not accepted by the Tenant. The Tenant shall have the right, within \_\_\_\_\_ ( ) days of the receipt of the Contract and the written notice, to purchase the Property on the terms and conditions set forth in the Contract. In the event the Tenant elects to accept the offer embodied in the Contract, the Tenant must do so by executing one (1) copy of the Contract and returning it to the Landlord within the \_\_\_\_\_ ( ) day period. If the Tenant does not accept the offer embodied in the Contract within the \_\_\_\_\_ ( ) day period provided, then the offer embodied in the Contract shall be deemed withdrawn and the Landlord shall be free for a period of six (6) months from the expiration of the \_\_\_\_\_ ( ) day period to sell the Property to the third-party on terms not less favorable to the Landlord than those set forth in the Contract. In the event the Property is not sold to the third-party within the six (6) month period, or in the event the Landlord decides to revise the terms of its offer so that the Property shall be sold on terms less favorable to Landlord, then any further offer to sell the Property must first be submitted to the Tenant in accordance with the provisions above, which shall trigger a new \_\_\_\_\_ ( ) day acceptance period.

#### **SECTION SEVEN OPTION TO PURCHASE**

The Lease shall provide that Landlord grant to Tenant an option to purchase the Property and Building, together with all improvements thereon and appurtenances thereto ("Option"), as follows:

a. Option Term. So long as Tenant is not in default of this Lease, the Option may be exercised by Tenant at any time after the lapse of ten years from the Commencement Date but

before the expiration or termination of the Lease (the "Option Term") in the manner and on the terms and conditions set forth herein and further set forth in the Lease.

b. Purchase Price. The purchase price shall be determined by applying a fixed capitalization rate of five percent (7%) of gross rental income for the year in which the Option is exercised.

c. Exercise of Option. The Option may be exercised by Tenant by written notice to Landlord, hand-delivered to Landlord or postmarked within the Option Term, at the address for the Landlord set forth in the Lease or below, at such other address as may be hereafter designated in writing between the Parties. Mailed notice shall be by certified mail, return receipt requested. The effective date of exercise of Option shall be three (3) days from hand-delivery or the date of postmark thereof.

d. Option Assignment. This Option may not be assigned by Tenant to any third-party without the express written consent of Landlord, which may be granted or denied at Landlord's sole discretion.

e. Condition of Title. Landlord shall execute and deliver a good and sufficient Warranty Deed to Tenants, at closing, conveying the Property subject only to current taxes and assessments, building and zoning regulations, those reasonable title exceptions set forth in the Title Insurance Commitment commissioned by Landlord for the Property ("Commitment"), applicable Association documents, if any, and any declarations of protective covenants, or any rules and regulations applicable to the Property. Landlord shall not create, nor permit to be created, any unreasonable exceptions beyond those set forth in said Commitment.

f. Date of Closing. The date of closing shall be the first business day thirty (30) days from the effective date of exercise of Option granted in this Lease. The hour and place of closing shall be designated by a title insurance company of Landlord's choice.

g. Monetary Encumbrances. If any encumbrance exists as of the date of the exercise of the Option, Landlord shall be entitled to seek refinancing in a similar amount, but shall be required to pay the full amount due secured by the Property and obtain a partial release of the Property with respect to such encumbrance at closing.

h. Closing Costs, Documents and Services. Tenants shall pay, in good funds, all reasonable and customary closing costs at closing, including, but not necessarily limited to closing fees, recording fees, documentary fees and the like. Landlord shall pay the costs of a title insurance premium. Tenants and Landlord shall sign and complete all customary and required documents at or before the closing.

## **SECTION EIGHT NO DEFINITIVE CONTRACT**

This Letter of Intent is intended as an expression of the mutual intent of the Parties as to certain aspects of a proposed transaction. The Parties, however, agree that there are numerous material terms to be negotiated and contained in the Lease as to which agreement has not yet been reached. The Parties also agree that this letter is not intended to be and is not to be construed to be a definitive contract and is subject to review, execution and delivery of the Lease to each's respective counsel. Said Lease shall substantially set forth the terms and conditions of this Letter of Intent and shall contain such

other and further terms and conditions as are typically found in this type of Lease. In the event that the Lease described in this Letter of Intent is not executed by both Parties within \_\_\_\_\_ ( ) days after submitted by Landlord to Tenant, then this Letter of Intent shall have no further force and effect and neither Party shall have any obligation under it.

