



Contract Number: CT-PR-13\* 861  
Effective Date : 08.06.2013  
Term Date : 08.05.2028  
Cost : 0  
Revenue : 0  
Total : 0 NTE: \_\_\_\_\_  
Action  
Renewal By : 06.01.2028  
Term : 08.05.2028  
Reviewed by: UB

**BOARD OF SUPERVISORS AGENDA ITEM SUMMARY**

*Requested Board Meeting Date: August 6, 2013*

**ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:**

In 2004, Pima County acquired the A7 Ranch as a part of the Conservation Bond program. At the time of acquisition, the County took on full operational responsibility for this 40,000 acre working cattle ranch. Following the acquisition of the A7, the County has since acquired an additional 11 working ranches under the 2004 Conservation Acquisition Bond Program. All of these other ranches are currently operated under Ranch Management Agreements with experienced ranching entities.

Demands on the county rangeland management program has grown to the point where day-to-day operation needs of the A7 ranch takes away from the overall management and stewardship needs of the other 11 ranches. Operating a working cattle ranch in today's economic and drought climate demands a level of flexibility to which government is hard pressed to be responsive. After detailed reviews, determination has been made that the overall County rangeland program would be better served if the A7 were turned over under a Ranch Management Agreement to a well-qualified operator, just as the other ranches are currently operated. Staff and budgetary resources freed up by the operational transfer will be spread out over more of the County's ranch property base to help cover the current costs of stewardship, monitoring and project enhancements needed on the more than 135,000 acres of other ranchlands. The County's cow herd will be sold off incrementally over the next several years and all revenue will continue to go into the General Fund.

The Smallhouse family (doing business as Redington Livestock, LLP), who owns the Carlink Ranch adjacent to the A7, has more than three generations of history in the San Pedro Valley and is recognized locally and nationally as an outstanding steward of the lands it manages. The Smallhouse family is uniquely suited to seamlessly integrate the A7 into its current operation and take advantage of the increased lands to complement ongoing ranch and farming operations. The Smallhouse family has been a committed participant in developing the Ranch Management Agreement for the A7 and has been equally committed to the fundamental conservation priority for long-term management of the ranch.

Pima County will continue to have an active presence at the ranch into the future and under the Ranch Management Agreement the County will have the final say on the important management goals and objectives applicable to the A-7 ranch in partnership with the operator.

CONTRACT NUMBER (If applicable): CT 13\*861

**STAFF RECOMMENDATION(S):** Staff recommends that the Board approve the A7 Ranch Property Stewardship Agreement with Redington Livestock LLP for operation of the County A7 Ranch.

CORPORATE HEADQUARTERS: Natural Resources, Parks and Recreation Department

Page 1 of 2

TO COB 7-24-13  
Agenda 8-6-13  
(3)

Procure Dept 07/09/13 PM 02:42

ITEM NO. \_\_\_\_\_

PIMA COUNTY COST: 0 and/or REVENUE TO PIMA COUNTY: \$250,000

FUNDING SOURCE(S): N/A

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

**Advertised Public Hearing:**

|  |  |     |   |    |
|--|--|-----|---|----|
|  |  | YES | X | NO |
|--|--|-----|---|----|

**Board of Supervisors District:**

|   |  |   |  |   |  |   |  |   |  |     |   |
|---|--|---|--|---|--|---|--|---|--|-----|---|
| 1 |  | 2 |  | 3 |  | 4 |  | 5 |  | All | X |
|---|--|---|--|---|--|---|--|---|--|-----|---|

**IMPACT:**

**IF APPROVED:** This property management agreement will free up some staff and base budget allocations at the A7 ranch and allow limited County resources to be used more equally, or strategically focused on short-term need, across the 12 working ranches within the county conservation lands program. The Ranch Management Agreement will put a well-qualified operator in place to help protect the rangeland, conservation and infrastructure values on the ranch.

**IF DENIED:** The County will continue to operate the A7 ranch at a budgetary loss and continue to be responsible for all the day-to-day costs of operating a working cattle ranch under the constraints of the County mandated processes, rules and legal requirements.

DEPARTMENT NAME: Natural Resources Parks and Recreation

CONTACT PERSON: Evelyne Thorpe, Contracts Specialist TELEPHONE NO.: 877-6230



WHEREAS, Manager is an experienced ranch manager who is familiar with the existing conditions of the Property; and

WHEREAS, this Agreement benefits Owner by relieving it of the financial costs and burdens of physically managing and operating the Property using County and District employees;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which the parties acknowledge, including the mutual covenants, terms, conditions and restrictions contained herein, and pursuant to the laws of the State of Arizona, the Parties agree as follows:

1. **Management Services.** Manager will provide management services for the Property as identified in Exhibit A. Manager is not be required to pay any fees to Owner with respect to Manager's use, occupancy and management of the Property.

2. **Term and Renewal.** This Agreement will run for a term of Fifteen (15) years and shall commence on the date the Agreement is executed by the Pima County Board of Supervisors (the "Effective Date"). Owner and Manager have the option to extend the term of this Agreement for two additional five (5) year periods, or any lesser term as needed by Owner, upon mutual written agreement to be reached not less than sixty (60) days prior to the expiration of the initial or any other renewal term hereof.

3. **Management Objectives.**

3.1. Manager will use the Property for production agriculture subject to the terms and conditions of this Agreement and will exercise commercially reasonable efforts to use the Property in accordance with Owner's resource management objectives (the "Management Objectives") listed below in the order of priority:

3.1.1. Protect, preserve, and enhance natural plant and wildlife communities of the Property

3.1.2. Rehabilitate degraded vegetation and wildlife habitats where possible and economically feasible

3.1.3. Manage wildfire hazards to the Property and adjoining private and public lands by managing vegetative fuels

3.1.4. Make judicious use of water resources associated with the Property

3.1.5. Provide for the safety of Manager's invited and noticed visitors to the Property

3.2. This Agreement will be interpreted conservatively so as to ensure that natural resource management and protection of Resource Values take precedence over grazing and revenue generation.

