

SOMERVILLE AND ANDERSON RANCH LEASES

Original attached to
Resolution
No. 12-10

THIS RANCH LEASE, effective as of May 1, 2010, is by and between the City of Grand Junction, a municipal corporation, hereinafter referred to as "City" and Howard Van Winkle and Janie Van Winkle, hereinafter referred to as "Lessees", whose address for the purpose of this Lease is 2043 N Road, Fruita, Colorado, 81521.

**SECTION ONE
DEMISE**

City is the owner of the real property described in the attached Exhibit A, which is incorporated herein by reference, commonly known as the Somerville and Anderson Ranches and hereinafter referred to as the "Property", together with the Bureau of Land Management Grazing Permits, known as the Whitewater Common Allotment and the North Fork Allotment, hereinafter referred to collectively as the "BLM Permit".

Lessors offer and desire to lease the Property under the terms and conditions of this Ranch Lease.

NOW, THEREFORE, in consideration of the terms, covenants and conditions herein to be kept by the parties hereto, the City leases to Lessees the Property and the improvements situated thereon.

**SECTION TWO
BASIC TERM**

The basic term of this Ranch Lease shall be for ten years, commencing on the 1st day of May, 2010, and terminating on the 30th day of April 2020.

For the purposes of this Ranch 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 for two (2) additional five (5) year periods ("second and third term"). If this Lease is so extended for additional terms, 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**

Lessees agree to pay City, as rental for the Property, improvements and appurtenances, the sum of \$308,852. Payable as follows:

Lease Year	Total Due	May 1st Payment	December 1st Payment
2010	\$ 28,520	\$ 14,260	\$ 14,260
2011	\$ 29,020	\$ 14,510	\$ 14,510
2012	\$ 29,526	\$ 14,763	\$ 14,763
2013	\$ 30,044	\$ 15,022	\$ 15,022
2014	\$ 30,574	\$ 15,287	\$ 15,287
2015	\$ 31,112	\$ 15,556	\$ 15,556
2016	\$ 31,662	\$ 15,831	\$ 15,831
2017	\$ 32,222	\$ 16,111	\$ 16,111
2018	\$ 32,794	\$ 16,397	\$ 16,397
2019	\$ 33,378	\$ 16,689	\$ 16,689

Lessees may utilize one of the following options for making rental payments:

- a) Lessees may pay the amount due for each lease year in full on or before the payment due date for each lease year, or
- b) Lessees may make bi-annual payments which shall be computed by dividing the amount of the total rent due for each lease year by 2. In the event Lessees choose to make payments on a bi-annual basis, said payments shall be due and payable, in advance and without demand, on or before the 10th day of May and December during the term of this Ranch Lease.

In the event rental payments are not received on or before the specified due dates, subject to the provisions of Section 13, this Lease shall terminate without notice and the City may immediately retake possession of the Property.

Lessees agree 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 Lessees or any other leasehold interest acquired by Lessees under this Lease. Lessees further agree 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. Lessees shall pay any such charges on or before the date the same become due. If Lessees fail 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 Lessees.

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 9, Lessees have the right to use water as the City shall make available to Lessees for use on the Property under the procedures set forth in this Section 4.

Each lease year the City may, in its sole discretion, on or before the first day of May of each year, notify Lessees 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 Lessees to utilize on the Property during that lease year. Lessees 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.

Lessees shall utilize all water released to Lessees 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. Lessees 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, 2010, Lessees are hereby notified that they may utilize all of the water rights described in the attached Exhibit B. Exhibit B is incorporated by this reference as if fully set forth.

Lessees 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 Lessees to divert and transport such water from its point of release to its point of use.

By utilizing the water released to them by the City, Lessees agree to waive and forego any claim, cause of action or demand Lessees 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 Lessees or any third person that may be lost, injured, destroyed or devalued as a result of the act, or failure to act, or Lessees 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. Lessees shall increase the use of the water historically adjudicated to the Property and improve efficiency of the application and use. Lessees 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.

Lessees 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. Lessees shall be entitled to and responsible for all proceeds and debts and debt losses incurred and associated with all crops grown on the premises.

