

HALLENBECK RANCH LEASE

THIS RANCH LEASE ("Lease" and/or "Agreement"), effective as of May 1, 2021 is by and between the City of Grand Junction, a Colorado home rule municipal corporation, hereinafter referred to as "City" and VanWinkle Ranch LLC, a Colorado Limited Liability Company, hereinafter referred to as "Lessee", whose address for the purpose of this Lease is 2043 N Road, Fruita, CO 81521.

RECITALS

- A. City is the owner of the real property commonly known as the Hallenbeck Ranch ("Ranch"). The Ranch is made up of three different parcels which are described on Exhibit A and depicted on Exhibit B attached hereto and incorporated herein ("Property").
- B. Parcel No. 2 and Parcel No. 3 of the Property are suitable for ranching and agricultural purposes ("Ranching Property") while Parcel No.1 is more suitable for wildlife management and recreation ("Educational Property"). The Property can support co-existence of these multiple uses.
- C. It is the express intent and desire of the City to retain ownership of the Property and develop a sustainable agriculture program with the goals of productive farming and ranching that contributes to the local economy, stewardship of the environmental resources, and quality of life for the community. The City desires to incorporate sustainable agriculture practices that are economically viable, socially supportive, and ecologically sound. Sustainable ranching practices include a rotational grazing system and other land management practices. Social factors include supporting education about sustainable agriculture and providing public access for recreation. Ecological factors include preserving natural resources, maintaining wildlife habitat, improving soil health, efficient water management, controlling invasive species, and supporting beneficial species.
- D. Certain improvements will be necessary to implement sustainable agriculture practices and develop community benefit features on the Property. These improvement projects can be best realized through collaboration and cost-sharing between City, Lessee, and other partners.

NOW, THEREFORE, in consideration of the terms, covenants and conditions herein to be kept by the parties hereto, the City leases to Lessee the Property and the improvements situated thereon. The above recitals are incorporated herein and made a part of the Agreement.

SECTION ONE DEMISE

City offers and VanWinkle Ranch LLC desires to lease the Property under the terms and conditions of this Lease.

SECTION TWO BASIC TERM

The basic term of this Lease shall be for ten years, commencing on the 1st day of May 2021 and terminating on the 30th day of April 2031.

For the purposes of this Lease, a "lease year" shall mean the period commencing on May 1 of each year during the term of this Lease and terminating on April 30 of the succeeding year.

If Lessee performs as required pursuant to this Agreement as outlined in Appendix A, Performance Objectives, and if the City chooses, at its sole option and discretion, to again lease the Property at the expiration of the basic term, the City hereby gives and grants to Lessee an option to extend this Lease an additional ten (10) year period ("second term"). If this Lease is so extended for an additional term, the lease terms shall be upon the same terms and conditions of this Agreement or upon other terms and conditions which may hereafter be negotiated between the parties. In order to exercise Lessee's option for an additional term, Lessee shall give written notice to the City of Lessee's desire and intention to exercise Lessee's option to extend not less than 365 days prior to the expiration of the basic term.

SECTION THREE RENTAL

Lessee agrees to pay City, as rental for the Property, improvements and appurtenances, in accordance with the following rate formula for grazing cattle:

Annual Rate = Number of Animal Unit Months (AUMs) x AUM Rate

Where:

Animal Unit: One mature 1,000 pound cow and her suckling calf
 A mature bull is equal to 1.3 AU
 A yearling steer or heifer is equal to 0.67 AU
 A weaned calf is equal to 0.5 AU

Animal Unit Month: The tenure of one animal unit for a period of one month

Animal Unit Months: Animal Unit Month x the total number of months the animal unit is on the Property (for periods less than a full month the charge shall be prorated 1/30 for each day. Any portion of a day shall count as 1 day.)

AUM Rate: Charge per AUM based on minimum Colorado State Land Board Grazing Rates for District 4 Southwest Grazing Region (including Mesa County), Tier 2. Tier 1 leases are based on ownership of most improvements by the property owner which the City believes most accurately reflects the situation for Hallenbeck Ranch but have negotiated with Lessee for the Tier 2 rates at this time as it is recognized work needs to be completed on the site for the land to reach its potential. Tier 2 is set at 80% of private rates while Tier 1 is set at 90% of private rates. The AUM Rate will be adjusted annually based on the Tier 2 pricing after issuance of the Colorado State Land Board AUM Rates.

2021 AUM Rate = \$17.56

On or before October 1 of each year, Lessee shall complete and provide City the attached Grazing Schedule (see Appendix C) for its intended use of the Property for the next twelve months. For the first year of the lease, the Grazing Schedule shall be provided on or before the first date that livestock is placed on the Property. On or before December 1 of the same year, Lessee shall provide an estimated payment to the City of one-half of the AUMs set forth on the Grazing Schedule.

Lessee shall keep an actual Grazing Use Report (see Appendix D) for the grazing period to be submitted to the City on or before May 1 of the following year. The Grazing Use Report will then be used to calculate the actual AUMs and the Lessee shall pay the remaining difference to the City on or before May 30.

City shall be entitled at any time to enter onto the Property to inspect for the number of AUMs. If the AUMs on site are greater than those reported on the Grazing Schedule, the City may terminate this Lease without notice and the City may immediately retake possession of the Property. It is Lessee's responsibility to keep the City informed as to any additions to the Grazing Schedule.