4. **Resource Management Plan.**

4.1. **Drafting Plan.** Manager will comply with the terms and conditions of a Coordinated Resource Management Plan (the "Management Plan") to be developed cooperatively between Owner and Manager with the assistance of state and federal

natural resource management agencies. The Management Plan will include, but not be limited to, a livestock grazing plan, a crop production plan, access plan, natural resource and biological resource protection plan, and any other elements necessary to protect the Resource Values and achieve the Owner's and Manager's Management Objectives for the Property. Upon the execution of this Management Agreement, Owner and Manager will meet and review any existing grazing and management plans. Owner may, in its reasonable discretion, request changes or alterations in those plans for resource protection purposes. Owner has discretionary authority to approve and adopt the final Management Plan. The Management Plan, by this reference, is incorporated in this Agreement.

Notwithstanding any other provision of this Agreement, and in case of conditions affecting planned management activities which are beyond the control of the Owner and Manager, Owner may in its reasonable discretion pre-empt planned management activities to limit or exclude grazing or agricultural production on portions of the Property from time to time and for any period of time, so long as the reduction is justified using commonly acceptable range management or agricultural production principles.

- 4.2. Annual Resource Condition Assessment. Owner and Manager will meet at least annually to evaluate the Property's resource conditions to determine whether the Management Plan is appropriate for existing conditions or needs to be modified. Should Owner or Manager require a modification to the Management Plan, including but not limited to the exclusion of grazing from all or certain areas of the Property, Owner and Manager may consult with other natural resource agency representatives if Manager does not concur with such a requirement. The Parties may agree to a compromise based on that consultation, although Owner retains, in its sole discretion, the right to limit or exclude grazing from certain areas of the Property. If the Management Plan is significantly changed, and Owner and Manager are not in agreement after further consultation, Owner will provide Manager written notice of the change and the time required for the removal of the livestock. At this time Manager will have the opportunity either to re-negotiate the terms of the Agreement or cancel the Management Agreement entirely.

## **5. Use of Property.**

- 5.1. Cattle Grazing. Manager may use the Property for open pasture cattle grazing and associated ranching, farming and related operations, including the use and grazing of only those horses actually used in such ranching operations ("Ranching Horses"), in accordance with the Management Plan. Cattle grazing is limited to cattle, and does not include other livestock such as sheep, horses other than Ranching Horses, llamas or exotic breeds on the property without the express written permission of Owner. Manager may pasture Ranching Horses in specific areas agreed to by Owner and for durations and during times of the year that do not result in adverse impacts on the Resource Values.

- 5.2. Associated Activities. Manager may use the Property for all activities normally associated with ranching and farming operations, in accordance with the Management Plan.
- 5.3. No warranties or representations. Owner makes no warranties or representations to Manager as to the suitability of the Property for grazing or farming.
- 5.4. Use consistent with Owners' rights. The Property will be managed and operated in such a manner as to protect the biological resources of the Property. The possibility exists that such management objectives and natural conditions may limit, restrict, or otherwise impact the location and number of cattle permitted to graze on the Property. Manager's management and use of the Property will be consistent with the mission of the Sonoran Desert Conservation Plan, the conditions of the 2004 Bond measure and any amendments and the Management Objectives set out herein. Manager's use is subject to Owner's primary rights to operate the Property for the benefit of the public and the public interest.

The Parties understand and agree to the importance of a Coordinated Resource Management Plan which considers these rights and objectives at the time of plan development in order to avoid unexpected management modifications and for reasons other than natural weather conditions.

- 5.5. No other Uses. Manager will make no uses of the Property that are not specifically allowed by the Agreement without prior written approval of Owner.
  - 5.6. Damage and Repairs. Manager is responsible for damage to the Property or its Resource Values caused by its intentional, reckless, or negligent conduct or the intentional, reckless, or negligent conduct of its agents, employees or contractors. Manager is not responsible for repairing any damages caused by the negligence of the Owner or its agents, employees or contractors, unless Manager is in whole or part also responsible for that damage, in which event Manager is responsible for the proportion of damages that were caused by Manager. In the event of damage caused by third parties, Manager is responsible only for repairing damage to the ranching infrastructure on the portion of the Property that Manager is using to conduct its ranching operations.
6. Grazing Leases/Permits. Owner's possessory and other rights in and to certain portions of the Property are, as disclosed in the recitals to this Agreement, derived from certain grazing leases or permits described on Exhibit A-1 attached hereto (the "Grazing Lease(s)"). Manager warrants that it has read and understands the terms and conditions of the Grazing Lease(s) and will comply with all the terms and conditions thereof. Manager agrees to pay any fees due under the annual Grazing Lease(s), sublease applications and application fees for grazing lease improvement projects. Owner is responsible for annual and periodic reporting requirements pertaining to the Grazing Lease(s), although Manager will cooperate in the preparation of any reports necessary for compliance with the Grazing Lease conditions. Manager may conduct grazing activities as a sublessee of Owner under

the appropriate leasing agency terms and conditions, provided such sublease receives the approval of the leasing agency. Manager will copy Owner on all invoices, reports and written communications with the leasing agency.