Lessees shall cultivate and irrigate the Property in a good and husband-like manner in accordance with the best methods of cultivation and irrigation practiced in Mesa County Colorado.

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

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

Lessees shall be responsible for ensuring that the water is transported through clean irrigation ditches of adequate size from the point of release to the 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 Lessees, 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 Lessees.

Lessees 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. Lessees 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, Lessees 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.

Lessees 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 12.

Lessees shall be responsible for control of all noxious weeds, Tamarisk and Russian Olive trees on the properties. 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

At Lessee's sole cost and expense, Lessees shall install, maintain and repair all 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.

At Lessee's sole cost and expense, Lessees shall maintain and keep the Property and all improvements and buildings upon the Property, including, but not limited to, fixtures, roofing, plumbing, heating and ventilation systems, wiring, glass, fences, gates, wells and well systems, pumps and pump 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 Lessees entered the Property, reasonable use and wear excepted.

Lessees 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. Lessees agree 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.

Lessees agree to waive and forego any claim, cause of action or demand Lessees may have against the City, its officers, agents and employees for injury to or destruction of any property of Lessees or any third person that may be lost, injured, destroyed or devalued as a result of the act, or failure to act, of Lessees 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.

Lessees agree to, at Lessee's sole expense and during the term of this Lease, 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's Risk Manager. 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 of ONE MILLION DOLLARS (\$1,000,000.00), COMBINED SINGLE LIMIT. An accord form Certificate of insurance must be deposited with the City and must designate the City of Grand Junction, its officers, employees and

agents as additional insureds. If a policy approved by the Risk Manager is not at all times in full force and effect, this Lease shall automatically terminate.

Lessees shall comply with all Workers Compensation laws and provide proof of Workers Compensation insurance to the City's Risk Manager. 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.

Lessees agree to use the property 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.

Lessees agree 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.

SECTION SEVEN USE OF BLM PERMIT AND CITY LANDS FOR GRAZING

Lessees may maintain livestock on the BLM Permit and on City land. Lessee shall submit a grazing plan to City each year in December outlining the following years grazing plan. That plan shall include at a minimum, the area being grazed, number of cattle, date cattle on, date cattle off and calculated Animal Unit Months (AUM's). In such event, Lessees shall: cause each and every act to be done in order to maintain the BLM Permit in its current posture and in good standing; pay all fees associated therewith, and, be entitled to the benefits thereof, provided, however Lessees shall be required to maintain all projects associated therewith or incidental thereto and to do every other act to keep the BLM Permit in good standing. This Lease shall, at the option of the City, be terminated at once should the BLM take any adverse action whatsoever against the BLM Permit.

Lessee shall act immediately to any Notice of Trespass by the City, BLM, Forest Service, Town of Palisade 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. Certain ranch lands are of limited carrying capacity or are located on sensitive watershed areas, such as "The Bench" located below the rim of the Grand Mesa on the Somerville Ranch. The Bench is to be used for a limited time, not to exceed twenty days in the spring and eight days in the fall of each year, as a transit point to and from the top of Grand Mesa. According to the Grazing Plan, which may be revised annually depending on range conditions. Water supplies are to be improved to ensure stock water at specific locations, reducing cattle access to the Town of Palisade Krusen Springs Collection System. Spring locations are to be fenced or otherwise made inaccessible by cattle. Cattle remaining on "The Bench" after transit are to be removed as soon as possible.

In the event the City waives the BLM Permit to a third party, then the rental amount for the remaining term of the lease will be re-negotiated between the parties and shall become effective on the first day of the first month following completion of the Permit transfer. In the event the parties are unable to agree upon any amendment to rental fees pursuant to this Section 7 by the date aforesaid, then this Lease and Agreement shall automatically terminate, in which event Lessees shall have 30 days to surrender and deliver up the premises and

deliver all keys peaceably to the City. Rent, and other sums due hereunder, shall accrue during such 30-day period and Lessees shall continue to abide by the several other obligations herein.

SECTION EIGHT INSPECTION

Lessees warrant that they have thoroughly and carefully inspected the Property and demised premises and accept the same in its present condition. Lessees agree that the condition of the Property is sufficient for the purposes of Lessees. The City makes no warranties or promises that the Property is sufficient for the purposes of Lessees.