In the event rental payments are not received on or before the specified due dates, subject to the provisions of Section 12, this Lease shall terminate without notice and the City may immediately retake possession of the Property.

Lessee agrees to timely pay any and all real estate taxes and improvement assessments which may be levied against the Property, and any taxes or assessments levied against the crops, livestock and other personal property of Lessee or any other leasehold interest acquired by Lessee under this Lease. Lessee further agrees to pay any and all utilities, charges, and other expenses incurred in connection with Lessee's use and operation of the Property, including, but not limited to, all charges for natural gas, electricity, telephone and other utilities used on or in connection with the Property. Lessee shall pay any such charges on or before the date the same become due. If Lessee fails to timely pay any and all amounts required pursuant to this Section 3, the City may pay such amounts and, in such event, the amount(s) paid by the City, plus interest thereon at the rate of 15% per annum, shall be added to the amount(s) of the rent due with the next rental payment and shall be payable to the City by Lessee.

SECTION FOUR RIGHT TO USE OF WATER

The City specifically retains and reserves from the Lease any and all water rights owned by the City, including, but not limited to, any water rights which may have been previously used on or in connection with the Property, for whatever purpose. Subject to the provisions of this Section 4, and Sections 5 and 8, Lessee has the right to use water as the City shall make available to Lessee for use on the Property. The City may, in its sole discretion, on or before the first day of May of each year, notify Lessee in writing of the amount of irrigation water (expressed in terms of cubic feet per second [C.F.S.] or acre feet) which may be available to Lessee to utilize on the Property during that lease year. Lessee shall exercise proper diligence to ensure that the amount of water so made available is utilized to its full extent on and solely for the benefit of the Property and Lessee's operations thereon.

Lessee shall utilize all water released to Lessee for the first and all subsequent lease years on the Property only, and shall do so in a prudent and careful manner in order to obtain the most efficient use of the water for irrigation of the Property and as stock water for livestock kept and maintained on the Property. Lessee shall comply with all rules, regulations and valid administrative orders applicable to the water provided under this Lease.

For the lease year beginning May 1, 2021, Lessee is hereby notified that it may utilize all the water rights described in the attached Exhibit C. Exhibit C is incorporated by this reference as if fully set forth.

Lessee shall not be charged additional rent or fees for the use of water made available as herein described; provided, however, it shall be the sole responsibility of Lessee to divert and transport such water upon the lands included in this lease to its point of use.

By utilizing the water released to it by the City, Lessee agrees to waive and forego any claim, cause of action or demand Lessee may have against the City, its officers, employees and agents for injury to, or destruction of, any property, real and personal, including any livestock of Lessee or any third person that may be lost, injured, destroyed or devalued as a result of the act, or failure to act, or Lessee or any third person; and to indemnify the City, its officers, employees agents and to hold the City, its officers, employees and agents harmless from any and all claims, damages, actions, costs and expenses of every kind in any manner arising out of, or resulting from, Lessee's use or non-use of the water.

SECTION FIVE CULTIVATION – IRRIGATION – WEED CONTROL

Lessee shall cooperate with and assist the City in developing and implementing long-range programs to ensure that the water and water rights associated with the Property are put to beneficial use on the Property. Parcel 1 has approximately 30 acres irrigated historically. Parcel 2 has approximately 47.7 acres irrigated historically. Parcel 3 has approximately 52 acres irrigated historically. The irrigated areas are generally shown on Exhibit D in green attached hereto and incorporated herein. Lessee shall beneficially use the water by employing responsible irrigation practices and improve efficiency of the application and use. Lessee shall, at Lessee's sole cost, provide the labor and capital necessary to improve crop production on the Property through the rehabilitation and maintenance of existing fields.

Lessee shall furnish, at Lessee's sole expense, all labor, seed and machinery during the term of this Lease, and shall plant, raise, cultivate, irrigate and thresh all crops grown on the demised premises at Lessee's own expense. Lessee shall be entitled to and responsible for all proceeds and debts and debt losses incurred and associated with all crops grown on the premises.

Lessee shall cultivate and irrigate the Property in a good and husbandry manner in accordance with the best methods of cultivation and irrigation practiced in Mesa County, Colorado.

Lessee agrees to cooperate and comply with all farm crop programs promulgated by the United States, the State of Colorado, and Mesa Conservation District.

The type and quantity of fertilizer, herbicides and other chemicals shall be selected with the advice and consent of the City.

Lessee shall be responsible for ensuring that the water is transported through clean irrigation ditches of adequate size to divert and transport such water upon the lands included in this Lease to its point of use.

Lessee's right to use the water as described above shall be subject to the express conditions of this Section 5. If the City in its sole discretion, requires the use of some or all of the water described in this Lease notwithstanding prior notice to the contrary, the City has the right, upon 15 days written notice to Lessee, to use, transfer and possess all of the water described in this Lease at locations and for the purposes deemed necessary by the City, even though such purposes and locations are adverse to the needs and uses of Lessee. The City understands that Lessee considers 15 days short notice and will endeavor to give earlier notice when reasonably possible.

City shall be responsible for adjusting all head-gates in a manner that provides for releasing to the Property the proper amount of water that is adjudicated to, or may be beneficially applied for the benefit of, the Property. If requested by the City, Lessee shall record the dates and amounts of irrigation and the number of acres on which water is applied to adequately provide for the development of historic consumptive use records.

