



**TO:** Denver City Council  
**FROM:** Jason Morrison, Senior City Planner  
**DATE:** May 14<sup>th</sup>, 2020  
**RE:** Official Zoning Map Amendment Application #2019I-00061

### Staff Report and Recommendation

Based on the criteria for review in the Denver Zoning Code, Staff recommends approval for Application #2019I-00061.

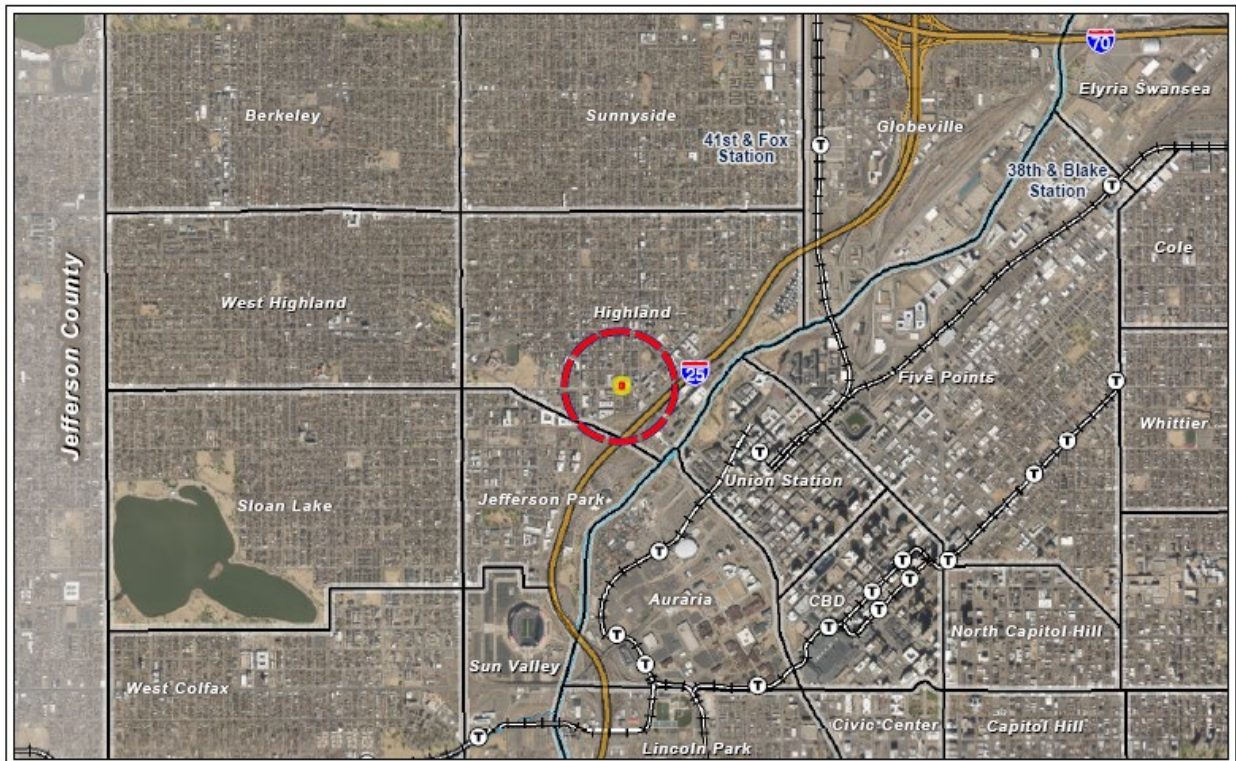
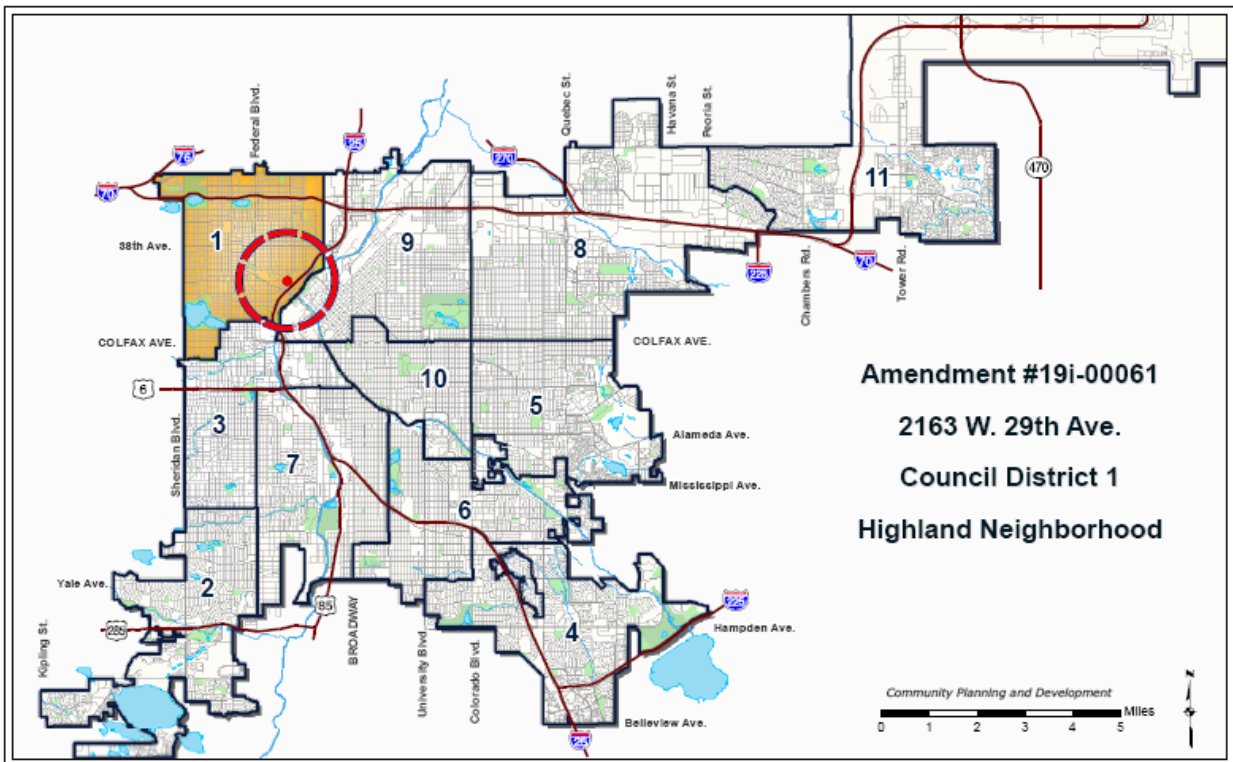
### Request for Rezoning

Address: 2163 W. 29<sup>th</sup> Avenue  
Neighborhood/Council District: Highland Neighborhood / Council District 1  
RNOs: Highland United Neighbors, Inc.; Center City Denver Residents Organization; Inter-Neighborhood Cooperation (INC)  
Area of Property: 6,090 square feet or 0.139 acres  
Current Zoning: PUD 76  
Proposed Zoning: G-MU-3  
Property Owner(s): Wheeler Block Investments, LLC.  
Owner Representative: Kevin Anderson, ArcWest Architects

### Summary of Rezoning Request

- The property is located in the Highland neighborhood on the north side of W. 29<sup>th</sup> Avenue between N. Vallejo Street and Umatilla Street.
- The subject property is a surface parking lot that provides parking for an office building located across W. 29<sup>th</sup> Avenue at 2150 W. 29<sup>th</sup> Avenue. Both properties are under the same ownership.
- The applicant is requesting this rezoning to develop the site under the city's current zoning code which is more sensitive to the existing neighborhood character and zoning.
- The G-MU-3 (**G**eneral Urban, **M**ulti **U**nit, **3** stories) zone district is a multi-unit district allowing urban house, duplex, garden court, town house, and apartment building forms. The tallest building form has a maximum height of three stories. Further details of the G-MU-3 zone district can be found in Article 6 of the Denver Zoning Code (DZC).
- The proposed G-MU-3 zone district is an extension of the existing G-MU-3 zone district to the west, north and east. However, the surrounding zoning includes the Use Overlay 3 (UO-3) and the applicant does not propose to rezone to UO-3.
- The site is currently zoned PUD 76, which is a custom zone district from Former Chapter 59 allowing uses within the R-3 zone district with a maximum height of 40 feet.

## Existing Context







The subject property is located in the Highland Neighborhood on W. 29<sup>th</sup> Avenue between N. Vallejo Street and Umatilla Street. The area is primarily composed of single-unit, two-unit, and multi-unit residential buildings with commercial and mixed-use buildings scattered throughout the area. The property sits between residential uses along W. 29<sup>th</sup> Avenue with a mix of office to the south.

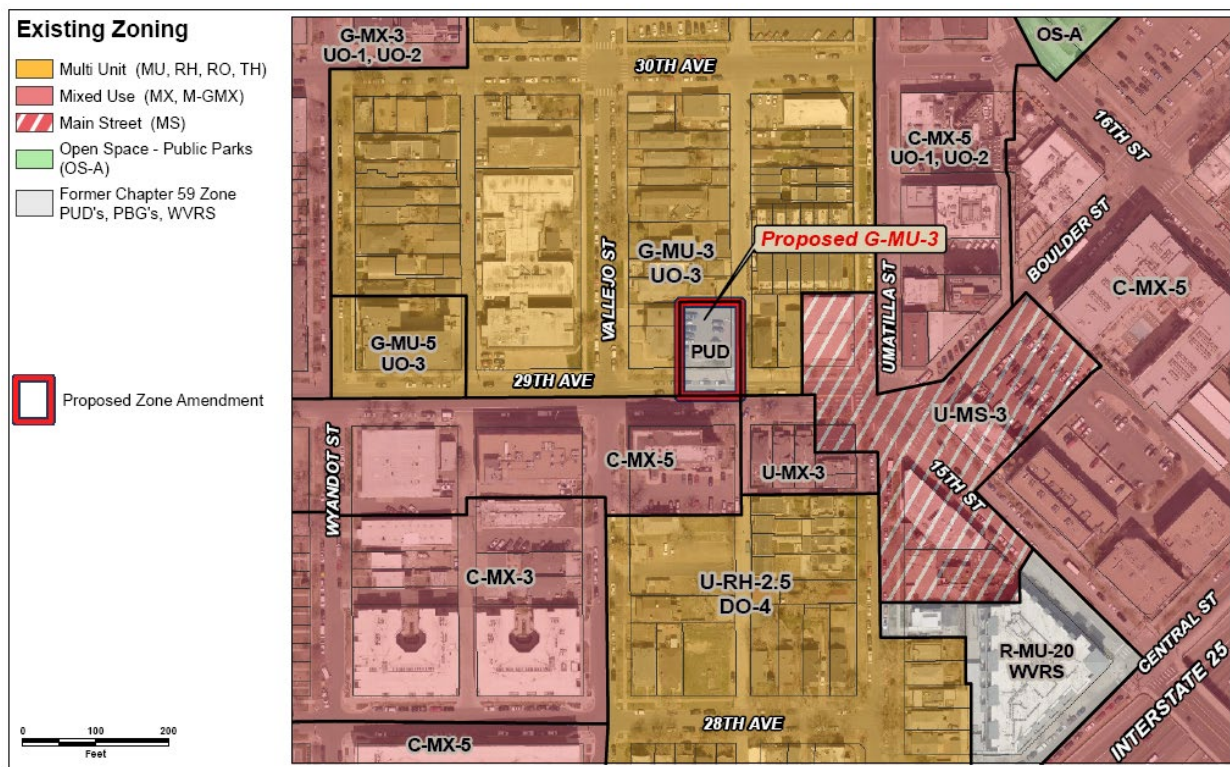
Hirshorn Park is approximately three blocks north of the site and the subject property is located within ¼ mile of Valdez Elementary School and within ½ mile of North High School. The subject property is also within one mile of Federal Boulevard to the west, which has high-capacity transit service. The applicant is requesting the G-MU-3 zone district which is consistent with the adjacent surrounding zone districts to the west, north, and east of the subject property.

The following table summarizes the existing context proximate to the subject site:

	Existing Zoning	Existing Land Use	Existing Building Form/Scale	Existing Block, Lot, Street Pattern
Site	PUD 76	Parking	Parking with a moderate setback from W. 29 <sup>th</sup> Avenue	Generally regular grid of streets interrupted to the south and east by Interstate 25.
North	G-MU-3, UO-3	Single-Unit Residential	A 2-story house with a moderate setback and parking along the street and with alley access. Front porch and front lawn	

	Existing Zoning	Existing Land Use	Existing Building Form/Scale	Existing Block, Lot, Street Pattern
South	U-MX-3	Office	4-story office building with a minimal setback and parking along the street with a parking lot behind the building	Block sizes and shapes are generally consistent and rectangular.
East	G-MU-3, UO-3	Single-Unit Residential	2-story house with a minimal setback with parking along the street and garage access through alley	
West	G-MU-3, UO-3	Multi-Unit Residential	2-story house with a moderate setback on primary and side streets with parking in the driveway along N. Vallejo Street and along streets	Vehicle parking in front of buildings (with alley access).

### 1. Existing Zoning



The existing zoning is PUD 76, which is a Former Chapter 59 custom zone district that allows for a surface parking lot of up to 13 vehicle spaces as a primary use, as well as all uses within the R-3 zone district with a maximum height of 40 feet. The R-3 zone district is a multi-unit, high density district where building size is controlled by bulk standards, off-street parking and open space requirements.



## 2. View Plane

The subject property is within the *Park at 51<sup>st</sup> Avenue and Zuni Street View Plane*. The intent of this view plane is to preserve the view of the Central Business District (south of the subject property) from 51<sup>st</sup> and Zuni Park (north of the subject property). No part of any structure within the view plane may exceed an elevation of 5,347 feet above mean sea level. Therefore, the site is subject to a maximum height restriction of 86-90 feet. However, the proposed zone district of G-MU-3 has a lower height restriction of 40 feet maximum height for primary structures.

## 3. Existing Land Use Map



## 4. Existing Building Form and Scale

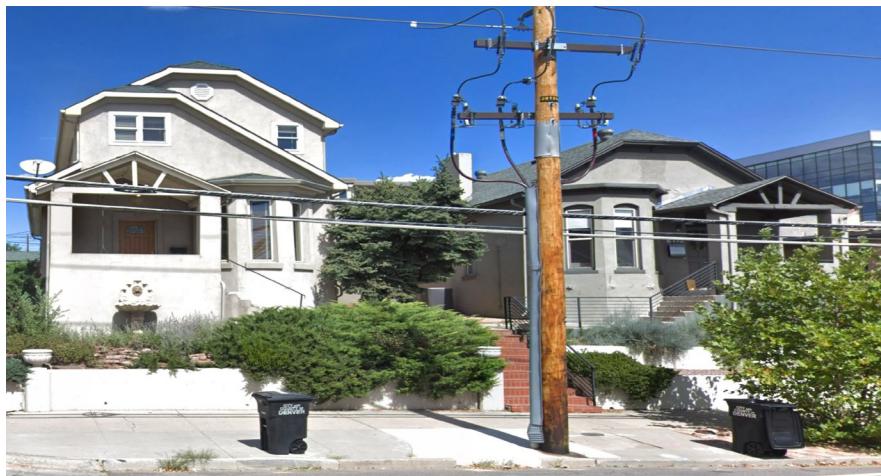
*All images are from Google Street View.*



Subject site facing north from W. 29<sup>th</sup> Avenue



Single-unit residential (1 & 2 story) north of the subject site, facing east from N. Vallejo Street.



Two-story house east of the subject property (across from alley), facing north from W. 29<sup>th</sup> Avenue.





Five-story office building directly south of the subject site, facing southeast from W. 29<sup>th</sup> Avenue



Four-story mixed-use development southwest of the subject site, facing southwest on W. 29<sup>th</sup> Avenue.



Two-story house directly west of the subject site, facing east from N. Vallejo Street.

## Proposed Zoning

The requested G-MU-3 zone district has a maximum height of 40 feet with allowable encroachments. The G-MU-3 zone district is a multi-unit district allowing urban house, duplex, garden court, town house, and apartment building forms. Block sensitive setback apply to all building forms in the G-MU-3 zone district. A variety of residential uses, including multi-unit, are allowed. Minimum vehicle parking requirements in the G-MU-3 zone district are generally the same or lower than the minimum vehicle parking requirements in the existing PUD 76 zone district. For additional details of the requested zone district, see Denver Zoning Code Article 6.

The primary building forms allowed in the existing zone district and the proposed zone district are summarized here:

Design Standards	Existing PUD 76 (R-3)	Proposed G-MU-3
Primary Building Forms Allowed	N/A	Urban house, duplex, garden court, townhouse, apartment
Height in Stories / Feet (max)	3 stories / 40'	3 stories / 30-40'*
Primary Street Build-To Percentages (min)	N/A	0-70%**
Primary Street Build-To Ranges	N/A	10' to 20'***
Minimum Zone Lot Size/Width	N/A	25'-75'***
Primary Street Setbacks (min)	10'	5'-20'***
Building Coverages (max)	N/A	50%-N/A**

\*Standard varies between building forms

\*\*Standard varies between building forms

## Summary of City Agency Referral Comments

As part of the DZC review process, the rezoning application is referred to potentially affected city agencies and departments for comment. A summary of agency referral responses follows:

**Assessor:** Approved – No Response

**Asset Management:** Approved – No Response

**Denver Public Schools:** Approved – No Response

**Department of Public Health and Environment:** Approved – See Comments Below

- Notes. DDPHE concurs with this proposed rezoning and is unaware of environmental concerns that should be considered for this rezoning.
- General Notes: Most of Colorado is high risk for radon, a naturally occurring radioactive gas. Due to concern for potential radon gas intrusion into buildings, DDPHE suggests installation of a radon mitigation system in structures planned for human occupation or frequent use. It may be more cost effective to install a radon system during new construction rather than after construction is complete. If renovating or demolishing existing structures, there may be a concern of disturbing



regulated materials that contain asbestos or lead-based paint. Materials containing asbestos or lead-based paint should be managed in accordance with applicable federal, state and local regulations.

- The Denver Air Pollution Control Ordinance (Chapter 4- Denver Revised Municipal Code) specifies that contractors shall take reasonable measures to prevent particulate matter from becoming airborne and to prevent the visible discharge of fugitive particulate emissions beyond the property on which the emissions originate. The measures taken must be effective in the control of fugitive particulate emissions at all times on the site, including periods of inactivity such as evenings, weekends, and holidays.
- Denver’s Noise Ordinance (Chapter 36–Noise Control, Denver Revised Municipal Code) identifies allowable levels of noise. Properties undergoing Re-Zoning may change the acoustic environment, but must maintain compliance with the Noise Ordinance. Compliance with the Noise Ordinance is based on the status of the receptor property (for example, adjacent Residential receptors), and not the status of the noise-generating property. Violations of the Noise Ordinance commonly result from, but are not limited to, the operation or improper placement of HV/AC units, generators, and loading docks. Construction noise is exempted from the Noise Ordinance during the following hours, 7am–9pm (Mon–Fri) and 8am–5pm (Sat & Sun). Variances for nighttime work are allowed, but the variance approval process requires 2 to 3 months. For variance requests or questions related to the Noise Ordinance, please contact Paul Riedesel, Denver Environmental Health (720-865-5410).
- Scope & Limitations: DDPHE performed a limited search for information known to DDPHE regarding environmental conditions at the subject site. This review was not intended to conform to ASTM standard practice for Phase I site assessments, nor was it designed to identify all potential environmental conditions. In addition, the review was not intended to assess environmental conditions for any potential right-of-way or easement conveyance process. The City and County of Denver provides no representations or warranties regarding the accuracy, reliability, or completeness of the information provided.

**Denver Parks and Recreation:** Approved – No Response

**Public Works – R.O.W.- City Surveyor:** Approved – No Comments

**Development Services – Project Coordination:** Approved – No Response

**Development Services - Fire Protection:** Approved – No Response

**Development Services – Transportation:** Approved – No Response

**Development Services- Wastewater:** Approved – No Response

## Public Review Process

	Date
CPD informational notice of receipt of the rezoning application to all affected members of City Council, registered neighborhood organizations, and property owners:	10/7/19
Property legally posted for a period of 15 days and CPD written notice of the Planning Board public hearing sent to all affected members of City Council, registered neighborhood organizations, and property owners:	1/21/20
Planning Board voted unanimously to recommend support:	2/5/20
CPD written notice of the Land Use, Transportation and Infrastructure Committee meeting sent to all affected members of City Council and registered neighborhood organizations, at least ten working days before the meeting:	1/31/20
Land Use, Transportation and Infrastructure Committee moved the bill forward to Council:	2/11/20
Property legally posted for a period of 21 days and CPD notice of the City Council public hearing sent to all affected members of City Council and registered neighborhood organizations:	3/2/19
City Council Public Hearing:	5/18/20

- **Registered Neighborhood Organizations (RNOs):** To date, staff has received no comment letters from Registered Neighborhood Organizations.
- **Other Public Comment:** To date, staff has received no other public comment letters.

## Criteria for Review / Staff Evaluation

The criteria for review of this rezoning application are found in DZC, Sections 12.4.10.7 and 12.4.10.8, as follows:

### DZC Section 12.4.10.7

1. Consistency with Adopted Plans
2. Uniformity of District Regulations and Restrictions
3. Public Health, Safety and General Welfare



#### **DZC Section 12.4.10.8**

1. Justifying Circumstances
2. Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements

#### **1. Consistency with Adopted Plans**

The following adopted plans currently apply to this property:

- *Denver Comprehensive Plan 2040*
- *Blueprint Denver (2019)*
- *Highland Neighborhood Plan (1986)*

#### **Denver Comprehensive Plan 2040**

The proposed rezoning is consistent with many of the adopted *Denver Comprehensive Plan 2040* strategies. The following strategies apply from the Equitable, Affordable and Inclusive vision element:

- Equitable, Affordable and Inclusive Goal 1, Strategy A – *Increase development of housing units close to transit and mixed-use developments* (p. 28).
- Equitable, Affordable and Inclusive Goal 2, Strategy A – *Create a greater mix of housing options in every neighborhood* (p. 28).

The requested G-MU-3 zone district will create a mix of housing options, including urban house, duplex, and garden court building forms, close to the high-capacity transit along Federal Boulevard as well as provide future residential near a mix of uses along 15<sup>th</sup> Street and within the Highland Neighborhood. It is therefore consistent with the above strategies in the Equitable, Affordable and Inclusive vision element.

- Strong and Authentic Neighborhoods Goal 1, Strategy B – *Ensure neighborhoods offer a mix of housing types and services for a diverse population* (p. 34).
- Strong and Authentic Neighborhoods Goal 1, Strategy D – *Encourage quality infill development that is consistent with the surrounding neighborhoods and offers opportunities for increased amenities* (p. 34).

This site is an infill location where infrastructure is already in place allowing residents to live, work and play in the area. The zone district will also apply current, form-based zoning code standards, ensuring quality development appropriate for the neighborhood. It is therefore consistent with the strategies in the Strong and Authentic Neighborhoods vision element.

Similarly, the land use pattern detailed in the previous paragraph is also consistent with the following strategies in the Environmentally Resilient vision element.

- *Environmentally Resilient Goal 8, Strategy A – Promote infill development where infrastructure and services are already in place* (p. 54).
- *Environmentally Resilient Goal 8, Strategy B – Encourage mixed-use communities where residents can live, work and play in their own neighborhoods* (p. 54).

Compact infill mixed-use development near transportation options and existing infrastructure assists in improving public health indicators while reducing water usage. Therefore, rezoning to facilitate redevelopment of this site advances the strategies of *Comprehensive Plan 2040*.

### **Blueprint Denver**

*Blueprint Denver* was adopted in 2019 as a supplement to *Comprehensive Plan 2040* and establishes an integrated framework for the city's land use and transportation decisions. *Blueprint Denver* identifies the subject property as part of a "Low-Medium Residential" area within the Urban Neighborhood Context and provides guidance from the future growth strategy for the city.

### **Blueprint Denver Future Neighborhood Context**

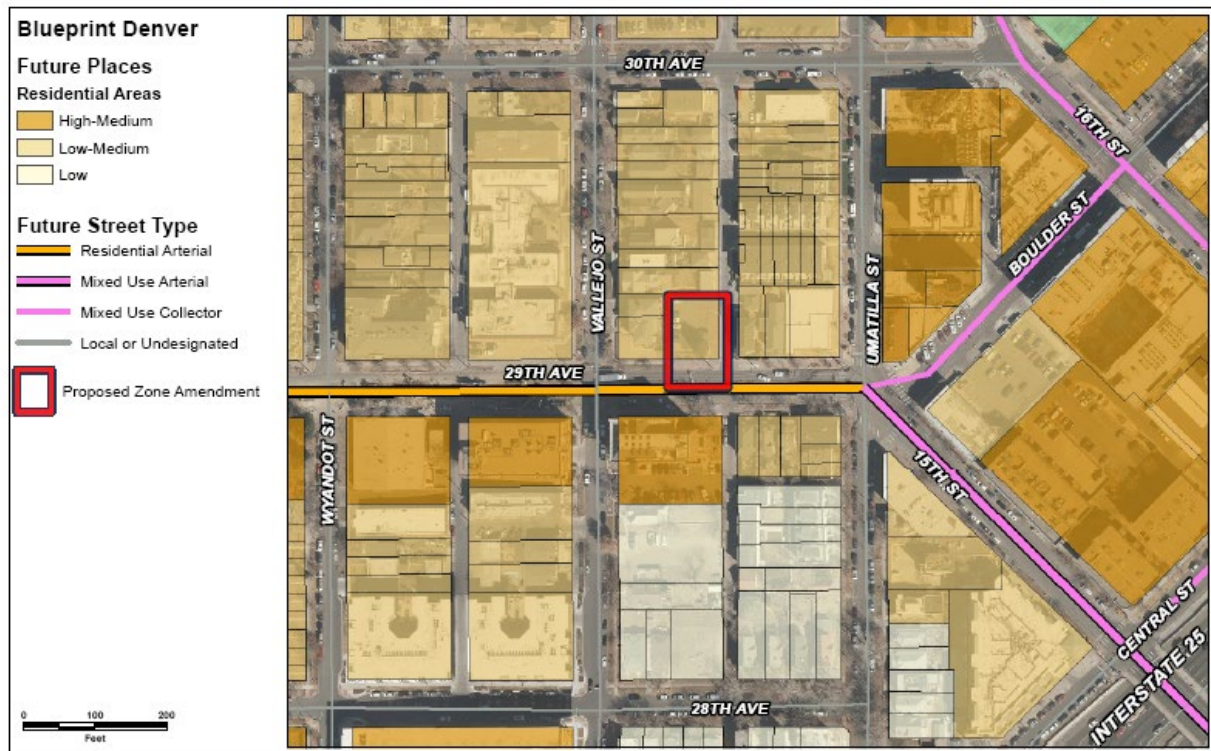


The requested rezoning is shown on the context map as Urban Context. However, the requested G-MU-3 zone district falls within the General Urban Context. *Blueprint Denver* provides additional guidance on how to apply plan direction on neighborhood context to a rezoning stating, "the mapping of neighborhood context is at the citywide scale, so the boundaries of the context may be interpreted with limited flexibility if the request furthers the goals of *Blueprint Denver* and is consistent with the overall intent of the neighborhood context map" (p.66). Furthermore, the context map is "aspirational in nature intended to provide a high-level of understanding as to the differences in land use and built form, mobility options and quality-of-life infrastructure between different neighborhoods" (p.139).