SECTION NINE CITY'S RIGHT OF ENTRY

During the term of this Lease, Lessees shall have the exclusive right-of-way for ingress and egress, to and from the Property, subject to the provisions contained in this Section 9 and in Section 10.

The City, its officers, agents, and employees retain the right to be on the Property during emergencies and may inspect the Property at anytime 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 Lessees, as the City deems appropriate.

The City grants to the Lessees all hunting rights concerning the Property as outlined by the terms and conditions of the Hunting Lease Agreement in Appendix B.

SECTION TEN 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 ELEVEN SURRENDER – HOLDING OVER

Lessees 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. Lessees shall execute all BLM documents required in order to accomplish a complete surrender of Lessee's interests in the BLM Permit.

Should Lessees fail, for whatever reason, to vacate the premises at the end or when this lease is terminated, Lessees agree 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.

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

SECTION TWELVE OPERATION AND CAPITAL IMPROVEMENT PLANS – BI-ANNUAL REVIEWS

On or before the first day of July of each lease year, Lessees shall submit to the City a Capital Improvement Plan. That 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 said plan and other budgetary issues the capital improvement plan may or may not be adopted for the following year.

On or before the first day of December of each lease year, Lessees shall submit to the City a livestock and irrigation report specifying, among other things, acreage irrigated and the length of time irrigation water was applied and specifying the number and type of livestock grazed on the Property. Based upon the review of said report and other operational issues the operation plan may be amended for the succeeding lease years.

SECTION THIRTEEN DEFAULT

Except as otherwise provided for in Section 7, if Lessees are 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 Lessees fail within any such 30-day period to remedy any default specified in the City's notice, this Lease shall automatically terminate. If Lessees remedy such default, Lessees shall not thereafter have the right of 30 days (to remedy) with respect to a subsequent similar default, terminate upon the giving of notice by the City. Any notices sent pursuant to this agreement shall be delivered by United States certified mail, return receipt requested, and shall be considered served upon Lessees as of the date of mailing indicated on the postal receipt. All notices shall be sent to Lessees at 2043 N Road, Fruita, Colorado 81521. All notices sent to the City by Lessees shall be addressed to the City of Grand Junction, Attention Director, Facilities, Utilities &

Streets Systems with a copy to the City Attorney at, 250 North 5th Street, Grand Junction, Colorado, 81501.

This Lease shall automatically terminate in the event Lessees: become insolvent; are subject to a bankruptcy filing whether or not voluntary or involuntary; are subject to an assignment for the benefit of creditors or if a receiver is appointed; if Lessees should become disabled or suffer death; if Lessees fail in any manner to comply with any of the terms, covenants, or conditions of this Lease to be kept and performed by Lessees; or should Lessees, 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 least term, Lessees 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, Lessees shall remove all personal property and livestock from the property and demised premises within 30 days from the date of termination. If Lessees fail 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. Lessees hereby agree that items not timely removed may be sold by the City to cover expenses with net proceeds after expenses paid to Lessees. The City may also set off amounts owed under this Lease against proceeds of said sale.

SECTION FOURTEEN SUBLEASE

Lessees 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 FIFTEEN 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, Lessees 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 Lessees 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 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. Lessees 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 Lessees 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. Lessees 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 (2015), 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, Lessees 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 13, Lessees shall have reasonable access to the Property for a reasonable time, not to exceed 30 days, to remove Lessee's personal property.

SECTION EIGHTEEN 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 NINETEEN GOVERNING LAW

In the event the City uses its City Attorney or engages an attorney to enforce the City's rights hereunder, Lessees agree 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 District Court Mesa County, Colorado.

SECTION TWENTY
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.

