



BOARD OF SUPERVISORS AGENDA ITEM REPORT
AWARDS / CONTRACTS / GRANTS

☐ Award ☒ Contract ☐ Grant

Requested Board Meeting Date: 01/23/2024

* = Mandatory, information must be provided

or Procurement Director Award: ☐

***Contractor/Vendor Name/Grantor (DBA):**

JL RANCHING INC

***Project Title/Description:**

Ranch Management Agreement for Rancho Seco – Old Seco Allotment

***Purpose:**

The purpose of the Ranch Management Agreement is to obtain Ranch Manager partner(s) to provide management services for the Property while operating it as a working ranch, maintaining ranch-related infrastructure investments, and stewarding the Property to meet SDCP goals including the protection and preservation of natural areas, open space, and working landscapes.

***Procurement Method:**

Procurement Exempt per Arizona Revised Statutes 11-933 and 11-931.

***Program Goals/Predicted Outcomes:**

The Ranch Manager partner may use the Property for a working ranching/agricultural operation, livestock raising and associated ranching or related operations subject to terms and conditions of Agreement; shall ensure ranch-related infrastructure is being maintained; and shall manage and operate Property in accordance with County's resource management objectives (listed below):

Resource management objectives (in priority order): protect, preserve, and enhance natural plant and wildlife communities of the Property; rehabilitate degraded vegetation and wildlife habitats where possible and economically feasible; manage wildfire hazards to the Property and adjoining private and public lands by managing vegetative fuels; make judicious use of water resources associated with the Property; provide for the safety of the Manager's invited and noticed visitors to the Property; report the occurrence of identified adverse resource impacts resulting from undocumented immigrant travel and associated law enforcement activities; and provide open space for responsible permitted public recreational use, including but not limited to hiking, camping, bird watching, hunting and horseback riding on designated trails and roads.

***Public Benefit:**

The Ranch Management Agreement supports the public endorsement of the SDCP goals of preserving working agricultural landscapes and fostering abundant and diverse native flora and fauna, clean air, clean water, and stable soils. Maintenance of working landscapes provides open space for responsible permitted public recreational use, including but not limited to hiking, bird watching, hunting and horseback riding on designated trails and roads. It further benefits the County by relieving it of the financial costs and burdens of physically managing and operating the Property using County employees.

***Metrics Available to Measure Performance:**

The Pima County Range Management Standards and Guidelines 2010 will be used to measure performance and authorize appropriate levels of livestock grazing. County may limit, exclude, or rest portions of the Property from livestock for any period. The Annual Ranch Plan developed at the Annual Meeting with Manager and County staff will be used to monitor progress towards Management Objectives in the Agreement. Manager will report monthly water used on the Property with the appropriate water meter to County to ensure the associated water right allocations are not exceeded.

***Retroactive:**

No.

TO: COB 1-10-24(1)
VERS: 1
PGS: 49

JAN09'24PM0949 PD

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED

Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (*) fields

Contract / Award Information

Document Type: CTN

Department Code: PR

Contract Number (i.e., 15-123): 24-0066

Commencement Date: 02/01/2024

Termination Date: 01/31/2034

Prior Contract Number (Synergen/CMS): N/A

☐ Expense Amount \$ 0.00 *

☒ Revenue Amount: \$ 7,740.00

***Funding Source(s) required: General Fund**

Funding from General Fund? ☐ Yes ☒ No If Yes \$ _____ % _____

Contract is fully or partially funded with Federal Funds? ☐ Yes ☒ No

If Yes, is the Contract to a vendor or subrecipient? _____

Were insurance or indemnity clauses modified? ☐ Yes ☒ No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ☐ Yes ☒ No

If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: _____

Department Code: _____

Contract Number (i.e., 15-123): _____

Amendment No.: _____

AMS Version No.: _____

Commencement Date: _____

New Termination Date: _____

Prior Contract No. (Synergen/CMS): _____

☐ Expense ☐ Revenue ☐ Increase ☐ Decrease

Amount This Amendment: \$ _____

Is there revenue included? ☐ Yes ☐ No If Yes \$ _____

***Funding Source(s) required: _____**

Funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

Grant/Amendment Information (for grants acceptance and awards)

☐ Award ☐ Amendment

Document Type: _____

Department Code: _____

Grant Number (i.e., 15-123): _____

Commencement Date: _____

Termination Date: _____

Amendment Number: _____

☐ Match Amount: \$ _____

☐ Revenue Amount: \$ _____

***All Funding Source(s) required: _____**

*Match funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____

*Match funding from other sources? ☐ Yes ☐ No If Yes \$ _____ % _____

*Funding Source: _____

*If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?