## **7. Grant Projects.**

- 7.1. Owner will cooperate as a participating agency for any grant applications Manager might seek for the Property that enhance the Property's Resource Values or advance Owner's Management Objectives, and may support such applications financially, provided:
  - 7.1.1. Manager obtains prior written approval of the County Administrator and Board of Supervisors for the grant application.
  - 7.1.2. Manager agrees to be bound by the terms and conditions of the grant agreement if awarded.
  - 7.1.3. Manager does not assert as in-kind matches labor, resources, or other assets of Owner without Owner's prior written approval for such assertion.
  - 7.1.4. Manager retains all obligations and assumes any liability that may be incurred as a result of an early termination of this Agreement by Manager.
- 7.2. Manager will reasonably cooperate with Owner, at no cost to Manager, for any grant applications Owner might make with respect to the Property.

## **8. Repair and Maintenance of Improvements.**

- 8.1. Repairs and Improvements. Manager will keep all working improvements on the Property at the time of this Agreement that are used by Manager (other than roads) in functional condition, suitable for the purpose(s) for which they have been installed, including corrals, fencing, water storage tanks, water lines, wells, pumps, and pressure systems. Manager will keep all roads on the Property in the condition in which they exist as of the date hereof, unless Manager elects to maintain and improve the roads under Section 8.2 below. Manager alone will bear the sole cost for any and all repair and maintenance work related to improvements and facilities needed for Manager's ranching operation on the Property. Owner is not obligated to make any improvements or repairs to the Property whatsoever and Owner will not be entitled to require Manager to make any improvements upon the Property or repairs to any currently inoperative or obsolete facilities or equipment upon the Property. All improvements and major repairs will be submitted to and approved in advance by Owner. In the event of total or partial destruction of any capital improvements on the Property by forces of nature or acts otherwise beyond the control of the Manager, Manager and Owner will meet and confer on the decision to replace, repair, or permanently remove the damaged improvements. In the absence of an agreement between Manager and Owner, Manager will not be obligated to

bear any cost of the repair, replacement, or removal not covered by Manager's insurance.

8.1.1 Improvements on State Lands. Pre-approved improvements on leased State Lands have value for the Lessee (Owner). Any costs incurred by Manager for the new capital improvements placed upon State leased lands and deemed essential in the Management Plan may be reimbursed to Manager by Owner if not previously reimbursed by Grant or Conservation program funds or if the Agreement is terminated prior to the normal depreciating life of the improvement.

8.1.2 Functional irrigation equipment not required on other of Owner's conservation lands may be provided by Owner and installed by Manager in order to meet Owner's management objectives of judicious water use.

- 8.2. New structures or roads. Manager may not construct any new structures or roads on the Property without the prior written approval of Owner, which approval will not be unreasonably withheld, conditioned or delayed, as to site location and design. Manager may be required to seek cultural resource clearance of the location before engaging in any earth moving activity. Manager will comply with all applicable federal, state and local building codes and ordinances for any structure or road that Manager constructs on the Property. All costs for any such construction shall be borne solely by Manager. Manager may, but is not required to maintain existing roads, at Manager's sole expense, including grading, filling, and otherwise maintaining the roads in passable condition. Such permission does not include paving any roads on the Property without the prior written approval of Owner.
- 8.3. Garbage and Waste. Manager will arrange for the storage and disposal of all garbage and waste materials generated by Manager's operations under this Agreement according to applicable law at Manager's sole cost and expense. Manager shall remove garbage, trash and non-toxic or hazardous waste to a legal dumpsite no less than twice a year. Manager is responsible for handling and disposing of garbage and waste in such a manner as to prevent the production of offensive odors and the attraction of rodents and other vermin. Manager will not use existing dumpsites on the property for permanent waste disposal.
- 8.4. Hazardous Wastes. All toxic and hazardous materials resulting from Manager's operations under this Agreement will be lawfully removed to a legal dumpsite off the Property at Manager's sole cost and expense. Manager, at Manager's sole cost and expense, will remedy any hazardous or potentially hazardous condition occurring on or after the effective date of this Agreement by or under the direction of Manager within 30 calendar days of written or oral notice by Owner's officers, agents or employees or by any federal, state, or local regulatory agency having jurisdiction (or if more than 30 days are required to complete such remedy, such additional amount of time as may be reasonably necessary, so long as Manager commences the remedy within the initial 30-day period and maintains a reasonable completion schedule). At the discretion of Owner's officers, agents or employees, Manager shall stop work or any activities related to the hazardous materials that



create a hazardous or potentially hazardous condition until Manager cures such hazardous or potentially hazardous condition. As used in this Agreement, the term "Hazardous Material" means any substance or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety and property including all of those materials and substances designated as hazardous or toxic by any other governmental agency now or hereafter authorized to regulate materials and substances in the environment.

9. **Utilities.** Manager will contract directly with the appropriate public utility for all water, gas, electricity, portable phones or telephone service, garbage, and sewage, or other utility or service furnished to or used by Manager in its discretion during the term of this Agreement at Manager's sole cost and expense. Manager indemnifies and holds harmless Owner from and against any charge for the installation, connection, maintenance, and furnishing of all utilities, meters and services required by Manager. Manager will provide for the extension of any utility service or distribution lines (water, gas, electricity, portable or telephone, garbage, sewage, or other) that are required to serve the Property at Manager's sole cost and expense. Manager will comply with all applicable government mandated water and energy conservation programs in performance of this Agreement. In the event the installation of utilities involves any earth disturbing or view shed impacts, Manager will first obtain Owner's approval for such activities, which approval shall not be unreasonably withheld, conditioned or delayed. Owner is not liable for any damages resulting from any failure to furnish or delay in furnishing any utility services.
10. **Vehicle Travel.** Manager's trucks, or other approved vehicles, will be used in a manner which is consistent with the Management Plan. Only such off-road travel is allowed as is reasonably necessary to conduct ranch operations. Travel through washes with wheeled, motorized vehicles will be restricted to essential needs for ranch operations.
11. **Manager's Acceptance of Improvements.** Manager accepts the buildings, improvements, and any equipment- (the "Improvements") on the Property in their existing condition. No representation, statement, or warranty (express or implied) has been made by or on behalf of Owner or Manager as to such condition or as to the use that may be made of the Improvements. In no event is Owner liable for any defect in the Improvements or for any limitation on the use of the Improvements.
12. **Cattle, Ranch Equipment and Personal Property.**
  - 12.1 Ranch Equipment and Personal Property. Manager will provide any and all equipment and personal property, including tools, machinery, and supplies necessary for the ranching activities authorized under this Agreement. Manager is solely responsible for the cost of repairing or replacing all such items as needed. Owner does not assume responsibility for any damage or cost or expenses to Manager's ranch equipment or personal property incurred during Manager's activities on the Property.
  - 12.2 Cattle Herd. Manager agrees to assume responsibility for Owner's A7 ranch cattle herd (the "A7 Herd"), under the following terms and conditions:

12.2.1 The A7 Herd will be inventoried, and all individual members tagged and evaluated for production value. Non-productive livestock, as determined by Manager, will be sold at public auction and the net proceeds of the sale returned to Owner within 60 days of sale.

12.2.2 Manager will oversee management of the A7 Herd and will be provided the offspring generated from the A7 Herd starting as of the effective date of this Agreement. Timing of the reproduction and disposition of the offspring is at discretion of Manager. Any such offspring livestock integrated back into the A7 Herd by Manager will be branded and tagged with Manager's mark. As members of the A7 Herd mature and become unproductive, as determined by Manager, they will be sold at public auction and the net sale proceeds returned to Owner within 60 days of the sale. Manager may replace livestock in the A7 herd at Manager's expense at any time. These replacement animals and offspring from these replacement livestock are owned by Manager and will be marked accordingly. Once all of the A7 Herd owned by Owner has been sold off or have become deceased Manager has no further responsibility to manage any of Owner's livestock unless a new agreement is established.

12.2.3 Owner will take actions to authorize Manager to act on any official brand certificates and documents for livestock as necessary.

12.3 Ranch Housing. Manager will have use of the Youtcy residence and main farm headquarters residence. Manager assumes all costs associated with such use. Owner will make a space available at the farm where a new mobile home could be located at Manager's expense. Owner will continue to utilize the Bar L Y residence and limited space at the farm headquarters area for Owner's employee use and storage of equipment and supplies.

### **13. Prohibited Uses.**

13.1. Natural Resources. Manager is strictly prohibited from removing any trees, cacti, shrubs, gravel, rock, sand, minerals or cultural artifacts from the Property. Manager will not willfully disturb any wildlife habitat, biologic, cultural, geologic, scenic, historical or archaeological site or resource, or in any manner substantially change the contour or condition of the Property outside the scope of the Management Plan. Subject to the intent and limitations of this Section 13, Manager may use sand and gravel from the Property at locations on the Property approved by the Owner and in quantities reasonably necessary to enable Manager to maintain roads and corrals on the Property, provided that Manager complies with all applicable laws and regulations.

13.2. Noise. Manager will not install, use, or permit the installation or use upon the Property of any public address equipment, television equipment, radio, loudspeaker, or other equipment or device producing noises audible outside the immediate area of the Ranch headquarters/residence area except as reasonably necessary to conduct ranch operations and maintenance. This does not prohibit the use of equipment that is necessary to fix ranch equipment or improvements on the property, provided that the noise is minimized to the extent reasonably possible.

- 13.3. Water Pollution. Manager will comply promptly with any regulations, conditions, or instructions issued by any federal, state, interstate or local government water pollution control agency having jurisdiction to abate or prevent water pollution. Manager will not discharge any substances which will contaminate streams or other bodies of water or otherwise become a public nuisance. All regulations, conditions or instructions in effect or prescribed by the federal, state or local government or contained herein are made a condition of this Agreement. Such prohibition does not pertain to controlling cattle waste in streams, streambeds or watercourses, or bodies of water, unless water quality measures have been taken or installed to prevent cattle from entry into such streams, streambeds, water courses, ponds or water bodies.
- 13.4. No Explosives. Manager's use of explosives on the Property is strictly prohibited.
- 13.5. Hunting. Manager will not post any of the Property against public entry for hunting without prior written approval of Owner. Predator control activities on the Property will be approved by Owner prior to any actions being taken by Manager.

#### **14. Water Rights.**

- 14.1. Permitted Uses of Water. Manager may, at its own cost and expense, utilize Owner's water rights associated with the Property, including water from the existing wells and all stock ponds and stock wells, solely for use on the Property in performance of Manager's operations and obligations under this Agreement. Any use of natural springs or seeps will be based upon specifics approved within the Coordinated Resource Management Plan. Owner assumes no responsibility to Manager for any water shortage from the source or sources of water or from any source whatsoever; nor does Owner warrant the quality or quantity of water obtained from any source.
- 14.2. Water Limited to Ranch Management. Use of water from the Property on the Property by Manager shall be limited to the amount required to operate its farming and cattle ranching operations on the Property consistent with ranch management purposes described herein.
- 14.3. Water Testing. Owner reserves the right to enter the Property at regular intervals to test the quality of the water and to curtail use of potable water by Manager from wells or springs on the Property in the event the water testing indicates excessive contaminant levels as established by the Arizona Department of Environmental Quality.

#### **15. Right of Entry.**

- 15.1. General. Owner and its designees may enter the Property at any reasonable time or times for the purpose of inspection, consultation with Manager, to conduct repairs or improvements, perform water quality testing, post notices and for any other lawful purposes.