#### **SECTION NINE BROKERS**

Neither Party has utilized the services of a broker or real estate agent in this transaction. It is therefore contemplated that no commission shall be paid to any third Party. Each Party shall indemnify and hold harmless the other for the claim of any broker, real estate agent or other Party claiming any fee or commission arising out of the acts of the indemnifying Party.

#### **SECTION TEN NOTICES**

All notices and other communications required or permitted under this Letter of Intent shall be in writing and shall be either personally served, sent by overnight courier service or sent by certified mail, return receipt requested. Any such notice shall be deemed effective when: (a) such notice is actually received, if notice is personally served; (b) one day following notice being delivered to an overnight courier service; or (c) five days following the date of deposit in the United States mails, with a return receipt requested.

Name of Landlord: Geneva Investments, LLC.  
Tom Foulds, Managing Member  
357 Loy Lane  
Sedona, AZ 86336  
(480) 229-3120  
tomfoulds19icloud.com

Name of Tenant: Board of County Commissioners of  
Archuleta County, Colorado

\_\_\_\_\_  
Pagosa Springs Colorado 81147  
(970) \_\_\_\_ - \_\_\_\_\_

If the above terms and conditions are acceptable, please sign both copies of this letter, retain one copy for your files, and return the second signed copy to us. We look forward to a successful relationship with you and await your early response.

*(The remainder of this page is left intentionally blank. Signatures of the Parties appear on the next page)*

**Geneva Investments, LLC**

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By: Tom Foulds, Managing Member

**Board of County Commissioners of  
Archuleta County, Colorado**

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By:  
Title:

**Exhibit A**

**Preliminary Civil and Architectural Drawings and Cost Breakdown**

Archuleta County Admin Building					
Building SF		25000			
Description	Subcontractor	Quantity	Unit	Per Unit Cost	Cost
<b>General Conditions</b>					
Pm / Super					\$ 100,000.00
Safety & Fireprotection & First Aid					\$ 1,000.00
Progress Cleaning					\$ 2,500.00
Dumpsters					\$ 7,000.00
Porta Johns					\$ 2,000.00
Survey/Layout					\$ 2,000.00
<b>Concrete</b>					
Interior Slab		24076	SF	\$ 7.00	\$ 168,532.00