Under the City's direction and oversight, Lessee shall be responsible for: (a) measuring and recording water flow information at all weirs, flumes and other measuring and gauging devices, either now in place or installed in the future, and the amount of water being delivered to the Property during the irrigation season (April – October of each lease year); and (b) measuring, estimating and recording the return flow from irrigated fields while under irrigation.

Lessee shall be responsible for providing the labor and capital necessary to maintain existing ditches and laterals and for relocating ditches and laterals as determined by the operation plan referred to in Section 11.

In the first year of the Lease, the City will remove Russian Olive trees that are mature as of the effective date of this Lease, and any piles of cut Russian Olive trees as of the same date. The City shall have ready access to the Property for removal purposes.

Lessee shall be responsible for control and removal of all noxious weeds, Tamarisk and Russian Olive trees on the Property at Lessee's sole expense, except as stated above. Chemical, mechanical and natural control measures will be undertaken to ensure control and elimination of the invasive species. Each year weed and noxious plant control measures will be reviewed as part of the annual operation plan.

SECTION SIX TENANT COVENANTS

As part of the consideration for the Lease, Lessee shall provide public outreach and public education regarding agricultural sustainability, influence of western Colorado cattle industry on the economy and benefits to the area, preserving natural resources, and environmental and wildlife management. Lessee shall also develop means to improve public recreation on the Property, particularly Parcel 1, for appreciation of and in support of the public education to be provided. Lessee shall collaborate with the City and other sources such as Colorado Parks and Wildlife, Natural Resource Conservation Services, Colorado State University Extension and Animal Science Department, etc.

The City recognizes that the cost for capital improvements to obtain the City's goal of a sustainable agricultural plan and providing beneficial resources to the community will likely require input and resources from the City, Lessee and other sources. It is anticipated that Lessee shall provide labor and actively seek grants and assist the City in obtaining grants to reach the goal.

The City will provide for the cost of materials for any existing fences agreed are needed to be replaced in 2021, all other costs related to fencing for the grazing of cattle, shall be at Lessee's sole cost and expense. Lessee shall install, maintain and repair all other fences and gates and shall ensure that all gates and fences upon the Property are properly installed and functioning. All fences shall be "lawful fences" as defined by Colorado law.

It is agreed that if new fences are to be constructed to delineate public access from agricultural areas, then the City will pay for materials and the Lessee shall install and maintain the fences as determined in the operational plan for said year.

The City shall remove the shed that is on Parcel 3 and the remnants of the corral. Otherwise, at Lessee's sole cost and expense, Lessee shall maintain and keep the Property and all improvements and buildings upon the Property, including, but not limited to, residence(s), dwelling(s), barn(s), shed(s), fixtures, roofing, plumbing, heating and ventilation systems, wiring, glass, fences, gates, wells and well

systems, pumps and pump systems, septic systems, cattle guards and all other improvements on the Property, in the same or better condition as they were at the commencement of this Lease or, if improvements have been made, to the condition after improvement, all at Lessee's expense, and at the expiration of this Lease, surrender the Property and improvements thereon to City in as good a condition as when Lessee entered the Property, reasonable use and wear excepted.

Hunting shall not be allowed on the Property.

Lessee shall keep the Property free from all litter, dirt, debris and obstructions, and shall not commit or permit to be committed any waste on the Property or demised premises. Lessee agrees that all uses shall be lawful uses only. No hazardous wastes shall be kept or discharged on the Property.

Lessee shall install no structural or land improvements without the prior written consent of the City, which consent shall not be unreasonably withheld.

Lessee agrees to waive and forego any claim, cause of action or demand Lessee may have against the City, its officers, agents and employees for injury to or destruction of any property of Lessee or any third person that may be lost, injured, destroyed or devalued as a result of the act, or failure to act, of Lessee or any third person; and to indemnify the City, its officers, employees and agents and to hold the City, its officers employees and agents harmless from any and all claims, damages, actions, costs and expenses of every kind in any manner arising out of, or resulting from Lessee's use of the Property, not arising from the willful misconduct of the City.

Lessee agrees at Lessee's sole expense and during the term of this Lease, to purchase and maintain in effect "Farmowner's Comprehensive" liability and hazard insurance which will protect the City, its officers, employees and agents and assets of the City, from liability in the event of loss of life, personal injury, or property damage suffered by any person or persons on, about or using the Property and a policy which insures the Property and all improvements thereon to the full insurable value. All required policies shall be from a company and in terms and amounts approved by the City. Such insurance shall not be cancelable without thirty (30) days prior written notice to the City and shall be written for at least a minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00), per occurrence for bodily injury, personal injury, and property damage, and \$1,000,000.00 in job aggregate. Comprehensive Automobile Liability insurance shall also be in place with minimum combined single limits for bodily injury of not less than \$1,000,000.00 for each individual and \$1,000,000.00 for each incident with property damage coverage of at least \$1,000,000.00. An accord form Certificate of insurance must be deposited with the City on or before May 1 of each year and must designate the City of Grand Junction, its officers, employees and agents as additional insureds. If a policy approved by the City is not at all times in full force and effect, this Lease shall automatically terminate.