Within the Urban Neighborhood Context, “homes vary from multi-unit developments to compact single-unit homes.” Furthermore, “development in this context should be sensitive to the existing neighborhood character and offer residents a mix of uses, with good street activation and connectivity...these areas offer access to neighboring areas and commercial nodes, with some small mixed-use nodes within the neighborhood” (p.221). Similarly, within the General Urban Context, which consists of “vibrant places with proximity to Denver’s major centers like Downtown”, homes vary from multi-unit complexes to compact single-unit homes. Development should be sensitive to the existing neighborhood character and offer residents a mix of uses, with good street activation and connectivity” (p. 237).

The G-MU-3 zone district is “a multi-unit district allowing urban house, duplex, garden court, town house, and apartment building forms” (DZC 6.2.2.2.B). In addition, the G-MU-3 zone district contains a block sensitive setback application, “to maintain an established context or pattern” (DZC 6.3.7.2.C.1) found within the neighborhood. Building form standards such as this, along with design standards, and uses work together to promote safe, active, pedestrian-scaled residential areas within the G-MU-3 zone district. The proposed rezoning is appropriate as the surrounding area is already mapped G-MU-3 and the rezoning is consistent with the goals of *Blueprint Denver* and the intent of the existing neighborhood context map.

**Blueprint Denver Future Places**



The Future Places Map shows the subject property as part of a “Low-Medium Residential” area within the Urban Context. *Blueprint Denver* describes these areas as, “a mix of mid-scale multi-unit residential



options. Some neighborhood-serving mixed-use may be appropriate, especially along arterial streets or at non-local street intersections. Buildings are generally up to 3 stories in height. Building heights and scaling help provide transitions to adjacent places.” (p. 233). While the G-MU-3 zone district is within the General Urban context, it is consistent with the Low-Medium Residential area within the Urban Context because it is a multi-unit district allowing a variety of building forms which is consistent with this future places designation. The residential emphasis and the three-story heights of the proposed G-MU-3 zone district are consistent with this plan direction as well. The building form standards, design standards and uses of the G-MU districts, “work together to promote safe, active, pedestrian-scaled residential areas” (DZC 6.2.2.1.B).

### **Street Types**

In *Blueprint Denver*, street types work in concert with the future place to evaluate the appropriateness of the intensity of the adjacent development (p. 67). *Blueprint Denver* classifies W. 29<sup>th</sup> Avenue as a Residential Arterial street. An arterial street in a residential part of the city contains traffic calming measures to help, “encourage slower speeds and promote safety for all users of the roadway.” Streets within the urban context usually have high degrees of pedestrian and bicycle activity. *Blueprint Denver* classifies N. Vallejo Street and Umatilla Street as local streets. Local streets “are designed for the highest degree of property access and the lowest amount of through movement” (p. 154).

The proposed G-MU-3 district is consistent with this plan direction for this location as, “residential uses are primarily located along local and residential arterial streets” (DZC 6.1.1). In addition, block sizes and shapes within the G-MU-3 district are consistent and include detached sidewalks, tree lawns, and landscaping in the front setback to promote pedestrian and bicycle activity.

### **Growth Strategy**



*Blueprint Denver's* growth strategy map is a version of the future places map, showing the aspiration for distributing future growth in Denver (p. 51). The subject property is located within "All other areas of the city, which are anticipated to see around 20% of new housing growth and 10% of new employment growth by 2040" (p. 51). The proposed map amendment to G-MU-3 will enable compatible growth for this location.

### **Strategies**

*Blueprint Denver* provides recommendations related to properties that retained zoning from the Former Chapter 59 zoning code. Land Use & Built Form: General Policy 3, Strategy B, says, "Rezone properties from the Former Chapter 59 zoning code so that the entire city is covered by the DZC, including continuing to incentivize owners to come out of the old code" (p. 73). That same policy also speaks to custom zoning such as PUDs; Strategy B says, "Limit the use of site-specific, customized zoning tools—such as Planned Unit Developments (PUDs) and waivers/conditions—to unique and extraordinary circumstances. The zoning code offers a wide variety of zone districts that cover the diverse contexts and places of Denver. Custom zoning tools are most effective when a standard zone district does not exist to implement the adopted plans for an area" (p. 73). Therefore, the proposed rezoning to come from custom zoning under Former Chapter 59 to a standard zone district under the DZC is consistent with *Blueprint Denver*.

### **Small Area Plan: *Highland Neighborhood Plan (1986)***

The Highland Neighborhood Plan was adopted by City Council in April 1986 and applies to the subject property. The format of the Highland Neighborhood Plan includes framework plan recommendations that apply throughout the planning area and subarea recommendations that apply in smaller subareas.

#### **Vision**

The overall vision for the Highland neighborhood is “to create a stable low-density residential neighborhood which offers a variety of housing opportunities for low, moderate and middle income residential where housing is available in a balanced mix of types and costs which enhance the existing socioeconomic mix of people living in the neighborhood” (p. 5). The plan further mentions that any current zoning must be changed to match and encourage compatible land uses to create a strong residential base.

The intent of the G-MU-3 zone district is to allow for a variety of mixed-residential housing options. In addition to providing a future residential use, the proposed zone district is compatible with the existing zone district in the neighborhood and it will apply modern zoning code standards which will ensure quality infill development that is appropriate for the surrounding context. Therefore, this rezoning is consistent with the vision of the Highland Neighborhood Plan.

#### **General Recommendations**

General recommendations of the Highland Neighborhood Plan include:

- Rezone areas where predominant land use is low, moderate density residential but current zoning allows more permissive density and/or uses (p. 6a)
- Create more housing opportunities (p. 10)
- Encourage a mixture of residential types and costs as part of new development (p. 11)
- Improve and stabilize the condition of housing in Highland (p. 15)

The plan also recommends that infill development should be compatible in character and materials and provide appropriate buffering to the surrounding properties, should be low traffic generators, should not create parking, noise, or pollution problems, and examples of acceptable uses are senior citizen housing, mom and pop shops, and low-density multi-family housing” (p. 14). The proposed rezoning meets all of the above criteria because it removes the currently more-permissive allowance for a primary surface parking use while allowing moderate density residential. Therefore, the rezoning is consistent with the general recommendations of the Highland Neighborhood Plan.

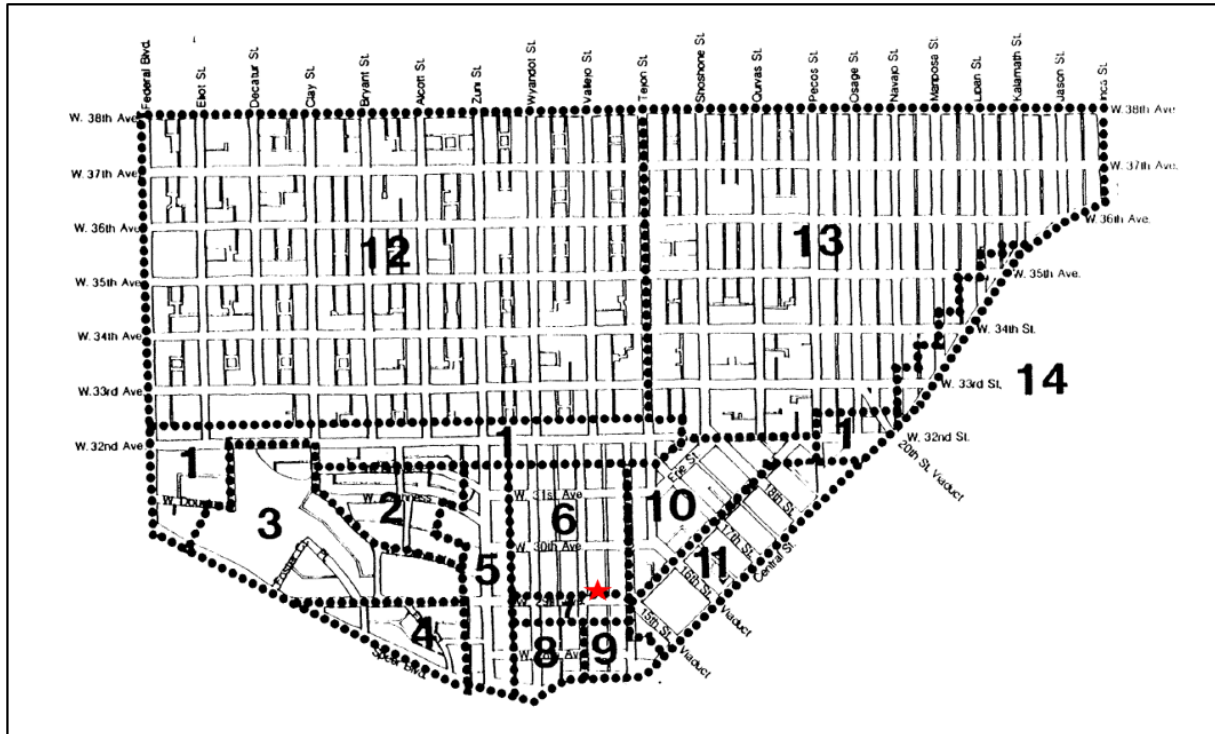
#### **Subarea Recommendations**

The subject property falls within Subarea 6 of the Highland Neighborhood Plan. According to the plan, this area is predominately residential with some vacant and public and quasi-public sites and the current zoning allows for primarily low-to-moderate density. Recommendations for Subarea 6 include:

- Support any rezoning to a zone district which would be consistent with present land use and desirable development (p. 39)
- Encourage more homeownership and cooperatives (p. 39)
- Promote infill housing which is compatible with existing low-moderate density and scale (p. 39)



The proposed rezoning meets all of the above criteria and is consistent with the subarea recommendations of the Highland Neighborhood Plan.



## 2. Uniformity of District Regulations and Restrictions

The proposed rezoning to G-MU-3 will result in the uniform application of zone district building form, use and design regulations.

## 3. Public Health, Safety and General Welfare

The proposed official map amendment furthers the public health, safety, and general welfare through implementation of the city's adopted land use plans. Additionally, the proposed G-MU-3 fosters neighborhood-supportive reinvestment on a site that has limited potential under the existing PUD zoning. The proposed zone district also ensures development will create a more pedestrian-friendly sidewalk environment.

## 4. Justifying Circumstance

The application identifies several changed or changing conditions as the Justifying Circumstance under DZC Section 12.4.10.8.A.4., "Since the date of the approval of the existing Zone District, there has been a change to such a degree that the proposed rezoning is in the public interest." Such change may include changes or changing conditions in an area, or in the city generally. Over the years, the Highland

Neighborhood has seen substantial redevelopment and reinvestment, including significant streetscape improvements along mixed-use corridors. As a result, there has been additional residential development in the area. The application also identifies a change in zoning as a Justifying Circumstance, "That the City adopted the Denver Zoning Code and the property retained Former Chapter 59 zoning." The zoning on the subject property is Former Chapter 59 PUD. Rezoning from Former Chapter 59 zoning into the Denver Zoning Code is an appropriate justifying circumstance.

## **5. Consistency with Neighborhood Context Description, Zone District Purpose and Intent Statements**

The requested G-MU-3 zone district is within the General Urban Neighborhood Context which is primarily characterized by multi-unit residential uses in a variety of building forms. Single-unit and two-unit residential uses are also found in a mix of residential building forms. Residential uses are primarily located along local and residential arterial streets which consist of a regular pattern of block shapes surrounded by an orthogonal street grid (Denver Zoning Code Division 6.1). Within the Urban Neighborhood Context homes vary from multi-unit development to compact single-unit homes.

The proposed G-MU-3 zone district is consistent with the neighborhood context description and appropriate for this location because it is a multi-unit district allowing a variety of building forms, compatible height and building form/design standards. The building form standards, and uses work together to promote safe, active, pedestrian-scaled residential areas. The standards accommodate the pattern of urban house, duplex, garden court, and apartment building forms.

In addition to allowing the above building forms, the specific intent of the G-MU-3 zone district is to provide certainty to property owners and neighborhoods about the limits of what is allowed in a residentially-zoned area and reinforce desired patterns in existing neighborhoods. The proposed G-MU-3 zone district is consistent with the zone district purpose and is an extension of the surrounding context and existing G-MU-3 zone district. The street classifications and desired building heights in this area are consistent with the zone district purpose and intent, therefore, it is appropriate for this location.

### **Attachments**

1. Application
2. Existing PUD

## Zone Map Amendment (Rezoning) - Application

PROPERTY OWNER INFORMATION*		PROPERTY OWNER(S) REPRESENTATIVE**	
<input type="checkbox"/> CHECK IF POINT OF CONTACT FOR APPLICATION		<input type="checkbox"/> CHECK IF POINT OF CONTACT FOR APPLICATION	
Property Owner Name		Representative Name	
Address		Address	
City, State, Zip		City, State, Zip	
Telephone		Telephone	
Email		Email	
<p><b>*If More Than One Property Owner:</b>            All standard zone map amendment applications shall be initiated by all the owners of at least 51% of the total area of the zone lots subject to the rezoning application, or their representatives authorized in writing to do so. See page 3.</p>		<p><b>**Property owner shall provide a written letter authorizing the representative to act on his/her behalf.</b></p>	
<p>Please attach Proof of Ownership acceptable to the Manager for each property owner signing the application, such as (a) Assessor's Record, (b) Warranty deed, or (c) Title policy or commitment dated no earlier than 60 days prior to application date.</p> <p>If the owner is a corporate entity, proof of authorization for an individual to sign on behalf of the organization is required. This can include board resolutions authorizing the signer, bylaws, a Statement of Authority, or other legal documents as approved by the City Attorney's Office.</p>			
SUBJECT PROPERTY INFORMATION			
Location (address and/or boundary description):			
Assessor's Parcel Numbers:			
Area in Acres or Square Feet:			
Current Zone District(s):			
PROPOSAL			
Proposed Zone District:			



REVIEW CRITERIA	
<p>General Review Criteria: The proposal must comply with all of the general review criteria DZC Sec. 12.4.10.7</p>	<p><input type="checkbox"/> Consistency with Adopted Plans: The proposed official map amendment is consistent with the City's adopted plans, or the proposed rezoning is necessary to provide land for a community need that was not anticipated at the time of adoption of the City's Plan. Please provide an attachment describing relevant adopted plans and how proposed map amendment is consistent with those plan recommendations; or, describe how the map amendment is necessary to provide for an unanticipated community need.</p> <p><input type="checkbox"/> Uniformity of District Regulations and Restrictions: The proposed official map amendment results in regulations and restrictions that are uniform for each kind of building throughout each district having the same classification and bearing the same symbol or designation on the official map, but the regulations in one district may differ from those in other districts.</p> <p><input type="checkbox"/> Public Health, Safety and General Welfare: The proposed official map amendment furthers the public health, safety, and general welfare of the City.</p>
<p>Additional Review Criteria for Non-Legislative Rezonings: The proposal must comply with both of the additional review criteria DZC Sec. 12.4.10.8</p>	<p><b>Justifying Circumstances - One of the following circumstances exists:</b></p> <p><input type="checkbox"/> The existing zoning of the land was the result of an error.</p> <p><input type="checkbox"/> The existing zoning of the land was based on a mistake of fact.</p> <p><input type="checkbox"/> The existing zoning of the land failed to take into account the constraints on development created by the natural characteristics of the land, including, but not limited to, steep slopes, floodplain, unstable soils, and inadequate drainage.</p> <p><input type="checkbox"/> Since the date of the approval of the existing Zone District, there has been a change to such a degree that the proposed rezoning is in the public interest. Such change may include:</p> <p style="margin-left: 20px;">a. Changed or changing conditions in a particular area, or in the city generally; or</p> <p style="margin-left: 20px;">b. A City adopted plan; or</p> <p style="margin-left: 20px;">c. That the City adopted the Denver Zoning Code and the property retained Former Chapter 59 zoning.</p> <p><input type="checkbox"/> It is in the public interest to encourage a departure from the existing zoning through application of supplemental zoning regulations that are consistent with the intent and purpose of, and meet the specific criteria stated in, Article 9, Division 9.4 (Overlay Zone Districts), of this Code. Please provide an attachment describing the justifying circumstance.</p> <p><input type="checkbox"/> The proposed official map amendment is consistent with the description of the applicable neighborhood context, and with the stated purpose and intent of the proposed Zone District. Please provide an attachment describing how the above criterion is met.</p>
REQUIRED ATTACHMENTS	
Please ensure the following required attachments are submitted with this application:	
<p><input type="checkbox"/> Legal Description (required to be attached in Microsoft Word document format)</p> <p><input type="checkbox"/> Proof of Ownership Document(s)</p> <p><input type="checkbox"/> Review Criteria, as identified above</p>	
ADDITIONAL ATTACHMENTS	
Please identify any additional attachments provided with this application:	
<p><input type="checkbox"/> Written Authorization to Represent Property Owner(s)</p> <p><input type="checkbox"/> Individual Authorization to Sign on Behalf of a Corporate Entity</p>	
Please list any additional attachments:	

## PROPERTY OWNER OR PROPERTY OWNER(S) REPRESENTATIVE CERTIFICATION/PETITION

We, the undersigned represent that we are the owners of the property described opposite our names, or have the authorization to sign on behalf of the owner as evidenced by a Power of Attorney or other authorization attached, and that we do hereby request initiation of this application. I hereby certify that, to the best of my knowledge and belief, all information supplied with this application is true and accurate. I understand that without such owner consent, the requested official map amendment action cannot lawfully be accomplished.

Property Owner Name(s) (please type or print legibly)	Property Address City, State, Zip Phone Email	Property Owner Interest % of the Area of the Zone Lots to Be Rezoned	Please sign below as an indication of your consent to the above certification statement	Date	Indicate the type of ownership documentation provided: (A) Assessor's record, (B) warranty deed, (C) title policy or commitment, or (D) other as approved	Has the owner authorized a representative in writing? (YES/NO)
<b>EXAMPLE</b> John Alan Smith and Josie Q. Smith	123 Sesame Street Denver, CO 80202 (303) 555-5555 sample@sample.gov	100%	<i>John Alan Smith</i> <i>Josie Q. Smith</i>	01/01/12	(A)	YES
Wheeler Block Investments, LLC	2163 W. 29th Ave. Denver, CO 80211	100%	<i>Tucker Manian</i> - Tucker Manian	10/2/19	(B)	YES

## SPECIAL WARRANTY DEED

**THIS DEED**, Made this 8th day of March, 2016, between **WHEELER, LLC**, a Colorado limited liability company, having an address at 2401 15<sup>th</sup> Street, Suite 350, Denver, Colorado 80202, ("Grantor") and **WHEELER BLOCK INVESTMENTS, LLC**, a Colorado limited liability company, having an address at 789 Sherman Street, Suite 430, Denver, Colorado 80202 ("Grantee"):

**WITNESSETH**, That the Grantor, for and in consideration of the sum of **TEN DOLLARS**, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the Grantee, its successors and assigns forever, the real property, together with improvements, if any, situate, lying and being in the City and County of Denver, State of Colorado, described as follows:

**Parcel I:**

**Lots 1 to 5, inclusive, Block 8, Casement's Addition to Denver, City and County of Denver, State of Colorado.**

**Parcel II:**

**East ½ of Lots 13, 14 and 15 and the East ½ of the South ½ of Lot 12, Block 11, Union Addition to the City of Denver, City and County of Denver, State of Colorado.**

also known by street and number as 2150 W 29th Ave & 2900 Vallejo, Denver, CO 80211.

**TOGETHER** with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the Grantor, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances;

**TO HAVE AND TO HOLD** the said premises above bargained and described with the appurtenances and to the Grantee and its successors and assigns forever, the Grantor, does covenant and agree that it shall and will warrant and forever defend the above-bargained premises in the quiet and peaceful possession of the Grantee, its successors and assigns, against all and every person or persons claiming in whole or any part thereof, by, through or under the Grantor, except reservations, restrictions, and easements of record, and taxes for the current year and years thereafter.

**IN WITNESS WHEREOF**, the Grantor has executed this deed on the date first set forth above.

**WHEELER, LLC** a Colorado limited liability company

By   
Andrew Luter, Manager



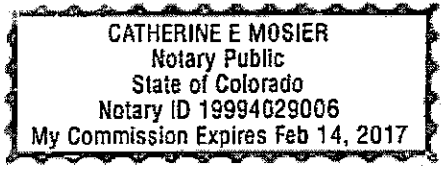
STATE OF COLORADO )  
 )ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 8th day of March, 2016, by Andrew Luter as Manager of **WHEELER, LLC**, a Colorado limited liability company

Witness my hand and official seal.

My commission expires: 2/14/17

*Catherine E Mosier*  
Notary Public



City and County of Denver  
 TREASURY DIVISION  
 PO BOX 17420  
 DENVER CO 80217-0420  
 TEL 720-913-9300 WWW.DENVERGOV.ORG/TREASURY  
 THIS STATEMENT IS FOR PROPERTY TAX ON THE PROPERTY SHOWN BELOW TO BE COLLECTED ON BEHALF OF THE DENVER PUBLIC SCHOOLS AND THE CITY AND COUNTY OF DENVER.

# PROPERTY TAX STATEMENT

IMPORTANT: SEE REVERSE SIDE

SITE ADDRESS <b>2900 N VALLEJO ST</b>		PARCEL ID: <b>02283-19-013-000</b>	
LEGAL DESCRIPTION or PERSONAL PROPERTY LOCATION <b>E1/2 OF L 13 TO 15 INC &amp; OF S1/2 OF L 12 BLK 11 UNION ADD</b>		CODE <b>2019004</b>	TYPE <b>DC</b>
		SEQUENCE NUMBER <b>23,308</b>	
		MORT CODE	LOAN NUMBER
<b>02283-19-013-000</b> <b>WHEELER BLOCK INVESTMENTS LLC</b> <b>789 SHERMAN ST STE 430</b> <b>DENVER CO 80202-5329</b>		NOTE <b>2018 REAL ESTATE TAX DUE IN 2019.</b> <b>FIGURES GOOD UNTIL: 02/28/2019</b>	
TAXING ENTITY	MILL LEVY (\$ PER THOUSAND OF ASSESSED VALUE)	TAX AMOUNT	
SCHOOL GENERAL FUND	38.676000	7,531.38	
SCHOOL BOND FUND	9.568000	1,863.18	
CAPITAL MAINTENANCE	2.525000	491.69	
SOCIAL SERVICES *	3.374000	657.02	
CITY BOND FUND *	8.433000	1,642.16	
POLICE PENSION *	1.411000	274.76	
FIRE PENSION *	1.183000	230.37	
URBAN DRAINAGE/FLOOD CONTROL *	0.820000	159.68	
AFFORDABLE HOUSING *	0.444000	86.46	
DEVELOPMENTALLY DISABLED	1.009000	196.48	
GENERAL FUND, DENVER *	9.922000	1,932.11	
TOTAL LEVY	77.365000		
* NOTE: INCLUDES TEMPORARY MILL LEVY RATE REDUCTION.		NOTE: 62% OF THESE TAXES ARE DETERMINED BY AND COLLECTED FOR THE DENVER PUBLIC SCHOOLS.	
Your School District No. 1 General Fund Mill Levy would have been		46.336 mills without State aid.	
ACTUAL VALUATION		671,500	
ASSESSED VALUATION		194,730	
EXEMPTIONS		0	
NET VALUATION		194,730	
DUE FEB 28 FIRST HALF TAX AND FEES		DUE JUNE 15 SECOND HALF TAX AND FEES	
Make Check Payable to: Manager of Finance		DUE APRIL 30 TOTAL TAX \$	
		15,065.29	
		\$ 7,532.65	
		\$ 7,532.64	

DETACH HERE AND RETURN BOTTOM PORTION WITH YOUR PAYMENT -- RETAIN TOP PORTION FOR YOUR RECORDS

# PROPERTY TAX STATEMENT

2018 REAL ESTATE TAX DUE IN 2019.

RETURN TO:  
 TREASURY DIVISION  
 PO BOX 17420  
 DENVER CO 80217-0420

Make payment for only one of the exact amounts. No partial payments may be made.  
 Please include PARCEL ID Number on face of check and/or any correspondence.

2

Check here if receipt other than the cancelled check is desired.

PAYABLE ONLINE AT: WWW.DENVERGOV.ORG/TREASURY BY CHECK TO: MANAGER OF FINANCE	PARCEL ID <b>02283-19-013-000</b>	ALT KEY <b>0855723</b>
	If paid after due date contact us for correct amounts due	Due June 15 SECOND HALF TAX AND FEES \$ <b>7,532.64</b>

WHEELER BLOCK INVESTMENTS LLC

RE 2018 DC 00 0855723 00 0000000000 00000000 02 0000753264 20190624 6

DETACH HERE AND RETURN BOTTOM PORTION WITH YOUR PAYMENT -- RETAIN TOP PORTION FOR YOUR RECORDS

# PROPERTY TAX STATEMENT

2018 REAL ESTATE TAX DUE IN 2019.  
 FIGURES GOOD UNTIL: 02/28/2019

RETURN TO:  
 TREASURY DIVISION  
 PO BOX 17420  
 DENVER CO 80217-0420

Make payment for only one of the exact amounts. No partial payments may be made.  
 Please include PARCEL ID Number on the face of check and/or any correspondence.

1

Check here if receipt other than the cancelled check is desired.

PAYABLE ONLINE AT: WWW.DENVERGOV.ORG/TREASURY BY CHECK TO: MANAGER OF FINANCE	PARCEL ID <b>02283-19-013-000</b>	ALT KEY <b>0855723</b>
	DUE APRIL 30 TOTAL TAX \$	If paid after due date contact us for correct amount due

WHEELER BLOCK INVESTMENTS LLC

109726 11/29/16

RE 2018 DC 00 0855723 03 0001506529 20190507 01 0000753265 20190307 4

# OPERATING AGREEMENT

OF

## WHEELER BLOCK INVESTMENTS, LLC

THIS AGREEMENT is made and entered into effective as of March 3, 2016 by and among the persons or entities listed on Exhibit A, hereinafter referred to jointly as “the Members.”

### ARTICLE I

#### Organization

**1.1 Introduction.** The Members, having mutual confidence in each other, formed a limited liability company on November 24, 2015, pursuant to the provisions of the Limited Liability Company Act of the State of Colorado with the Members participating in the management of the Limited Liability Company and in the profits and losses thereof according to the terms, covenants, and conditions hereinafter set forth.

**1.2 Name.** The name of the Limited Liability Company shall be Wheeler Block Investments, LLC.

**1.3 Address.** The principal place of business of the Limited Liability Company shall be at 789 N. Sherman Street, Suite 430, Denver, Colorado 80203.

**1.4 Commencement and Duration.** The Limited Liability Company began its existence effective January 26, 2016. The duration of the Limited Liability Company shall be until all Limited Liability Company assets are disposed of and all Limited Liability Company obligations discharged or provided for, or until the Limited Liability Company is terminated by operation of law or as otherwise herein provided.

### ARTICLE II

#### Objectives and Purposes

**2.1 Objectives and Purposes.** The Limited Liability Company is formed for and shall have the power to accomplish the following objectives and purposes:

A. To invest in real estate located at 2150 West 29<sup>th</sup> Avenue and 2900 Valejo Street, Denver, Colorado (the “Real Property”).