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

ATTEST:

THE CITY OF GRAND JUNCTION
A municipal corporation



Stephanie Tuin 3-4-10
Stephanie Tuin Date

Laurie Kadrach 3-3-10
Laurie Kadrach Date
City Manager

Howard Van Winkle 3-5-10
Howard Van Winkle Date

Janie Van Winkle 3/5/10
Janie Van Winkle Date

EXHIBIT A to that certain Ranch Lease dated the 1st day of May, 2010, by and between the City of Grand Junction, a municipal corporation, and Howard Van Winkle and Janie Van Winkle

SOMERVILLE RANCH

TOWNSHIP 1 SOUTH, RANGE 2 EAST, UTE MERIDIAN

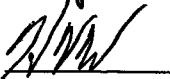
- Section 20: NW1/4 SE1/4 SW1/4 and the S1/2
EXCEPT SW1/4 SW1/4
AND EXCEPT NW1/4 SE1/4 SW1/4.
- Section 21: E1/2 SW1/4, SE1/4 NW1/4 and N1/2 NW1/4.
- Section 22: S1/2 NE1/4, SE1/4, N1/2 SE1/4 SW1/4,
SE1/4 SE1/4 SW1/4, and E1/2 SW1/4 SE1/4
SW1/4.
- Section 23: E1/2 SW1/4, NW1/4 SW1/4, E3/4 SW1/4 NW1/4 and
W1/2 SE1/4.
- Section 26: N1/2 SW1/4, SW1/4 SW1/4 and S1/2 NW1/4.
- Section 27: ALL
EXCEPT NE1/4 NE1/4
AND EXCEPT SW1/4 SE1/4 and S1/2 SW1/4.
- Section 28: SE1/4 SW1/4 SW1/4, NE1/4 NE1/4, S1/2 NE1/4,
E1/4 NW1/4 NE1/4, SW1/4 NW1/4, W1/2 NE1/4
NW1/4 and S1/2
EXCEPT SE1/4 SW1/4 SW1/4 SW1/4
- Section 29: SE1/4 NE1/4.
- Section 33: N1/2 NE1/4
- Section 34: ALL,
EXCEPT NE1/4 SW1/4 NE1/4, SW1/4 SW1/4 and
W1/2 NW1/4.
- Section 35: S1/2 NE1/4, N1/2 SE1/4, SE1/4, SE1/4, NE1/4
SW1/4, SE1/4 NW1/4 and W1/2 NW1/4.
- Section 36: SW1/4 NW1/4 and SW1/4

TOWNSHIP 2 SOUTH, RANGE 2 EAST, UTE MERIDIAN

- Section 1: SE1/4NE1/4, SW1/4 NE1/4, S1/2, NW1/4 NW1/4, and S1/2
NW1/4.
- Section 2: NE1/4 SE1/4 and S1/2 SE1/4.
- Section 8: NW1/4 SE1/4 and SW1/4 NE1/4.
- Section 9: NE1/4 SE1/4.
- Section 10: NW1/4SE1/4, SW1/4SW1/4, S1/2 NE1/4, NE1/4 SE1/4, N1/2
SW1/4, S1/2SE1/4 and SE1/4 NW1/4.



City



Lessee

EXHIBIT A (Continued)

Section 11: NE1/4, N1/2 SE1/4, N1/2 SW1/4, S1/2 NW1/4,
S1/2 SE1/4 and S1/2 SW1/4.

Section 12: N1/2.

Section 15: W1/2NW1/4

Section 17: W1/2 NE/4 and N1/2, NW1/4.

TOWNSHIP 11 SOUTH, RANGE 97 WEST, SIXTH PRINCIPAL MERIDIAN

Section 19: S1/2 SE1/4, SE1/4 SW1/4 and Lot 4.

Section 20: S1/2 SW1/4.

Section 25: S1/4,

EXCEPT S1/2 SE1/4 and 1/2 of the SE1/4 SW1/4
Lying North and East of a diagonal line
Running from the Northwest corner to the
Southeast corner of said SE1/4 SW1/4.

Section 26: SE1/4 SE1/4, W1/2 SE1/4 and SW1/4.

Section 27: W1/2 SE1/4/

Section 28: S1/2

Section 29: N1/2 NE1/4, SE1/4 SE1/4 and W1/2.

Section 30: E3/4.

Section 31: NE1/4 and E1/2 SE1/4.

Section 32: E1/2 NE1/4, W1/2 SE1/4 and W1/2.