Lessee shall comply with all Workers Compensation laws and provide proof of Workers Compensation insurance to the City. Said Workers Compensation insurance shall cover obligations imposed by applicable laws for any employee or person engaged in the performance of work on the Property with minimum limits of \$1,000,000.00 each accident \$1,000,000.00 disease – policy limit, and \$1,000,000.00 disease – each employee.

Lessee agrees to use Parcel 2 and Parcel 3 for ranching and farming operations only and conduct said operations in a proper and workmanlike manner and in a manner that will not over-graze or cause deterioration of or destruction to the Property. On Parcel 1 Lessee shall manage the land for wildlife, education and recreational purposes in cooperation with the City.

Lessee agrees to keep the Property and the demised premises free and clear from any and all liens for labor performed and for materials furnished to the Property or demised premises.

Lessee shall immediately notify the City but no later than the end of the next business day of each accident or incident (including activities where law enforcement is involved) involving or occurring on the Property.

Lessee shall act immediately to any Notice of Trespass by the City on lands and shall take all measures to remedy all causes of trespass, such as fence and gate repairs, gate closures, actions of the public.

SECTION SEVEN INSPECTION BY LESSEE

Lessee warrants that it has thoroughly and carefully inspected the Property and demised premises and accepts the same in its present condition. Lessee agrees that the condition of the Property is sufficient for the purposes of Lessee. The City makes no warranties or promises that the Property is sufficient for the purposes of Lessee.

SECTION EIGHT CITY'S RIGHT OF ENTRY

The City, its officers, agents, and employees retain the right to be on the Property during emergencies and may inspect the Property at any time without notice. The City, at its option, shall have the right to enter the Property to construct such facilities, as it deems necessary for the City to utilize water and water rights associated with and appurtenant to the Property for municipal or other use. Following such construction, the City shall have the right to use said water rights or make them available to the Lessee, as the City deems appropriate.

SECTION NINE MINERAL RIGHTS

The City retains and reserves for its sole use, lease, sale, or other disposition all oil, gas, coal and other minerals and mineral rights underlying or appurtenant to the Property, together with the rights of ingress and egress to and from the Property for the purpose of exploring, developing, mining, producing and removing any such minerals, oil, gas and coal.

SECTION TEN SURRENDER – HOLDING OVER

Lessee shall, after the last day of the term of this Lease or any extension or upon earlier termination of this Lease, surrender to the City the Property in good order, condition and state of repair, reasonable wear and use excepted.

Should Lessee fail, for whatever reason, to vacate the premises at the end or when this Lease is terminated, Lessee agrees to pay to the City the sum of \$100.00 per day for each and every day thereafter. The parties agree that it would be difficult to establish the actual damages to the City in such event and that said \$100.00 is an appropriate and agreed, liquidated damages amount.

Lessee agrees that all fences, gates, fixtures and other improvements of a permanent nature constructed or installed on the Property during the term of this Lease, whether by City or Lessee, shall be and remain the sole property of the City upon termination or expiration of this Lease.

SECTION ELEVEN OPERATION AND CAPITAL IMPROVEMENT PLANS – ANNUAL REVIEWS

Improvements will be necessary to implement sustainable agriculture practices and develop the community benefit(s) features on the Property as described and discussed by the City and Lessee in preparing the preliminary 10-year Capital Improvement Plan included in Appendix B attached hereto and incorporated. City and Lessee will contribute funds and labor to achieve the Plan contingent upon budget appropriations and availability of grant funding. No Capital Improvements shall be completed on the Property without prior written approval of the City.

Lessee shall provide to the City an annual Capital Improvement Plan (“Annual Plan”) on or before the annual meeting. Lessee shall schedule a meeting to be held on or before May 31st each Lease year with the City. The Annual Plan may in the City’s sole discretion be extended from year to year or the City may require a new plan each year. Based upon the review of the Annual Plan and other budgetary issues the Capital Improvement Plan may or may not be adopted by the City for the following year.

Participation, if any, on the part of the City in funding any Capital Improvements is subject to approval by the City Council. Approval may occur at the time the Capital Improvement is proposed or in the City’s next annual approved budget. The City agrees to cooperate with the preparation of any grant requests by Lessee.

On or before the 20th day of December of each lease year, Lessee shall submit to the City a livestock and irrigation report specifying, among other things, acreage irrigated amount of water utilized, diversion records, and the length of time irrigation water was applied. Based upon the review of said report and other operational issues the operation plan may be amended for the succeeding lease years.

SECTION TWELVE DEFAULT

If Lessee is in default in the performance of any term or condition of this Lease, the City, may, at its option, terminate this Lease upon 30 days written notice. If Lessee fails within any such 30-day period to remedy any default specified in the City’s notice, this Lease shall automatically terminate. If Lessee remedies such default, Lessee shall not thereafter have the right of 30 days (to remedy) with respect to a subsequent similar default, instead the Lease shall terminate upon the giving of notice by the City

Unless agreed in writing signed by the City, the City’s failure at any time to require performance by Lessee of any provision of this Lease shall not waive the City’s right subsequently to enforce the same or any other provision or any other preceding or succeeding breach of any term or provision of this Lease. No extension of time for the performance of any obligation or act shall be deemed to be an extension of time for the performance of any other obligation or act under this Lease.