B. To carry on any other lawful business which may be deemed related to or tributary to the business of the Limited Liability Company.

C. To do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objectives or the furtherance of any of the

powers hereinbefore set forth, either alone or in association with other limited liability companies, firms, or individuals, and to do every act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid objectives or purposes or any part or parts thereof, provided the same is not inconsistent with the laws under which this Limited Liability Company is organized.

## **ARTICLE III**

### **Capital Contributions of the Members**

**3.1 Limited Liability Company Capital.** The capital of the membership of each Member shall be the amount and the agreed percentage of ownership as provided on Exhibit A, attached hereto.

**3.2 Nature of Limited Liability Company Liability.** Each of the Members agrees to be responsible for its timely *pro rata* share, as determined by its Member interest of all capital requirements and expenses of the Limited Liability Company. At periodic intervals the Manager, as hereinafter described, may provide written reminders to all Members of the due dates of expenses, debt, option amounts, etc. Each Member shall have thirty (30) days from the date of receipt of said notice in which to pay its *pro rata* share as therein described. Any additional capital required by the Limited Liability Company from time to time and at any time in excess of the aforesaid initial capital contribution, including, without limitation, any option to purchase the Property, the ownership of the Property, the management, operation and development of the Property, shall be contributed by the Members, *pro rata*, as either additional capital contributions or as advances constituting loans to the Limited Liability Company from the Members, as the Members shall periodically determine. Failure to timely pay any such assessment within thirty (30) days after written notice is given to said Member, shall constitute a default by the Member and cause the provisions applicable thereto as are hereinafter set forth to become operative.

**3.3 Future Contributions (Ordinary).**

(a) Each Member agrees to pay to the Manager no later than thirty (30) days after request for the same, all additional sums which are necessary for the Limited Liability Company to meet its obligations.

(b) Additional capital may be required during the term of the Limited Liability Company in order to defray ownership and developmental expenses; to purchase personal property; to exercise options to purchase; to pay installments of principal and interest on any purchase money mortgages; to pay real estate taxes and insurance; to prepare necessary reports and returns; and to pay legal, engineering and accounting fees necessarily incurred in the conduct of business by the Limited Liability Company; to pay the cost of operation, management and development of the property; to rent the Limited Liability Company Property; to purchase or lease furniture, furnishings, fixtures and/or equipment; and/or to do all other acts necessary or desired by the Members in order to fully and timely pursue the Limited Liability Company's purposes. Such assessments shall be due and payable within thirty (30) days after receipt of written



notice from the Manager. Failure by any Member to pay any assessment of additional capital shall constitute a default by said Member and cause the provisions of this Article III relating to default to become effective.

(c) The decision as to whether or not an additional capital contribution must be made shall be determined by the Manager, and in the event of such determination, it shall be binding upon all Members. Notwithstanding the foregoing or any other provision of this Agreement, additional capital contributions in the aggregate amount of more than fifteen percent (15%) of a Member's initial capital contribution in any calendar year shall require an affirmative vote of 51% of the Member's interest of the Members.

**3.4 Monetary Default.** In the event a Member defaults in any obligation to provide additional funds (either by way of loan or capital contribution depending upon the decision of the Members), as provided for in Section 3.3 above, after receipt of notice and within the time periods set forth herein, the Manager shall, as quickly as reasonably practicable, but not in excess of thirty (30) days, send by mail or cause to hand delivered to the non-defaulting Members a "Notice of Default," which shall state the name of the defaulting Member, the delinquent amount and the time limitations provided in this Agreement for curing the same. Each of the non-defaulting Members shall have the prior and first option, but not the obligation, within fifteen (15) days after receipt of written notice of said Notice of Default, in which to make its proportionate contribution of the additional funds in order to cure the deficit caused by the default of the defaulting Member. If less than all of the non-defaulting Members make their *pro rata* additional contribution within said time, then those who have made said contribution may proportionately contribute such additional sums as are required to cure the deficiency occasioned by the default of said defaulting Member or may contribute in any other manner which is mutually agreeable to all of the Members then participating in the cure of the deficiency. In the event of any such default by a Member, the contributing Members who cure the default of the defaulting Member may elect to treat such additional advance in accordance with the following alternatives:

(a) Loan. It may be considered as a loan to the defaulting Member which such defaulting Member hereby agrees to repay to the Contributing Members within one (1) month thereafter, on demand, with interest thereon from the date of the advance at the rate of prime as listed in the Wall Street Journal plus four percent (4%) per annum, which obligation shall be secured by a security interest upon the defaulting Member's interest in the Limited Liability Company (including its capital account and all other incidents of ownership), in order to secure the timely and full payment of said obligation (which charge and security interest may be foreclosed in accordance with applicable law of the state of Colorado); the curing Member(s) may collect from the defaulting Member all costs and attorneys' fees that are incurred in the attempted collection of the debt, or the supervision of the implementation of the foregoing procedure; or

(b) Loan-Purchase. Upon the vote of all of the non-defaulting Members, the non-defaulting Members can create a loan to the defaulting Member for a period not to exceed sixty (60) days, with the payment of eight percent (8%) interest per annum. If the defaulting Member defaults on said loan obligation, then the non-defaulting Members may purchase the defaulting Member's interest in the Limited Liability Company for the

same price as determined under alternative (c) below. The Members shall have the right, but not the obligation, to enter into such purchase on the default of the sixty-day loan.

(c) Purchase. All of the non-defaulting Members shall have the right, but not the obligation, to cause the Limited Liability Company to purchase the defaulting Member's ownership interest in this Limited Liability Company for a price determined as follows: seventy-five percent (75%) of the original and subsequent capital contributions of the defaulting Member less any distributions received by it from the Limited Liability Company or as a result of ownership of its Limited Liability Company ownership interest (i.e., sale by Member under circumstances other than those herein described, whereby it recovered all or a part of its prior capital contributions). It is intended that this payout provision will be treated under Section 736(a)(2) of the Internal Revenue Code of 1986, as amended, and that there is not stated value for goodwill paid to the defaulting Member. Payment thereof shall be made in accordance with the following:

1. Credit thereon shall be made for the additional moneys required to have been paid by those Members who participated in the curing of the defaulting Member's default, as well as all expenses for accounting, tax and legal services and miscellaneous costs which may have been incurred by the Limited Liability Company and the participating non-defaulting Members; and

2. The balance of the purchase price shall be paid pursuant to the terms set forth in a non-negotiable, non-interest bearing promissory note payable over seven (7) years after the date of default by the defaulting Member. The note shall be payable in equal annual installments commencing one (1) year from the effective date. The note shall provide for prepayment at any time and in any amounts without penalty or additional charges; and recite and be secured by a security interest on the defaulting Member's ownership interest so acquired by the participating non-defaulting Members; or

(d) Adjustment of Ownership Interest. All of the non-defaulting Members who have advanced funds to cure the default of the defaulting Member may consider the same as an additional capital contribution and in such case the percentage of ownership interest shall be adjusted so that the Member's respective percentages of ownership interest shall equal the percent of ownership per Exhibit A and additional capital contribution of the Members contributed by each of them and the defaulting Member's ownership interest shall be decreased accordingly. The Manager shall cause the computation of ownership interest to be made and cause an adjustment of this Agreement to be made accordingly. Such adjustments shall be effective as of the date of the advancement and notification to the Manager of the non-defaulting Member's interest.

(e) Failure to Pursue Alternative Remedies. In the event that none of the alternatives of the non-defaulting Members described above are timely pursued and completed, this Limited Liability Company shall be dissolved and terminated in accordance with other provisions of this Agreement.

**3.5 Conditions Precedent to Curing Default.** In order to be eligible for the foregoing alternatives, the curing Members (being those who cure the defaulting Member's default) must timely cure the default, and must also be current in their obligations to the Limited Liability Company. Moreover, the curing Members must make their elections as to the remedies set forth in Article III, Section 3, 4(a), (b), (c), or (d) within sixty (60) days after the moneys are due from the defaulting Member.

**3.6 Rights of Defaulting Member.** Whenever a Member has committed a default as described in this Agreement under Section 3.4, and has not repaid any amounts owing, such Member shall have no vote in the decisions of the Limited Liability Company and shall be bound by all decisions of the then majority ownership interests of those Members who are not then in a default status. Furthermore, such Member shall not be entitled to any distribution of capital, profit, cash flow, or otherwise until it has cured its default by repayment of the loan, if the option is utilized, except as otherwise provided in Section 3.3. Any distributions to which such Member would have been entitled, but for the default status, shall be waived and proportionately divided among the curing Members who made the loan to the defaulting Member. In the event of a loan, and only for as long as the loan is not past due, distributions so received by the curing Members shall be first credited to accrued interest and then to principal of the defaulting Member's debt to them.

**3.7 Non-Monetary Defaults.** Although Section 3.4 (Monetary Default) contemplates a monetary default, if a Member violates the provisions of this Agreement, such act or acts shall be void from the date of such default and beginning with such date of default, such Member shall not be entitled to either vote or receive distributions as described in Section 3.6. This shall also apply to those defaults described in Article VIII, which supplements Section 3.4 (Monetary Default). The right to vote and receive distributions shall be reinstated as of the date any default is cured by such defaulting Member.

**3.8 Loan Offered *Pro Rata*.** Regarding the rights to advance moneys by way of loans or to purchase or to adjust ownership interest as is described above in Section 3.4(a), (b), (c) or (d), the same shall be construed to have been made on a *pro rata* basis of all of the curing Members who agree to satisfy the defaulting Member's default. The curing Members do not, however, have to agree to buy a *pro rata* share, but may agree to buy a lesser or greater amount in the event others choose to buy a lesser or greater than *pro rata* share. In any event, if a defaulting Member's interest is to be purchased, the entire interest in the Limited Liability Company shall be purchased.

**3.9 Limitation; Alternative Remedy.** Similarly, the curing Members must by an affirmative vote of 51% of the ownership interests of the curing Members, uniformly agree on a Remedy. There may not be a combination of 3.4(a), (b), (c) or (d), regarding the same defaulting Member and the same default. Nothing herein shall limit curing Members from pursuing either 3.4(a), (b), (c) or (d) in regard to a particular default of one Member and 3.4(a), (b), (c) or (d), as to another default of the same or another Member. If a dispute arises as to the appropriate exercise of the foregoing rights, the Manager will make a decision; if said decision is not accepted within ten (10) days after submission to the other Members, the Members shall pursue the procedures described in Article XVII hereof.

**3.10 Implementation; Manager.** As the foregoing procedures are pursued and consummated, the Manager shall supervise the same and shall have the authority, pursuant to a special Power of Attorney which each Member shall execute, or by virtue of this Agreement, in the event a Member or Members shall fail to exercise such (which shall constitute a Special Power of Attorney (“coupled with an interest”), to collect and disburse the moneys and execute documents in order to effectuate and confirm transfers and conveyances of the Limited Liability Company interest and Property. If for any reason the Manager deems it wise to obtain judicial approval or review of his acts, the costs thereof, including his attorney’s fees, shall be assessed to the defaulting Member, shall bear interest as does the principal advance (*infra* 3.4(a)), and shall be considered as having been incurred by the curing partners and shall be part of the debt owed by the defaulting Member to the curing Members.

**3.11 Interest.** Except as expressly herein provided, no interest shall accrue or be paid on the capital account of any Member but nothing herein shall prevent or prohibit the accrual and payment of interest by or among Members or the Limited Liability Company and third parties for loans.

**3.12 Proportionate Hold-Harmless.** It is recognized by the Limited Liability Company that in order to obtain the necessary loans needed to carry on the purposes of the Limited Liability Company, it may be necessary for the Members and/or Manager to execute loan agreements and guarantees which call for individual, joint and/or several liability. The Members hereby agree to execute such loan agreements upon request by the Manager. Notwithstanding such individual liability to third parties, as among the Members, it is specifically understood and agreed that no Member or Members shall be forced to suffer any greater liquidated loss than is equal to their proportional percentage of any loss or loan guarantee. In the event that a Member does not bear his proportionate share of the loss or loan guarantee, the same shall be considered a default under the provisions of this Article III.

## ARTICLE IV

### Profits and Losses

**4.1 Determination.** The net profits and losses of the Limited Liability Company shall be determined in accordance with approved and accepted accounting practices adapted to the type of business involved, as soon as practicable after the close of each fiscal year. For purposes of this Agreement and for the operation of the Limited Liability Company, the Limited Liability Company’s fiscal year shall be the calendar year.

#### **4.2 Allocation of Net Profits and Net Losses.**

(a) Net Profits. After giving effect to the allocations set forth in Exhibit C, Net Profit (as defined below) shall be allocated to the Members as follows:

(i) First, to the Members in proportion to and to the extent of, the excess of any of (a) the cumulative Net Losses (as defined below) allocated to such Members pursuant to Section 4.2(b) below for all prior taxable years over (b)



the cumulative Net Profits allocated to such Members pursuant to this Section 4.2(a) for all prior taxable years.

(ii) Second, to the Members in proportion to and in an amount equal to the aggregate distribution made to the Members pursuant to Section 4.5(a) hereof, taking into account prior allocations of Net Profit pursuant to this Section 4.2(a)(ii).

(iii) Third, to the Members in proportion to and in an amount equal to the aggregate distributions made to the Members pursuant to Section 4.5(b) hereof, taking into account prior allocations of Net Profits pursuant to this Section 4.2(a)(iii).

(iv) Fourth, to the Members in proportion to and in an amount equal to the aggregate distributions made to the Members pursuant to Section 4.5(c) hereof, taking into account prior allocations of Net Profits pursuant to this 4.2(a)(iv).

(v) Finally, to the extent of any Net Profits in excess of the amounts distributed to the Members pursuant to Sections 4.5(a) through 4.5(c) below, to the Members proportionate to the distributions the Members would have received under Section 4.5 below, if the Net Cash Flow (as defined below) were sufficient to make distributions equal to the Net Profits being allocated.

(b) Net Losses. After giving effect to the allocations set forth in Exhibit C, Net Losses for any taxable year shall be allocated to the Members in proportion to their positive capital account balances, or if no such Members exist, then to the Members in proportion to their respective percentages of ownership interest.

(c) Definitions. For purposes of this Section 4.2, "Net Profit" and "Net Loss" each means, for each fiscal year of the Company or other period, the Company's profit or loss for federal income tax purposes, adjusted as follows: (i) any tax exempt income described in Section 705(a)(1)(B) of the Code shall be added to such taxable profit or loss; and (ii) any nondeductible expenses described in Section 705(a)(2)(B) of the Code shall be subtracted from such taxable profit or loss. Notwithstanding the foregoing, any items of income, gain, expense or loss specially allocated pursuant to Exhibit C shall be disregarded and not taken into account in determining Net Profit or Net Loss.

It is the intention of the Members to comply with the provisions of Internal Revenue Code §704(b) and the Regulations promulgated pursuant to such section. In the event discrepancies or inconsistencies occur between the intent of the parties and the provisions of Internal Revenue Code Section 704(b) and Regulations, the Managers shall make such adjustments in respect of this Section 4.2 as necessary to bring the allocations into compliance with the applicable provisions of Internal Revenue Code 704(b) and the Regulations.

### **4.3 Intentionally Omitted.**

**4.4 Member's Ownership Interest.** The ownership interest of each Member is as set forth on Exhibit A attached except as it may be modified from time to time by reason of the sale of interests, additional investment, or implementation of one or more of the default provisions set forth in Section 3.4.

**4.5 Distribution of Net Cash Flow.** Except upon dissolution and liquidation as set forth in Section 11.2, at such times as the Manager shall determine in its sole and absolute discretion, Net Cash Flow (as defined below) shall be distributed by the Manager in the following manner and order of priority:

(a) First, to the Members in proportion to the accrued amount in their respective Preferred Return Accounts (as defined below) until each Member has received an amount which, when aggregated with all previous distributions pursuant this Section 4.5(a), equals the accrued amount in such Member's Preferred Return Account on the date of distribution;

(b) Second, to the Members in proportion to their Net Invested Capital until each Member has received an amount which, when aggregated with all previous distributions pursuant to this Section 4.5(b), results in the Net Invested Capital of each Member being reduced to zero;

(c) Third, eighty percent (80%) to the Members pro rata in accordance with their respective percentages of ownership interest, and twenty percent (20%) to the Manager.

To the extent distributions to the Members during any calendar year do not equal the amounts accrued in the Member's Preferred Return Account during such calendar year (the "Accrued and Unpaid Preferred Return"), the Accrued and Unpaid Preferred Return will be compounded by adding such amount to the Net Invested Capital of such Member annually as set forth herein.

**4.6 Definitions.** For purposes of this Agreement, the following terms shall have the meaning given to them below unless the context otherwise requires:

(a) "Net Cash Flow" shall mean the net income of the Limited Liability Company, plus non-cash expenses such as depreciation or amortization, less principal payments on any indebtedness secured by a lien on the Limited Liability Company Property, and less such reserves as shall be determined necessary by the Manager for operating expenses, taxes, maintenance, insurance, debt service, option considerations, repairs and other items. In addition, Net Cash Flow shall also include any net proceeds received from financing, refinancing, condemnation and sale of Limited Liability Company assets.

(b) "Net Invested Capital" means, with respect to each Member, the excess (if any) of the cumulative capital contributions made by the Member plus the Accrued and Unpaid Preferred Return from all prior calendar years, over the cumulative distributions to the Member pursuant to Section 4.5(b).

(c) “Preferred Return Account” means, with respect to each Member, a memorandum account the balance of which shall initially be \$0.00, but shall thereafter be credited with ten percent (10%) per annum interest calculated on the positive outstanding daily balance of the Member’s Net Invested Capital from and after the date on which the Member made its capital contribution to the Company.

**4.7 §704(c)(2) Election.** The Limited Liability Company hereby elects that the method of the allocation of depreciation and gain or loss with respect to contributed property as set forth in §704(c) (2) of the Internal Revenue Code of 1986, as amended, is hereby made and adopted by the Limited Liability Company and all the Members hereof. This method of allocation is elected by the Limited Liability Company in order to take account of the variation between the basis of Property contributed to the Limited Liability Company and its fair market value at the time of the contributions. The allocation shall be computed by the accountants who are currently providing services for the Limited Liability Company.

#### **4.8 Accounting Records.**

(a) The Limited Liability Company accounting records shall be maintained at the office of the Manager of the Limited Liability Company and each Member shall at all times have access thereto. The Limited Liability Company shall keep its accounting records and shall report its income for tax purposes on the cash method based upon accepted tax accounting rules and regulations.

(b) An annual accounting shall be made to each Member, either in writing or by way of a meeting to which all of the Members shall be invited, no later than the fifteenth (15<sup>th</sup>) day of March following each fiscal year.

(c) The Manager, as hereinafter described, shall cause to be prepared all income tax returns and reports required to be filed with the Internal Revenue Service and with the Department of Revenue of the state of Colorado; and the Manager shall furnish copies of said return or report as well as any Schedules or Exhibits specifically relating to the Members hereto to the Members no later than the fifteenth day of March following the fiscal year for which the return or report is prepared.

### **ARTICLE V**

#### **Management/Decisions**

**5.1 Vote.** All non-day-to-day business decisions, including, but not limited to, financing, option exercise, development, refinancing, leasing, purchasing the Limited Liability Company Property, or the exercise or pursuit of any other authorized Limited Liability Company endeavor, but except as expressly provided elsewhere in this Agreement, shall be upon the affirmative vote of fifty-one percent (51%) of the ownership interest of the Members. The Manager shall poll all Members to determine their vote. For convenience of the Members, any one of them may vote in regard to Limited Liability Company business by mail, email, telephone, or appoint a party to act upon its behalf, as evidenced by a written proxy or Special Power of Attorney.

## 5.2 Manager.

(a) Appointment. The Members appoint CPP II Wheeler, LLC as the Manager in accordance with the provisions of this Agreement. The Manager shall have full power and authority to act on behalf of the Limited Liability Company.

(b) Indemnification of Manager. No Member shall have any claim against a Manager by reason of any act or omission of such Manager except in the case of an act or omission of the Manager that constitutes a breach of the Manager's fiduciary duty or a breach of the terms of this Agreement.

(c) Election of Manager, and Number of Managers. If it becomes necessary to elect a Manager of the Company, it shall require the affirmative vote of fifty-one percent (51%) of the ownership interests of the Members to elect a new Manager. The number of Managers of the Company can be changed by the affirmative vote of fifty-one percent (51%) of the ownership interests of the Members. There shall always be at least one Manager of the Company. The Manager need not be a Member of the Company.

(d) Purchase, Sale or Exchange by Manager. The Managers, jointly or individually, shall have the right to execute solely any documents pertaining to the purchase, sale or exchange of any Limited Liability Company Property and may execute among such documents deeds of conveyance, bills of sale, purchase money indebtedness, but only after proper authorization by the appropriate percentage of ownership interests. Further, all of the Members do hereby irrevocably appoint the Manager their Attorney-in-Fact to execute all such documents and do hereby grant to the Manager a Special Power of Attorney in accordance with the above, but only after proper authorization by the appropriate percentage of ownership interests.

(e) Tax Matters Partner. Tucker J. Manion shall be the Tax Matters Partner.

(f) Removal of Manager. A Manager can be removed from his position as Manager through the affirmative vote of fifty-one (51%) of the ownership interests of the Members who are not the subject of the removal vote. Such removal must be with cause.

(g) Duty of Manager. Each Manager shall owe a fiduciary duty to the Limited Liability Company and the Members in all of his actions as Manager. Notwithstanding the foregoing, the Manager, Members, and their respective affiliates shall have the right to contract with the Company for the sale of goods or services if compensation paid or promised for such goods or services is fair and reasonable to the Company (i.e., at fair market value).

**5.3 Management of Property.** The management of the property owned by the Company shall be pursuant to the Commercial Property Management Agreement dated February 23, 2016 ("Management Agreement") by and between the Company and Centre Point Properties, LLC. Such property management includes the leasing, day-to-day management, accounting, and operations of the property owned by the Company. A copy of the Management Agreement is



attached as Exhibit B. Centre Point Properties, LLC is owned by Tucker J. Manion and Alan Bruno.

**5.4 Reimbursement.** The Manager shall be entitled to reimbursement from the Company for all expenses of the Company reasonably incurred and actually paid by the Manager on behalf of the Company.

**5.5 Acquisition Fee.** In addition to the other fees payable to the Manager and its affiliates pursuant to this Agreement and such other agreements as may be entered into between the Company and the Manager and/or its affiliates, the Manager shall be entitled to receive an acquisition fee, payable at the closing of the purchase and sale of the Real Property, in an amount equal to one and one-quarter percent (1.25%) of the purchase price of the Real Property.

## **ARTICLE VI**

### **Encumbrances**

**6.1 Limited Liability Company Encumbrances.** The Members agree that the Limited Liability Company may incur indebtedness and pledge its assets, to the extent permitted by law and permitted hereunder.

**6.2 Encumbrances by a Member.** Except as provided herein, no Member hereunder shall have the right to pledge, mortgage, or assign for security purposes or hypothecate his or any portion of his interest at any time except with the consent of the other Members hereunder. Such violation shall afford the other Members the right and option to void and pledge, mortgage, assignment or hypothecation within ninety (90) days after each of them received actual written notice of such event. The right to invalidate said transaction shall be exercised by serving written notice upon the creditor or other third party, and upon the Member who violated this provision, and the invalidation shall be effective ten (10) days thereafter. If a Member violates this provision, the member agrees to hold harmless and indemnify the other Members and the Limited Liability Company from all costs and expenses, including attorneys' fees, in regard thereto or as the result of the taking of action pursuant to this Section. Moreover, the Members shall not be entitled to vote or receive distributions or any other benefits as such acts shall constitute a default in its obligations hereunder and shall be governed by Section 3.6 and 3.7.

**6.3 Debt Among Members.** Notwithstanding the prohibitions of Section 6.2 and 7.1 hereof and as an exception thereof, Members may make loans to each other and secure said debt by the ownership interest herein of the borrowing Member.

## ARTICLE VII

### Restrictions on Transfer

**7.1 Transfers for Estate Planning.** A Member may transfer such membership interest to a trust established by the Member, to his or her spouse, to his or her children, or for other estate planning purposes without first obtaining the consent of the other Members. Other transfers shall require the consent of at least 51% of the ownership interests of the Members.

**7.2 Disposition.** Subject to this Article VII, no Member may sell, exchange, encumber, hypothecate, assign, or otherwise dispose of (except as expressly permitted in this Agreement) any portion of its ownership interest in this Limited Liability Company or his right to receive his *pro rata* share of Net Cash Flow of the Limited Liability Company.

### 7.3 Offers Between the Members.

(a) In the event any Member desires to dispose of his or her interest, the Member shall address a written offer of sale to the other Members for the option to purchase such ownership interest. The written offer shall contain the amount for which the offering Member would sell his or her Limited Liability Company interest. Any such offer of sale shall remain open for a period of 30 days after it was received by the other Members (Offeree-Member).

(b) During the thirty (30) day period, the “Offeree-Members” shall have the option to accept the terms and conditions specified in the written offer and pay the amount to the Offeror-Member for his or her Limited Liability Company interest, within thirty (30) days after acceptance or refuse acceptance thereof.

**7.4 Option on the Part of Limited Liability Company.** Upon the vote of all of the ownership interests in the Limited Liability Company other than the offering Member, selling Member, or withdrawing Member, the Limited Liability Company, may elect to acquire the interest of an offeror Member, selling Member, or withdrawing Member, as the case may be, and to liquidate such offeror Member, selling Member as withdrawing Member’s interest in the Limited Liability Company for the amount determined under Section 7.2 of this Agreement. In such case, it is hereby stipulated and agreed by all the parties hereto that no amount shall be paid for the goodwill of the Limited Liability Company. In the event that the Limited Liability Company chooses to liquidate the retiring Member’s interest, under this Section 7.3, then, said payments shall be deemed to be made under Section 736(a) of the Internal Revenue Code of 1986, as amended, and appropriate adjustment shall be made to the amount of payment to equalize the economic interests of the parties.

### 7.5 Death or Dissolution of a Member.

(a) Upon the death or dissolution of a Member, the Limited Liability Company is hereby granted the option to purchase all of the Limited Liability Company interest held by the deceased or dissolved Member’s successor in interest.

(b) In the event of the exercise to purchase such interest, the Limited Liability Company shall assume any liabilities attributable to the deceased or dissolved Member's Limited Liability Company interest. The amount of such liabilities shall be deducted from the fair market value of a deceased Member's interest. For the purposes of this subparagraph 7.5, the fair market value of a deceased or dissolved Member's membership interest in the Limited Liability Company means fair market value of the Limited Liability Company as of the date of death of the deceased Member, determined by an appraisal as set forth in paragraph XVI(c) below, multiplied by that deceased or dissolved Member's ownership percentage in the Limited Liability Company as of the date of that Member's death or dissolution. The deceased Member's estate or the dissolved Member shall pay for that appraisal. If the net amount due for the deceased or dissolved Member's interest is less than \$50,000, then the amount due plus interest at the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution per year from the date of death or dissolution of that Member shall be paid within nine (9) months of death or dissolution. If the amount due for a deceased or dissolved Member's interest is \$50,000 or greater, then the Limited Liability Company shall have the option of paying the total amount due plus interest at the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution per year from the date of death or dissolution of that Member within nine (9) months of death or dissolution or paying the amount owed as follows: \$40,000 within nine (9) months of death or dissolution and the remaining amount owed in equal semi-annual installments payable over five (5) years with the unpaid balance bearing interest at the rate of the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution. The note shall provide for prepayment in whole or in part at any time after the year of the purchase without penalty and shall be secured by the interest of the deceased or dissolved Member so purchased.