Contact: Vanessa Prileson

Department: NRPR

Telephone: (520) 724-5266

Department Director Signature: Vanessa Prileson Date: 5 Jan 24

Deputy County Administrator Signature: _____ Date: 01/08/24

County Administrator Signature: Jeer Date: 1/8/24

Pima County Department of Natural Resources, Parks and Recreation

Project: RANCH MANAGEMENT AGREEMENT for RANCHO SECO – OLD SECO

Contractor: JL RANCHING INC

Amount: \$7,740.00

Contract No.: CTN-PR-24-66

Funding: General Fund

RANCH MANAGEMENT AGREEMENT

RANCHO SECO – OLD SECO ALLOTMENT

This Ranch Management Agreement (“Agreement”) is made by and between Pima County, a political subdivision of the State of Arizona (“County”) and **JL Ranching Inc.** (“Manager or Contractor”) at the address of 1177 E. Madera Grove Lane, Sahuarita, AZ 85629.

RECITALS

WHEREAS, County owns certain real property in Pima County, Arizona, commonly known as the **Rancho Seco** and more particularly described in **Exhibit A** attached hereto and has a possessory interest and certain other rights in and to additional acreage as described in the grazing leases/permits described on **Exhibit E** attached hereto (collectively referred to herein as the “Property”); and

WHEREAS, County is authorized, pursuant to A.R.S. & 11-933, to enter into agreements for the operation of County public parks, as defined in A.R.S. & 11-931.

WHEREAS, County acquired its interest in the Property in a transaction prior to the establishment of this Agreement; and

WHEREAS, County and Manager acknowledge that most of the Property currently remains in a relatively undisturbed, natural state, has ecological, open space, cultural and historic values, and provides natural habitat for native plants and wildlife (collectively the “Resource Values”); and

WHEREAS, the Property has historically been operated primarily as a livestock ranching operation and County is committed to property management as a sustainable ranching operation which fosters abundant and diverse native flora and fauna, clean air, clean water and stable soils, providing for potential economic return; and

WHEREAS, County and Manager share the goal of preserving the biological resources on the Property and permitting land uses that are compatible with the conservation of significant ecological values; and

WHEREAS, County and Manager are further interested in preserving the working ranching landscape in the County; and

WHEREAS, County has acknowledged its commitment to protecting and preserving natural areas, open space and working landscapes through the adoption of the Sonoran Desert Conservation Plan; and

WHEREAS, the voters of Pima County have endorsed implementation of the Sonoran Desert Conservation Plan by passage, at a special election held on May 18, 2004, of certain bond measures permitting the issuance of general obligation bonds to fund the acquisition of working landscape open space (see Questions 1, 2, and 4 of Pima County Ordinance 2004-18); and

WHEREAS, Manager is familiar with the Property and has experience with existing conditions of the Property; and

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

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, and in exchange of the mutual covenants, terms, conditions and restrictions contained herein, and pursuant to the law of the State of Arizona, the parties hereto agree as follows:

1. **Description of the Property.** Manager shall provide management services for the Property as identified in **Exhibit A** and may be required to pay fees to the County with respect to Manager's use, occupancy and management of the Property.
2. **Term.** This Agreement shall be for a term of **ten (10) years** and shall commence on **February 1, 2024 with a two (2) year probationary period.** **Manager will be required to install or demonstrate moving forward with the installation of the proposed Water System Expansion Project, described in section 6 and Exhibit D, within two (2) years of the commencement date.** If the commencement date is before the signature date of the last party to execute this Agreement, the parties will, for all purposes, deem the Agreement to have been in effect as of the commencement date. A new Agreement may be requested within the final year of this term and at least 90 days before the expiration of this Agreement. The most current process for Agreement transitions will be followed at that time.
3. **Use of Property.**
 - 3.1. **Cattle Grazing.** Manager may use the Property for open pasture cattle grazing and associated ranching and related operations, including the use and grazing of horses used in such ranching operations, in accordance with the Management Plan, if any. Livestock grazing shall be limited to cattle, and shall not include other livestock such as sheep, horses, llamas or exotic breeds on the property without the express written permission of the County. Manager shall be permitted to pasture horses in specific areas agreed to by the County and for durations and during times of the year that do not result in adverse impacts on the Resource Values. Manager hereby agrees to pay all grazing fees due under this Agreement by set due dates.
 - 3.2. **Associated Activities.** Manager may also use the Property for all activities normally associated with ranching operations, in accordance with the Management Plan, if any. Any diversified business or commercial activity in addition to the main livestock

operation performed on County owned or managed land must be a) communicated to the County prior to the activity and b) authorized with a Special Use Permit, Right of Entry or other authorization relevant to the land jurisdiction on which it may occur.