This Lease shall automatically terminate in the event Lessee: becomes insolvent; is subject to a bankruptcy filing whether or not voluntary or involuntary; is subject to an assignment for the benefit of creditors or if a receiver is appointed; if Lessee fails in any manner to comply with any of the terms, covenants, or conditions of this Lease to be kept and performed by Lessee; or should Lessee, by any

act of negligence or carelessness, or through any act of commission or omission permit, or suffer to be permitted, damage to the Property or the demised premises in any substantial manner.

If this Lease is terminated by the City, except termination due to expiration of the lease term, Lessee shall have reasonable access to the Property for a reasonable time, not to exceed 30 days, to remove Lessee's personal property.

Upon termination of this Lease, Lessee shall remove all personal property and livestock from the property and demised premises within 30 days from the date of termination. If Lessee fails to remove Lessee's personal property and livestock within the time prescribed, the City shall not be responsible for the care and safekeeping thereof and may remove the same and store the same in a reasonable manner, the cost, expense and risk of which shall be Lessee's. Lessee hereby agrees that items not timely removed may be sold by the City to cover expenses with net proceeds after expenses paid to Lessee. The City may also set off amounts owed under this Lease against proceeds of said sale.

SECTION THIRTEEN MEMBERS IN LIMITED LIABILITY COMPANY AND SUBLEASE

The City is entering into this Lease with VanWinkle Ranch LLC with the knowledge and reliance that Howard VanWinkle and Janie VanWinkle are the only members of the limited liability company. If the number of members or the members themselves change within the limited liability company, the City may terminate this Lease immediately or as soon thereafter as the City determines in its discretion appropriate. The City agrees that Janie and Howard VanWinkle's son, Dean VanWinkle may be included as a member of the limited liability company.

Lessee shall not sublet, assign or transfer any of Lessee's interests in this Lease, or enter into any contract or agreement affecting Lessee's interest in this Lease, without obtaining prior written approval of the City. The City may in its sole discretion withhold consent to subletting, assigning or transfer.

SECTION FOURTEEN DESTRUCTION

If the premises are damaged due to fire or other casualty, the City shall have no obligation to repair the improvements or to otherwise make the premises usable or occupiable; damages shall be at Lessee's sole and exclusive risk. If the City determines not to perform repairs or to otherwise make the premises usable or occupiable, Lessee may terminate this Lease by giving Lessee's notice to the City that the Lease is terminated. The City may, however, at its election, apply the proceeds of any insurance obtained by Lessee for this purpose, to repair the damaged improvements. If insurance proceeds are not sufficient to fully restore improvements, then the City may, instead of repairing, retain the proceeds.

SECTION FIFTEEN HAZARDOUS SUBSTANCES

Lessee shall not use, store, generate, treat, transport or dispose of any hazardous substances on the Property except for the use and storage of pesticides, fertilizers and materials such as petroleum-based products used in normal farming and ranching operations. The terms "hazardous substances" shall mean any substance defined, regulated, or banned by federal, state, or local laws or regulations which might result in liabilities or responsibilities under CERCLA, RCRA, the Clean Water Act, the Federal Water Pollution Control Act, or any other federal or state environmental protection statutes, laws or regulations. Lessee's use and storage of pesticides, fertilizers, and materials such as petroleum-based products used in normal farming and ranching operations shall be in conformance with all

manufacturer's instructions and all applicable federal, state and local laws and regulations. Lessee shall not dispose of such pesticides, fertilizers, and materials such as petroleum-based products used in normal farming and ranching operations on the Property.

SECTION SIXTEEN
PARTNERSHIP – TAXES

It is expressly agreed that this Lease is a lease and not the formation or creation of a partnership or joint venture and the City shall not be or become responsible for any debts contracted or imposed by Lessee. Lessee shall save, indemnify and hold the City, its officers, employees and agents harmless against all liability or loss, and against all claims or actions based upon or arising out of any claim, lien, damage or injury, (including death), to persons or property caused by Lessee or sustained in connection with the performance of this Lease or by conditions created thereby, or based upon any violation of any statute, ordinance, code or regulation, and the defense of any such claims or actions, including attorney's fees. Lessee shall also pay and indemnify the City of Grand Junction, its officers, employees and agents against all liability and loss in connection with, and shall assume full responsibility for payment for all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security and income tax laws, with respect to employees engaged in performance of this Lease.

SECTION SEVENTEEN
CITY'S RIGHT TO BUYOUT

In the event the City determines to sell the property or to utilize it for other municipal purposes, other than to lease it for another agricultural operation, the City may, upon expiration of the fourth lease year April 30, 2024 and thereafter anytime during the remaining six years, have the right to terminate this lease by giving two years advanced written notice. In such event, Lessee shall be compensated in an amount equal to one-half the annual rent for the lease year in which the Lease is terminated.

In the event this Lease is terminated pursuant to Section 12, Lessee shall have reasonable access to the Property for a reasonable time, not to exceed 30 days, to remove Lessee's personal property.

SECTION EIGHTEEN
NOTICES

All notices to be given with respect to this Lease shall be in writing delivered either by United States mail or Express mail, postage prepaid, personally by hand or courier service, as follows:

To the City:
City of Grand Junction
Utilities Director
333 West Avenue
Building E
Grand Junction, CO 81501

With Copy to:
City of Grand Junction
City Attorney
250 N. 5th Street
Grand Junction, CO 81501

To Lessee:
Vanwinkle Ranch LLC
c/o Janie VanWinkle
2043 N Road
Fruita, CO 81521

All notices shall be deemed given: (a) if sent by mail, when deposited in the mail; (b) if delivered by hand or courier service, when delivered. The parties may, by notice as provided above, designate a different address to which notice shall be given.