Section 33: N1/2, NE1/4 SW1/4 and SE1/4.

Section 34: ALL.

Section 35: ALL.

TOWNSHIP 12 SOUTH, RANGE 97 WEST, SIXTH PRINCIPAL MERIDIAN

Section 30: Lots 11, 13, 14

TOWNSHIP 12 SOUTH, RANGE 98 WEST, SIXTH PRINCIPAL MERIDIAN


Section 12: Lot 13

Section 13: Lot 4

Section 14: Lots 2, 3 and 5

Section 25: SE1/4SE1/4

 City

 Lessee

THE PROPERTY IS SUBJECT TO THE FOLLOWING LEASES:

1. Lease of a 30-foot road right-of-way for ingress and egress to Rocky Mountain Gas Company by instrument recorded August 21, 1975 in Book 1044 at Page 209. This lease affects Sections 25, 26, 35 and 36, Township 11 South, Range 97 West, Sixth Principal Meridian, Mesa County, Colorado.
2. Lease to Pikes Peak Broadcasting Company, a Colorado Corporation, for Purpose of installing and maintaining a television and radio broadcasting antenna and tower with an easement for ingress and egress, recorded December 10, 1979 in Book 1234, Page 293. This lease affects Sections 32, 33, 34, 35 and 36, Township 11 South, Range 97 West, Sixth Principal Meridian, Mesa County, Colorado.
3. Lease to Kenneth Johnson for a term of 50 years for a cabin together with the Right of ingress and egress, recorded, recorded May 1, 1972 in Book 975, Page 965. This lease affects the NE1/4 of the NW1/4 of the NW1/4 of Section 27, and the E1/2 of Section 35, Township 11 South, Range 97 West, Sixth Principal Meridian, Mesa County, Colorado. Township 11 South Range 97 West, Sixth Principal Meridian. Mesa County, Colorado.
4. Lease to the United States of America acting through the Bureau of Reclamation, Department of the Interior, for the purpose of ingress and egress to radio repeater station site, recorded September 19, 1988 in Book 1715, Page 690. This lease affects the SW1/4 SW1/4 of Section 25, SE1/4. This lease affects the SW1/4 SW1/4 of Section 25, SE1/4 SE1/4 of Section 26

ANDERSON RANCH

Township 2 South, Range 2 East, Ute Meridian:

Section 13: The South 1/2 of the South 1/2;

Section 23: The NE1/4 of the NE1/4;

Section 24: The North 1/2; AND ALSO, the North 1/2 of the South 1/2.

Township 12 South, Range 98 West, 6th P.M.:

Section 24: The SW1/4 of the SE1/4;

Section 25: The NW1/4; The NW1/4 of the NE1/4; AND ALSO, that part of the SW1/4 of Section 25 described as Beginning at the Southwest corner of said Section 25; thence S 89°37' E 335.60 feet; thence N 35°17' E 1586.60 feet; thence N 33°28' E 1600.00 feet to a point on the North line of said SW1/4; thence West to the West 1/4 corner of said Section 25; thence S 00°09' E along the West line of the SW1/4 to the Point of Beginning;

Section 26: Lots 1, 2, 3 and 4;

Section 35: Lots 1 and 2.

 _____ City

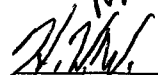
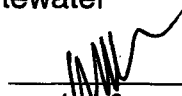
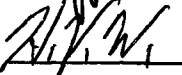
 _____ Lessee

EXHIBIT B to that certain Ranch Lease dated the 1st day of May, 2010, by and between the City of Grand Junction, a municipal corporation, and Howard Van Winkle and Janie Van Winkle