(c) The purchase price as contemplated under this Section of this Agreement shall not include any amount for the goodwill of the Limited Liability Company.

## **ARTICLE VIII**

### **Default**

#### **8.1 Events of Default.**

(a) Failure of a Member to make when due and after the required notice, any contribution or advance to be required hereunder as determined by the Members and third party contractual commitments which now exist and which shall hereafter be incurred.

(b) The making of an assignment for the benefit of creditors or the voluntary filing of a petition under an section or chapter of the Federal Bankruptcy Act as amended, or under any similar law or statute of the United States or any state thereof by a Member.

(c) Adjudication of a Member as bankrupt or insolvent in proceedings filed against the Member under any section or chapter of the Federal Bankruptcy Act as amended, or under any similar law or statute of the United States or any state thereof.

(d) The appointment of a receiver for all or substantially all of the assets of a Member, provided that if such appointment occurs in involuntary proceedings, the Member shall have a period of sixty (60) days in which to set aside such appointment.

(e) Violation of any other covenant herein provided in this Agreement, which is not remedied within fifteen (15) days after notice to the defaulting Member.

## **8.2 Remedies.**

(a) Upon the happening of a default described in Section 8.1(a) and any other non-monetary default, and in addition to other specifically provided remedies, the non-defaulting Members shall be authorized and entitled to proceed under and pursuant to Section 3.4(a) hereof.

(b) Nothing herein provided shall restrict or deny any Members' rights and remedies available to them at law or equity except to the extent expressly limited, abrogated or denied in this Agreement.

## ARTICLE IX

### Special Power of Attorney

**9.1 Powers of Attorney.** Each Member hereby appoints the Manager as Special Attorney-In-Fact to do all acts incident to ownership, development, purchase, sale and exchange of the Limited Liability Company Property and supervise and execute decisions of the Members. These special powers are coupled with an interest.

**9.2 Third Party Authority.** No third party shall be required to inquire into the authority of the Manager except to confirm who it may be at any particular time.

## ARTICLE X

### Waiver of Partition

All Members specifically waive any direct or indirect right to cause the Limited Liability Company Property to be partitioned.

## ARTICLE XI

### Termination and Dissolution

**11.1 Grounds for Dissolution.** The Limited Liability Company shall be dissolved upon the occurrence of any one of the following events:

- (a) decree of a court having competent jurisdiction;
- (b) operation of law;
- (c) complete liquidation of all Limited Liability Company assets; or
- (d) any other grounds or reason provided by law.

It is expressly understood that while the foregoing subparagraphs describe events causing dissolution of the Limited Liability Company, the same shall in no way prevent any of the Members not directly responsible for the occurrence of such event from forming a new Limited Liability Company entity in order to benefit by the continuation of the terms and conditions set forth within this Agreement.

**11.2 Liquidation Procedure.** The procedure to be followed after the occurrence of one of the events causing dissolution, and the failure of all of the remaining Members to express their desire to continue the Limited Liability Company business, shall be as follows:

- (a) marshaling of all Limited Liability Company assets;



(b) payment of all outstanding third party debts, expenses and liabilities and the establishment of such reserves as may reasonably be determined by the Manager to be necessary to provide for contingent liabilities of the Company;

(c) payment to Members of all debts other than capital and profits; and

(d) distribution of the remaining assets of the Limited Liability Company, first, in accordance with the relative positive capital account balances of the Members, and, then, the balance pursuant to the applicable provisions of Section 4.5 hereof. Such distribution may be made either in cash or in kind, as shall be determined by the Manager.

Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of § 1.704-1(b)(2) of the Regulations, if any Member has a capital account deficit (after giving effect to all contributions, distributions, allocations, and other capital account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any capital contribution and the negative balance of such Member's deficit capital account shall not be considered a debt owed by such Member to the Limited Liability Company or to any other person for any purpose whatsoever.

**11.3 Inadequate Assets.** Should the assets of the Limited Liability Company be insufficient to satisfy its debts, expenses and liabilities (other than return of capital and profit); then each Member shall forthwith tender to the Limited Liability Company such Member's proportion of any such deficiency in accordance with its ownership interest. The tender must be made within 30 days after written notification of the existence of such deficiency.

## **ARTICLE XII**

### **Additional Documents**

Each Member agrees to execute with acknowledgment, if required, any and all documents and writings which may be necessary or expedient in the creation or confirmation of this Limited Liability Company and the achievement of its purposes; however, such documents shall neither create greater obligation of the Members nor change their ownership interests unless such is in accordance with the express terms of this Agreement or the operation of its provisions.

## **ARTICLE XIII**

### **Amendments**

This Agreement is subject to amendment only by the written consent of all the Members and such amendment shall be effective as of the date the amendment is executed by the aforesaid Members or such other date as all the Members shall choose. Such amendment shall be binding upon and inure to the benefit of all Members.

## ARTICLE XIV

### Limited Liability Company Elections

**14.1 Subchapter K.** The Members have agreed in advance that they shall not elect to be excluded from Subchapter K of the Internal Revenue Code of 1986, as amended, as provided in Section 761(a) of the Internal Revenue Code. The Manager shall cause a complete annual tax return for both state and federal purposes to be prepared at the expense of the Limited Liability Company.

**14.2 Election and Other Limited Liability Company Elections.** The Manager shall make any and all elections required of or for the benefit of the Limited Liability Company. Said elections shall include elections under Section 754 of the Internal Revenue Code and shall be made in the Manager's sole discretion. The Members acknowledge that an election under Section 704(c)(2) of the Internal Revenue Code is being made by this Agreement.

## ARTICLE XV

### Dispute Resolution

In the event any controversy arises out of events transpiring prior to or provisions relating to or included within this Agreement, or any other matters involving the Limited Liability Company, the Limited Liability Company's Manager and/or Members, such dispute shall be resolved in a lawsuit filed in a state court of competent jurisdiction in the City and County of Denver, Colorado. The prevailing party in any such lawsuit shall be entitled to an award of attorneys' fees and all costs to be paid by the losing party.

## ARTICLE XVI

### General Provisions

**(a) Notices.** Except as provided in 5.1, all notices, consents, waivers, directions, requests, votes or other instruments or communication provided for under this Agreement shall be in writing, signed by the party giving the same, and shall be deemed properly given when actually received or when mailed, postage prepaid, certified, return receipt requested via email, addressed to the Members hereto. Each Member, by written notice to all other Members, may specify any other address for the receipt of such instruments or communications.

**(b) Devotion of Time to Limited Liability Company by Members.** The Members acknowledge that each of them has other business interests and shall not be required to devote any predetermined amount of time to or for the benefit of the Limited Liability Company. The Manager shall devote such time and effort as the Manager deems reasonably necessary to expeditiously and efficiently perform this function.

(c) **Appraisal.** If an appraisal is to be made by an appraiser, whenever an appraisal is to be made, it shall be by an independent real estate appraiser with an M.A.I. designation for commercial real estate.

(d) **Integration.** This Agreement embodies the entire agreement and understanding among the Members and supersedes all prior agreements and understandings, if any, among and between the Members relating to the subject matter hereof.

(e) **Applicable Law.** This Agreement and the rights of the Members shall be governed by and construed and enforced in accordance with the laws of the State of Colorado.

(f) **Counterparts.** This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one Agreement binding on all parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart except that no counterpart shall be authentic unless signed by the Manager.

(g) **Severability.** In case any one or more of the provisions contained in this Agreement or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

(h) **Inurement.** Except as herein otherwise provide to the contrary, this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, personal representatives, successors and assigns.

(i) **Headnotes.** Headnotes are used merely for reference purposes and do not affect context in any manner.

(j) **Gender.** Wherever applicable, the pronouns designating the masculine or neuter shall equally apply to the feminine, neuter and masculine genders and wherever applicable, the singular shall include the plural.

(k) **Legal Representation.** Each Member and Manger had the opportunity to obtain legal, accounting, tax, and such other advice from professionals of that Member's own choosing in regards to all matters pertaining to the Limited Liability Company and this Agreement.

## ARTICLE XVII

### Investment Representations; Private Offering Exemption

Each Member, by his or its execution of this Agreement, hereby represents and warrants to, and agrees with, the Manager, the other Members and the Company as follows:

**(a) Pre-Existing Relationship or Experience.**

1. Such Member has a pre-existing personal or business relationship with the Company or control persons;

2. By reason of his or its business or financial experience of his or its financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, such Member is capable of evaluating the risks and merits of an investment in the Company and of protecting his or its own interests in connection with this investment.

**(b) No Advertising.** Such Member has not seen, received, been presented with or been solicited by any leaflet, public promotional meeting, newspaper or magazine article or advertisement, radio or television advertisement, or any other form of advertisement, radio or television advertisement, or any other form of advertising or general solicitation with respect to the offer or sale of ownership interest in the Company.

**(c) Investment Intent.** Such Member is acquiring the interest for investment purposes for his or its own account only and not with a view to or for sale in connection with any distribution of all or any part of the interest.

**(d) Economic Risk.** Such Member is financially able to bear the economic risk of is or its investment in the Company, including the total loss thereof.

**(e) No Registration of Units.** Such Member acknowledges that the membership interest (“Units”) have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or qualified under the state securities law or under the laws of any other jurisdiction in reliance, in part, on such Member’s representations, warranties and agreements therein.

**(f) No Obligation to Register.** Such Member represents, warrants and agrees that the Company and the Manager are under no obligation to register or qualify the interests under the Securities Act or under any state securities law or under the laws of any other jurisdiction in reliance, in part, on such Member’s representations, warranties and agreements herein.

**(g) No Disposition in Violation of Law.** Without limiting the representations set forth above, such Member will not make any disposition of all or any part of the interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the interests unless and until:

1. There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in

accordance with such registration statement and any applicable requirements of state securities laws; or

2. Such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdictions.

*(Signatures appear on the following page.)*



IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

**MANAGERS:**

*Tucker Manion*

\_\_\_\_\_  
CPP II Wheeler, LLC

**MEMBERS:**

*Robert Miller*

\_\_\_\_\_  
BPLKD Miller LLC

*[Signature]*

\_\_\_\_\_  
James Manion

*Thomas Morris*

\_\_\_\_\_  
Thomas Morris

*William Sackrider*

\_\_\_\_\_  
The Sackrider Revocable Living Trust dated  
May 27, 1997

*[Signature]*

\_\_\_\_\_  
KRS Properties, LLC

*Huong Tina Bui*

\_\_\_\_\_  
Huong Tina Bui

*Craig Funk*

\_\_\_\_\_  
Craig Funk

*[Signature]*

\_\_\_\_\_  
David Mintz

*John Gildea*

\_\_\_\_\_  
John R. ad Gwendolyn L Gildea Liv. Trust  
U/a 11/5/2015

*[Signature]*

\_\_\_\_\_  
Justin Funk

*[Signature]*

\_\_\_\_\_  
Robert Savin

*Tucker Manion*

\_\_\_\_\_  
CPP II Wheeler, LLC

*Kenneth Wolfe*

\_\_\_\_\_  
Kenneth Wolfe

**EXHIBIT A**

This Exhibit constitutes the members who own the Membership Interest in Wheeler Block Investments, LLC.

<b><u>MEMBER'S NAME</u></b>	<b><u>CAPITAL CONTRIBUTION</u></b>	<b><u>UNITS</u></b>	<b><u>OWNERSHIP INTEREST</u></b>
BPLKD Miller LLC	\$800,000	800	24.2424%
James Manion	\$500,000	500	15.1515%
Thomas Morris	\$350,000	350	10.6061%
The Sackrider Revocable Living Trust dated May 27, 1997	\$300,000	300	9.0909%
KRS Properties LLC	\$275,000	275	8.3333%
Huong Tina Bui	\$250,000	250	7.5758%
Craig Funk	\$200,000	200	6.0606%
Justin Funk	\$125,000	125	3.7879%
David Mintz	\$100,000	100	3.0303%
John R. ad Gwendolyn L Gildea Liv. Trust U/a 11/5/2015	\$100,000	100	3.0303%
Robert Savin	\$100,000	100	3.0303%
Kenneth Wolfe	\$50,000	50	1.5152%
CPP II Wheeler, LLC	<u>\$150,000</u>	<u>150</u>	<u>4.5455%</u>
<b>Total</b>	<b>3,300,000</b>	<b>3,300</b>	<b>100.00%</b>

**EXHIBIT B**  
**Management Agreement**

See attached.

## EXHIBIT C

### Special Allocation Provisions

Notwithstanding Section 4.2, the following provisions shall govern allocations:

1. Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) of the Regulations, which create or increase a deficit capital account of such Member, then items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year and, if necessary, for subsequent years) shall be specially allocated and credited to the capital account of such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit capital account so created as quickly as possible. It is the intent that this Paragraph 1 be interpreted to comply with the alternate test for economic effect set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations.

2. Gross Income Allocation. In the event any Member would have a deficit capital account at the end of any Company taxable year which is in excess of the sum of any amount that such Member is obligated or deemed obligated to restore to the Company (1) pursuant to this Agreement, (2) under Section 1.704-2(g)(1) of the Regulations regarding Company minimum gain and (3) under Section 1.704-2(i)(5) of the Regulations regarding Member nonrecourse minimum gain, then the capital account of such Member shall be specially allocated and credited with items of Company income (including gross income) and gain in the amount of such excess as quickly as possible.

3. Minimum Gain Chargeback. Notwithstanding any other portion of this Exhibit C and except as provided in Section 1.704-2(f) of the Regulations, if there is a net decrease in the Company's minimum gain as determined under Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations during a taxable year of the Company, then the capital accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and, if necessary, for subsequent years) in an amount equal to the total net decrease in the Company's minimum gain multiplied by the Members' percentage share of the Company's minimum gain at the end of the preceding taxable year determined in accordance with Section 1.704-2(g) of the Regulations. This Paragraph 3 is intended to comply with the minimum gain chargeback requirement of Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. In any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain chargeback requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Manager may in its discretion (and shall, if requested to do so by a Member) seek to have the Internal Revenue Service waive the minimum gain chargeback requirement in accordance with Section 1.704-2(f)(4) of the Regulations.

4. Allocation of Member Nonrecourse Debt Deductions. Items of Company loss, deduction and expenditures described in Section 705(a)(2)(B) of the Code which are attributable

to any nonrecourse debt of the Company and are characterized as Member nonrecourse debt deductions as determined under Section 1.704-2(i)(2) of the Regulations shall be charged to the Members' capital accounts in accordance with said Section 1.704-2(i) of the Regulations.

5. Allocation of Nonrecourse Deductions. Beginning in the first taxable year in which there are allocations of "nonrecourse deductions" (as described in Section 1.704-2(b) of the Regulations) attributable to nonrecourse liabilities of the Company, and thereafter throughout the full term of the Company, nonrecourse deductions shall be allocated to the Members as a part of the Net Losses, if any, and shall be allocated in accordance with the provisions for allocating Net Losses, as such provisions are in effect for such period.

6. Code Section 704(c) Allocations. In accordance with Section 704(c)(1)(A) of the Code and Section 1.704-1(b)(2)(iv)(d)(3) of the Regulations, if a Member contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss and deductions with respect to the property shall, solely for federal income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution. Allocations pursuant to this Paragraph 6 are solely for tax purposes, and shall not affect the Members' Capital Accounts.

7. "Reverse" Code Section 704(c) Allocations. If under Section 1.704-1(b)(2)(iv)(f) of the Regulations, Company property that has been revalued is properly reflected in the capital accounts and on the books of the Company at a book value that differs from the adjusted tax basis of such property, then depreciation, depletion, amortization and gain or loss with respect to such property shall be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of such property and its book value, in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' share of tax items under Section 704(c) of the Code. Allocations pursuant to this Paragraph 7 are solely for tax purposes, and shall not affect the Members' capital accounts.

8. Recapture. All recapture of income tax deductions resulting from sale or other disposition of Company property shall be allocated to the Member or Members to whom the deduction that gave rise to such recapture was allocated hereunder to the extent that such Member is allocated any gain from the sale or other disposition of such property.

9. Other Allocations. For purposes of determining the Net Profits and Net Losses or other items allocable to any period, Net Profits, Net Losses and any other items shall be determined on a daily, monthly, or other basis, using any permissible method selected by the Manager under Section 706 of the Code and the Regulations promulgated thereunder.

(a) The Members are aware of the income tax consequences of the allocations made hereunder and hereby agree to be bound by the provisions of this Agreement in reporting their shares of Company income and loss for income tax purposes.



(b) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions as having been made from the proceeds of a non-recourse liability or a partner nonrecourse debt only to the extent that such distributions would cause or increase the deficit capital account for any Member.

**AMENDED AND RESTATED  
OPERATING AGREEMENT  
OF  
CENTRE POINT PROPERTIES, LLC**

25<sup>th</sup> <sup>TM AB</sup>

THIS AMENDED AND RESTATED OPERATING AGREEMENT ("Operating Agreement"), dated this 21<sup>st</sup> day of May, 2012, is adopted by the undersigned Members of Centre Point Properties, LLC, a Colorado limited liability company (the "Company") and such other Persons as may subsequently become Members of the Company.

**ARTICLE I: FORMATION**

1.1 **Organization.** The Company has been organized as a Colorado limited liability company pursuant to the provisions of the Act by the filing of Articles of Organization on August 27, 2008.

1.2 **Agreement, Effect of Inconsistencies with Act.** For and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members and the Company hereby agree to the terms and conditions of this Operating Agreement, as it may from time to time be amended according to its terms. It is the express intention of the parties that this Operating Agreement shall be the sole source of agreement of the parties, and, except to the extent a provision of this Operating Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Regulations or is expressly prohibited or ineffective under the Act, this Operating Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law or rule. To the extent any provision of this Operating Agreement is prohibited or ineffective under the Act, this Operating Agreement shall be considered amended to the smallest degree possible in order to make the agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make any provision of this Operating Agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment. The Members shall be entitled to rely on the provisions of this Operating Agreement, and the Members shall not be liable to the Company for any action or refusal to act taken in good faith reliance on the terms of this Operating Agreement. The Members hereby agree that the duties and obligations imposed on the Members as such shall be those set forth in this Operating Agreement, which is intended to govern the relationship between the Company and the Members, notwithstanding any provision of the Act or common law to the contrary.

1.3 **Name.** The name of the Company is "Centre Point Properties, LLC," and all business of the Company shall be conducted only under that name unless otherwise permitted by law.

1.4 **Term.** The term of the Company shall be perpetual, except that the Company may be dissolved earlier by a vote of Members holding at least two-thirds of all Units entitled to

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vote.

1.5 **Registered Agent and Office.** The Company's registered office shall be at the office of its registered agent at 1616 17<sup>th</sup> Street, Suite 470, Denver, Colorado 80202 and the name of its initial registered agent at such address shall be Tucker James Manion. The Members, may, from time to time, change the registered agent or office through appropriate filings with the Secretary of State. In the event the registered agent ceases to act as such for any reason or the registered office shall change, the Members shall promptly designate a replacement registered agent or file a notice of change of address as the case may be. If the Members shall fail to designate a replacement registered agent or change of address of the registered office, a Member shall automatically become the registered agent and the registered office of the Company shall be located at the Member's address.

1.6 **Principal Office.** The principal office of the Company shall be located at 1616 17<sup>th</sup> Street, Suite 470, Denver, Colorado 80202. The Company may locate its places of business and registered office at any other place or places as the Members may from time to time deem advisable.

## ARTICLE II: NATURE OF BUSINESS

The business of the Company is to invest in, design, own, operate and manage a Real Estate company primarily concentrating on commercial Real Estate, and to engage in any other business as may be approved by the Members holding at least a two-thirds majority of all Units entitled to vote. The Company shall have the authority to do all things necessary or convenient to accomplish these purposes and operate its business as described in this Article II.

## ARTICLE III: ACCOUNTING AND RECORDS

3.1 **Records to be Maintained.** The Company shall maintain the following records at the principal office:

- (a) The full name and address of each Officer and Member;
- (b) A copy of the Articles and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles have been executed;
- (c) Copies of the Company's federal, foreign, state and local income tax returns and reports (or the portions of the returns of others showing the taxable income deductions, gain, loss, and credits of the Company), if any, for the three most recent years;
- (d) Copies of this Operating Agreement including all amendments thereto;
- (e) Any financial statements of the Company for the three most recent years;

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If not set forth in this Operating Agreement, a writing or other data compilation from which information can be obtained through retrieval devices into reasonably usable form setting forth the following:

- (i.) The amount of cash and a description and statement of the agreed value of Property or services contributed by the Members and which the Members have agreed to contribute;
- (ii.) The times at which or events on the happening of which any Commitments agreed to be made by the Members are to be made;
- (iii.) Any right of a Member to receive, or of the Company to make, distributions to a Member which include a return of MI or any part of the
- (iv.) Member's Contribution or Distributions in kind; and any events upon the happening of which the Company is to be dissolved and its affairs wound up.

#### ARTICLE IV: NAMES AND ADDRESSES OF MEMBERS

The names and address of the Members are Tucker James Manion and Alan Robert Bruno.

#### ARTICLE V: RIGHTS AND DUTIES OF TIME MEMBERS

5.1 **Admission of Additional Members.** The Company, with the consent of Members holding one hundred percent (100%) of all Units entitled to Vote, may Admit Additional Members and determine the Contributions and/or Commitments of such Members. Only those holders of Units who have been admitted as Members of the Company may exercise any of the rights of the Members as set forth in this Article V.

5.2 **Liability of Members.** Each Member's liability shall be limited as set forth in the Act and other applicable law. A Member will not personally be liable for any debts or losses of the Company beyond the Member's Capital Contributions, except as otherwise provided herein or required by law.

5.3 **Indemnification.** The Company shall indemnify the Members, and their respective agents for all costs, losses, liabilities, and damages paid or accrued in connection with the business of the Company, to the fullest extent provided or allowed by the laws of the State of Colorado. In addition, upon written request, the Company may advance costs of defense of any Proceeding to the Members or any other agent, prior to the conclusion of the matter and as such costs are incurred.

5.4 **Conflicts of Interest.** A Member does not violate a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. A Member may lend money to and transact other business with the Company, provided that the rights and

obligations of a Member who lends money to or transacts business with the Company no more favorable to the Member than the rights or obligations of a Person who is not a Member, subject to other applicable law. No transaction with the Company shall be voidable solely because a Member has a direct or indirect interest in the transaction if either the transaction is fair to the Company.

5.5 **Company Books.** Upon reasonable request, each Member shall have the right, during ordinary business hours, to inspect and copy such Company documents at the Member's expense.

5.6 **Voting.** Only holders of Units who have been admitted as Members of the Company shall be entitled to vote. Except as otherwise provided in this Operating Agreement, each Member of record shall have one vote for each Unit held by the Member.

5.7 **Meetings of Members.**

(a) **Annual Meeting.** The Members agree that an annual meeting may, but shall not be required to be held. If held, such meeting shall be at such time as shall be determined by the Members for the purpose of the transaction of such business as may come before the meeting.

(b) **Special Meetings.** Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the holders of one hundred percent (100%) of all Units that are outstanding and entitled to vote.

(c) **Place of Meetings.** The Members may designate any place, either within or outside the State of Colorado, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the Company in the State of Colorado.

(d) **Notice of Meetings.** Except as provided in subsection (e), written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of a Member or Person calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered as provided in Section 13.3.

(e) **Meeting of all Members.** If all of the Members entitled to vote shall meet at any time and place, either within or outside of the State of Colorado, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any lawful action may be taken.

(f) **Record Date.** For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on

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which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

(g) **Quorum.** Holders of at least two thirds (2/3) of all Units that are outstanding and entitled to vote, whether represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, holders of a majority of the Units so represented may adjourn the meeting from time to time for a period not to exceed 60 days without further notice. However, if the adjournment is for more than 60 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the meeting.

At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of holders of that number of Interest whose absence would cause less than a quorum.

(h) **Manner of Acting.** If a quorum is present, the affirmative vote of holders of a majority of the Units outstanding and entitled to vote shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act, by the Articles of Organization or by this Operating Agreement.

(i) **Proxies.** At all meetings of Members, a Member entitled to vote may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with a Member of the Company before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

(j) **Action by Members Without a Meeting.** Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered for inclusion in the minutes or for filing with the Company records. Action taken under this subsection (j) is effective when all Members entitled to vote have signed the consent, unless the consent specifies a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

(k) **Waiver of Notice.** When any notice is required to be given to any Member, a waiver thereof in writing signed by the Person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

(l) **Telephonic Meetings.** If all Members entitled to notice of a meeting give their consent in writing, a meeting of Members may be held by telephonic

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communications between two or more locations at which the Members are present.

5.8 **Securities Laws Matters.** Each Member, by executing this Agreement, hereby represents and warrants to the Company and to each other Member that such Member:

(a) is aware that the acquisition of Units in the Company has not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or registered or qualified under the securities laws of any state;

(b) has acquired the Units in the Member's own name and solely for the Member's own account (or for a trust account if a trustee) and not for the account of any other person;

(c) has acquired Units for the purpose of investment only, and not with a view to or for sale in connection with any distribution of Units or any other security issued by the Company;

(d) understands that any Disposition of Units is limited by this Agreement and in any event may not be effected unless the Disposition is registered and qualified under applicable securities laws, or is eligible for an exemption from registration and qualification, and, except as expressly provided otherwise herein, that no undertaking has been made with regard to registering or qualifying such Membership Interest in the future;

(e) understands that any certificate or other document which evidences the Member's Units may bear one or more restrictive legends stating that the Units evidenced thereby have not been registered under the 1933 Act or qualified under any securities laws;

(f) is capable of evaluating, through the Member's own knowledge and experience in financial and business matters, the merits and risks of this investment and of protecting the Member's own interest in connection with this investment;

(g) is able to bear the economic risk of the loss of Units;

(h) has not seen or received any advertisement or general solicitation with respect to the offer or sale of the Units;

(i) acknowledges that the Company has provided the opportunity to obtain any information and ask questions concerning the Company, the Units, and investing in the Company, and to the extent that the Member has used that opportunity, the Member has received from the Company satisfactory information and answers; and

(j) acknowledges that the Company and each Member are relying on the foregoing representations.

## ARTICLE VI: MANAGEMENT

The business and affairs of the Company shall be governed by the Members, which may delegate authority to "Officers" or to other employees or agents of the Company as provided this Article.

6.1. **Meetings.** The Members need not hold regular meetings, and the failure to do so shall not invalidate any action taken by any Member or Officer. Special meetings of the Members may be called by or at the request of any Member, who shall fix any convenient time and place for holding the special meeting. Any Member may participate in a meeting by means of conference telephone or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation shall constitute presence in person at the meeting. Notice of the time and place of any meeting that is not a regularly scheduled meeting shall be given in writing at least three days in advance of the meeting. One hundred percent (100%) the Members must be present to constitute a quorum for the transaction of business at any meeting, and the vote of a majority of the Members of the Company who are present at a meeting where a quorum is present shall be the act of the Company. If less than a quorum is present, the Members who are present may adjourn the meeting without further notice other than an announcement at the meeting, until a quorum can be reached. Each Member shall have one vote on all matters considered. No Member may vote or act by proxy or power of attorney at any meeting.