- 3.3. Housing and Buildings. Manager may apply to use buildings and facilities on the Property for additional fair market value rent or facilities use fees. Separate Caretaking Agreements will be developed for the use of any residential buildings.
 - 3.4. No warranties or representations. County makes no warranties or representations to Manager as to the suitability of the Property for grazing.
 - 3.5. Use consistent with County's rights. Manager understands and agrees that the Property shall be managed and operated in such a manner as to protect the biological resources of the Property and the possibility exists that such management objectives and natural conditions may limit, restrict, or otherwise impact the location and number of livestock permitted to graze on the Property. Manager further understands and agrees that Manager's use of the Property shall 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 further understands and agrees that Manager's use is subject to County's primary rights to operate the Property for the benefit of the public and the public interest.
 - 3.6. No other Uses. Any other uses of the Property are subject to the prior written approval of the County or relevant land jurisdiction.
 - 3.7. Damage and Repairs. Manager shall be 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 shall not be responsible for repairing any damages caused by the negligence of the County or its agents, employees or contractors, unless Manager shares responsibility for that damage, in which event Manager shall be responsible for the proportion of damages that were caused by Manager. In the event of damage caused by third parties, Manager shall be responsible only for repairing damage to the ranching infrastructure on the portion of the Property that Manager is using to conduct its ranching operations.
4. **Grazing and Agricultural Leases/Permits.** County's possessory and other rights in certain portions of the Property are, as disclosed in the recitals to this Agreement, derived from certain grazing and agricultural leases or permits described on Exhibit E. Manager hereby warrants that they have read and understand the terms and conditions of the Lease(s) and agrees to comply with all the terms and conditions thereof. Manager hereby agrees to pay all use fees due under the Lease(s) by set due dates. These include annual grazing fees, non-use fees, sublease surcharges, improvement installation fees, and any other fee pertaining to installation or maintenance of ranch improvements and any special use activities. County shall be responsible for all annual and periodic reporting requirements pertaining to the Lease(s), although Manager shall cooperate in the preparation of any reports necessary for compliance with the Lease conditions. Manager shall be permitted to conduct grazing and/or agricultural activities on an official sublease(s) of Arizona State Land Department lease(s) held by the County, provided such sublease(s) receives the approval of the leasing agency.

Manager shall copy the County on all invoices, reports and written communications with the leasing agency.

5. Water Rights.

- 5.1. Permitted Uses of Water. Manager may, at its own cost and expense, utilize water from the Property to the extent permitted by law, and consistent with water rights held by the County and associated with the Property, including, without limitation, water from existing wells, and stock ponds, solely for use on the Property in performance of Manager's operations and obligations under this Agreement. County assumes no responsibility to Manager for any water shortage from the source or sources of water or from any source whatsoever; nor does County warrant the quality or quantity of water obtained from any source.
- 5.2. Permitted Uses of Water on Leased Land. Manager may, at its own cost and expense, utilize water from the agricultural and grazing leases held by the County to the extent permitted by law and by the administering land agency's water rights. Water may not be diverted from any grazing lease.
- 5.3. Water Limited to Ranching and Farming. Use of water from the Property on the Property by Manager shall be limited to the amount within the water right(s) held by the County or land agency water rights associated with grazing or agricultural leases required to operate its ranching and/or farming operation **consistent with ranch management purposes hereunder** on the Property utilizing conservation standards and methodologies.
- 5.4. Water Testing. County reserves the right to enter the Property at regular intervals to test the quality of the water and, farther, to curtail use of potable water by Manager from wells or springs on the Property in the event the water exceeds contaminant level standards established by the Arizona Department of Environmental Quality.

6. Repair and Maintenance of Ranch Infrastructure.

- 6.1. Repairs and Improvements. Manager shall keep all improvements on the Property used by Manager 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, further listed in Exhibit B. Manager alone shall bear the cost for all repair and maintenance work related to improvements and facilities needed for Manager's ranching operation on the Property. County is not obligated to make any improvements or repairs to the Property.