SECTION NINETEEN PARAGRAPH HEADINGS

The titles to the paragraphs of this Lease are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Lease.

SECTION TWENTY GOVERNING LAW

In the event the City uses its City Attorney or engages an attorney to enforce the City's rights hereunder, Lessee agrees to pay for the value or cost of such attorney fees, plus costs, including the costs of any experts. In the event a court of competent jurisdiction deems such previous sentence to be unenforceable, then the parties agree that each party shall pay for such party's own attorney fees unless such party has been determined to have acted in bad faith or frivolously. This Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Colorado. Venue for any action arising out of or under this Lease or the non-performance thereof shall be in the District Court, Mesa County, Colorado.

SECTION TWENTY-ONE INUREMENT

The provisions of this Lease shall not inure to the benefit of the heirs, successors and assigns of the parties hereto. The obligation of the City to proceed with the terms and conditions of this Lease is expressly subject to the Council of the City approving and ratifying this Lease within thirty (30) days of execution of this Lease by the City Manager. If such approval is not obtained within said 30-day period, then this Lease shall be of no force and effect.

SECTION TWENTY-TWO ADDITIONAL PROVISIONS

The invalidity of any portion of this Lease Agreement shall not affect the validity of any other provision contained herein. In the event any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provisions.

SECTION TWENTY-THREE ENTIRE AGREEMENT

This Lease constitutes the entire agreement between the Parties, and supersedes any and all prior negotiations, agreements, understandings, whether written or oral, related to the subject matter hereof. Any modification or amendment to this Lease shall be in writing and executed by all parties to the Lease.

SECTION TWENTY-FOUR
CITY COUNCIL APPROVAL

The execution of this Lease by the City Manager of the City of Grand Junction, Colorado, and the City's obligation to proceed under its terms and conditions is expressly conditioned upon and subject to the formal approval of the Grand Junction City Council with regard to the terms, covenants, conditions, duties and obligations to be performed by the City in accordance with this Lease.

IN WITNESS WHEREOF, each party to this Lease has caused it to be executed on the date indicated below.

ATTEST:

CITY OF GRAND JUNCTION

Wanda Winkelmann 06/01/2021
Wanda Winkelmann Date
City Clerk

Greg Caton 6/1/2021
Greg Caton Date
City Manager



LESSEE:

LESSEE:

VanWinkle Ranch LLC

VanWinkle Ranch LLC

Howard VanWinkle 6/1/21
Howard VanWinkle Date
Member of VanWinkle Ranch LLC

Jamie VanWinkle 6/1/21
Jamie VanWinkle Date
Member of VanWinkle Ranch LLC

**EXHIBIT A
PROPERTY DESCRIPTION**

The following land consisting of 3 parcels in the County of Mesa, State of Colorado:

PARCEL 1:

Situate in Township 2 South, Range 2 East of the Ute Meridian:

Section 25: The SE1/4 of the SW1/4,
The NW1/4 of the SE1/4,
All that part of the N1/2 of the SW1/4, the SE1/4 of the NW1/4, the S1/2 of the
NE1/4, and the NE1/4 of the NE1/4 lying Southerly and Easterly of Lands End
Road.

PARCEL 2:


Situate in Township 12 South, Range 98 West, 6th Principal Meridian:


Commencing at the SW Corner of Section 36, thence East along the South line of said Section 36 a distance of 660.00 feet to the True Point of Beginning, said point being the Southwest corner of that tract of land conveyed by instrument recorded in Book 1145, Page 824 in the office of the Mesa County Clerk and Recorder; thence S 89°55'31" E a distance of 3314.31 feet, more or less; thence N 00°59'04" E along a strand barbwire fence a distance of 529.82 feet, more or less, to an existing fence corner; thence N 84°34'44" W along said fence line a distance of 906.87 feet; thence continuing along said fence line, S 01°51'29" E a distance of 80.46 feet, more or less, to an existing fence corner; thence S 88°57'38" W along said fence line a distance of 412.29 feet; thence continuing along said fence line, S 89°28'22" W a distance of 916.30 feet, more or less, to an existing fence corner; thence N 50°54'21" W along said fence line a distance of 850.80 feet, more or less, to an existing fence corner; thence S 00°04'01" W along said fence line a distance of 1009.63 feet, more or less, to the True Point of Beginning.

PARCEL 3:

A parcel of land being a portion of a tract of land described in a deed filed under Reception Number 1044837, said parcel located in Government Lots 3 and 4, Township 12 South, Range 98 West of the 6th Principal Meridian, County of Mesa, and State of Colorado, and being described as follows:

That portion of said Government Lots 3 and 4 lying southerly of the Lands End Road Right-of-Way, a 100 foot right of way as described in a deed filed under Reception number 381285 AND lying southerly and westerly of the Divide Road Right-of-Way, a 60 foot right of way as described in a deed filed under Reception Number 1123140.