Perimeter Footer and StemWall		854	LF	\$ 90.00	\$ 76,860.00
Interior Footers		722	LF	\$ 25.00	\$ 18,050.00
Entry Piers		2		\$ 550.00	\$ 1,100.00
<b>Masonry</b>					
Entry Wall - Stone		1000	SF	\$ 20.00	\$ 20,000.00
Stucco		9160		\$ 9.00	\$ 82,440.00
Hardie		5320		\$ 14.00	\$ 74,480.00
Steel					
Misc					\$ 5,000.00
<b>Carpentry</b>					
Rough Carpentry - Materials		25000	\$	14.84	\$ 371,000.00
Rough Carpentry - Labor		25000		15	\$ 375,000.00
<b>Thermal &amp; Moisture</b>					
Roofing		25000	\$	15.00	\$ 375,000.00
Firestopping					\$ 5,000.00
Joint Sealants					\$ 5,000.00
<b>Openings</b>					
Hollow Metal (Doors and Frames)		75		\$ 1,800.00	\$ 135,000.00
Install Frames		75		\$ 100.00	\$ 7,500.00
Install Drs/Hwdre					\$ 21,060.00
Access Drs & Frames					\$ 5,000.00
Access Control / Key Cards					\$ 50,000.00
Solatubes		24		\$ 750.00	\$ 18,000.00
Alum Storefront/Glass/Ext Man Doors					\$ 267,850.00
<b>Finishes</b>					
Gyp Drywall / Insulation		25000	sf	\$ 15.50	\$ 387,500.00
Painting		25000	sf	\$ 5.00	\$ 125,000.00
Carpet Tile - Office		20083		\$ 5.00	\$ 100,415.00
Tile Flrs- Bathrooms		610		\$ 12.00	\$ 7,320.00
Rubber Base					\$ 12,000.00
<b>Specialties</b>					
Acoustical Panels					\$ 50,000.00
Signage					\$ 10,000.00
Knox Box					\$ 500.00
P-Lam Toilet Compartmnt					\$ 5,500.00
Stnls Stl Corner Guards					\$ 2,000.00
Toilet Accessories					\$ 1,500.00
Fire Extinguisher Cabinets					\$ 1,000.00
<b>Furnishings</b>					
Casework		50	lf	\$ 105.00	\$ 5,250.00
Countertops		125	sf	\$ 80.00	\$ 10,000.00
<b>Fire Supression</b>					
Fire Supression		25000	sf	\$ 10.40	\$ 260,000.00
<b>Plumbing</b>					
Plumbing		25000	sf	\$ 3.00	\$ 75,000.00
<b>Hvac</b>					
Hvac / Controls / Test & Balance		25000	sf	\$ 12.00	\$ 300,000.00
<b>Electrical</b>					
Electrical/Fixtures		25000	sf	\$ 9.00	\$ 225,000.00
<b>Data &amp; Communications</b>					
Communications/Security/Fire Alarm		25000		\$ 1.50	\$ 37,500.00
<b>Earthwork</b>					
Earthwork		25000	sf	\$ 8.50	\$ 212,500.00
<b>Site Improvements</b>					
Civil Estimate - SEH					\$ 1,722,000.00
<b>Sub Total</b>					
					\$ 5,746,357.00
<b>Soft Cost</b>					
Land Value (3 acres)					\$ 400,000.00
Finance Cost					\$ 160,000.00
Builders Risk Insurance					\$ 45,000.00
Building permits					\$ 35,000.00
Engineering and Design					\$ 350,000.00
<b>Overall Total</b>					
					\$ 6,736,357.00
<b>SF Cost (25,000)</b>					
					\$ 269.45