*County-owned wells will be brought into compliance per County specifications by County as funding allows.
- 6.2. Cost Sharing. The Manager is responsible for maintaining all ranch infrastructure used for the livestock operation. The Manager is also responsible for funding upgrades to existing infrastructure desired by the Manager. The County may choose to share costs of installing new infrastructure improvements with the Manager if the

project benefits the County and funding is available. Funding from the County is not guaranteed.

- 6.3. New Improvements. Manager must notify County in advance of any proposed infrastructure projects. All new improvements and major repairs on any land jurisdiction on the Property must be approved by the County in advance of installation and may require at least six months advance notice for State or Federal land jurisdiction permitting requirements. Manager shall not construct any new structures on the Property without the prior written approval of the County and any relevant land agencies. Manager will be required to seek cultural resource clearance of the location before engaging in any earth-moving activity. Manager shall comply with all applicable federal, state and local building codes and ordinances for any structure constructed on the Property by Manager. All costs for any such construction shall be borne solely by the Manager.

- 6.3.1. Water System Expansion Project. Manager is required to expand the existing water systems on the Property, including the re-drilling of Old Seco Well, described in Exhibit D and in 6.3.1 below.

- 6.4. Capital Improvements. Some of the existing improvements are considered capital improvements where the lifetime of the improvement is likely to outlast the term of the Agreement. In these cases, the County will bear the entire cost of replacing or repairing the improvement as funding is available. The following infrastructure improvements are considered capital improvements on this Property:

- Wells:
 - Electrical panel repairs and replacements, except for solar or windmill systems;
 - Brushing and bailing;
 - Well casing replacements.
- Buildings:
 - Electrical and plumbing systems in existing buildings;
 - Restoration or rehabilitation but not routine maintenance of existing buildings and structures;
 - Septic system rehabilitation or replacements on existing systems.

- 6.4.1. Old Seco Well. Old Seco Well is a capital improvement. County will reimburse the Manager a not-to-exceed amount or County will reimburse 50% of the cost of re-drilling the well not covered by USDA NRCS Environmental Quality Incentives Program contracts or similar grant-funded contracts. This reimbursement amount is subject to discussion/negotiation and must be finalized prior to the funding for the improvement being sought or the improvement being implemented.

7. Repair and Maintenance of Ranch Roads

- 7.1. Road Maintenance. Manager shall maintain all roads used for the ranching operation in the condition in which they exist as of the date hereof unless Manager elects to

maintain and improve the roads. The County may share or bear total costs of road maintenance on roads where public use is abundant if funding is available.

- 7.2. New Roads. Manager shall not construct any new roads on the Property without the prior written approval of the County as to site location and design. Manager will work with the County to obtain cultural resource clearance of the location before engaging in any earth moving activity. Manager shall comply with all applicable federal, state and local building codes and ordinances for any structure or road constructed on the Property by Manager. All costs for any such construction shall be borne solely by the Manager. Manager shall be permitted 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 the County. All road improvements must stay within the existing roadbed and existing associated roadbed structures.

8. Cattle, Ranch Equipment and Personal Property.

- 8.1. Equipment. Manager shall provide any and all equipment and personal property, including tools, machinery, and supplies necessary for the ranching activities authorized under this Agreement. Manager shall be responsible for the cost of repairing or replacing all such items as needed. County shall not assume responsibility for any damage or cost or expenses to Manager's ranch equipment or personal property incurred during activities on the Property.
- 8.2. Improvements. All existing improvements on the Property belong to the County except improvements on federal land which are owned by the Federal Government. Any approved new, non-fixed improvements installed by the Manager at their sole cost on County-owned portions of the Property may be eligible for removal or sale to the succeeding Manager upon departure from the Agreement. Removal of non-fixed improvements or reimbursement for fixed improvements on State grazing leases shall be determined by the associated State Grazing Lease, Article 10 and applicable guidance in A.R.S. sections 37-322.01, 37-322.02 and 37-322.03.

9. Grant Projects.

- 9.1. County agrees to cooperate as a participating agency for any grant applications Manager might seek for the Property that enhance the Property's Resource Values or advances the County's Management Objectives provided:
 - 9.1.1. Manager obtains prior approval of the County Administrator and Board of Supervisors for the grant application.
 - 9.1.2. Manager agrees to be bound by the terms and conditions of the grant agreement if awarded.
 - 9.1.3. Manager shall not be permitted to assert as in-kind matches labor, resources, or other assets of the County without the County's prior written approval for such assertion.
 - 9.1.4. Manager retains all obligations and assumes any liability that may be incurred as a result of an early termination of this Agreement by Manager.
- 9.2. Manager agrees to reasonably cooperate with County, at no cost to Manager, for any grant applications County might make with respect to the Property.
- 9.3. Cost-Share Improvement Projects. Improvements installed with grant funding and/or cost-share between County and Manager are not eligible for reimbursement or removal unless Manager provides all matching funds or is for the project described in Section 6.4.1.