- 15.2. Resource Management. Owner and its designees may enter the Property for the purpose of monitoring or conducting research on the Resource Values on the Property. Such entry by Owner or its designees will not interfere with Manager in carrying out regular management operations that Manager has the right to perform under this Agreement. Owner will notify Manager of such activity prior to undertaking the activity.
- 15.3. Public Access. Manager may post "No Entry" or "No Hunting" signs on the property wherever necessary to protect improvements and livestock with prior written permission of Owner.
16. Native Plants and Cultural Resources. Manager will comply with the Arizona Native Plant Law (A.R.S. § 3-901 et seq. or any successor statutes) and with Arizona laws relating to archaeological discoveries (A.R.S. § 41-841 et seq. or any successor statutes). Manager will not disturb any cacti or other protected native plants nor disturb any ruins, burial grounds or other archaeological sites.
17. Human Trespass; Illegal Dumping. Manager is encouraged to immediately notify law enforcement officials and Owner of any possible human trafficking activities on the Property and inform Owner of any reoccurring off-road vehicle travel, trash accumulation, and wildcat dumping (including abandoned vehicles) on the Property. In no event is Manager responsible for remedying any of these impacts without conferring with Owner and agreeing to mutually acceptable remediation of mitigation measures.
18. Mining Activity. Manager will report to Owner any change in activity level, location or other notable conduct by mining claimants on the Property. Manager is not obligated to take any action or contact mining claimants for any reason pursuant to this provision.
19. Taxes.
- 19.1. Obligation for Taxes. Manager will pay before delinquent all personal property taxes, assessments and fees levied on Manager by reason of its operations on the Property pursuant to this Agreement.
- 19.2. Contest of Tax. If Manager wishes to contest or review by appropriate legal or administrative proceedings any tax or other charge specified under the provisions of this Section in good faith, Manager will give Owner written notice of its intent to do so at least ten (10) calendar days before the delinquency of such tax or charge, or within the applicable time period allowed by law. Manager may withhold payment of the tax being contested only if nonpayment is allowed during the pendency of such proceedings without the foreclosure of any tax lien or the imposition of any fine or penalty. The failure to pay any tax or charge within forty-five (45) calendar days of Manager's receipt of written notification of the amount due is a default, and the obligation to pay the same survives termination of this Agreement.
- 19.3. Tax Indemnification. Manager indemnifies and holds harmless Owner, and Owner's officers, agents and employees from and against any liability, loss, or damage resulting from such contest or proceeding or from any tax or charge

required to be paid by Manager, from any other sums imposed thereon, and from any proceedings to enforce the collection of any tax or charge for which Manager may be liable. Manager will not permit any lien to attach to its interest in the Property or in this Agreement.

## **20. Indemnity and Hold Harmless.**

- 20.1. Owner not Liable. Owner is not liable at any time for loss, damages, or injury to the person or property of any person, arising directly or indirectly out of (i) any act of Manager or of anyone holding under Manager; (ii) the occupancy or use of the Property by the Manager; or (iii) any adverse and unsatisfactory state or condition of the Property caused by Manager's livestock grazing and ranching operations during the term of this Agreement. Owner is not liable for any loss of profits or business opportunity losses that Manager may incur for any reason, including interruption of business or termination of this Agreement.
- 20.2. Indemnification of Owner. Manager indemnifies, defends, and holds harmless Owner, its officers, agents and employees from any claim, liability, loss, or damage arising out of, or in connection with, performance of ranching operations upon the Property under this Agreement by Manager, its agents, employees, or subcontractors, except to the extent that such claim, liability, loss, or damage was caused by the negligent or intentionally wrongful acts or omissions of personnel employed or contracted by Owner, or by any activities on the Property of the general public. The foregoing indemnification obligation survives termination of this Agreement.
- 20.3. Indemnification of Manager. Owner indemnifies, defends and holds harmless Manager, its officers, agents and employees from any claim, liability, loss, or damage, to the extent suffered or incurred by Manager as a direct result of a negligent or wrongful act of Owner or personnel employed or contracted by Owner. The foregoing indemnification obligation survives the termination of this Agreement.

## **21. Insurance.**

- 21.1. Insurance Coverage. Manager will maintain the following insurance during the term of this Agreement:
  - 21.1.1. Commercial General Liability. Coverage shall be at least as broad as ISO form CG 00 01 in an amount not less than \$2,000,000.00, covering the Property, endorsed to include County as an additional insured with coverage at least as broad as ISO form CG 20 10.
  - 21.1.2. Commercial General Automobile Liability. Coverage shall be at least as broad as ISO form CA 00 01 in an amount not less than \$1,000,000.00 for vehicles actually used in the operations at the Property (as compared to used for simple commuting).

21.1.3. Workers' Compensation. Statutory limits, with Employers' Liability coverage in an amount not less than \$1,000,000.00 per injury, illness, or disease.

21.2. Changes to Insurance Requirements. County retains the right to reasonably increase the limits or types of coverage from time to time as determined in the best interests of County by Pima County Risk Management.

21.3. Injury Reports. Manager will provide to Owner a written report listing any incident involving injury to persons or damage to property occurring at the Property within five (5) business days of any such incident. If any such injury to persons requires emergency medical treatment, Party shall contact Owner within one (1) business day of such incident. Owner has the right to investigate any incident involving injury to persons or property occurring at the Property and Manager shall provide Owner with all information available to Manager about such incident.

21.4. Insurance Certificates. Manager will provide Owner with current certificates of insurance which show Owner as additional insured where required. All certificates of insurance must provide for guaranteed thirty (30) days written notice of cancellation, non-renewal or material change.

21.5. Waiver of Subrogation. Each party waives its claims and subrogation rights against the other for losses typically covered by property insurance coverage.