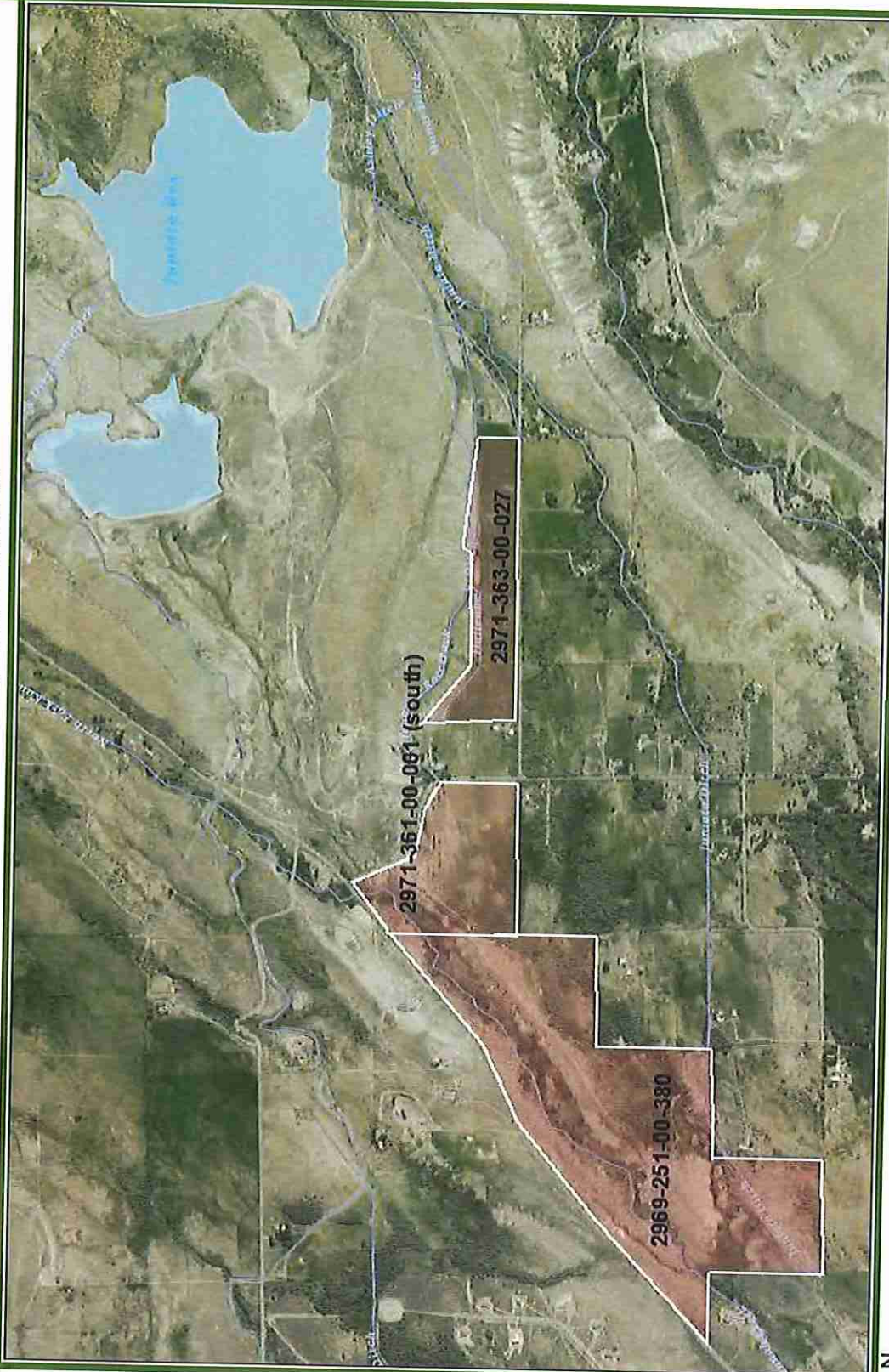


City


Lessee

**EXHIBIT B
HALLENBECK RANCH**

Hallenbeck Ranch Parcels



Printed: 7/16/2020

1 inch = 1,505 feet

2969-251-00-380 PARCEL #1
2971-363-00-027 PARCEL #2
2971-361-00-001 PARCEL #3

[Handwritten signature] CITY
[Handwritten signature] LESSEE


Exhibit C


Water Rights

HALLENBECK RANCH

Water and water rights the City may make available to Lessee, if the City in its sole and absolute discretion determines that such water is to be made available to Lessee, may include up to:

- approximately 400 acre-feet of water from the Highline Ditch. This water is usually available from May 1 through June 28 of each year. Available flow rate ranges between 0.1 cubic feet per second ("cfs") and 7.0 cfs, and/or
- approximately 1,200 acre-feet of water from the Juniata Enlarged Ditch. This water is usually available from May 1 through June 15 of each year. Available flow rate ranges between 0.1 cfs to 26.0 cfs, and/or
- approximately 200 acre-feet of reservoir water from the City's Reservoirs. This water is usually available from July 1 through October 15 of each year, and/or
- the City's share of the #2 water right on Kannah Creek for 1.37 cfs appropriated on 11/1/1884; adj. 7/25/1888 (Case # 1148)


____ City


____ Lessee



Appendix A

Hallenbeck Ranch Lease:

Performance Objectives:

General

1. Lessee will utilize the City lands for grazing as appropriate and as outlined in the annual grazing plan submitted to City each December. Cattle trespass situations shall be dealt with promptly. Failure to respond within a 48-hour period after receiving notification of a trespass situation may result in notice to the Lessee of forfeiture of the lease as outlined in Section 12 of this Lease.
2. Water available to City lands, either by *direct* flow or *stored* water, will be utilized by the Lessee to the fullest extent possible, not wasted. Return flows from City lands will be minimized to the extent possible. Flows will be measured where weirs are installed and recorded by the Lessee as flows change at the head-gates to ditches feeding City lands and, in the laterals, feeding various irrigated pastures. This usage will be recorded in a manner directed by the City when requested. This data will be subject to review at the management meeting held in May of each year between the City Utilities Department and the Lessee. Water conservation practices and improvements are important for the Lessee to undertake as, from time to time, water will be removed from ranch lands for other decreed purposes.
3. The Lessee is responsible for improvements to leased properties as stated in the Lease. Work of a permanent nature either to buildings or land is subject to City approval. This includes but is not limited to new roads, new fences, new ditches, woodcutting and drainage improvements. These can be discussed at the annual meeting or at other times arranged between the City and the Lessee.
4. Subleases to or use of City buildings by individual(s), other than the Lessee, must be approved in advance by the City Utilities Department. Reimbursements for the sublease, either monetarily or in exchange for services, must be approved by the City.
5. Lessee will utilize the National Resources Conservation Service (NRCS) and will take advantage of appropriate land and water programs available through NRCS. This will include developing a Comprehensive Resource Management Plan (CRMP) for the Property in collaboration with NRCS and other agencies and stakeholders. Permanent land and water projects, proposed by the Lessee, will be reviewed for funding from NRCS.


____ City

____ Lessee

6. Lessee will cooperate financially with the City, Mesa County and others in a long-term project to control and eliminate the spread of noxious weeds on City lands. This includes the spread of Russian Olive and Tamarisk trees. Noxious weeds are defined as those on the Mesa County list of noxious weeds. This item will be an agenda item on the annual management meeting held in May of each year.



7. Relationships with neighboring landowners and water users are important to the City of Grand Junction. Cordial relationships with other private and public landowners is material to continued use of City lands for water development purposes. Lessee will take special care to work with neighboring landowners and users on all grazing, water, weed, and fencing issues.

8. Public Education and Outreach – Lessee shall provide and/or participate in public education and outreach programs that may include:

- Hosting Colorado Competitive Council (C3), a branch of the Denver Metro Chamber of Commerce
- Offering a New Dimensions class for citizens 50+ to learn about local beef production and how it contributes to our local communities
- Hosting Grand Junction Toastmasters Club to learn about the ecology of our local landscape and how beef production contributes to our community
- Hosting the John McConnel Center for children to learn about where the municipal water supply
- Hosting Western Colorado Community College (WCCC) Animal classes to learn about beef production in Western Colorado
- Host various political candidates to learn about Agricultural issues in our State and County
- Work with Colorado State University Extension, WCCC, CSU Animal Science Department, and local veterinarians on projects that would benefit local producers
- Develop a public access trail on Parcel 1 that includes interpretative signage that provides education about sustainable agriculture practices and wildlife management

Public education and outreach programs shall be scheduled with City staff to allow sufficient time for appropriate communications with the public and/or news media.

9. Public Recreation – Lessee shall participate in developing public recreation facilities on the Property that may include a recreation/education trail and fishing on the Purdy Mesa No. 2 reservoir. Lessee's participation shall include assisting with developing content for interpretative signage, installing and maintaining fences, and assisting/completing grant applications, and coordinating with City staff, Colorado Parks and Wildlife, and other agencies.


____ City

____ Lessee

**APPENDIX B
PRELIMINARY 10-YEAR CAPITAL
IMPROVEMENT PLAN
PAGE 1 OF 2**

No.	Project	City Funds	City Labor	Lessee Funds	Lessee Labor	Grant Funding
1	Irrigation improvements on Racetrack area Plan Improvements and apply for NRCS grant Engineer design of improvements Construction of improvements		X		X	X
2	Corral and Cattle Load Chute			X	X	
3	Dam improvements to Purdy Mesa No. 2 Reservoir Engineer design of improvements Construction of improvements	X	X			X
4	Recreational Fishing, Hiking trail and public parking Develop plan with CPW and identify available grants Fish stocking plan with CPW Fishing access areas Hiking trail and public parking Public access fences Education signage		X		X	X
5	Irrigation improvements to area downstream of Purdy Mesa No. 2 Evaluate feasibility of irrigation improvements		X		X	X

 CITY
 LESSEE

**APPENDIX B
PRELIMINARY 10-YEAR CAPITAL
IMPROVEMENT PLAN
PAGE 2 OF 2**

No.	Project	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1	Irrigation improvements on Racetrack area Plan improvements and apply for NRCS grant Engineer design of improvements										
2	Corral and Cattle Load Chute										
3	Dam Improvements to Purdy Mesa No. 2 Reservoir Engineer design of improvements										
4	Construction of improvements Recreational Fishing, Hiking trail and public parking Develop plan with CPW and identify available grants Fish stocking plan with CPW Fishing access areas Hiking trail and public parking Public access fences										
5	Education signage Irrigation improvements to area downstream of Purdy Mesa No. 2 Evaluate feasibility of irrigation improvements										


 CITY

 LESSEE