6.1.1. **Action Without a Meeting.** Any action required or permitted to be taken at any meeting may be taken without a meeting, without prior notice and without a vote, if all Members consent thereto writing and the written consent is filed with the records of the Company.

6.1.2. **Compensation.** A two-thirds (2/3) majority of Members shall have the authority to fix the compensation of Members.

6.2. **Officers.** The day-to-day operations of the Company shall be conducted by Officers, who shall consist of a President, vice-president, and a treasurer, and such other officers as may from time to time be appointed by the Members. Officers of the Company need not be Members. In addition, the Members or the President may elect or appoint assistant officers as they may deem appropriate. Any number of offices may be held by the same person, except as provided by law. The Officers of the Company shall be appointed by the Members immediately following each annual meeting of the Members, or at any other meeting called specifically for that purpose. Each Officer shall hold office until the earlier of the election of a successor, or death, resignation or removal of the Officer.

6.2.1. **Resignation.** Any Officer may resign at any time, subject to any rights or obligations under any existing contracts between the Officer and the Company, by giving written notice to the Members. Officer's resignation shall take effect at the time stated therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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6.2.2. **Removal.** An Officer may be removed at any time, or, in the case of an assistant and other subordinate officer, by the President, other than removal of an initial Member as an Officer, whenever, in the judgment of the President, the best interests of the Company will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Person so removed. Election or appointment of an Officer shall not in itself create contract rights.

6.2.3. **Vacancies.** A vacancy occurring in any office may be filled by the Members or, in the case of assistant or subordinate officers, by the President, for the unexpired portion of the term.

6.2.4. **Authority and Duties.** The Officers shall have authority and shall exercise the powers and perform the duties specified below, and any duties specified by the President, the Members, or this Operating Agreement. In any case where the duties of an Officer are not prescribed by this Operating Agreement or by law, the Officer shall follow the orders and instructions of the President. The acts of the Officers, regardless of whether such action is for the purpose of apparently carrying on the usual way the business or affairs of the Company, including the exercise of the authority indicated this Article, shall bind the Company, and no Person dealing with the Company shall have any obligation to inquire into the authority of any Officer acting on behalf of the Company.

(a) President. The President shall, subject to the direction and supervision of the Members, (i) be the chief executive officer of the Company and have general and active control of its affairs and business and general supervision of its officers, agents and employees; (ii) see that all orders and resolutions of the Members are carried into effect; and (iii) perform all other duties incident to the office of President and as from time to time may be assigned by the Members.

(b) Vice-Presidents. Each Vice-President, if any are appointed, shall assist the President and shall perform such duties as may be assigned by the President or the Members. Each Vice-President, shall, at the request of the Members or the President, or in the President's absence or inability or refusal to act, perform the duties of the President, and when so acting shall have all of the powers of and be subject to all of the restrictions upon the President. Assistant Vice-Presidents, if any, shall have such powers and perform such duties as may be assigned to them by the President or by the Members.

(c) Treasurer. The treasurer shall: (i) be the principal financial officer of the Company and have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the Company and deposit the same in accordance with the instructions of the Members; (ii) receive and give receipts and acquittances for moneys paid in on account of the Company, and pay out of the funds on hand all bills, payrolls and other just debts of the Company of whatever nature upon maturity; (iii) unless there is a controller, be the principal accounting officer of the Company and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and

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records of account, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the President and the Members statements of account showing the financial position of the Company and the results of its operations; (iv) upon request of the Members, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of treasurer and such other duties as from time to time may be assigned by the Members or by the President. Assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer. If there is no treasurer, the duties shall be performed by the President or another Person appointed by the Members.

**6.2.5. Compensation.** Officers shall be reimbursed all reasonable expenses incurred in managing the Company and shall be entitled to receive such compensation for their services as may be authorized or ratified by the Members and no Officer shall be prevented from receiving compensation by reason of the fact that the Officer also serves as a Member. Election or appointment as an Officer shall not of itself create a contract or other right to compensation for services performed by such Officer.

**6.3 Standard of Care; Liability of Members and Officers.** Each Member and each Officer shall exercise reasonable business judgment in managing the business, operations and affairs of the Company. Unless fraud, deceit, gross negligence, willful or wanton misconduct, a wrongful taking, or a breach of the fiduciary duty, shall be proved by a non-appealable court order, judgment, decree or decision, no Member nor any Officer shall be liable or obligated to the Members or the Company for any mistake of fact or judgment or for the doing of any act or the failure to do any act by the Member or Officer in conducting the business, operations and affairs of the Company, which may cause or result in any loss or damage to the Company or its Members. Neither the Member nor the Officers guarantee, in any way, the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. No Member or Officers shall be responsible to the Members or the Company because of a loss of their investments or a loss in operations, unless the loss shall have been the result of fraud, deceit, gross negligence, willful or wanton misconduct, a wrongful taking, or a breach of fiduciary duty by the Member or Officer, proved as set forth above. Except as otherwise provided in this Operating Agreement, no Member or Officer shall incur liability to the Company or to any of the Members as a result of engaging in any other business or venture.

**6.4 No Exclusive Duty to Company.** No Member or Officer shall be required to manage the Company as that person's sole and exclusive function, and each Member or Officer may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Operating Agreement, to share or participate in such other investments or activities of any Member or Officer or to the income or proceeds derived there from.

**6.5 Bank Accounts.** The President or Treasurer may from time to time open bank accounts in the name of the Company, and the Members shall determine the signatories for each account.

6.6 **Indemnity.** Each Member and each Officer shall be indemnified by the Company under the following circumstances and in the manner and to the extent indicated:

(a) Promptly after receipt by a Member or Officer of notice of the commencement of any Proceeding, if the Member or Officer seeks indemnification, the Member or Officer shall notify the Company in writing; provided, however, that delay in notifying the Company shall not constitute a waiver or release by the Member or Officer of any rights to indemnification. With respect to any such Proceeding:

(i) The Company shall be entitled to participate at its own expense;

(ii) Any counsel representing the Member or Officer to be indemnified in connection with the defense or settlement thereof shall be counsel mutually agreeable to the Member or Officer and to the Company; and

(iii) The Company shall have the right, at its option, to assume and control the defense or settlement thereof, with counsel satisfactory to the Member or Officer.

If the Company assumes the defense of the Proceeding, the Member or Officer shall have the right to employ its own counsel, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of such Proceeding shall be at the expense of the Member or Officer unless (1) the employment of such counsel has been specifically authorized by the Company, (2) the Member or Officer shall have reasonably concluded that there may be a conflict of interest between the Company and the Member or Officer in the conduct of the defense of such Proceeding, or (3) the Company shall not have employed counsel to assume the defense of such Proceeding. Notwithstanding the foregoing, if an insurance carrier has supplied liability insurance covering a Proceeding and is entitled to retain counsel for the defense of such Proceeding, then the insurance carrier shall retain counsel to conduct the defense of such Proceeding unless the Member or Officer and the Company concur in writing that the insurance carrier's doing so is undesirable. The Company shall not be liable for any amounts paid in settlement of any Proceeding affected without its written consent. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on the Member or Officer without the Member or Officer's written consent. Consent to a proposed settlement of any Proceeding shall not be unreasonably withheld by either the Company or the Member or Officer.

(b) In any threatened, pending or completed action, suit or Proceeding to which the Member or Officer was or is a party or is threatened to be made a party by reason of the fact that he is or was a Member or Officer of the Company (other than an action by or in the right of the Company) involving an alleged cause of action for damages arising from the performance of his or her activities on behalf of the Company, the Company shall indemnify such Member or Officer against expenses, including attorneys' fees, judgments and amounts paid in settlement, actually and reasonably incurred by him in connection with such action.

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(c) Following written request to the Company by the Member or Officer, the Company shall advance to the Member or Officer, to the fullest extent permitted by law, amounts to cover expenses incurred by the Member or Officer in or as a result of such Proceeding in, advance of its final disposition. Any such advance shall be subject to subsection (d).

(d) If under applicable law the entitlement of the Member or Officer to be indemnified or advanced expenses depends upon whether a standard of conduct has been met, the burden of proof of establishing that the Member or Officer did not act in accordance with such standard shall rest with the Company. The Member or Officer shall be presumed to have acted in accordance with such standard and to be entitled to indemnification or the advancement of expenses (as the case may be) unless, based upon a preponderance of the evidence, it shall be determined by independent counsel that the Member or Officer has not met such standard. The termination of any Proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nocontendere or its equivalent, shall not create a presumption that the Member or Officer did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law. If it is determined that the Member or Officer failed to meet the applicable standard of conduct, the Member or Officer shall not be entitled to be indemnified or advanced any expense unless the Members determine otherwise pursuant to a resolution adopted by at least two-thirds (2/3) of the Members. Unless the Members determine otherwise, the Company shall be entitled to recover from a Member or Officer who fails to meet the applicable standard of conduct all amounts paid to or on behalf of the Member or Officer for indemnification or advancement of expenses.

(e) The Member or Officer's right to indemnification and advancement of expenses shall be enforceable in any court of competent jurisdiction if the Company denies the claim, in whole or in part, or if no disposition of such claim is made within ninety (90) days after the written request for indemnification or advancement of expenses is received. If successful in whole or in part in such suit, the Member or Officer's expenses incurred in bringing and prosecuting such claim shall also be paid by the Company. Whether or not the Member or Officer has met any applicable standard of conduct, the court in such suit may order indemnification or the advancement of expenses, as the court deems proper. Further, the Company shall indemnify the Member or Officer from and against any and all expenses and, if requested by the Member or Officer, shall (within ten (10) business days of such request) advance such expenses to the Member or Officer, which are incurred by the Member or Officer in connection with any claim asserted against or suit brought by the Member or Officer for recovery under any liability insurance policies maintained by the Company, regardless of whether the Member or Officer is unsuccessful in whole or in part in such claim or suit.

(f) The Company shall not be liable to make any payment in connection with any Proceeding against or involving the Member or Officer to the extent the Member or Officer has otherwise actually received payment (under any insurance policy, agreement



or otherwise) of the amounts indemnifiable hereunder. The Member or Officer shall repay to the Company the amount of any payment the Company makes to the Member or Officer in connection with any Proceeding against or involving the Member or Officer, to the extent the Member or Officer has otherwise actually received payment of such amount under any insurance policy, agreement or otherwise.

(g) If the Company maintains the equivalent of officers and directors liability insurance, Members and Officers shall be covered by such policy in accordance with its terms to the maximum extent of the coverage available under the policy. A Member or Officer's rights to indemnification and advancement of expenses shall be in addition to any other rights to which the Member or Officer may have or hereafter acquire under any law, this Operating Agreement, or otherwise. These rights to indemnification and advancement of expenses shall be applicable to acts or omissions that occurred prior to the adoption of this Operating Agreement, shall continue during the period such Member or Officer serves as a Member or Officer, shall continue thereafter so long as the Member or Officer may be subject to any possible Proceeding by reason of the fact that he or she served as a Member or Officer, and shall inure to the benefit of the estate and personal representatives of the Member or Officer. Any repeal or modification of these rights shall not affect any rights or obligations then existing. All rights to indemnification shall be deemed to be provided by a contract between the Company and the Member or Officer.

#### ARTICLE VII: CONTRIBUTIONS

7.1 **Membership Interests.** Interests in the Company shall be denominated in units ("Units"), which shall be issued in consideration for contributions of cash, Property or services (a "Contribution") valued as may be fixed by the Members from time to time. The number of units issued shall be limited to ten thousand (10,000) units as reflected on Schedule A. Additional units may only be created and issued with one hundred percent (100%) Membership approval. Except as otherwise provided herein or as agreed by the Members, a Unit shall entitle the holder to share in any distribution made by the Company to holders of Units on a pro rata basis, based on all Units outstanding, but shall not entitle the holder to exercise any of the other rights of a Member unless the holder has been Admitted as a Member according to the terms of this Operating Agreement. Units shall not be represented by certificates, but shall be reflected on Schedule A to this Operating Agreement, which shall be amended from time to time.

7.2 **Initial Contributions.** Each Member shall make the Initial Contribution described on Schedule A at the time and on the terms specified on Schedule A and each Member shall perform that Member's Commitment, if any, specified on Schedule A. No interest shall accrue on any Contribution and the Members shall not have the right to withdraw or be repaid any Contribution except as provided in this Operating Agreement. The Members agree that, in the event of a withdrawal of a Member, or in the event of the dissolution of the Company, all reasonable efforts will be used to return to the Members, kind, those specific items of personal property contributed by them to the Company.

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7.3 **Additional Contributions.** In addition to any Initial Contribution, and a Member's Commitment, if any, a Member may make additional contributions. Except to the extent of the Member's unpaid Commitment, the Members shall not be obligated to make any additional contributions.

7.4 **Withdrawal or Reduction of Members' Contributions.** A Member shall have no right to withdraw all or any part of the Member's Contributions, but shall be entitled to receive distributions as otherwise provided in this Operating Agreement.

7.5 **Priority and Return of Capital.** Except as expressly provided herein, no Member shall have priority over any other Member, either as to the return of Contributions or as to Net profits, Net Losses or distributions; provided that this Section shall not apply to loans (as distinguished from Contributions) which a Member has made to the Company.

(a) When a Member has rightfully received the return in whole or in part of its Contribution (as determined under §7-80-607(3) of the Act), the Member is nevertheless liable to the Company for a period of six (6) years after such return for the amount of the returned contribution, but only to the extent necessary to discharge the Company's liability to creditors who extended credit to the Company during the period the Contribution was held by the Company.

(b) When a Member has received a distribution made by the Company in violation of this Operating Agreement or the Act, or when its liabilities exceeded its assets, the Member is liable to the Company for a period of six (6) years after such a prohibited distribution for the amount of the distribution.

#### ARTICLE VIII: ALLOCATIONS AND DISTRIBUTIONS

8.1 **Allocations of Profit or Loss.** After giving effect to the special allocations set forth below, profit or loss shall be allocated in proportion to ownership of Units. Special allocations shall be made as follows:

(a) **Qualified Income Offset.** No Member shall be allocated losses or deductions if the allocation would cause the Member to have a capital account deficit. If a Member receives (1) an allocation of loss or deduction (or item thereof) or (2) any distribution which causes the Member to have a capital account deficit at the end of any taxable year, then all items of income and gain for that taxable year shall be allocated to that Member, in a manner determined by the Members, before any other allocation is made, in amounts and proportions necessary to eliminate the excess as quickly as possible. This subsection is intended to comply with, and shall be interpreted consistently with, the "qualified income offset" provisions of the Regulations promulgated under Code Section 704(b).

## 8.2 Distributions.

(a) **Distributable Cash.** Except as provided in this Operating Agreement, distributions of Distributable Cash shall be made at such time as determined by the Members. All amounts withheld pursuant to the Code or any provisions of state or local tax law with respect to any payment or distribution to the Members from the Company shall be treated as amounts distributed to the relevant Member or Members pursuant to this Section. Except as otherwise agreed by Members holding a majority of all Units that are outstanding and entitled to vote, all distributions of Distributable Cash attributable to operations of the Company shall be made as follows:

(i) **Expenses.** First, to reimburse Members for any expenses incurred by them in connection with the Company's business, which expenses are identified and approved by the Members and not previously reimbursed.

(ii) **Loans.** Second, to repay any Members who have made loans to the Company that have been identified and approved by the Members.

(iii) **Pro Rata.** Thereafter, pro rata in proportion to the profit and loss sharing as indicated on Schedule A.

(b) **Distributions in Liquidation of the Company.** In the event of the liquidation of the Company, distributions shall be made, after the allocations and to the extent such distributions were not previously made, pro rata in proportion to the ownership of Units.

## ARTICLE IX: TAXES

9.1 **Elections.** The Members may make any tax elections for the Company allowed under the Code or the laws of any Taxing Jurisdiction.

9.2 **Taxes of Taxing Jurisdictions.** To the extent that the laws of any Taxing Jurisdiction requires, the Members will authorize the President to submit an agreement indicating that the Company will make timely income tax payments to the Taxing Jurisdiction and that the Company accepts the jurisdiction of the Taxing Jurisdiction with regard to the collection of income taxes attributable to the Company's income, and interest, and penalties assessed on such income. If such agreement is not provided, the Company may withhold and pay over to such Taxing Jurisdiction the amount of tax, penalty interest determined under the laws of the Taxing Jurisdiction with respect to such income. Any such payments with respect to the income of a Member shall be treated as a distribution for purposes of this Article.

9.3 **Method of Accounting.** The accounting records of the Company shall be maintained using any permissible method of accounting selected by the Members.

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## ARTICLE X: TRANSFERS OF MEMBERSHIP INTERESTS

### 10.1 General Restrictions on Transfer.

(a) Notwithstanding anything in this Operating Agreement to the contrary, if Members holding one hundred percent (100%) of all Units do not approve a proposed Disposition of all or any part of a Member's Units (regardless of the matter in which such Disposition may be made) by written consent (which consent may be withheld in any Member's sole discretion), the proposed purchaser, transferee or assignee of the disposing Member's Units shall be deemed an "Assignee" and shall not become a Member nor have the right to vote or otherwise participate in the management of the business and affairs of the Company. Except as otherwise provided in this Operating Agreement, an Assignee shall be entitled only to receive the distributions to which a holder of assigned Units would otherwise be entitled.

(b) Notwithstanding anything in this Operating Agreement to the contrary, a Disposition shall be void if, in the opinion of counsel to the Company, the Disposition would:

(i) Cause a termination of the Company under any applicable federal or state law or deemed termination of the Company under any applicable federal or state income tax law;

(ii) not be accomplished in compliance with the registration requirements of all applicable state and federal securities laws or pursuant to an applicable exemption therefrom.

(c) A transfer of any Unit made in accordance with this Article 10 to a transferee who is or becomes a Member of the Company shall include an assignment to the transferee of a part of the transferring Member's capital account balance in proportion to the number of Units transferred.

### 10.2 Right of First Refusal.

(a) Except as provided in Section 10.2(e) below, the Company and each other Member shall have a right of first refusal ("Right of First Refusal") with respect to any proposed Disposition of Units ("Offered Interest") by a Member or Assignee ("Transferor") for cash, indebtedness, property or other consideration. The Transferor shall give written notice of any proposed Disposition to the Company and all Members, which shall state all of the material terms and conditions of the proposed Disposition. If the Transferor does not give such notice and the Company or any Member or Assignee learns of the proposed Disposition, the Company or such Member or Assignee shall give written notice equivalent to the notice contemplated above. Such written notice, regardless of the party giving it, is referred to as the "Disposition Notice."

(b) The Company, if it so elects, and each Member wishing to exercise a Right of First Refusal shall give written notice to that effect (the "Election Notice") to the Transferor, the Company and other Members within thirty (30) days after the Disposition Notice is given. The Right of First Refusal shall be to purchase the Units proposed to be Disposed of for the fair market value of the consideration to be received therefor, payable at the closing described below and pursuant to all of the other terms and conditions of the proposed Disposition. If an Election Notice is timely given, the Transferor and the Company (acting on behalf of each Member giving an Election Notice) shall attempt in good faith to agree, in writing, on the fair market value of any non-cash and non-indebtedness consideration to be received by the Transferor for the Units to be Disposed of within fifteen (15) days after the end of the period during an Election Notice may be given. If the Transferor and the Company cannot so agree, then either of them may, by written notice give to the other and to all Members or remaining Members, as may be applicable, commence the "Appraisal Process" described in Schedule B to this Operating Agreement.

(c) Unless the Company and all Members timely giving an Election Notice agree otherwise, each Member timely giving an Election Notice shall be entitled to purchase any Offered Interest not purchased by the Company in the proportion that the Units held by such Member bears to the aggregate Units held by all Members timely giving an Election Notice. The closing shall be held at such place and time and on such date as the Transferor and the Company (acting on behalf of each Member timely giving an Election Notice) may mutually agree upon. If the Transferor and the Company cannot agree on a: (i) place, the closing shall be held at the principal offices of the Company; (ii) time, the closing shall be held at 2:00 P.M. (local time at the place of closing); or (iii) date, the closing shall be held on the first Business Day following the later to occur of 60 days after the Disposition Notice or twenty (20) days after the fair market value of any non-cash and non-indebtedness consideration to be received for the Offered Interest is determined as provided in Section 10.2(b). At such closing, any liabilities or indebtedness of the Transferor to the Company or the Members, as may be applicable, shall be paid in full. For purposes of this Operating Agreement, "Business Day" means any day other than a Saturday, Sunday or legal holiday in the State of Colorado.

(d) If neither the Company nor any Member timely gives an Election Notice, or if Election Notices are not given to purchase in the aggregate all of the Offered Interest, the Transferor may Dispose of the Offered Interest to the proposed transferee only on the same terms and conditions described in the Disposition Notice within ninety (90) days after the Disposition Notice is given. In the event of such transfer, any liabilities or indebtedness of the Transferor to the Company or the Members, as may be applicable, shall be paid in full at the closing. If the Transferor does not complete the Disposition accordingly, any Disposition shall again be subject to all of the terms of this Section 10.2 as though no offer had previously been made.

(e) Notwithstanding the foregoing, a Member or Assignee may Dispose of Units to the Company or to any Member, and any Member may Dispose of Units to a Member of the transferring Member's immediate family or to an entity that: (a) is

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controlled by the transferring Member, or Members of the transferring Member's immediate family, or (b) has as its principal beneficiaries the transferring Member or Members of the transferring Member's immediate family; and (c) is not engaged, directly or indirectly, in any business activity that competes with the Company; provided, however, that any such transfer shall have been made for estate or financial planning purposes or any substantially similar purposes, and shall be made in compliance with Section 7.1 except that any such transferee shall be entitled to exercise all rights of the transferor then pertaining to such Units without first being admitted to the Company as a Member.

### 10.3 Buy-Sell.

(a) In the event a Member (i) dies, dissolves or becomes bankrupt or insolvent, (ii) becomes permanently and totally disabled, (iii) engages business activities that are competitive with the Company or in violation of any provision of this Operating Agreement, (iv) breaches any confidentiality obligations owed to the Company, or (v) participates in any Disposition or attempted Disposition of Units in violation of this Operating Agreement (each instance being an "Event," and such Member being a "Departing Member"), then, within sixty (60) days after the Event, the holders of a majority of the remaining Units shall either elect to purchase, or cause the Company to purchase, the Departing Member's Units, or if no such election is made, the Company shall be dissolved, with dissolution commencing within sixty (60) days after the Event. If holders of a majority of the remaining Units elect to purchase the Departing Member's Units, notice of such election shall be given to the Departing Member within sixty (60) days after the Event. The date of such closing shall be not more than one hundred twenty (120) days and not less than ten (10) days after the date of the Company's or purchasing Members' notice. The purchase price to be paid for such Units will be determined in accordance with Section 10.3(c) below.

(b) In the event that more than one Member or the Company exercises the option granted in Section 10.3(a), each such Member shall be permitted to purchase any Units not purchased by the Company in the proportion that the Units by such Member bears to the aggregate Units held by all Members timely electing to purchase according to this Section 10.3.

(c) Except in the case of an Event described in (iii), (iv) or (v) of Section 10.3(a), the purchase price for Units purchased pursuant to this Section 10.3 shall be as agreed upon by the Departing Member and the purchasing Members or the Company within sixty (60) days after the Event, or if the price has not been determined within sixty (60) days after the Event and no other agreement is reached, then the Departing Member shall be deemed to have invoked the Appraisal Process. In the case of an Event described in (iii), (iv), or (v) of subsection (a) of this Section 10.3, the purchase price shall be the price as determined by the Members in its sole and reasonable discretion. The purchase price determined according to this provision shall be net of any indebtedness of the Member to the Company or the Members exercising the option created by this Section 10.3.

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The Members may redetermine the value of each Unit on any basis determined in the Member's reasonable discretion, and shall do so, at a minimum, once a year within ninety (90) days after the end of each fiscal year of the Company. Any such redetermined value shall be set forth by amending Schedule D to this Operating Agreement, which the Members shall be authorized to do without further action.

(d) Closing for any such purchase shall take place within one hundred twenty (120) days after the Event has occurred, at the Company's principal office. Payment of the purchase price shall be made at the closing as follows: (i) twenty-five percent (25%) in cash, by cashier's check or wire transfer of immediately available funds, and (ii) a promissory note of the purchaser(s) in the principal amount of the remaining balance of the purchase price, which shall be payable over five (5) years in consecutive equal monthly installments or principal and interest, with interest at the prime lending rate charged by the Company's principal commercial bank as of the closing. The first monthly payment of principal and interest on the note shall be made on the first day of the first full month after the closing. The note shall provide that the Purchaser may repay without penalty all or any part thereof with interest to the date of prepayment, and that in the event of failure to pay principal or interest for more than thirty (30) days when due, the entire note shall become immediately due and payable. Upon tender of the purchase price as provided herein, the Departing Member shall deliver to the purchaser such evidence of transfer of the Units as the purchaser may reasonably request. The purchaser's obligation under the note shall be secured by the Units being purchased thereby.

(e) The purchase of the Units shall be subject to the following conditions:

(i) Receipt by the purchaser of representations from the Departing Member that the Departing Member has full right, power and authority to sell, transfer and deliver the Units to the purchaser and that the Departing Member is the sole record and beneficial owner of, and has valid marketable title to the Units, free and clear of any and all liens, claims, charges, security interests or encumbrances.

(ii) At the Closing, no bona fide suit, action, investigation or other Proceeding has been instituted in which it sought to restrain, prohibit, invalidate or set aside the purchase of the Units.

(iii) At the Closing, there shall exist no applicable law, rule, regulation, order, judgment or injunction, the effect of which is to prohibit consummation of the purchase of the Units by the purchaser.

(iv) If the Event is an Event specified in subsections (iii), (iv), (v) or (vi) of Section 10.3(a), the purchaser shall be entitled to set off against the purchase price the amount of any damages found to have been incurred by the Company or the purchaser as a result of such Event any final non-appealable



order or award of any court or adjudicatory body.

10.4 **Deadlock.** In the event that: (a) Members owning an aggregate of at least a majority of Units, but less than two-thirds (2/3) of all Units, vote in favor of any matter in which the amount involved exceeds Twenty-Five Thousand Dollars (\$25,000.00), or (b) any material unresolved dispute develops involving the effect of any provision of this Operating Agreement or the operation of the Company's business, or (c) holders of a majority of Units approve an amendment to this Operating Agreement which is not approved by one or more other Members holding at least twenty-five percent (25%) of all Units, then any Member ("Offering Member") may offer in writing to purchase all of the outstanding Units of one or more other Members (each, a "Selling Member"). Such an offer must include all material terms of such a transaction, including the price, payment terms, closing date and any material conditions to acceptance of the offer. The offer from the Offering Member shall be an offer to purchase, but any Selling Member to whom the offer is made shall have the option to consider the offer as an offer by the Offering Member to sell all of the Offering Member's Units on substantially the same terms and at a price per percentage of Units that is proportionate to the price offered by the Offering Member. The Selling Member to whom the offer is made must, within thirty (30) days after receipt of the offer, accept in writing either the offer to sell or the offer to purchase the Units of the Offering Member. If more than one Selling Member to whom an offer was made elects to purchase the Offering Member's Units, the purchase shall be allocated among the Selling Members in proportion to their existing Units. If any Selling Member does give an acceptance in writing within the thirty (30) day period, then that Selling Member shall be deemed to accept the offer by the Offering Member to purchase the Selling Member's Units.