THICK & WHITE LINES: CURBS AT FULL SCALE



1 CONCEPTUAL SITE PLAN  
1/2" = 1'-0"



HARMAN PARK DRIVE

ARCHULETA COUNTY ADMINISTRATION  
CLERK / RECORDER / DIVISION OF ELECTIONS  
23,174 SF

MAIN ENTRANCE  
SOUTH ENTRANCE  
EAST ENTRANCE  
NORTH ENTRANCE  
ELECTRICAL ROOM  
SCAFFOLDING  
ENGINEER'S OFFICE  
SANITATION

220' NORTH DRIVEWAY  
(AS SHOWN)

200' NORTH DRIVEWAY  
(AS SHOWN)

**ARCHULETA COUNTY  
NEW ADMINISTRATION FACILITY**

HARMAN PARK DRIVE  
PAGOSA SPRINGS,  
COLORADO

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Project Name	Archuleta County Administration Building
Project Location	Pagosa Springs, Colorado
Client	Archuleta County
Architect	SEH Architects, Inc.
Scale	1/2" = 1'-0"
Date	11/15/24
Drawn By	AMM
Checked By	AMM
Project Status	Final Design

REVISION SCHEDULE

REV # DESCRIPTION DATE

NOT FOR  
CONSTRUCTION



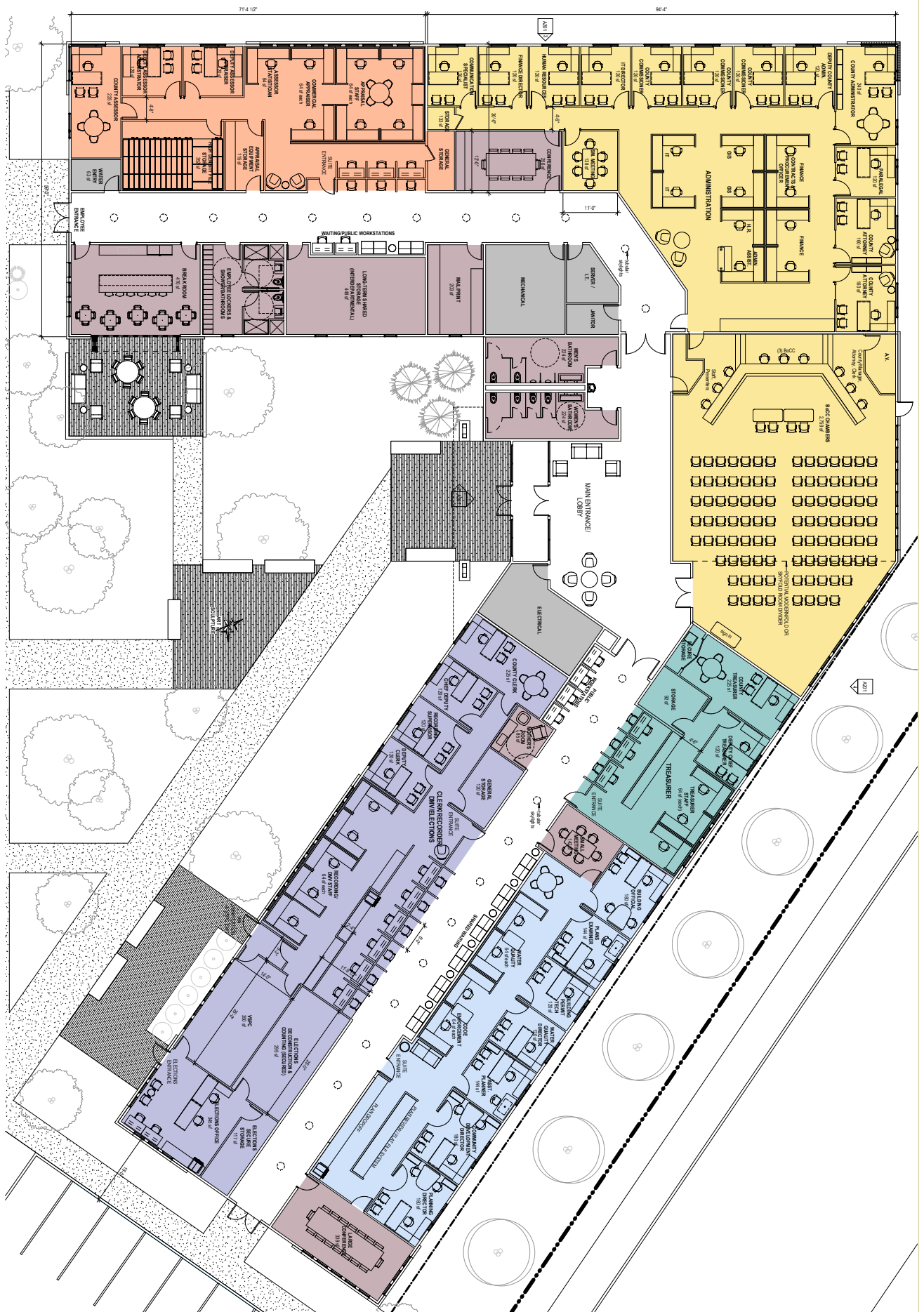
Robert Clarke

A051

ARCHITECTURAL SITE PLAN



1 FLOOR PLAN - LEVEL 1



A111

FLOOR PLAN - LEVEL 1

PROJECT NAME	ARCHULETA COUNTY NEW ADMINISTRATION FACILITY
PROJECT LOCATION	HARMAN PARK DRIVE, PAGOSA SPRINGS, COLORADO
DATE	11/14/2022
DESIGNER	SEH ARCHITECTS
SCALE	AS SHOWN