SOMERVILLE RANCH

Name	DIRECT FLOWS			
	Decreed Source	Amount	Adjudication Date	Appropriation Date
ADA	Whitewater Creek	3.60 cfs	6-01-16	10-17-07
ADA	Whitewater Creek	7.20 cfs Conditional	6-01-16	10-17-07
Brandon Ditch Enlarged	Whitewater Creek	3.80	7-21-59	6-01-00
Brandon Ditch 2 nd Enlargement	Whitewater Creek	24.80	7-21-59	4-15-40
Evers Ditch	Whitewater Creek	0.53 cfs	2-07-90	6-30-83
Guild Ditch No. 1	Whitewater Creek	1.08 cfs	6-01-16	5-14-09
Guild Ditch No. 1	Whitewater Creek	6.84 cfs Conditional	6-01-16	5-14-09
Guild Ditch No. 2	Whitewater Creek	1.08 cfs	6-01-16	5-14-09
Guild Ditch No.2	Whitewater Creek	6.84 cfs	6-01-16	5-14-09
Gulch Ditch	Whitewater Creek	0.36	2-07-90	10-18-87
Orchard Mesa Ditch	Whitewater Creek	0.36	2-07-90	1-05-87
Pioneer of Whitewater	Whitewater Creek	3.55 cfs.	2-07-90	8-09-84


 _____ City

 _____ Lessee

Appendix A

Somerville and Anderson Ranch lease:

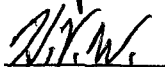
Performance Objectives

General

1. Lessee will utilize the public and private lands for grazing as appropriate and as outlined in the annual grazing plan submitted to City each December. Cattle trespass situations on US Forest Service lands or BLM lands 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 13 of this Lease. Close attention to this term is necessary to retain the BLM grazing permit in the Whitewater Common Allotment and to prevent contamination within the Town of Palisade's watershed near Kruzen Springs. Losses of either of these two areas as a result of inadequate cattle management will devalue the City's use and enjoyment of its lands.
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 the manner illustrated in the Water Record, attached to these Objectives. This data will be subject to review at the management meeting held on or before the first day of November of each year between the City Utility 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 bi-annual meetings or at other times arranged between the City and the Lessees.
4. Subleases to or use of City buildings by the individuals, other than the Lessees, must be approved in advance by the City Utility Department. Reimbursements for the sublease, either monetarily or in exchange for services, must be approved by the City.
5. Lessees will continue their membership in the Mesa Soil Conservation District and will take advantage of appropriate land and water programs available through the District. Permanent land and water projects, proposed by the Lessee, will be reviewed for funding by the District.



City



Lessee

6. Lessees 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 bi-annual management meeting held in late Fall 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. Lessees will take special care to work with neighboring landowners and users on all grazing, water, weed, and fencing issues.

Note: This record will be formatted and developed in *Excel*

Water Record

Somerville and Anderson Ranches

Month _____	Structure Name	Area Irrigated	Date	Flow (CFS)	Notes
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					
31.					

 _____ City
 _____ Lessee

APPENDIX B

HUNTING LEASE AGREEMENT

THIS HUNTING LEASE AGREEMENT is made by and between the City of Grand Junction, a Colorado home rule municipality, hereinafter referred to as "the City", and Howard Van Winkle and Janie Van Winkle, hereinafter referred to as "the Lessees".

RECITALS:

A. The City is the owner of real property situated in Mesa County Colorado, commonly known as the Somerville and Anderson Ranches' and hereinafter referred to as "the Property".

B. The Lessees desire to lease the exclusive hunting rights on the Property under the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the terms, promises, covenants and conditions herein specified, the parties hereto mutually agree as follows:

1. The City hereby leases to the Lessees the exclusive right to conduct private hunting activities on the Property. The term of this Lease shall commence with the 2010 game hunting season as defined by the Colorado Division of Wildlife ("the CDOW"), and terminate upon expiration of the 2019 game hunting season as defined by the CDOW.

2. The Lessees agree to pay to the City as rental for rights granted under this Lease a sum of money which represents twenty percent (20%) of the total fees paid to the Lessees from hunters using and occupying the Property. Said sums of money shall be due and payable to the City in annual installments on or before ten (10) days following the conclusion of the hunting season as defined by the CDOW.

3. The Lessees shall at all times during this Lease secure and maintain in effect all licensing and registration requirements of the Colorado Office of Outfitters Registration. In the event the Lessees fail to be or become licensed and registered with the Colorado Office of Outfitters Registration, or if the Lessees license to provide outfitting services is revoked, for whatever reason, then this Lease shall automatically terminate.