#### ARTICLE XI: DISSOLUTION AND WINDING UP

11.1. **Dissolution.** The Company shall be dissolved and its affairs wound up at such time as the Members may determine, or as may be required by law or the terms of this Operating Agreement.

11.2. **Effect of Dissolution.** Upon dissolution, the Company shall cease carrying on as distinguished from the winding up of the Company business, but the Company is not terminated, but continues until the winding up of the affairs of the Company is completed and the Certificate of Dissolution has been issued by the Secretary of State.

11.3. **Distribution of Assets on Dissolution.** Upon the winding up of the Company, the Company Property shall be distributed:

(a) to creditors, including any Member who is a creditor, to the extent permitted by law, in satisfaction of the Company's liabilities;

(b) pro rata in proportion to the ownership of Units.

11.4. **Winding Up and Articles of Dissolution.** The winding up of the Company shall be completed when all debts, liabilities, and obligations of the Company have been paid and discharged or reasonable adequate provision therefor has been made, and all of the remaining

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Property and assets of the Company have been distributed to the Members. Upon the completion of winding up of the Company, Articles of Dissolution shall be delivered to the Secretary of State for filing. The certificate of dissolution shall set forth information required by the Act.

#### ARTICLE XII: AMENDMENT

This Operating Agreement may be amended or modified from time to time only by a written instrument adopted and executed by all Members. No Member shall have any vested rights this Operating Agreement which may not be modified through amendment to this Operating Agreement.

#### ARTICLE XIII: MISCELLANEOUS PROVISIONS

13.1 **Entire Agreement.** This Operating Agreement represents the entire agreement between the Members and the Company.

13.2 **Rights of Creditors and Third Parties under Operating Agreement.** This Operating Agreement is entered into between the Company and the Members for the exclusive benefit of the Company, its Members, and their successors and assignees. This Operating Agreement is expressly not intended for the benefit of any creditor of the Company or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Operating Agreement or any agreement between the Company and the Members with respect to any Capital Contribution or otherwise.

13.3 **Notices.** Any and all notices, designations, consents, offers, acceptances, or any other communication provided for herein shall be in writing and shall be considered effective when delivered, if by personal delivery, upon receipt, if sent by email, telephonically confirmed, between the hours of 9:00 a.m. and 5:00 p.m. local time of on a business day, upon delivery, or if not, at 9:00 a.m., local time on the next business day, or upon first attempted delivery after mailing by certified mail, return receipt requested, postage prepaid, addressed to the Member's and/or Company's address as it appears in the Company's records, as appropriate.

13.4 **Execution of Additional Instruments.** Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

13.5 **Construction.** Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders and vice versa.

13.6 **Headings.** The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

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13.7 **Waivers.** The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

13.8 **Rights and Remedies Cumulative.** The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights and parties may have by law, statute, ordinance or otherwise.

13.9 **Severability.** If any provision of this Operating Agreement or the application thereof to any Person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

13.10 **Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

13.11 **Creditors.** None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditors of the Company.

13.12 **Counterparts.** This Operating Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

#### ARTICLE XIV: DEFINITIONS

For purposes of this Operating Agreement, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

1. **Act.** The Colorado Limited Liability Company Act and all amendments to the Act.
2. **Additional Member.** A Member other than the Initial Member who has been Admitted as a Member of the Company.
3. **Admission.** The act of becoming a Member, in accordance with this Operating Agreement and the Act.
4. **Articles.** The Articles of Organization of the Company as properly adopted and amended from time to time by the Members and filed with the Secretary of State.

5. **Assignee.** Any holder of Units who has not been Admitted to the Company as a Member. Except otherwise provided in this Operating Agreement, Assignee shall have only those rights provided in the Act.
6. **Contribution.** Any contribution or cash, Property or services made by or on behalf of a new or existing Member or Assignee as consideration for Units.
7. **Code.** The Internal Revenue Code of 1986 as amended from time to time.
8. **Commitment.** The obligation of a Member or Assignee to make a Contribution in the future.
9. **Company.** Centre Point Properties, LLC, a limited liability company formed under the laws of Colorado, and any successor limited liability company.
10. **Company Property.** Any Property owned by the Company.
11. **Distribution.** A transfer of cash or Property to a Member as described in Article VIII.
12. **Distributable Cash.** All cash, revenues and funds received by the Company, less the sum of the following to the extent paid or set aside by the Company: (i) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (ii) all expenses incurred in the normal operation of the Company's business; (iii) such cash reserves as the Members deem reasonably necessary to the proper operation of the Company's business; and (iv) such amounts as may be required to satisfy conditions imposed by lenders or other creditors.
13. **Disposition.** Any sale, assignment, transfer, exchange, mortgage, pledge, grant, hypothecation, or other transfer, whether in whole or part, either absolute or as security or encumbrance (including dispositions by operation of law).
14. **Member.** The Members executing this Operating Agreement, any transferee of a Member or any Additional Members.
15. **Operating Agreement.** This Operating Agreement including all amendments adopted accordance with this Operating Agreement and the Act.
16. **Person.** Any individual, trust, estate, or any incorporated or unincorporated organization permitted to be a Member of a limited liability company under the Act.
17. **Proceeding.** Any judicial or administrative trial, hearing or other activity, civil criminal or investigative, the result of which may be that a co, arbitrator, or governmental agency may enter a judgment, order, decree, or other determination which, if not appealed and reversed, would be binding upon the Company, a Member or other Person subject to the jurisdiction of such co, arbitrator, or governmental agency.

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18. **Property.** Any property real or personal, tangible or intangible (including goodwill), including money and any legal or equitable interest in such property, but excluding services and promises to perform services the.

19. **Regulations.** The Treasury regulations adopted under the Code.


20. **Taxing Jurisdiction.** Any state, local, or foreign government having jurisdiction over the Company and or the Members to collect any tax, interest or penalties, however designated.

IN WITNESS WHEREOF, this Operating Agreement has been signed as of the Effective Date.

MEMBER:

  
Tucker James Manion  
5-25-12

MEMBER:

  
Alan Bruno  
5-25-2012

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**SCHEDULE A**

This Schedule constitutes the Members who own the Membership Interests in Centre Point Properties, LLC. Member votes are based on and directly proportional to the Membership Interest that each Member in good standing holds, which represents his/her paid in capital contributions.

<b>MEMBER'S NAME</b>	<b>MEMBERSHIP INTEREST</b>	<b>PROFIT/LOSS SHARING</b>
Tucker James Manion	9,000 Units	90.0 %
Alan Robert Bruno	1,000 Units	10.0 %
<b>TOTAL:</b>	<b>10,000 Units</b>	<b>100.00 %</b>

**SCHEDULE B**

The initial Tax Matters Member shall be: Tucker James Manion  
1616 17th Street, Suite 470  
Denver, CO 80202

**SCHEDULE C**

**Life Insurance Policies**

None at this time.

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**FIRST OPERATING AGREEMENT MODIFICATION**

THIS FIRST OPERATING AGREEMENT MODIFICATION (hereinafter referred to as "Agreement"), made and entered into this 1st day of January, 2013 by and between Tucker James Manion, and Alan Robert Bruno ("Members").

**WITNESSETH:**

**1. PRIOR OPERATING AGREEMENT:** Tucker James Manion and Alan Robert Bruno entered into certain Operating Agreement dated **May 25, 2012**, as Members of Centre Point Properties, LLC a Colorado Limited Liability Company ("the Company"). The Company's registered office as of the date of this Agreement is **1616 17<sup>th</sup> Street, Suite 470, Denver, CO 80202**.

**2. FIRST MODIFICATION OF PRIOR OPERATING AGREEMENT:** Tucker James Manion and Alan Robert Bruno agree to modify the Membership Interest on the terms and conditions hereinafter set forth.

**3. NOW, THEREFORE,** in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

a. Membership Interest shall be modified as follows:

<u>Members Name</u>	<u>Membership Interest</u>	<u>PROFIT/LOSS Sharing</u>
Tucker James Manion	8,000 Units	80.0%
Alan Robert Bruno	2,000 Units	20.0%
<b>Total:</b>	<b>10,000 Units</b>	<b>100.00%</b>

b. Except as modified hereinabove, the parties hereto do hereby ratify and affirm the Agreement dated May 25, 2012, as amended.

**IN WITNESS WHEREOF**, the parties hereto have executed this FIRST Operating Agreement Modification Agreement the day and year above written.

**MEMBER:**

By:   
Tucker James Manion

**MEMBER:**

By:   
Alan Robert Bruno



SECOND OPERATING AGREEMENT MODIFICATION

THIS SECOND OPERATING AGREEMENT MODIFICATION (hereinafter referred to as "Agreement"), made and entered into this 1st day of January, 2015 by and between Tucker James Manion, and Alan Robert Bruno ("Members").

WITNESSETH:

1. PRIOR OPERATING AGREEMENT: Tucker James Manion and Alan Robert Bruno entered into certain Operating Agreement dated May 25, 2012, as Members of Centre Point Properties, LLC a Colorado Limited Liability Company ("the Company"). The Company's registered office as of the date of this Agreement is 1616 17th Street, Suite 470, Denver, CO 80202.

2. WHEREAS, by the first modification of prior operating agreement dated January 1, 2013 Tucker James Manion and Alan Robert Bruno agreed to modify the Membership Interest on the terms and conditions hereinafter set forth.

<u>Members Name</u>	<u>Membership Interest</u>	<u>PROFIT/LOSS Sharing</u>
Tucker James Manion	8,000 Units	80.0%
Alan Robert Bruno	2,000 Units	20.0%
<b>Total:</b>	<b>10,000 Units</b>	<b>100.00%</b>

3. NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereby agree as follows:

a. Membership Interest shall be modified as follows:

<u>Members Name</u>	<u>Membership Interest</u>	<u>PROFIT/LOSS Sharing</u>
Tucker James Manion	7,500 Units	75.0%
Alan Robert Bruno	2,500 Units	25.0%
<b>Total:</b>	<b>10,000 Units</b>	<b>100.00%</b>

b. Except as modified hereinabove, the parties hereto do hereby ratify and affirm the Agreement dated May 25, 2012, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this FIRST Operating Agreement Modification Agreement the day and year above written.

MEMBER:

By: Tucker James Manion  
Tucker James Manion

Date: 1/1/15

MEMBER:

By: Alan Robert Bruno  
Alan Robert Bruno

Date: 1/1/15

**THIRD OPERATING AGREEMENT MODIFICATION  
OF CENTRE POINT PROPERTIES, LLC**

THIS THIRD OPERATING AGREEMENT MODIFICATION (this "Modification") is entered into effective as of March 8, 2017 by and between TUCKER J. MANION, an individual, and ALAN R. BRUNO, an individual (each a "Member" and collectively, the "Members") of CENTRE POINT PROPERTIES, LLC, a Colorado limited liability company (the "Company").

**RECITALS**

A. The Company was formed pursuant to Articles of Organization filed on August 27, 2008 with the Colorado Secretary of State, and is governed by the terms of its Operating Agreement, dated May 25, 2012 (as previously amended, the "Original Agreement").

B. The Members have amended the Articles of Organization of the Company in order to change the management of the Company from "Member Managed" to "Manager Managed," and the Members desire to amend the Original Agreement to reflect such change.

C. Capitalized terms used herein but not defined herein shall have the meanings given to them in the Original Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the covenants, promises, and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Member hereby amends the Original Agreement as follows:

1. Appointment of Manager. The Members hereby appoint Tucker J. Manion as the Manager of the Company (the "Manager"). The Manager shall have responsibility for the day-to-day management and operation of the Company and, to the extent that management decisions require the affirmative vote of the Membership, then the Manager shall be responsible for implementing the decision of the Membership.

2. Management.

(a) The Members hereby agree that the Company shall be managed by the Manager, acting in its sole and absolute business judgment. The Manager, acting alone but on behalf of and in the name of the Company, shall have all requisite authority and power to execute any and all documents required to carry out such action on behalf of the Company. The Manager shall also have the exclusive authority to retain and pay consultants or other service providers to provide services to the Company, if and as determined by the Manager, in its sole and absolute business judgment. Subject to Section 4 below, in carrying out his duties and exercising its powers hereunder, the Manager shall exercise reasonable skill and care and use its best judgment and shall act at all times in what it deems to be in the best interests of the Company, and, in the case of any conflict between the best interests of the Manager and the best interests of the Company, the Manager shall not, any other provisions hereof to the contrary, act in a manner inconsistent with the best interests of the Company or inconsistent with this Agreement.

(b) Notwithstanding Section 2(a) above, the following matters shall expressly require the unanimous written consent of the Members, and the Manager shall have no authority to take any action with respect to the following matters until such consent has been obtained: (a) any loans or other financing arrangements for the Company in which any personal guaranty by any Member is required as a condition for such loan or financing arrangement; (b) any transfer of any real property owned by the

Company, or any portion thereof or rights thereto; (c) any requirement for any additional capital contributions from all Members or any Member; (d) the voluntary dissolution of the Company; (e) the admission of any additional Members; (f) the amendment of the Original Agreement, as amended by this Modification; and (g) the sale of all or substantially all of the assets of the Company.

(c) The Manager shall hold office indefinitely, until he resigns or is removed from office by the unanimous written consent of the Members. The Manager may resign at any time upon notice to the Members which resignation shall be effective upon the Members' receipt of such notice or upon such later date as may be specified in such notice. In the event that the Manager: (i) resigns; or (iii) is removed by the unanimous written consent of the Members, then the Members, by unanimous written consent, shall appoint a replacement Manager. Such replacement Manager may be a Member or an agent or employee of a Member, or may be a third party (whether an individual or entity) with experience in managing entities with purposes similar to Company. The Manager shall be entitled to compensation for his services to Company hereunder as reasonably determined by the Manager in consultation with the Members.

3. Distributions. All available funds of the Company which the Manager determines are not needed for the payment of existing or anticipated the Company obligations and expenditures shall be distributed to the Members in accordance with the Original Agreement at such time and in such amount as determined by the Manager in his sole and exclusive business judgment.

4. Competition. The Members and the Manager may engage independently or with others in other business ventures of every nature and description. Neither the Company nor any Member shall have any right by virtue of this Agreement or the relationship created hereby in or to such other ventures or activities, or to the income or proceeds derived therefrom. The pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper. No Member, Manager or affiliate of either of them shall be obligated to present any particular investment or business opportunity to the Company or a Member even if such opportunity is of a character which, if presented to the Company, could be taken by the Company, or a Member, and such Member, Manager or affiliate of either of them shall have the right to take for their own accounts (individually or as a trustee) or to recommend to others any such particular investment or business opportunity.

5. Impact on Original Agreement. If there is any conflict between the specific terms and provisions of this Modification and the terms and provisions of the Original Agreement, the specific terms and provisions of this Modification shall govern. Except to the extent modified herein, all other provisions of the Original Agreement shall continue in full force and effect. From and after the date of this Modification, the term "Agreement", as used in the Original Agreement, shall mean the Original Agreement, as modified by this Modification, and as further modified or amended from time to time.

6. Counterparts. This Modification may be executed in multiple counterparts, each of which shall be deemed an original and all of which when taken together, shall constitute a whole. It shall be fully executed when each party whose signature is required has signed at least one counterpart notwithstanding that all parties have not executed the same counterpart. The parties agree that signatures transmitted by facsimile or electronic mail shall be binding as if they were original signatures.

[SIGNATURE PAGE FOLLOWS]

**WRITTEN CONSENT OF THE MEMBERS OF  
CENTRE POINT PROPERTIES, LLC**

Pursuant to the provisions of Section 5.7(j) of the Operating Agreement of CENTRE POINT PROPERTIES, LLC, a Colorado limited liability company (the "Company"), the undersigned, being all the Members of the Company, do hereby consent to the adoption of the recitals and consents set forth below, without a meeting:

WHEREAS, on August 27, 2008, the Company filed Articles of Organization with the Colorado Secretary of State.

WHEREAS, the Articles of Organization state that the Company shall be member-managed; however, the Members now desire for the Company to be manager-managed.

WHEREAS, in the unanimous determination of the Members it is desirable to amend the Articles of Organization of the Company to reflect that the Company shall be manager-managed.

NOW, THEREFORE, BE IT CONSENTED, that the Company shall be manager-managed.

FURTHER CONSENTED, the Manager of Company is hereby authorized and directed, on behalf of Company to take all actions necessary to reflect such change in the management of Company, including, but not limited to, filing the requisite Articles of Amendment with the Colorado Secretary of State pursuant to Colorado Revised Statute § 7-90-301.

FURTHER CONSENTED, that this Written Consent may be executed by facsimile or electronically transmitted signature, and a facsimile or electronically transmitted signature shall constitute an original signature for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Members of the Company have executed this Written Consent as of  
March 8, 2017.

**MEMBERS:**

Tucker J. Manion,  
an individual



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Alan R. Bruno,  
an individual



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## AMENDMENT TO ARTICLES OF ORGANIZATION

THIS AMENDMENT TO ARTICLES OF ORGANIZATION (this "Amendment") is made as of March 8, 2017. It is intended to permanently amend the Articles of Organization filed on August 27, 2008 with respect to CENTRE POINT PROPERTIES, LLC, a Colorado limited liability company (the "Company").

1. Article 5 of the Articles of Organization of the Company is hereby amended to read as follows:

"The management of the limited liability company is vested in one or more managers."

2. All other portions of the Articles of Organization of the Company not amended by this Amendment remain in full force and effect and are hereby ratified and confirmed.

IN WITNESS WHEREOF, the undersigned members of the Company have executed this Amendment as of the day and year first above written.

### MEMBERS:

Tucker J. Manion,  
an individual

Handwritten signature of Tucker J. Manion in black ink, written over a horizontal line.

Alan R. Bruno,  
an individual

Handwritten signature of Alan R. Bruno in black ink, written over a horizontal line.

IN WITNESS WHEREOF, the Members have executed this Modification as of the day and year first above written.

**MEMBERS:**

  
TUCKER J. MANION, an individual

  
ALAN R. BRUNO, an individual



# OPERATING AGREEMENT

## OF

### CPP II WHEELER, LLC

THIS AGREEMENT is made and entered into effective as of March 3, 2016, by and among the persons or entities listed on Schedule A, hereinafter referred to jointly as “the Members.”

## ARTICLE I

### Organization

**1.1 Introduction.** The Members, having mutual confidence in each other, formed a limited liability company on March 2, 2016, pursuant to the provisions of the Limited Liability Company Act of the State of Colorado with the Members participating in the management of the Limited Liability Company and in the profits and losses thereof according to the terms, covenants, and conditions hereinafter set forth.

**1.2 Name.** The name of the Limited Liability Company shall be CPP II Wheeler, LLC.

**1.3 Address.** The principal place of business of the Limited Liability Company shall be at 789 N. Sherman Street, Suite 430, Denver, Colorado 80203.

**1.4 Commencement and Duration.** The Limited Liability Company began its existence effective March 3, 2016. The duration of the Limited Liability Company shall be until all Limited Liability Company assets are disposed of and all Limited Liability Company obligations discharged or provided for, or until the Limited Liability Company is terminated by operation of law or as otherwise herein provided.

## ARTICLE II

### Objectives and Purposes

**2.1 Objectives and Purposes.** The Limited Liability Company is formed for and shall have the power to accomplish the following objectives and purposes:

A. To invest in a limited liability company that owns commercial or residential real states;

B. To carry on any other lawful business which may be deemed related to or tributary to the business of the Limited Liability Company.

C. To do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objectives or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other limited liability companies, firms, or individuals, and to do every act or acts, thing or things, incidental or appurtenant to or growing out of or connected with the aforesaid objectives or purposes or any part or parts thereof, provided the same is not inconsistent with the laws under which this Limited Liability Company is organized.

## ARTICLE III

### Capital Contributions of the Members

**3.1 Limited Liability Company Capital.** The capital of the membership of each Member shall be the amount and the agreed percentage of ownership as provided on Schedule A, attached hereto.

**3.2 Nature of Limited Liability Company Liability.** Each of the Members agrees to be responsible for its timely *pro rata* share, as determined by its Member interest of all capital requirements and expenses of the Limited Liability Company. At periodic intervals the Manager, as hereinafter described, may provide written reminders to all Members of the due dates of expenses, debt, option amounts, etc. Each Member shall have thirty (30) days from the date of receipt of said notice in which to pay its *pro rata* share as therein described. Any additional capital required by the Limited Liability Company from time to time and at any time in excess of the aforesaid initial capital contribution, including, without limitation, any option to purchase the Property, the ownership of the Property, the management, operation and development of the Property, shall be contributed by the Members, *pro rata*, as either additional capital contributions or as advances constituting loans to the Limited Liability Company from the Members, as the Members shall periodically determine. Failure to timely pay any such assessment within thirty (30) days after written notice is given to said Member, shall constitute a default by the Member and cause the provisions applicable thereto as are hereinafter set forth to become operative.

### **3.3 Future Contributions (Ordinary).**

(a) Each Member agrees to pay to the Manager no later than thirty (30) days after request for the same, all additional sums which are necessary for the Limited Liability Company to meet its obligations.

(b) Additional capital may be required during the term of the Limited Liability Company in order to defray ownership and developmental expenses; to purchase personal property; to exercise options to purchase; to pay installments of principal and interest on any purchase money mortgages; to pay real estate taxes and insurance; to prepare necessary reports and returns; and to pay legal, engineering and accounting fees necessarily incurred in the conduct of business by the Limited Liability Company; to pay the cost of operation, management and development of the property; to

rent the Limited Liability Company Property; to purchase or lease furniture, furnishings, fixtures and/or equipment; and/or to do all other acts necessary or desired by the Members in order to fully and timely pursue the Limited Liability Company's purposes. Such assessments shall be due and payable within thirty (30) days after receipt of written notice from the Manager. Failure by any Member to pay any assessment of additional capital shall constitute a default by said Member and cause the provisions of this Article III relating to default to become effective.

(c) The decision as to whether or not an additional capital contribution must be made shall be determined by the Manager, and in the event of such determination, it shall be binding upon all Members. Notwithstanding the foregoing or any other provision of this Agreement, additional capital contributions in the aggregate amount of more than five percent (5%) of a Member's initial capital contribution in any calendar year shall require an affirmative vote of 51% of the Member's interest of the Members.

**3.4 Monetary Default.** In the event a Member defaults in any obligation to provide additional funds (either by way of loan or capital contribution depending upon the decision of the Members), as provided for in Section 3.3 above, after receipt of notice and within the time periods set forth herein, the Manager shall, as quickly as reasonably practicable, but not in excess of thirty (30) days, send by mail or cause to hand delivered to the non-defaulting Members a "Notice of Default," which shall state the name of the defaulting Member, the delinquent amount and the time limitations provided in this Agreement for curing the same. Each of the non-defaulting Members shall have the prior and first option, but not the obligation, within fifteen (15) days after receipt of written notice of said Notice of Default, in which to make its proportionate contribution of the additional funds in order to cure the deficit caused by the default of the defaulting Member. If less than all of the non-defaulting Members make their *pro rata* additional contribution within said time, then those who have made said contribution may proportionately contribute such additional sums as are required to cure the deficiency occasioned by the default of said defaulting Member or may contribute in any other manner which is mutually agreeable to all of the Members then participating in the cure of the deficiency. In the event of any such default by a Member, the contributing Members who cure the default of the defaulting Member may elect to treat such additional advance in accordance with the following alternatives:

(a) Loan. It may be considered as a loan to the defaulting Member which such defaulting Member hereby agrees to repay to the Contributing Members within one (1) month thereafter, on demand, with interest thereon from the date of the advance at the rate of prime as listed in the Wall Street Journal plus four percent (4%) per annum, which obligation shall be secured by a security interest upon the defaulting Member's interest in the Limited Liability Company (including its capital account and all other incidents of ownership), in order to secure the timely and full payment of said obligation (which charge and security interest may be foreclosed in accordance with applicable law of the state of Colorado); the curing Member(s) may collect from the defaulting Member all costs and attorneys' fees that are incurred in the attempted collection of the debt, or the supervision of the implementation of the foregoing procedure; or

(b) Loan-Purchase. Upon the vote of all of the non-defaulting Members, the non-defaulting Members can create a loan to the defaulting Member for a period not to exceed sixty (60) days, with the payment of eight percent (8%) interest per annum. If the defaulting Member defaults on said loan obligation, then the non-defaulting Members may purchase the defaulting Member's interest in the Limited Liability Company for the same price as determined under alternative (c) below. The Members shall have the right, but not the obligation, to enter into such purchase on the default of the sixty-day loan.

(c) Purchase. All of the non-defaulting Members shall have the right, but not the obligation, to cause the Limited Liability Company to purchase the defaulting Member's ownership interest in this Limited Liability Company for a price determined as follows: seventy-five percent (75%) of the original and subsequent capital contributions of the defaulting Member less any distributions received by it from the Limited Liability Company or as a result of ownership of its Limited Liability Company ownership interest (i.e., sale by Member under circumstances other than those herein described, whereby it recovered all or a part of its prior capital contributions). It is intended that this payout provision will be treated under Section 736(a)(2) of the Internal Revenue Code of 1986, as amended, and that there is not stated value for goodwill paid to the defaulting Member. Payment thereof shall be made in accordance with the following:

1. Credit thereon shall be made for the additional moneys required to have been paid by those Members who participated in the curing of the defaulting Member's default, as well as all expenses for accounting, tax and legal services and miscellaneous costs which may have been incurred by the Limited Liability Company and the participating non-defaulting Members; and

2. The balance of the purchase price shall be paid pursuant to the terms set forth in a non-negotiable, non-interest bearing promissory note payable over seven (7) years after the date of default by the defaulting Member. The note shall be payable in equal annual installments commencing one (1) year from the effective date. The note shall provide for prepayment at any time and in any amounts without penalty or additional charges; and recite and be secured by a security interest on the defaulting Member's ownership interest so acquired by the participating non-defaulting Members; or

(d) Adjustment of Ownership Interest. All of the non-defaulting Members who have advanced funds to cure the default of the defaulting Member may consider the same as an additional capital contribution and in such case the percentage of ownership interest shall be adjusted so that the Member's respective percentages of ownership interest shall equal the percent of ownership per schedule A and additional capital contribution of the Members contributed by each of them and the defaulting Member's ownership interest shall be decreased accordingly. The Manager shall cause the computation of ownership interest to be made and cause an adjustment of this Agreement to be made accordingly. Such adjustments shall be effective as of the date of the advancement and notification to the Manager of the non-defaulting Member's interest. In the event that the Manager is the Member in default, then upon default, the Manager shall

be automatically removed, and at vote of fifty-one percent (51%) of the ownership interest, a successor Manager shall be appointed to administer the provisions aforesaid.

(e) **Failure to Pursue Alternative Remedies.** In the event that none of the alternatives of the non-defaulting Members described above are timely pursued and completed, this Limited Liability Company shall be dissolved and terminated in accordance with other provisions of this Agreement.

**3.5 Conditions Precedent to Curing Default.** In order to be eligible for the foregoing alternatives, the curing Members (being those who cure the defaulting Member's default) must timely cure the default, and must also be current in their obligations to the Limited Liability Company. Moreover, the curing Members must make their elections as to the remedies set forth in Article III, Section 3, 4(a), (b), (c), or (d) within sixty (60) days after the moneys are due from the defaulting Member.