**22. Manager not an Employee or Agent.** Manager, in the performance of this Agreement, is not an agent or employee of Owner, and this Agreement is not intended to and does not create the relationship of agent, servant, employee, partnership, joint venture, or association. No participant or applicant for participation in Manager's grazing operation, no officer or employee of Manager, no person engaged by Manager to administer or operate its grazing operation shall be construed to be an employee of Owner for any purpose, including tort claims. No person may obtain any right to employment, retirement, or other benefits that accrue to employees or officers of Owner by virtue of this Agreement or any services performed hereunder.

**23. Assignment or Sublicense.** Manager may not assign this Agreement or any interest in it, nor allow any person other than Manager and its agents, contractors and employees to occupy or use any part of the Property, without first obtaining Owner's written consent. Manager will fully disclose to Owner the qualifications, experience, and financial ability of any proposed assignee/submanager for such an assignment or sublicense ("Consent Disclosure"). Manager has been selected to manage the Property due to Manager's unique qualifications, and Owner may withhold consent to a proposed assignment or sublicense. Owner's consent to one assignment, sublicense, or use shall not be deemed a consent to any subsequent assignment, sublicense, occupancy, or use by another person. Any unauthorized assignment or sublicense is void. Manager's interest is not assignable by operation of law without Owner's written consent.

**24. Default.**

- 24.1. Default. If Manager violates any of the terms and conditions of this Agreement, Owner may give Manager written notice of the specific violation.
- 24.2. Termination for Default. If, within sixty (60) days after written notice of the violation, Manager has failed to commence corrective action or shown acceptable reason therefor, Owner may immediately, or at any time thereafter prior to any cure by Manager, terminate this Agreement, take possession of the Property (including all buildings and improvements thereon), and pursue all remedies legally available.
- 24.3. Liability for Breach. Termination for default does not excuse Manager from any liability for damages for breach of contract, but in no event will Manager be liable for special, consequential or punitive damages.
- 24.4. Entry for Mitigation. In the event Owner reasonably determine that activities or actions by Manager have adversely impacted the Property, its improvements, or its Resource Values, Owner, in addition to its right to declare Manager in default and terminate this Agreement, as provided above, is entitled to enter the Property for the purpose of mitigating damages and recover from Manager the costs of such Manager-caused damage and corrective action.

**25. Restoration and Surrender of Premises.**

- 25.1. Vacating Property. Upon expiration or earlier termination of this Agreement for any reason, Manager will vacate the Property and surrender peaceable possession of it to Owner. Manager will promptly remove any personal property and repair any damage or injury to the Property, or to any of its buildings, structures, or improvements, and restore the Property to the condition as existed when Manager first took possession of the Property under this Agreement, reasonable wear and tear and casualty damage excepted. Except as provided in Section 26 below, continued possession and use of the Property by Manager after termination of this Agreement is prohibited and is a trespass for which Owner may seek all appropriate civil and criminal remedies.
- 25.2. Personal Property. Except as provided in Section 26 below, if an early termination occurs, for any of the reasons as set forth in Section 26.5 below, Manager will remove all of Manager's personal property and livestock from the Property as soon as practicable but no later than sixty (60) calendar days after notice of the termination (unless Owner extends this time period in writing). If Manager fails to remove all of Manager's personal property and livestock within the time specified, Owner may, at its sole discretion, take possession of Manager's personal property and livestock and offer the property and livestock for sale at public auction, or otherwise dispose of the property and livestock according to applicable law.

**26. Termination.** This Agreement may be terminated early for any of the following:

- 26.01. by either party upon alleged default of any covenant or term hereof by the other party pursuant to Section 24 above;



- 26.02. by Owner for conflict of interest as provided in Section 27.15;
- 26.03 for non-appropriation of funds pursuant to Section 27.17;
- 26.04. for convenience by either party at which time all parties shall be fully relieved and released of and from all future duties and responsibilities under this Agreement and no payment of consideration of any kind from any party to another shall be necessary (this shall not relieve Manager of any liability for past acts) ;
- 26.05. by Owner if it determines in its reasonable discretion that the Management Objectives of the Property will be adversely impacted by continuation of the Agreement and upon the approval of the County Board of Supervisors. If Owner determines to terminate this Agreement under this option, Owner will first contact Manager in writing describing the reason for the contemplated termination and will then meet with Manager to determine if the parties can find a mutually acceptable means to eliminate the adverse impact to the Management Objectives without terminating the Management Agreement.

In the event of early termination of this Agreement by Owner pursuant to this Section 26, Manager has the right to grow to maturity and to harvest any crops upon the Property that Manager planted prior to receiving notice of the early termination. If Manager has made any capital improvement over five thousand dollars (\$5,000.00) in value to the Property that has not reached the end of its normal depreciated life at the time of early termination of this Agreement, Owner will pay Manager the remaining depreciated value of the capital improvement upon early termination of this Agreement.

## **27. Miscellaneous Provisions.**

- 27.1. Attorney's Fees. If either party brings any action or proceeding in court to enforce any provision of this Agreement or for damages because of an alleged breach of any provision of this Agreement (except as may otherwise be specified in this Agreement), the prevailing party is entitled to receive from the losing party the amount the court determines to be reasonable attorney's fees for the prevailing party.
- 27.2. Binding Effect. The covenants and agreements contained in this Agreement bind the respective successors, assigns, heirs, and legal representatives of the Parties.
- 27.3. Non-discrimination. The Parties will comply with State Executive Order 99-4, if applicable, and all other applicable federal and state laws, rules and regulations, including the Americans with Disability Act.
- 27.4. Entire Agreement. This Agreement and any attached exhibits or addendum set forth all covenants, agreements, conditions, and understandings between Owner and Manager concerning the Property. There are no covenants, agreements, conditions, or understandings, either oral or written, between the parties other than those set forth in this Agreement.