4. The Lessees agrees to:

a. Use reasonable care in the use of the Property and to keep the Property free from all litter, debris, human waste, and to provide sanitary human waste facilities on the "Bench" and "Cow Camp" on the Somerville Ranch agreed upon by the City and maintain said facilities in a manner that will not allow human waste to remain upon the surface of the ground or to enter into any water course or water way, including, but not limited to, streams, creeks, ponds, springs, ditches and reservoirs.

b. Waive and forego any claim, cause of action or demand the Lessee may have against the City, its officers, employees and agents, for injury to or destruction of any property of the Lessee or any third party which may be lost, injured, damaged, destroyed or devalued as a result of the act, or failure to act, of the Lessee or any third party; 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, personal injury (including death), costs and expenses of every kind in any manner arising out of or resulting from the Lessee's use of the Property.

c. Not use the Property for any purpose which is prohibited by the laws of the United States of America, the State of Colorado, the County of Mesa or any other governmental agency having control, jurisdiction or authority over the Property and the Lessee's use thereof. The Lessees agree to comply with all police, fire and sanitary regulations imposed by any governmental agency either now in force or hereinafter enacted, and to not use the Property for any improper or questionable purposes whatsoever.

d. At the Lessee's sole expense and during the term of this Lease, purchase and maintain in effect suitable Comprehensive General Liability Insurance which will protect the Lessee and the City, its officers, employees and agents 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. Such insurance shall not be cancelable without thirty (30) days prior written notice to the Risk Manager of the City and shall be written for at least a minimum of \$500,000.00, combined single limit. The certificate of insurance must be deposited with the Risk Manager of the City and must designate the City of Grand Junction, its officers, employees and agents as additional insureds.

e. Comply with all Workers Compensation laws and, if required by such Workers Compensation laws, provide proof of Workers Compensation insurance to the City's Risk Manager. Said Workers Compensation insurance shall cover obligations imposed by applicable laws for any employee engaged by Lessee in the performance of work on the Property.

f. Coordinate the Lessee's activities with the Colorado Division of Wildlife to ensure that the harvest of animals will not exceed the harvest objectives of the DOW.

g. Restrict open campfires and smoking to locations which are acceptable to the City or which meet regulations outlined by Mesa County, Bureau of Land Management, or U.S. Forest Service during times of extreme fire hazard.

h. Provide the City an accurate accounting annually of the amount(s) and type(s) of animal(s) harvested during each season, within ten (10) days following the conclusion of the hunting season as defined by the CDOW.

i. Prior to any third party using or occupying the Property for hunting purposes (hereinafter "hunting client"), the Lessees shall obtain for the City a waiver, hold harmless and indemnity agreement prepared by the City and executed by each of the Lessee's hunting clients which provides that each such hunting client agrees to waive and forego any claim, cause of action or demand that each such hunting client may have against the City, its officers, employees and agents, for injury to or destruction of any property of the Lessee's hunting clients which may be lost, damaged, destroyed or devalued as a result of the act, or failure to act, of the Lessees, the Lessee's hunting clients or any third party; 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, personal injury (including death), costs and expenses of every kind in any manner arising out of or resulting from the use of or presence on the Property by the Lessee's hunting clients. (See "Appendix C").

5. The Lessees represent that they are familiar with the Property and its boundaries and accept the same in its present condition; The Lessees agree that the condition of the Property is sufficient for the purposes of the Lessees. The City makes no warranties, representations or promises that the Property is sufficient for the purposes of the Lessees. The Lessee agrees that their use of the Property shall be at the Lessee's own risk; the City shall not be responsible or liable for the success of the Lessee's operation or the loss of profits or opportunities.

6. The Lessees shall endeavor to cause all of their employees and hunting clients to at all times conduct themselves in a proper and responsible manner.

7. The Lessees shall, during the term of this Lease, have the exclusive right to remove trespassers from the Property; provided, however, that the Lessees acknowledge that its exercise of said right shall be at the Lessee's own risk; provided, further, that the Lessees acknowledge that the City, its officers, employees and agents, shall have the right to be on the Property during the term of this Lease and may inspect the Property and the Lessee's occupancy thereof at anytime.