**3.6 Rights of Defaulting Member.** Whenever a Member has committed a default as described in this Agreement under Section 3.4, and has not repaid any amounts owing, such Member shall have no vote in the decisions of the Limited Liability Company and shall be bound by all decisions of the then majority ownership interests of those Members who are not then in a default status. Furthermore, such Member shall not be entitled to any distribution of capital, profit, cash flow, or otherwise until it has cured its default by repayment of the loan, if the option is utilized, except as otherwise provided in Section 3.3. Any distributions to which such Member would have been entitled, but for the default status, shall be waived and proportionately divided among the curing Members who made the loan to the defaulting Member. In the event of a loan, and only for as long as the loan is not past due, distributions so received by the curing Members shall be first credited to accrued interest and then to principal of the defaulting Member's debt to them.

**3.7 Non-Monetary Defaults.** Although Section 3.4 (Monetary Default) contemplates a monetary default, if a Member violates the provisions of this Agreement, such act or acts shall be void from the date of such default and beginning with such date of default, such Member shall not be entitled to either vote or receive distributions as described in Section 3.6. This shall also apply to those defaults described in Article VIII, which supplements Section 3.4 (Monetary Default). The right to vote and receive distributions shall be reinstated as of the date any default is cured by such defaulting Member.

**3.8 Loan Offered *Pro Rata*.** Regarding the rights to advance moneys by way of loans or to purchase or to adjust ownership interest as is described above in Section 3.4(a), (b), (c) or (d), the same shall be construed to have been made on a *pro rata* basis of all of the curing Members who agree to satisfy the defaulting Member's default. The curing Members do not, however, have to agree to buy a *pro rata* share, but may agree to buy a lesser or greater amount in the event others choose to buy a lesser or greater than *pro rata* share. In any event, if a defaulting Member's interest is to be purchased, the entire interest in the Limited Liability Company shall be purchased.

**3.9 Limitation; Alternative Remedy.** Similarly, the curing Members must by an affirmative vote of 51% of the ownership interests of the curing Members, uniformly agree on a Remedy. There may not be a combination of 3.4(a), (b), (c) or (d), regarding the same defaulting Member and the same default. Nothing herein shall limit curing Members from pursuing either 3.4(a), (b), (c) or (d) in regard to a particular default of one Member and 3.4(a), (b), (c) or (d), as to another default of the same or another Member. If a dispute arises as to the appropriate exercise of the foregoing rights, the Manager will make a decision; if said decision is not accepted within ten (10) days after submission to the other Members, the Members shall pursue the procedures described in Article XVII hereof.

**3.10 Implementation; Manager.** As the foregoing procedures are pursued and consummated, the Manager shall supervise the same and shall have the authority, pursuant to a special Power of Attorney which each Member shall execute, or by virtue of this Agreement, in the event a Member or Members shall fail to exercise such (which shall constitute a Special Power of Attorney (“coupled with an interest”), to collect and disburse the moneys and execute documents in order to effectuate and confirm transfers and conveyances of the Limited Liability Company interest and Property. If for any reason the Manager deems it wise to obtain judicial approval or review of his acts, the costs thereof, including his attorney’s fees, shall be assessed to the defaulting Member, shall bear interest as does the principal advance (*infra* 3.4(a)), and shall be considered as having been incurred by the curing partners and shall be part of the debt owed by the defaulting Member to the curing Members.

**3.11 Interest.** Except as expressly herein provided, no interest shall accrue or be paid on the capital account of any Member but nothing herein shall prevent or prohibit the accrual and payment of interest by or among Members or the Limited Liability Company and third parties for loans.

**3.12 Proportionate Hold-Harmless.** It is recognized by the Limited Liability Company that in order to obtain the necessary loans needed to carry on the purposes of the Limited Liability Company, it may be necessary for the Members and/or Manager to execute loan agreements and guarantees which call for individual, joint and/or several liability. The Members hereby agree to execute such loan agreements upon request by the Manager. Notwithstanding such individual liability to third parties, as among the Members, it is specifically understood and agreed that no Member or Members shall be forced to suffer any greater liquidated loss than is equal to their proportional percentage of any loss or loan guarantee. In the event that a Member does not bear his proportionate share of the loss or loan guarantee, the same shall be considered a default under the provisions of this Article III.

## ARTICLE IV

### Profits and Losses

**4.1 Determination.** The net profits and losses of the Limited Liability Company shall be determined in accordance with approved and accepted accounting practices adapted to the type of business involved, as soon as practicable after the close of each fiscal year. For

purposes of this Agreement and for the operation of the Limited Liability Company, the Limited Liability Company's fiscal year shall be the calendar year.

#### **4.2 Allocation of Net Profits and Net Losses.**

(a) Net Profits. After giving effect to the allocations set forth in Exhibit B, Net Profit (as defined below) shall be allocated to the Members and Manager as follows:

(i) First, to the Members and Manager in proportion to and to the extent of, the excess of any of (a) the cumulative Net Losses (as defined below) allocated to the Members and Manager pursuant to Section 4.2(b) below for all prior taxable years over (b) the cumulative Net Profits allocated to the Members and Manager pursuant to this Section 4.2(a) for all prior taxable years.

(ii) Second, to the Members in proportion to and in an amount equal to the aggregate distribution made to the Members pursuant to Section 4.5(a) hereof, taking into account prior allocations of Net Profit pursuant to this Section 4.2(a)(ii).

(iii) Third, to the Members and Manager in proportion to and in an amount equal to the aggregate distributions made to the Members and Manager pursuant to Section 4.5(b) hereof, taking into account prior allocations of Net Profits pursuant to this Section 4.2(a)(iii).

(iv) Finally, to the extent of any Net Profits in excess of the amounts distributed to the Members and Manager pursuant to Sections 4.5(a) and 4.5(b) below, to the Members and Manager proportionate to the distributions the Members and Manager would have received under Section 4.5 below, if the General Net Cash Flow and Fee Income Net Cash Flow (each, as defined below) were sufficient to make distributions equal to the Net Profits being allocated when taking into account the source of the Net Profits being allocated.

(b) Net Losses. After giving effect to the allocations set forth in Exhibit B, Net Losses for any taxable year shall be allocated to the Members in proportion to their positive capital account balances, or if no such Members exist, then to the Members in proportion to their respective percentages of ownership interest.

(c) Definitions. For purposes of this Section 4.2, "Net Profit" and "Net Loss" each means, for each fiscal year of the Company or other period, the Company's profit or loss for federal income tax purposes, adjusted as follows: (i) any tax exempt income described in Section 705(a)(1)(B) of the Code shall be added to such taxable profit or loss; and (ii) any nondeductible expenses described in Section 705(a)(2)(B) of the Code shall be subtracted from such taxable profit or loss. Notwithstanding the foregoing, any items of income, gain, expense or loss specially allocated pursuant to Exhibit C shall be disregarded and not taken into account in determining Net Profit or Net Loss.



It is the intention of the Members to comply with the provisions of Internal Revenue Code §704(b) and the Regulations promulgated pursuant to such section. In the event discrepancies or inconsistencies occur between the intent of the parties and the provisions of Internal Revenue Code Section 704(b) and Regulations, the Manager shall make such adjustments in respect of this Section 4.2 as necessary to bring the allocations into compliance with the applicable provisions of Internal Revenue Code 704(b) and the Regulations.

**4.3 Member's Ownership Interest.** The ownership interest of each Member is as set forth on Schedule A attached except as it may be modified from time to time by reason of the sale of interests, additional investment, or implementation of one or more of the default provisions set forth in Section 3.4.

#### **4.4 Distributions.**

(a) Distribution of "General Net Cash Flow." Except upon dissolution and liquidation as set forth in Section 11.2, at such times as the Manager shall determine in its sole and absolute discretion, General Net Cash Flow as hereinafter defined shall be distributed to the Members pro rata in accordance with their respective percentages of ownership interest.

(b) Distribution of "Fee Income Net Cash Flow." Except upon dissolution and liquidation as set forth in Section 11.2, at such times as the Manager shall determine in its sole and absolute discretion, Fee Income Net Cash Flow as hereinafter defined shall be distributed: (i) seventy-five percent (75%) to the Members pro rata in accordance with their respective percentages of ownership interest, and (ii) twenty-five percent (25%) to the Manager.

#### **4.5 Definitions.**

(a) "Fee Income" shall mean the amounts received by the Limited Liability Company in its capacity as Manager of Wheeler Block Investments, LLC pursuant to Sections 4.5(c) (i.e., the "Manager Promote") and Section 5.5 (i.e., the 1.25% "Acquisition Fee") of that certain Operating Agreement of Wheeler Block Investments, LLC dated February 10, 2016 (the "WBI Operating Agreement"). Notwithstanding anything to the contrary herein, the term "Fee Income" shall under no circumstances be construed to include any amounts distributed to or received by the Limited Liability Company in its capacity as a Member of Wheeler Block Investments, LLC or any reimbursements paid to the Limited Liability Company pursuant to Section 5.4 of the WBI Operating Agreement.

(b) "Fee Income Net Cash Flow" shall mean the Fee Income received by the Limited Liability Company from time to time, less principal payments on any indebtedness secured by a lien on the Limited Liability Company Property, and less such reserves as shall be determined necessary by the Manager for operating expenses, taxes, maintenance, insurance, debt service, option considerations, repairs and other items.

(c) “General Net Cash Flow” shall mean the net income of the Limited Liability Company from all sources other than from Fee Income, plus non-cash expenses such as depreciation or amortization, less principal payments on any indebtedness secured by a lien on the Limited Liability Company Property, and less such reserves as shall be determined necessary by the Manager for operating expenses, taxes, maintenance, insurance, debt service, option considerations, repairs and other items. In addition, General Net Cash Flow shall also include any net proceeds received from financing, refinancing, condemnation and sale of Limited Liability Company assets.

**4.6 §704(c)(2) Election.** The Limited Liability Company hereby elects that the method of the allocation of depreciation and gain or loss with respect to contributed property as set forth in §704(c) (2) of the Internal Revenue Code of 1986, as amended, is hereby made and adopted by the Limited Liability Company and all the Members hereof. This method of allocation is elected by the Limited Liability Company in order to take account of the variation between the basis of Property contributed to the Limited Liability Company and its fair market value at the time of the contributions. The allocation shall be computed by the accountants who are currently providing services for the Limited Liability Company.

#### **4.7 Accounting Records.**

(a) The Limited Liability Company accounting records shall be maintained at the office of the Manager of the Limited Liability Company and each Member shall at all times have access thereto. The Limited Liability Company shall keep its accounting records and shall report its income for tax purposes on the cash method based upon accepted tax accounting rules and regulations.

(b) An annual accounting shall be made to each Member, either in writing or by way of a meeting to which all of the Members shall be invited, no later than the fifteenth (15<sup>th</sup>) day of March following each fiscal year.

(c) The Manager, as hereinafter described, shall cause to be prepared all income tax returns and reports required to be filed with the Internal Revenue Service and with the Department of Revenue of the state of Colorado; and the Manager shall furnish copies of said return or report as well as any schedules specifically relating to the Members hereto to the Members no later than the fifteenth day of March following the fiscal year for which the return or report is prepared.

## ARTICLE V

### Management/Decisions

**5.1 Vote.** All non-day-to-day business decisions, including, but not limited to, financing, option exercise, development, refinancing, leasing, purchasing the Limited Liability Company Property, or the exercise or pursuit of any other authorized Limited Liability Company endeavor, but except as expressly provided elsewhere in this Agreement, shall be upon the affirmative vote of fifty-one percent (51%) of the ownership interest of the Members. The Manager shall poll all Members to determine their vote. For convenience of the Members, any one of them may vote in regard to Limited Liability Company business by mail, email, telephone, or appoint a party to act upon its behalf, as evidenced by a written proxy or Special Power of Attorney.

### 5.2 Manager.

(a) **Appointment.** The Members appoint Centre Point Properties, LLC as the Manager in accordance with the provisions of this Agreement. So long as there is more than one (1) Manager of the Company, any reference to “Manager” in this Agreement (or any singular pronouns referring to the Manager) shall be understood to refer to all Managers. At any time that the Company has more than one (1) Manager, the affirmative vote of a majority of Managers shall be the act of the Managers, unless the vote of a greater or lesser proportion or number is otherwise required by this Agreement. The Manager shall have full power and authority to act on behalf of the Limited Liability Company.

(b) **Indemnification of Manager.** No Member shall have any claim against the Manager by reason of any act or omission of such Manager except in the case of an act or omission of the Manager that constitutes a breach of the Manager’s fiduciary duty or a breach of the terms of this Agreement.

(c) **Election of Manager, and Number of Managers.** If it becomes necessary to elect a Manager of the Company, it shall require the affirmative vote of fifty-one percent (51%) of the ownership interests of the Members to elect a new Manager. The number of Managers of the Company can be changed by the affirmative vote of fifty-one percent (51%) of the ownership interests of the Members. There shall always be at least one Manager of the Company. The Manager need not be a Member of the Company.

(d) **Purchase, Sale or Exchange by Manager.** Each Manager, jointly or individually, shall have the right to execute solely any documents pertaining to the purchase, sale or exchange of any Limited Liability Company Property and may execute among such documents deeds of conveyance, bills of sale, purchase money indebtedness, but only after proper authorization by the appropriate percentage of ownership interests. Further, all of the Members do hereby irrevocably appoint the Manager their Attorney-in-Fact to execute all such documents and do hereby grant to the Manager a Special Power

of Attorney in accordance with the above, but only after proper authorization by the appropriate percentage of ownership interests.

(e) Tax Matters Partner. Tucker J. Manion shall be the Tax Matters Partner.

(f) Removal of Manager. A Manager can be removed from his position as Manager through the affirmative vote of fifty-one (51%) of the ownership interests of the Members who are not the subject of the removal vote. Such removal must be with cause.

(g) Duty of Manager. Each Manager shall owe a fiduciary duty to the Limited Liability Company and the Members in all of his actions as Manager. Notwithstanding the foregoing, the Manager, Members, and their respective affiliates shall have the right to contract with the Company for the sale of goods or services if compensation paid or promised for such goods or services is fair and reasonable to the Company (i.e., at fair market value).

**5.3 Reimbursement.** The Manager shall be entitled to reimbursement from the Company for all expenses of the Company reasonably incurred and actually paid by the Manager on behalf of the Company.

## ARTICLE VI

### Encumbrances

**6.1 Limited Liability Company Encumbrances.** The Members agree that the Limited Liability Company may incur indebtedness and pledge its assets, to the extent permitted by law and permitted hereunder.

**6.2 Encumbrances by a Member.** Except as provided herein, no Member hereunder shall have the right to pledge, mortgage, or assign for security purposes or hypothecate his or any portion of his interest at any time except with the consent of the other Members hereunder. Such violation shall afford the other Members the right and option to void and pledge, mortgage, assignment or hypothecation within ninety (90) days after each of them received actual written notice of such event. The right to invalidate said transaction shall be exercised by serving written notice upon the creditor or other third party, and upon the Member who violated this provision, and the invalidation shall be effective ten (10) days thereafter. If a Member violates this provision, the member agrees to hold harmless and indemnify the other Members and the Limited Liability Company from all costs and expenses, including attorneys' fees, in regard thereto or as the result of the taking of action pursuant to this Section. Moreover, the Members shall not be entitled to vote or receive distributions or any other benefits as such acts shall constitute a default in its obligations hereunder and shall be governed by Section 3.6 and 3.7.

**6.3 Debt Among Members.** Notwithstanding the prohibitions of Section 6.2 and 7.1 hereof and as an exception thereof, Members may make loans to each other and secure said debt by the ownership interest herein of the borrowing Member.

## ARTICLE VII

### Restrictions on Transfer

**7.1 Transfers for Estate Planning.** A Member may transfer such membership interest to a trust established by the Member, to his or her spouse, to his or her children, or for other estate planning purposes without first obtaining the consent of the other Members. Other transfers shall require the consent of at least 51% of the ownership interests of the Members.

**7.2 Disposition.** Subject to this Article VII, no Member may sell, exchange, encumber, hypothecate, assign, or otherwise dispose of (except as expressly permitted in this Agreement) any portion of its ownership interest in this Limited Liability Company or his right to receive his *pro rata* share of the General Net Cash Flow or Fee Income Net Cash Flow of the Limited Liability Company.

### 7.3 Offers Between the Members.

(a) In the event any Member desires to dispose of his interest and has not received an offer from a *bona fide* third party, the Member may address a written offer of sale to the other Members for the right to purchase in proportion to their ownership interest. The written offer shall contain the amount for which the offering Member would sell his Limited Liability Company interest. Any such offer of sale shall remain open for a period of 30 days after it was received by the other Members (Offeree-Member).

(b) During the thirty (30) day period, the “Offeree-Members” shall have the option to accept the terms and conditions specified in the written offer and pay the amount to the Offeror-Member for his or her Limited Liability Company interest, within thirty (30) days after acceptance or refuse acceptance thereof.

**7.4 Option on the Part of Limited Liability Company.** Upon the vote of all of the ownership interests in the Limited Liability Company other than the offering Member, selling Member, or withdrawing Member, the Limited Liability Company, may elect to acquire the interest of an offeror Member, selling Member, or withdrawing Member, as the case may be, and to liquidate such offeror Member, selling Member as withdrawing Member’s interest in the Limited Liability Company for the amount determined under Section 7.2 of this Agreement. In such case, it is hereby stipulated and agreed by all the parties hereto that no amount shall be paid for the goodwill of the Limited Liability Company. In the event that the Limited Liability Company chooses to liquidate the retiring Member’s interest, under this Section 7.3, then, said payments shall be deemed to be made under Section 736(a) of the Internal Revenue Code of 1986, as amended, and appropriate adjustment shall be made to the amount of payment to equalize the economic interests of the parties.

## **7.5 Death or Dissolution of a Member.**

(a) Upon the death or dissolution of a Member, the Limited Liability Company is hereby granted the option to purchase all of the Limited Liability Company interest held by the deceased or dissolved Member's successor in interest.

(b) In the event of the exercise to purchase such interest, the Limited Liability Company shall assume any liabilities attributable to the deceased or dissolved Member's Limited Liability Company interest. The amount of such liabilities shall be deducted from the fair market value of a deceased Member's interest. For the purposes of this subparagraph 7.5, the fair market value of a deceased or dissolved Member's membership interest in the Limited Liability Company means fair market value of the Limited Liability Company as of the date of death of the deceased Member, determined by an appraisal as set forth in paragraph XVI(c) below, multiplied by that deceased or dissolved Member's ownership percentage in the Limited Liability Company as of the date of that Member's death or dissolution. The deceased Member's estate or the dissolved Member shall pay for that appraisal. If the net amount due for the deceased or dissolved Member's interest is less than \$50,000, then the amount due plus interest at the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution per year from the date of death or dissolution of that Member shall be paid within nine (9) months of death or dissolution. If the amount due for a deceased or dissolved Member's interest is \$50,000 or greater, then the Limited Liability Company shall have the option of paying the total amount due plus interest at the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution per year from the date of death or dissolution of that Member within nine (9) months of death or dissolution or paying the amount owed as follows: \$40,000 within nine (9) months of death or dissolution and the remaining amount owed in equal semi-annual installments payable over five (5) years with the unpaid balance bearing interest at the rate of the prime rate as quoted in the Wall Street Journal as of the date of the Member's death or dissolution. The note shall provide for prepayment in whole or in part at any time after the year of the purchase without penalty and shall be secured by the interest of the deceased or dissolved Member so purchased.

(c) The purchase price as contemplated under this Section of this Agreement shall not include any amount for the goodwill of the Limited Liability Company.

## **ARTICLE VIII**

### **Default**

#### **8.1 Events of Default.**

(a) Failure of a Member to make when due and after the required notice, any contribution or advance to be required hereunder as determined by the Members and third party contractual commitments which now exist and which shall hereafter be incurred.

(b) The making of an assignment for the benefit of creditors or the voluntary filing of a petition under an section or chapter of the Federal Bankruptcy Act as amended, or under any similar law or statute of the United States or any state thereof by a Member.

(c) Adjudication of a Member as bankrupt or insolvent in proceedings filed against the Member under any section or chapter of the Federal Bankruptcy Act as amended, or under any similar law or statute of the United States or any state thereof.

(d) The appointment of a receiver for all or substantially all of the assets of a Member, provided that if such appointment occurs in involuntary proceedings, the Member shall have a period of sixty (60) days in which to set aside such appointment.

(e) Violation of any other covenant herein provided in this Agreement, which is not remedied within fifteen (15) days after notice to the defaulting Member.

## **8.2 Remedies.**

(a) Upon the happening of a default described in Section 8.1(a) and any other non-monetary default, and in addition to other specifically provided remedies, the non-defaulting Members shall be authorized and entitled to proceed under and pursuant to Section 3.4(a) hereof.

(b) Nothing herein provided shall restrict or deny any Members' rights and remedies available to them at law or equity except to the extent expressly limited, abrogated or denied in this Agreement.

## **ARTICLE IX**

### **Special Power of Attorney**

**9.1 Powers of Attorney.** Each Member hereby appoints the Manager as Special Attorney-In-Fact to do all acts incident to ownership, development, purchase, sale and exchange of the Limited Liability Company Property and supervise and execute decisions of the Members. These special powers are coupled with an interest.

**9.2 Third Party Authority.** No third party shall be required to inquire into the authority of the Manager except to confirm who it may be at any particular time.

## **ARTICLE X**

### **Waiver of Partition**

All Members specifically waive any direct or indirect right to cause the Limited Liability Company Property to be partitioned.



## ARTICLE XI

### Termination and Dissolution

**11.1 Grounds for Dissolution.** The Limited Liability Company shall be dissolved upon the occurrence of any one of the following events:

- (a) death of any one of the Members (but at the option of the surviving Members holding a majority interest, the Limited Liability Company may be reconstituted and continued if confirmed and agreed upon within ninety [90] days after the death of the deceased or dissolving Member);
- (b) written agreement of the Members;
- (c) decree of a court having competent jurisdiction;
- (d) operation of law;
- (e) complete liquidation of all Limited Liability Company assets; or
- (f) any other grounds or reason provided by law.

It is expressly understood that while the foregoing subparagraphs describe events causing dissolution of the Limited Liability Company, the same shall in no way prevent any of the Members not directly responsible for the occurrence of such event from forming a new Limited Liability Company entity in order to benefit by the continuation of the terms and conditions set forth within this Agreement.

**11.2 Liquidation Procedure.** The procedure to be followed after the occurrence of one of the events causing dissolution, and the failure of all of the remaining Members to express their desire to continue the Limited Liability Company business, shall be as follows:

- (a) marshaling of all Limited Liability Company assets;
- (b) payment of all outstanding third party debts, expenses and liabilities and the establishment of such reserves as may reasonably be determined by the Manager to be necessary to provide for contingent liabilities of the Company;;
- (c) payment to Members of all debts other than capital and profits;
- (d) payment to Members for capital contributed to the Limited Liability Company; and
- (e) distribution of the remaining assets of the Limited Liability Company, first, in accordance with the relative positive capital account balances of the Members,

and, then, the balance pursuant to the applicable provisions of Section 4.5 hereof. Such distribution may be made either in cash or in kind, as shall be determined by the Members.

Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of § 1.704-1(b)(2) of the Regulations, if any Member has a capital account deficit (after giving effect to all contributions, distributions, allocations, and other capital account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any capital contribution and the negative balance of such Member's deficit capital account shall not be considered a debt owed by such Member to the Limited Liability Company or to any other person for any purpose whatsoever.

**11.3 Inadequate Assets.** Should the assets of the Limited Liability Company be insufficient to satisfy its debts, expenses and liabilities (other than return of capital and profit); then each Member shall forthwith tender to the Limited Liability Company such Member's proportion of any such deficiency in accordance with its ownership interest. The tender must be made within 30 days after written notification of the existence of such deficiency.

## **ARTICLE XII**

### **Additional Documents**

Each Member agrees to execute with acknowledgment, if required, any and all documents and writings which may be necessary or expedient in the creation or confirmation of this Limited Liability Company and the achievement of its purposes; however, such documents shall neither create greater obligation of the Members nor change their ownership interests unless such is in accordance with the express terms of this Agreement or the operation of its provisions.

## **ARTICLE XIII**

### **Amendments**

This Agreement is subject to amendment only by the written consent of all the Members and such amendment shall be effective as of the date the amendment is executed by the aforesaid Members or such other date as all the Members shall choose. Such amendment shall be binding upon and inure to the benefit of all Members.

## **ARTICLE XIV**

### **Limited Liability Company Elections**

**14.1 Subchapter K.** The Members have agreed in advance that they shall not elect to be excluded from Subchapter K of the Internal Revenue Code of 1986, as amended, as provided in Section 761(a) of the Internal Revenue Code. The Manager shall cause a complete annual tax return for both state and federal purposes to be prepared at the expense of the Limited Liability Company.

**14.2 Election and Other Limited Liability Company Elections.** The Manager shall make any and all elections required of or for the benefit of the Limited Liability Company. Said elections shall include elections under Section 754 of the Internal Revenue Code and shall be made in the Manager's sole discretion. The Members acknowledge that an election under Section 704(c)(2) of the Internal Revenue Code is being made by this Agreement.

## **ARTICLE XV**

### **Dispute Resolution**

In the event any controversy arises out of events transpiring prior to or provisions relating to or included within this Agreement, or any other matters involving the Limited Liability Company, the Limited Liability Company's Manager and/or Members, such dispute shall be resolved in a lawsuit filed in a state court of competent jurisdiction in the City and County of Denver, Colorado. The prevailing party in any such lawsuit shall be entitled to an award of attorneys' fees and all costs to be paid by the losing party.

## **ARTICLE XVI**

### **General Provisions**

(a) **Notices.** Except as provided in 5.1, all notices, consents, waivers, directions, requests, votes or other instruments or communication provided for under this Agreement shall be in writing, signed by the party giving the same, and shall be deemed properly given when actually received or when mailed, postage prepaid, certified, return receipt requested via email, addressed to the Members hereto. Each Member, by written notice to all other Members, may specify any other address for the receipt of such instruments or communications.

(b) **Devotion of Time to Limited Liability Company by Members.** The Members acknowledge that each of them has other business interests and shall not be required to devote any predetermined amount of time to or for the benefit of the Limited Liability Company. The Manager shall devote such time and effort as the Manager deems reasonably necessary to expeditiously and efficiently perform this function.

(c) **Appraisal.** If an appraisal is to be made by an appraiser, whenever an appraisal is to be made, it shall be by an independent real estate appraiser with an M.A.I. designation for commercial real estate.

(d) **Integration.** This Agreement embodies the entire agreement and understanding among the Members and supersedes all prior agreements and understandings, if any, among and between the Members relating to the subject matter hereof.

(e) **Applicable Law.** This Agreement and the rights of the Members shall be governed by and construed and enforced in accordance with the laws of the State of Colorado.

(f) **Counterparts.** This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one Agreement binding on all parties hereto, notwithstanding that all the parties are not signatories to the original or the same counterpart except that no counterpart shall be authentic unless signed by the Manager.

(g) **Severability.** In case any one or more of the provisions contained in this Agreement or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

(h) **Inurement.** Except as herein otherwise provide to the contrary, this Agreement shall be binding upon and inure to the benefit of the Members and their respective heirs, personal representatives, successors and assigns.

(i) **Headnotes.** Headnotes are used merely for reference purposes and do not affect context in any manner.