10. Manager's Acceptance of Property. Manager and County each hereby accepts the buildings, improvements, and any equipment on the Property in their existing condition. No representation, statement, or warranty (express or implied) has been made by or on behalf of County or Manager as to such condition or as to the use that may be made of such property. In no event shall County be liable for any defect in such property or for any limitation on its use.

11. Management Objectives.

- 11.1. General Objectives. Manager shall use the Property subject to the terms and conditions of this Agreement and shall use the Property in accordance with County's resource management objectives (the "Management Objectives") listed below in the order of priority:
 - 11.1.1. Protect, preserve, and enhance natural plant and wildlife communities of the Property
 - 11.1.2. Rehabilitate degraded vegetation and wildlife habitats where possible and economically feasible
 - 11.1.3. Manage wildfire hazards to the Property and adjoining private and public lands by managing vegetative fuels
 - 11.1.4. Make judicious use of water resources associated with the Property
 - 11.1.5. Provide for the safety of Manager's invited and noticed visitors to the Property

- 11.1.6. Report the occurrence of identified adverse resource impacts resulting from undocumented immigrant travel and associated law enforcement activities
- 11.1.7. Provide open space for responsible public recreational use, including but not limited to hiking, horseback riding and OHV use on designated trails and roads; hunting and camping in designated areas. Some areas will be designated as Administrative Use only.
- 11.2. Range Management Standards and Guidelines. The Pima County Range Management Standards and Guidelines (Standards and Guidelines), associated Management Plan, and on-site monitoring will be used to assess proper utilization levels and progress towards desired conditions. Desired conditions and acceptable utilization levels are outlined in the Standards and Guidelines. Notwithstanding any other provision of this Agreement, the County shall have the right, in its reasonable discretion, to limit, exclude or rest portions of the Property from livestock grazing for any period of time if one or more of the following occur:
 - 11.2.1. Acceptable livestock grazing utilization levels are exceeded;
 - 11.2.2. Ecological trend and/or condition are moving away from desired conditions identified in the Standards and Guidelines and/or in the Management Plan, if any, and adaptive management actions are not improving progress towards desired conditions;
 - 11.2.3. Prolonged drought, wildfire, flooding events;
 - 11.2.4. Prescribed fire, prescribed vegetation management;
 - 11.2.5. Rangeland Health Assessments show non-functioning ecological processes in multiple ecological sites.
 - 11.2.6. County and Manager mutually agree that the provisions of this Agreement shall ensure that natural resource management and protection of Resource Values take precedence over livestock grazing and revenue generation.

12. Annual Reporting and Responsibilities.

- 12.1. Annual Meeting. Manager shall meet with the County on an annual basis to review the past year's ecological trend monitoring results, develop and share the annual grazing plan and proposed livestock numbers, discuss proposed projects by Manager and/or County, update contact information for Manager and County, and discuss any issues.
- 12.2. Annual Rent. Manager agrees to pay a County determined grazing fee of \$2.00 per animal unit month on an annual basis, and all other fees as outlined in **Exhibit C.** This rate is subject to change at the discretion of the Director of the Pima County Natural Resources, Parks and Recreation Department. No written amendment will be required for the County to set a new grazing rate.
- 12.3. Inspections and Reporting. Manager shall regularly inspect buildings and infrastructure. Manager shall also report trespassing on the Property to the County.

- 12.4. Annual Range Monitoring & Resource Assessments. Manager shall participate in annual ecological trend, condition and utilization monitoring with the County and other partnering agency representatives, and any additional resource assessments.

13. Management Plan.

- 13.1. Ranch Management Plan. If it exists, the Manager agrees to comply with the terms and conditions of a Ranch or Coordinated Resource Management Plan (the "Management Plan"), a long-term management plan specific to the ranch or ranch complex developed cooperatively between County and Manager with the assistance of state and federal natural resource management agencies. Such a Management Plan shall include, but not be limited to, a livestock management plan, access plan, natural resource and biological resource protection plan, wildfire and flooding response plan, and any other elements necessary to protect the Resource Values and achieve the County's Management Objectives for the Property.