8. Notwithstanding anything herein to the contrary, if the Lessees are in default in the performance of any term or condition of this Lease, the City may, at its option, terminate this Lease upon giving three (3) days advanced written notice. If the Lessees fail within any such three (3) day period to remedy each and every default specified in the City's notice, this Lease shall automatically terminate. If the Lessees remedy such default(s), the Lessees shall not thereafter have the right to cure or remedy within three (3) days with respect to the same default(s), but rather, the Lessee's rights under this Agreement shall, with respect to subsequent similar default(s), automatically terminate upon the giving of written notice by the City.

This Lease shall automatically terminate in the event the Lessees: become insolvent; are subject to a bankruptcy filing whether voluntary or involuntary; are subject to an assignment for the benefit of creditors or if a receiver is appointed; should suffer death or become disabled to the extent that would preclude the Lessees from fulfilling each and every term and condition under this Agreement; fail in any manner to comply with any of the terms, covenants or conditions of this Lease (to be kept and performed by the Lessees); or should the Lessees, their employees or agents, by any act of negligence or carelessness, or through any act of commission or omission permit, or suffer to be permitted, damage(s) to the Property in any substantial manner. In such event, the City may immediately retake possession of the Property and the Lessees agree that prior monies received by the City shall be retained by the City. The Lessees further agree that the City shall have the right to sue for the balance of payments not received, to lease the hunting rights on the Property to a third party, and any other lawful remedy.

If this Lease is terminated by the City, except termination due to the expiration of the Lease term, the Lessees shall have reasonable access to and from the Property for a reasonable time, but not to exceed thirty (30) days, to remove the Lessee's personal property. If the Lessees fail to remove the Lessee's personal property within said thirty (30) day period, the City shall not be responsible for the care and safekeeping thereof and may, at its option, remove and store the same in a safe and reasonable manner, the cost, expense and risk of which shall be borne by the Lessees. The Lessees agree that items not timely recovered by the Lessees may be sold by the City to cover expenses, with net proceeds after expenses paid to the Lessees. The City may, at its option, set off amounts owed under this Lease against the proceeds of said sale.

9. The Lessees shall not sublet, assign or transfer any of their interests in this Lease, or enter into any contract or agreement affecting the Lessee's interests in this Lease without obtaining the prior written approval of the City.

10. The Lessees acknowledge that the Property is bordered in part by private and federally owned lands. Any liabilities arising from the Lessees, their employees and hunting clients entering, trespassing, or in any way damaging properties of any other party shall be the responsibility of the Lessees. Lessee will provide employees and hunting clients with instructions and maps showing the approved property and hunting boundaries. Trespass by Lessee or clients on lands not approved for hunting will be cause for termination of this lease.

11. It is expressly agreed that this Agreement is one of lease and not of partnership. The City shall not be or become responsible for the success or failure, profit or loss of profits, loss of opportunities, or any debts contracted by the Lessee. The 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 from any claim, lien, damage or injury (including death), to persons or property caused by the Lessee or sustained in connection with the Lessee's

APPENDIX C

AGREEMENT

As an expressed condition of the right to hunt on property owned by the City of Grand Junction, a Colorado home rule municipality, the undersigned, hereinafter referred to as "the Permittee", does hereby agree to: Indemnify the City of Grand Junction, its officers, employees and agents and to hold the City of Grand Junction, its officers, employees and agents, harmless from all claims, causes of action or demand the Permittee may have against the city of Grand Junction, its officers, employees and agents, for injury to or destruction of any property of the Permittee or any third party which may be lost, injured, damaged, destroyed or devalued as a result of the act, or failure to act, of the Permittee or any third party; indemnify the City of Grand Junction, its officers, employees and agents, and to hold the City of Grand Junction, its officers, employees and agents harmless from any and all claims, damages, actions, personal injury (including death), costs and expenses of every kind in any manner arising out of or resulting from the Permittee's use of or presence upon the Property.

Please Print:

Name of Permittee: _____

Permittee's Legal Address: _____

Signed this _____ day of _____, _____.

Permittee:

Witness:

By: _____