(j) **Gender.** Wherever applicable, the pronouns designating the masculine or neuter shall equally apply to the feminine, neuter and masculine genders and wherever applicable, the singular shall include the plural.

(k) **Legal Representation.** Each Member and Manger had the opportunity to obtain legal, accounting, tax, and such other advice from professionals of that Member's own choosing in regards to all matters pertaining to the Limited Liability Company and this Agreement.

## ARTICLE XVII

### Investment Representations; Private Offering Exemption

Each Member, by his or its execution of this Agreement, hereby represents and warrants to, and agrees with, the Manager, the other Members and the Company as follows:

(a) **Pre-Existing Relationship or Experience.**

1. Such Member has a pre-existing personal or business relationship with the Company or control persons;

2. By reason of his or its business or financial experience of his or its financial advisor who is unaffiliated with and who is not compensated, directly or indirectly, by the Company or any affiliate or selling agent of the Company, such

Member is capable of evaluating the risks and merits of an investment in the Company and of protecting his or its own interests in connection with this investment.

**(b) No Advertising.** Such Member has not seen, received, been presented with or been solicited by any leaflet, public promotional meeting, newspaper or magazine article or advertisement, radio or television advertisement, or any other form of advertisement, radio or television advertisement, or any other form of advertising or general solicitation with respect to the offer or sale of ownership interest in the Company.

**(c) Investment Intent.** Such Member is acquiring the interest for investment purposes for his or its own account only and not with a view to or for sale in connection with any distribution of all or any part of the interest.

**(d) Economic Risk.** Such Member is financially able to bear the economic risk of is or its investment in the Company, including the total loss thereof.

**(e) No Registration of Units.** Such Member acknowledges that the membership interest (“Units”) have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or qualified under the state securities law or under the laws of any other jurisdiction in reliance, in part, on such Member’s representations, warranties and agreements therein.

**(f) No Obligation to Register.** Such Member represents, warrants and agrees that the Company and the Manager are under no obligation to register or qualify the interests under the Securities Act or under any state securities law or under the laws of any other jurisdiction in reliance, in part, on such Member’s representations, warranties and agreements herein.

**(g) No Disposition in Violation of Law.** Without limiting the representations set forth above, such Member will not make any disposition of all or any part of the interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the interests unless and until:

1. There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement and any applicable requirements of state securities laws; or

2. Such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities

under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdictions.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

<b>MANAGER:</b>	<b>MEMBERS:</b>
<p><b>Centre Point Properties, LLC, a Colorado limited liability company</b></p> <p>By: <u>Tucker J. Manion</u> Tucker J. Manion, Member</p> <p>By: <u>Alan R. Bruno</u> Alan R. Bruno, Member</p>	<p><u>Tucker J. Manion</u> Tucker J. Manion</p> <p><u>Alan R. Bruno</u> Alan R. Bruno</p> <p><u>Steve Eaton</u> Steve Eaton</p>

**SCHEDULE A**

This Schedule constitutes the members who own the Membership Interest in CPP II Wheeler, LLC.

<b>MEMBER'S NAME</b>	<b>CAPITAL CONTRIBUTION</b>	<b>UNITS</b>	<b>OWNERSHIP INTEREST</b>
Tucker Manion	\$50,000.00	50,000	33.34%
Alan Bruno	\$50,000.00	50,000	33.33%
Steve Eaton	<u>\$50,000.00</u>	<u>50,000</u>	<u>33.33%</u>
Total	\$150,000.00	150,000	100.00%



## EXHIBIT B

### Special Allocation Provisions

Notwithstanding Section 4.2, the following provisions shall govern allocations:

1. Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5), or (6) of the Regulations, which create or increase a deficit capital account of such Member, then items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year and, if necessary, for subsequent years) shall be specially allocated and credited to the capital account of such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit capital account so created as quickly as possible. It is the intent that this Paragraph 1 be interpreted to comply with the alternate test for economic effect set forth in Section 1.704-1(b)(2)(ii)(d) of the Regulations.

2. Gross Income Allocation. In the event any Member would have a deficit capital account at the end of any Company taxable year which is in excess of the sum of any amount that such Member is obligated or deemed obligated to restore to the Company (1) pursuant to this Agreement, (2) under Section 1.704-2(g)(1) of the Regulations regarding Company minimum gain and (3) under Section 1.704-2(i)(5) of the Regulations regarding Member nonrecourse minimum gain, then the capital account of such Member shall be specially allocated and credited with items of Company income (including gross income) and gain in the amount of such excess as quickly as possible.

3. Minimum Gain Chargeback. Notwithstanding any other portion of this Exhibit C and except as provided in Section 1.704-2(f) of the Regulations, if there is a net decrease in the Company's minimum gain as determined under Sections 1.704-2(b)(2) and 1.704-2(d) of the Regulations during a taxable year of the Company, then the capital accounts of each Member shall be allocated items of income (including gross income) and gain for such year (and, if necessary, for subsequent years) in an amount equal to the total net decrease in the Company's minimum gain multiplied by the Members' percentage share of the Company's minimum gain at the end of the preceding taxable year determined in accordance with Section 1.704-2(g) of the Regulations. This Paragraph 3 is intended to comply with the minimum gain chargeback requirement of Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. In any taxable year that the Company has a net decrease in the Company's minimum gain, if the minimum gain chargeback requirement would cause a distortion in the economic arrangement among the Members and it is not expected that the Company will have sufficient other income to correct that distortion, the Manager may in its discretion (and shall, if requested to do so by a Member) seek to have the Internal Revenue Service waive the minimum gain chargeback requirement in accordance with Section 1.704-2(f)(4) of the Regulations.

4. Allocation of Member Nonrecourse Debt Deductions. Items of Company loss, deduction and expenditures described in Section 705(a)(2)(B) of the Code which are attributable

to any nonrecourse debt of the Company and are characterized as Member nonrecourse debt deductions as determined under Section 1.704-2(i)(2) of the Regulations shall be charged to the Members' capital accounts in accordance with said Section 1.704-2(i) of the Regulations.

5. Allocation of Nonrecourse Deductions. Beginning in the first taxable year in which there are allocations of "nonrecourse deductions" (as described in Section 1.704-2(b) of the Regulations) attributable to nonrecourse liabilities of the Company, and thereafter throughout the full term of the Company, nonrecourse deductions shall be allocated to the Members as a part of the Net Losses, if any, and shall be allocated in accordance with the provisions for allocating Net Losses, as such provisions are in effect for such period.

6. Code Section 704(c) Allocations. In accordance with Section 704(c)(1)(A) of the Code and Section 1.704-1(b)(2)(iv)(d)(3) of the Regulations, if a Member contributes property with a fair market value that differs from its adjusted basis at the time of contribution, income, gain, loss and deductions with respect to the property shall, solely for federal income tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company and its fair market value at the time of contribution. Allocations pursuant to this Paragraph 6 are solely for tax purposes, and shall not affect the Members' Capital Accounts.

7. "Reverse" Code Section 704(c) Allocations. If under Section 1.704-1(b)(2)(iv)(f) of the Regulations, Company property that has been revalued is properly reflected in the capital accounts and on the books of the Company at a book value that differs from the adjusted tax basis of such property, then depreciation, depletion, amortization and gain or loss with respect to such property shall be shared among the Members in a manner that takes account of the variation between the adjusted tax basis of such property and its book value, in the same manner as variations between the adjusted tax basis and fair market value of property contributed to the Company are taken into account in determining the Members' share of tax items under Section 704(c) of the Code. Allocations pursuant to this Paragraph 7 are solely for tax purposes, and shall not affect the Members' capital accounts.

8. Recapture. All recapture of income tax deductions resulting from sale or other disposition of Company property shall be allocated to the Member or Members to whom the deduction that gave rise to such recapture was allocated hereunder to the extent that such Member is allocated any gain from the sale or other disposition of such property.

9. Other Allocations. For purposes of determining the Net Profits and Net Losses or other items allocable to any period, Net Profits, Net Losses and any other items shall be determined on a daily, monthly, or other basis, using any permissible method selected by the Manager under Section 706 of the Code and the Regulations promulgated thereunder.

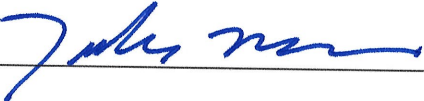
(a) The Members are aware of the income tax consequences of the allocations made hereunder and hereby agree to be bound by the provisions of this Agreement in reporting their shares of Company income and loss for income tax purposes.

(b) To the extent permitted by Section 1.704-2(h)(3) of the Regulations, the Manager shall endeavor to treat distributions as having been made from the proceeds of a non-recourse liability or a partner nonrecourse debt only to the extent that such distributions would cause or increase the deficit capital account for any Member.

# CPP II Wheeler, LLC

October 2, 2019

I, Tucker J. Manion, Manager of Centre Point Properties LLC, and Manger & Member of CPP II Wheeler, LLC grant Kevin Anderson of ArcWest Architects, Inc. permission to represent Centre Point Properties & CPP II Wheeler, LLC in document preparation, applications and meetings with City of Denver representatives for the rezoning of 2163 W 29<sup>th</sup> Ave.

By:  \_\_\_\_\_

CPP II Wheeler, LLC  
789 Sherman St. Ste 430  
Denver, CO 80203

Project Name: Rezoning from PUD #76 to G-MU-3  
Project Address: 2163 W 29<sup>th</sup> Ave  
Denver, CO 80211

Date: October 1<sup>st</sup>, 2019

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The site located at 2163 W 29th Ave. currently serves as a parking lot that provides additional parking for an office building located across 29th Ave at 2150 W 29th Ave. Both of these properties are under the same owner (Wheeler Block Investments LLC). Under the current PUD #76 zoning the site allows for surface parking with any potential development falling under R-3 Zoning of the Former Chapter 59 zoning code.

The City adopted the current Denver Zoning Code and the property retained Former Chapter 59 zoning. The owner is exploring the potential to develop the site and feels it is best to rezone the site under the city's current zoning code G-MU-3.

The applicable adopted plans for this location are:

- Comprehensive Plan 2040
- Blueprint Denver (anticipated adoption: 2019)
- Highland Neighborhood Plan (1986)

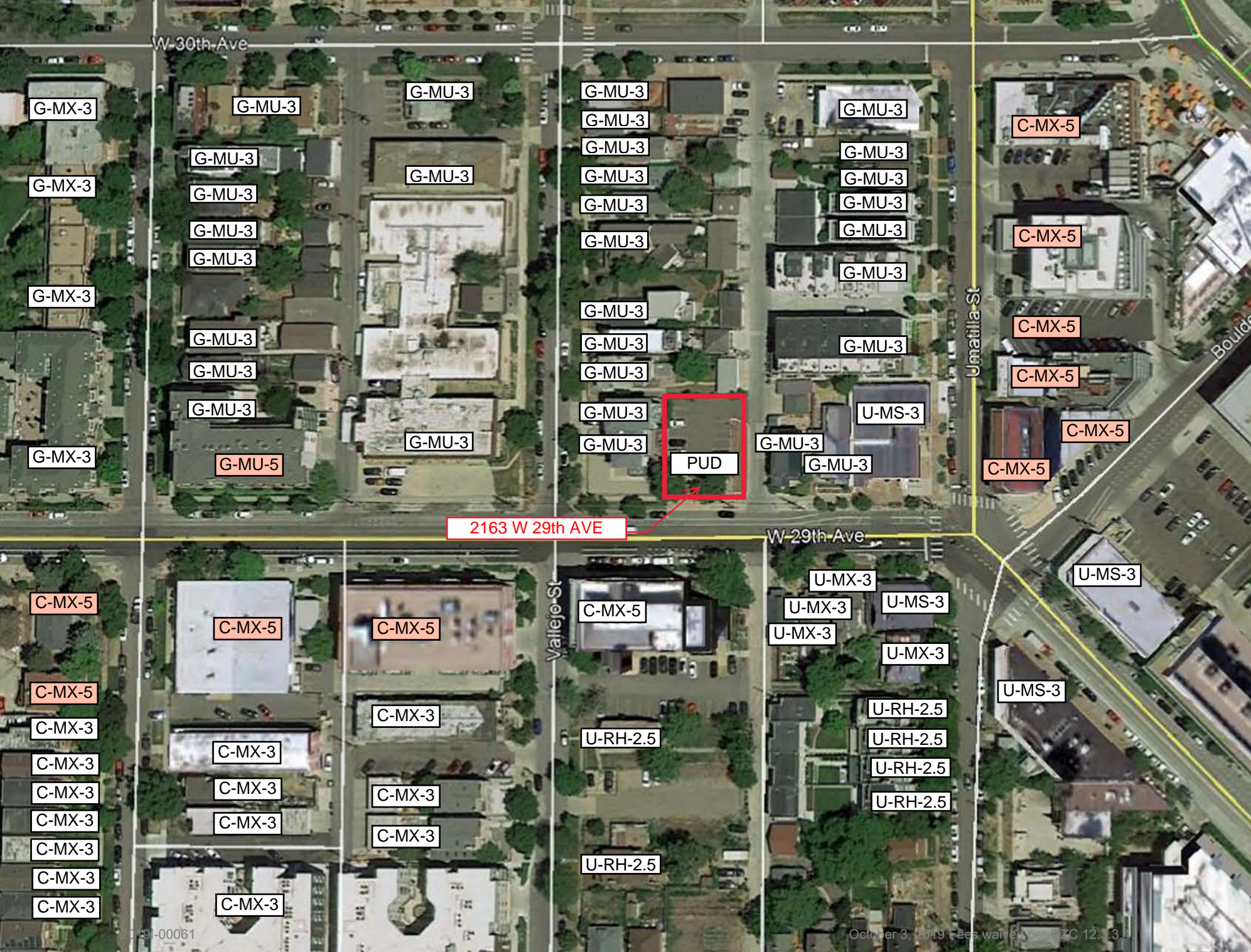
G-MU-3 is consistent with zoning in the area and is not considered up-zoning from Chapter 59 R-3. G-MU-3 is a multi-unit district allowing urban house, duplex, row house, garden court, town house, and apartment building forms. The tallest building form allowed has a maximum height of three stories, 40 feet.

G-MU-3 designation for this site provides uniformity of district regulations, is consistent with neighborhood context, zone district purpose and intent. See the attached graphic illustrating the zoning in this area.

Thank you,

Kevin Anderson, AIA  
Partner | Architect  
ArcWest Architects, Inc.





W 30th Ave

G-MX-3

G-MU-3

G-MU-3

G-MU-3

G-MU-3

C-MX-5

G-MX-3

G-MU-3

G-MU-3

G-MU-3

G-MU-3

C-MX-5

G-MU-3

G-MU-3

G-MU-3

G-MU-3

G-MU-3

G-MU-3

C-MX-5

G-MU-3

G-MU-3

G-MU-3

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G-MU-3

G-MU-3

C-MX-5

G-MU-3

G-MU-3

G-MU-3

C-MX-5

G-MU-3

G-MU-3

U-MS-3

C-MX-5

G-MU-5

G-MU-3

G-MU-3

PUD

2163 W 29th AVE

W 29th Ave

Umatilla St

Boulder

C-MX-5

C-MX-5

C-MX-5

C-MX-5

U-MX-3

U-MS-3

C-MX-5

C-MX-3

C-MX-3

U-RH-2.5

U-MX-3

U-MS-3

C-MX-3

C-MX-3

C-MX-3

U-RH-2.5

U-MX-3

U-MX-3

C-MX-3

C-MX-3

C-MX-3

U-RH-2.5

U-MS-3

C-MX-3

C-MX-3

U-RH-2.5

U-RH-2.5

C-MX-3



# Public Health Safety & Welfare Narrative

Project Name: Rezoning from PUD #76 to G-MU-3  
Project Address: 2163 W 29<sup>th</sup> Ave  
Denver, CO 80211

Date: October 1<sup>st</sup>, 2019

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PUD #76 and R-3 is an outdated zoning designation which has been replaced by G-MU-3, U-MS-3 & U-MX-3 zoning districts. This change has been part of a City of Denver process to promote development in these districts that is sensitive to the existing neighborhood character. These current zoning districts offer a mix of uses while also contributing to the economic, social, physical health, safety and welfare of the people that live and work there.

ArcWest introduced this rezoning request to the HUNI Planning and Community Development Committee and District #1 Council Member, Amanda Sandoval. We received unanimous support for this request because the owner was not requesting an up-zoning of the property. The request is simply an effort to bring the site into current familiar regulations. Any proposed development would be reviewed for its compatibility to the adopted City of Denver and Highlands Neighborhood plans. This is the best way to ensure the public health, safety and welfare of future development.

Thank you,

Kevin Anderson, AIA  
Partner | Architect  
ArcWest Architects, Inc.

# Justifying Circumstances Narrative

Project Name: Rezoning from PUD #76 to G-MU-3  
Project Address: 2163 W 29<sup>th</sup> Ave  
Denver, CO 80211

Date: October 1<sup>st</sup>, 2019

---

The site located at 2163 W 29th Ave. currently serves as a parking lot that provides additional parking for an office building located across 29th Ave at 2150 W 29th Ave. Both of these properties are under the same owner (Wheeler Block Investments LLC). Under the current PUD #76 zoning the site allows for surface parking with any potential development falling under R-3 Zoning of the Former Chapter 59 zoning code.

The City adopted the current Denver Zoning Code and the property retained Former Chapter 59 zoning.

Thank you,

Kevin Anderson, AIA  
Partner | Architect  
ArcWest Architects, Inc.



Project Name: Rezoning from PUD #76 to G-MU-3  
Project Address: 2163 W 29<sup>th</sup> Ave  
Denver, CO 80211

Date: October 1<sup>st</sup>, 2019


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ADDRESS:

2163 W 29TH AVENUE, DENVER, CO

LEGAL DESCRIPTION:

THE EAST HALF OF LOTS 1.3, 14 AND 15 AND THE EAST 1/2 OF THE SOUTH 1/2 OF LOT 12, BLOCK 11, UNION ADDITION TO THE CITY OF DENVER, CITY AND COUNTY OF DENVER, STATE OF COLORADO.

A. a Map indicating property to be rezoned will be prepared by the Department of Zoning Administration		City and County of Denver DEPARTMENT OF ZONING ADMINISTRATION <b>APPLICATION FOR ZONE MAP AMENDMENT</b>		Application Number 3352 (Amended)
				Date Submitted 6-1-82
				Fee \$100.00
1 Applicant Wheeler Block Partners	2. Address 7790 E. Arapahoe Road Englewood, CO 80112	3. Phone No. 773-0315	4. Interest <input checked="" type="checkbox"/> Owner(s) <input type="checkbox"/> Agent <input type="checkbox"/> Other	
5. Owners of Property or Properties <i>(If not the Applicant)</i> C.J. Hedlund General Partner Todd Anderson Limited Partner	6. Address Same as above		7. Phone No. Same as above	
8. Location of Proposed Change 2900 Vallejo Street Apprx.				
9. Legal Description of Property: <i>(If Legal Description is lengthy, please attach additional sheet)</i> Lots: Block: Addition: The East 1/2 of lots 13-15, inclusive, and the East 1/2 of the South 1/2 of Lot 12, Block 11, Union Addition to the City and County of Denver, State of Colorado.				
10. Area of Subject Property, Sq. Ft. or Acres 70' x 87.48' = 6,123.60 sq.ft.		11. Present Zone R-3	12. Proposed Zone P.U.D. <b>23</b>	
13. Describe briefly the nature and expected effect of the proposed amendment. Be sure to include an explanation of the legal basis for the proposal: either (a) the error in the map as approved by city council, or (b) the changed or changing conditions making the proposed amendment necessary.				
<p>The Parcel that we propose for change to P.U.D. would immediately be used for parking in conjunction with the Wheeler Block office building directly across the street. We're changing the conditions of the area by renovating this Historic Structure from a condemned apartment complex to a 30,000 sq.ft. office building, that presently has only 31 parking spaces for its future tenants, arriving September 1982.</p> <p>In order that our future tenants do not overburden the on-street parking areas used by the area residents, we're proposing to increase our number of parking spaces available through this P.U.D. application.</p> <p>In addition, this P.U.D. may permit the allowable uses of the R-3 zone with a height limitation of 40'.</p>				
14. Use and development proposed for the property to be rezoned.				
<p>This site shall be used as parking for the Wheeler Block office building at 2150 W. 29th Avenue with a maximum 13 spaces allowable, or the site may allow those uses of the R-3 zone, with a 40' height limitation.</p>				
15. Exhibits Submitted, Number and Kind <del>Map</del> P.U.D. Application Existing Conditions Map District Plan		16. Applicant's Signature 		

POD 76

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2900 Vallejo Street Apprx.

2a. Maximum Gross Floor Area: This proposal does not involve any floor area because the intended development will be a parking lot with landscaping. If for some reason the owners chose not to develop this parking lot, the property may be developed according to the R-3 Regulations of the Revised Municipal Code with additional regulation that no structures shall exceed a height of 40'. All the stipulations listed below will apply only to a parking lot use.

2b. The maximum height of structures shall be limited to 40'.

2c. If used as parking for the Wheeler Block office building, there shall be a maximum of 13 parking spaces. Full car spaces shall measure 9.25' x 19', and the Compact car spaces shall measure 7.5' x 15'. There shall be 46% compact car spaces and 54% Full car spaces. Applicant will abide by section 614.5 (use and maintenance of parking spaces).

2d. The proposed parking will not utilize any structures.

1. Minimum spacing between buildings: not applicable.

E. As parking: Asphalt parking 65.8% = 4,031.5 sq.ft.  
Sidewalk, Stairway, Bench area 9.3% = 572 sq.ft.  
Landscaping 24.8% = 1,521.5 sq.ft.

Total square footage: 6,123.6 sq.ft.

F. Owners shall abide by the Rules and Regulations of the Wastewater Management Division.

G. Interior streets, drives and pedestrian circulation: not applicable.

H. Easements: none.

I. Refer to the site plan for location of Buffer, natural foilage, solid screening and walled areas. Applicant shall continue efforts to maintain the natural foilage on the site.

J. Boat, Camper, Trailer and Recreation vehicle storage shall be prohibited.

K. Applicant shall abide by City ordinances and agency rules and regulations for dedications and improvements.

L. The project will have a school population of .94 children per unit if developed for residential uses.

Elementary: .6x

Junior High: .14x

Senior High: .20x

M. Buffer areas are the same as identified in 2i., Seating area shall be for public use, and parking shall be for the private use of Wheeler Block office building tenants and visitors. Development of the public areas shall be concurrent with the parking development.

N. The applicant is willing to abide by the R-3 Zoning Code restrictions (Section 612.4-2(2) to Section 612.4-2(4) on external effects.

2900 Vallejo Street Apprx.

O. Restoration of natural terrain: not applicable.

P. Refer to the District map for location of utilities. All utilities for the intended uses are adequate.

Q. Applicant shall abide by Section 613.3-2 (R-3 district sign code regulations) and Section 613.2 (Signs permitted in all districts).

R. Outdoor storage: Outdoor storage (including solid waste) shall be prohibited.

S. Traffic on 29th Avenue is 5,600 cars daily in 1980. This is the same figure for 1975, no change. Our proposal may change traffic by 13 cars daily, or a .23% increase. If the property were used under the R-3 use, traffic would be slightly less.

T. Bus stops are 1 Block to the West on either side of the street. Buses using this stop are the #28, 28A and 23.

U. Schools: Elementary Valdez K-6  
          Middle Skinner  
          High North

Highland Recreation Center 2880 Osceola.  
Woodbury Public Library 3265 Federal Boulevard.  
Fire Department Station #12 2575 Federal Boulevard.  
Police Department District #1 21st and Decatur.

2900 Vallejo Street Apprx.

- 5a) The proposed P.U.D. is intended to assist with a Renovated Office Development directly across the street. However, in the event that there is no longer a need for the lot as parking, the P.U.D. allows for the additional flexibility of R-3 zoned uses.
- 5b) In relation to the Comprehensive Plan, we feel that the following policies favor the property's P.U.D. use:

R18 DEVELOPERS SHOULD BE ENCOURAGED TO USE PLANNED UNIT DEVELOPMENTS ON BOTH SCATTERED SITE AND LARGE VACANT TRACTS WHERE APPROPRIATE.

B2 EXPANSION OF BUSINESS USES INTO OR WITHIN RESIDENTIAL AREAS SHOULD BE PERMITTED ONLY IF SUCH EXPANSION MAINTAINS OR IMPROVES THE RESIDENTIAL DESIRABILITY OF THE AFFECTED NEIGHBORHOODS.

B3 THE CITY SHOULD ENCOURAGE ALL BUSINESS AREAS TO DEVELOP AND MAINTAIN A PLEASING ENVIRONMENT.

B10 SOME OFFICES AND SIMILAR FACILITIES SHOULD BE CLUSTERED WITH RESIDENTIAL USES AND LOCATED OUTSIDE OF THE DOWNTOWN AREA.

E18 THE CITY SHOULD CONTINUE TO ENCOURAGE AND SUPPORT THE PRESERVATION OF STRUCTURES AND DISTRICTS HAVING UNIQUE HISTORIC, ARCHITECTURAL OR GEOGRAPHIC SIGNIFICANCE.

T24 MEASURES SHOULD BE IMPLEMENTED AND ENFORCED TO MINIMIZE PARKING DISRUPTION IN RESIDENTIAL AREAS.

- 5c) How will the proposed PUD relate to the character of the neighborhood?

First of all, there will finally be an improvement to the site, it is presently being parked on in its present condition, and prior to that, it was used to hold advertising signage.

Secondly, it would improve the street side view of the site, enhanced by landscaping.

A PUD would protect the neighborhood from a below-average parking development through landscaping and creating a pleasant public bench area.

The project would be relatively small in proportion to the benefit derived.

a. It would eliminate some of the on-street parking use by the Wheeler Block office building. This is a direct benefit to the local neighbors who use that on-street parking for their residential use.

b. The quality of appearance would continue the overall improvement of the area derived from the Rehabilitation of the Landmark Wheeler Block Office Building.

3' FENCE

ASPHALT SURFACE

7 FULL CAR SPACES

5 COMPACT CAR SPACES

BENCHES

ALLEY

4" ROCK DRAINAGE CHANNEL

29TH AVE.

SITE PLAN



### LEGAL DESCRIPTION

THE E1/2 OF LOTS 13 - 15, INCLUSIVE, AND THE E1/2 OF THE S 1/2 OF LOT 12, BLOCK 11, UNION ADDITION TO THE CITY OF DENVER, CITY AND COUNTY OF DENVER, STATE OF COLORADO.

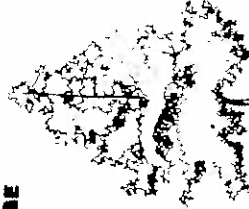
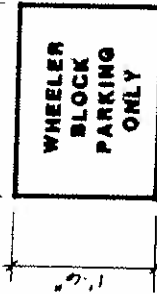
### SITE DATA

Total Land Area	6123.6 SF = 100.02
Asphalt Parking	4031.5 SF = 65.01
Sidewalk, Stairway, Bench Area	572 SF = 9.32
Landscaping	1521.5 SF = 24.01

WHEELER BLOCK PARKING ONLY

SIGNAGE

21.0"



### SOUTH ELEVATION



SWANZY ASSOCIATES INC ARCHITECTS

1869 So. Pearl St. Denver, Co 777-6669