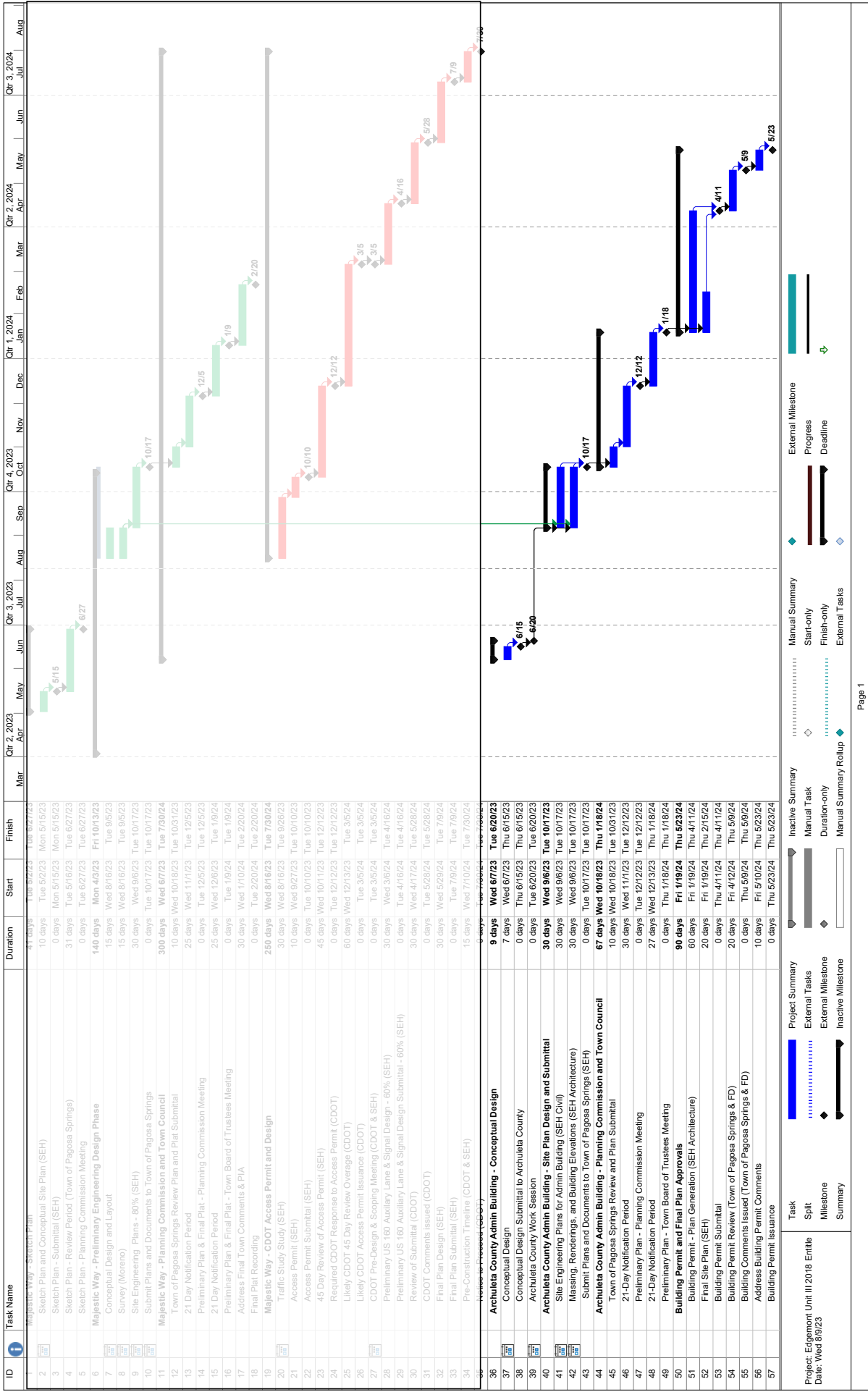
ARCHULETA COUNTY  
NEW ADMINISTRATION FACILITY

HARMAN PARK DRIVE  
PAGOSA SPRINGS,  
COLORADO

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NOT FOR  
CONSTRUCTION





## **Summary**

**Wesley Properties and Archuleta County collaboration to “build to suit” and “lease back” a 25,000-sf county administration building.**

**Transparency is continued requirement of this partnership to allow the following:**

- **County and Developer are both fully engaged in building specifications, details, design, and construction methods that align with agreed upon lease terms.**
- **Developer will continue to budget and bid project based upon collaboration to meet agreed lease terms per engineering and code requirements.**

**Projected Schedule:**

- **County Approval – 8/15/23**
- **Building Permit Issuance: 5/23/24**
- **Construction Schedule (14 Months)**
- **Expected Certificate of Occupancy – Late Summer/Early Fall 2025**

**Not included in budget:**

- **Furnishing – Including but not limited to: Chambers Furnishings, Desk, Chairs, and Partitions**
- **Chambers – Operable Wall**
- **Window Coverings**
- **External Audio and Video Equipment**
- **Security Systems and Ballistic Glass**