- 27.5. Compliance With Law. At Manager's sole cost and expense and before the start of permitted activities, Manager will comply with all applicable federal, state, county or municipal statutes, ordinances, regulations, orders, or directives of a governmental agency, as such statutes, ordinances, regulations, orders, or directives now exist or may later provide, concerning the use and safety of the Property. Manager will obtain and comply with all permits which may be required by public agencies, including, but not limited to, the United States Army Corps of Engineers, Arizona State Land Department, and Arizona Game and Fish Department, having jurisdiction over the activities of Manager. Manager's failure to procure any such permit or to comply with any such regulation or law is a default under this Agreement which cannot be cured pursuant to Section 24.
- 27.6. Modification. This Agreement may be modified, waived, or added to only by an instrument in writing signed by both parties.
- 27.7. Notices. Notices relating to this Agreement will be in writing and delivered personally, sent by United States mail, first class postage prepaid, facsimile, electronic mail, or by private messenger or courier service to the addresses below:

**Manager:** Andy Smallhouse

Phone: (520) 212-2639 cell (520) 850-6183  
Mail to: 23805 E. Redington Canyon Rd.  
Benson, AZ 85602

**Owner:**

Director, Pima County Natural Resources, Parks and Recreation Department  
3500 W River Road  
Tucson, AZ 85741  
Phone: 520-877-6000  
Fax: (520)-877-6006  
[Rafael.Payan@pima.gov](mailto:Rafael.Payan@pima.gov)

With a copy to:

Attention: C.H. Huckelberry, County Administrator  
Administration  
Pima County  
130 West Congress Street, 10th Floor  
Tucson, AZ 85701  
Facsimile: (520) 724-8171

Any change in address shall be communicated by written notice to the other party and delivered according to this section. A communication by any method permitted under this section shall be effective when actually received.

- 27.8. Designees. Manager designates the following individual as the primary contact for all day-to-day management communications with Owner: Andy Smallhouse, (520) 212-2639 or 850-6183, carlink@hughes.net. Owner designates the following individual as the primary contact for day to day management communications: Kerry Baldwin, NRPR Natural Resources Division Manager, (520) 877-6161 or (cell) 520 419-4110, Kerry.Baldwin@pima.gov. Any party may change its designee from time to time, with notice to the other party.
- 27.9. Personal Liability. No personal liability attaches to any of Owner's officers or employees for any financial obligation to be performed under this Agreement.
- 27.10. Remedies Cumulative. All remedies conferred on Owner and Manager by this Agreement and by law are cumulative, and no remedy is exclusive of any other remedy conferred by this Agreement or by law.
- 27.11. Severability. If any provision of this Agreement or any specific application is invalid or unenforceable, the remainder of this Agreement or the application of the provision in other circumstances is not affected, and each provision of this Agreement is valid and enforceable to the fullest extent permitted by law.
- 27.12. No Acceptance of Surrender. No act by Owner, its elected officials, directors, officers, agents, or employees during the term of this Agreement is an acceptance of a surrender of the Property.
- 27.13. Text to Prevail Over Headings. The captions and section headings appearing in this Agreement are included for convenience only and do not in any way limit or amplify the terms or provisions of this Agreement.
- 27.14. Waiver. Waiver by Owner or Manager of any breach of any term, covenant or condition does not waive breach of the same or any other term, covenant or condition on a future occasion. Neither Owner nor Manager waive any covenant, term, or condition of this Agreement unless the waiver is in writing and signed by the party making the waiver.
- 27.15. Conflict of Interest. This Agreement is subject to cancellation pursuant to A.R.S. Section 38-511.
- 27.16. Limitations. Nothing in this Agreement limits or expands the statutory responsibilities of Owner in performing functions beyond those granted to it by law or requires Owner to expend any sums in excess of its appropriations.
- 27.17. Non-Availability of Funds. This Agreement is subject to available funding, and nothing in this Agreement binds Owner to expenditures in excess of funds authorized by the Pima County Board of Supervisors for purposes outlined in this

Agreement. This Agreement may be terminated if for any reason, there are not sufficient appropriated and available monies for the purpose of maintaining Owner's obligations under this Agreement. In the event of such termination Owner has no further obligation whatsoever to Manager except for Manager's rights under Section 26, and Manager shall have no further obligation whatsoever to Owner, except for the indemnities which are specifically stated herein to survive termination hereof.

27.18. Landlord Tenant Act Not Applicable. This Agreement is for the provision of management and operation services by Manager to Owner and is not subject to the Arizona Landlord Tenant Act, A.R.S. sections 33-301 et seq.

27.19. Counterparts. This Agreement may be executed in counterparts, each of which is effective as an original. This Agreement may be executed and delivered by a facsimile transmission of a counterpart signature page hereof

27.20. .Legal Arizona Workers Act Compliance.

27.20.1. Manager hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to Manager's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Manager will further ensure that each subcontractor who performs any work for Manager under this contract likewise complies with the State and Federal Immigration Laws.

27.20.2. Owner has the right at any time to inspect the books and records of Manager and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws

27.20.3. Any breach of Manager's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section is a material breach of this Contract subjecting Manager to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, Manager will be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, (subject to Owner's approval if MWBE preferences apply) as soon as possible so as not to delay project completion

27.20.4. Manager will advise each subcontractor of Owner's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form:.

"The subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to the subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). The subcontractor further agrees that Pima County may inspect the subcontractor's books and records to insure


that the subcontractor is in compliance with these requirements. Any breach of this section by the subcontractor will be a material breach of this contract subjecting the subcontractor to penalties up to and including suspension or termination of this contract.”

27.20.5. Any additional costs attributable directly or indirectly to remedial action under this Article 27.19 are the responsibility of Manager.

27.21. Scrutinized Business Operations. Pursuant to A.R.S. § 35-397, Manager hereby certifies that it does not have scrutinized business operations in Iran or Sudan. The submission of a false certification by Manager may result in action up to and including termination of this Agreement.

**THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

**REDINGTON LIVESTOCK LLP**

By: 

Date: 6-12-13

Its: Managing Partner

**PIMA COUNTY**


By: \_\_\_\_\_  
Chairman, Board of Supervisors

Date: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk of the Board of Supervisors  
Date:

Approved as to Form:

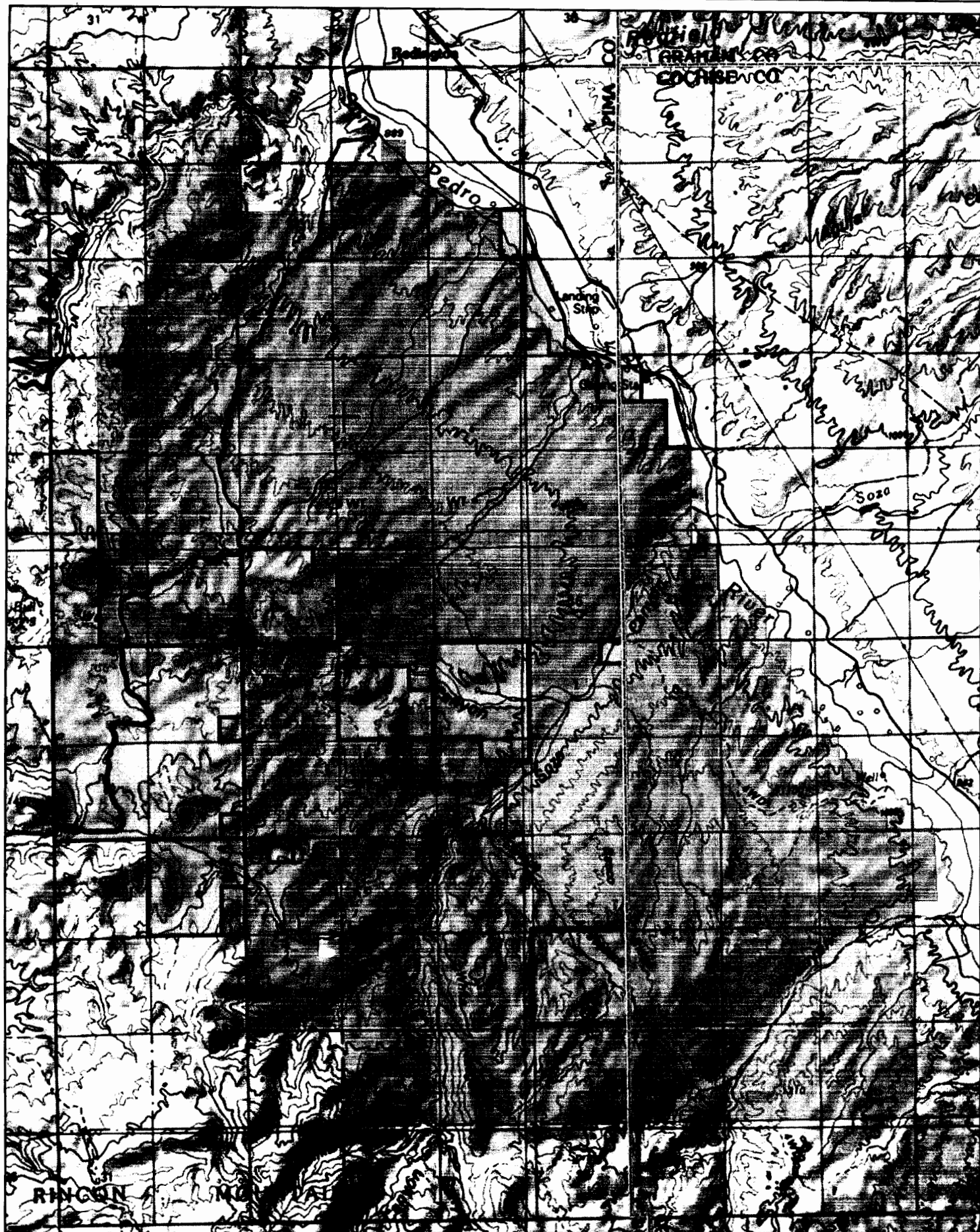
 **TOBIN ROSEN**  
Deputy County Attorney

Approved as to Content:

N/A  
Director, Pima County Natural Resources,  
Parks & Recreation Department

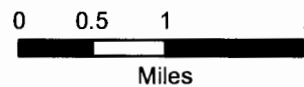
## **EXHIBIT A**

Legal Description of fee property (the "Property")



**EXHIBIT A:  
A7 RANCH  
PROPERTY BOUNDARY**

- FEE SIMPLE
- GRAZING OR AGRICULTURAL LEASE



| PARCEL    | OWNER                    | ONAME1    | STATUS               |
|-----------|--------------------------|-----------|----------------------|
| 20902003B | PIMA COUNTY              | A-7 RANCH | USE AGREEMENT W/ BLM |
| 205240140 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410070 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410130 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410050 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410040 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410140 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205410020 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410110 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205410020 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410100 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205410010 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205240320 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205410120 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205240140 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205240310 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240300 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240280 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240270 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240080 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 20902003B | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205270020 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 000000000 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240290 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205270040 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240230 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240330 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205240200 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205260030 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205260040 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 000000000 | UNITED STATES OF AMERICA | A-7 RANCH | GRAZING LEASE        |
| 205410080 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205410150 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 205420030 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 20542001A | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 205410160 | STATE OF ARIZONA         | A-7 RANCH | GRAZING LEASE        |
| 999999991 | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 20541003A | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 20541003A | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |
| 20524011E | PIMA COUNTY              | A-7 RANCH | FEE SIMPLE           |