The Management Plan sets short and long-term goals and objectives for multiple resources and land uses on the ranch centered on the livestock operation. The Management Plan includes specifics on how the ranch operation will be managed to meet the goals and objectives, including livestock management strategies, ranch infrastructure projects, habitat improvement projects, and guidance for protection of sensitive resources. These plans are recognized by federal, state, local agencies and departments, Conservation Districts, and the University of Arizona Cooperative Extension as a ranch planning tool through the Arizona Memorandum of Understanding. Coordinated Resource Management Plans provide a mechanism for ranchers, agencies, and other stakeholders to work together, share information, and develop complementary policies and methodologies for the ranch and for range resources.

Upon the execution of this Management Agreement, County and Manager shall meet and review any existing Management Plans. A Management Plan for the Property and the larger Rancho Seco Ranch was completed in 2012. County may, in its reasonable discretion, request changes or alterations in those plans for resource protection purposes. County shall have discretionary authority to approve and adopt the final Management Plan. The current Management Plan shall, by this reference, be incorporated and adopted herein.

- 13.2. Ranch Management Plan Modifications and Updates. Occasionally, it will be necessary to modify and update the Management Plan, if existing. Required resource management planning, landownership changes, land consolidation, long-term drought, climate change, updated scientific direction in range management, and other environmental, social and economic changes may induce an update or modification. Manager shall be included in any Management Plan updates or modification processes occurring during their term. Updates and modifications should be based on the most current, regionally accepted science and peer-reviewed publications. Manager will be notified in writing if any modifications or updates are needed in advance of any action to modify the Management Plan.

In 2022, Pima County initiated the Altar Valley Resource Management Plan (AVRMP) planning process, the watershed level resource management planning effort containing the Property. The AVRMP planning process will include updating any existing Ranch or Ranch complex Management Plans, including the Management Plan for the Property, with Manager participation and input. The Manager may participate in the landscape or watershed level planning activities as a stakeholder in order to accurately tier the watershed level plan to the Property or Ranch-specific Management Plan.

14. Annual Ranch Plan, Range Monitoring & Resource Assessments.

- 14.1. Annual Ranch Plan. An Annual Ranch Plan will be developed with County and Manager every year at the annual meeting based on resource goals and objectives in the Management Plan, if any, described above. Regardless of the existence of a Management Plan, Annual Ranch Plans shall include a grazing rotation plan and planned authorized stocking rates for the coming year, current trend, condition and utilization results, scheduled monitoring dates for the coming year, current precipitation levels and current drought condition outlook, wildfire response measures and important contact information, and any proposed infrastructure, vegetation and maintenance projects.
- 14.2. Range Monitoring & Resource Assessments. County and Manager shall meet on the ranch at least once annually to conduct range trend, condition and utilization monitoring and evaluate the Property's resource conditions to determine whether the Annual Ranch Plan and, if existing, the associated Management Plan are appropriate for existing conditions or need to be modified. County will inform and coordinate monitoring dates with the Manager in advance, and Manager will participate in as many dates as possible per this Agreement.
- 14.3. Annual Ranch Plan Modifications. The Annual Ranch Plan is flexible and may be modified by County or upon request of the Manager should resource conditions change. Examples of modifications include adjusting pasture rotations and dates, numbers and length of time livestock remain in one or more pastures, water availability, short-term drought, and natural disasters. Manager will be notified in writing if any modifications are needed, with ample time to implement the change.

15. Utilities.

- 15.1. Utility Service. Manager shall 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, unless arranged otherwise by County. Manager shall indemnify and hold harmless County from and against any charge for the installation, connection, maintenance, and furnishing of all utilities, meters and services required by Manager. Manager shall 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 shall comply with all applicable government mandated water and energy conservation programs in fulfilling its obligations of this

Agreement. In the event the installation of utilities shall involve any earth disturbing or view shed impacts, Manager shall first obtain County's approval for such activities. County shall not be liable for any damages resulting from any failure to furnish or delay in furnishing any utility service, whether water, gas, electricity, portable or-telephone, garbage, sewage or other.

- 15.2. Garbage and Waste. Manager shall arrange for the storage and disposal of all garbage and waste materials according to applicable law at its 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 shall be 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 shall not use existing dumpsites on the property for permanent waste disposal.

16. Vehicle Travel. Manager's trucks, or other approved vehicles such as utility task vehicles (UTV) or all-terrain vehicles (ATV), shall be used in a manner that is consistent with the Management Plan, if any, and County Park Rules. Only such off-road travel shall be allowed as reasonably necessary to conduct ranch operations. Travel through washes with wheeled, motorized vehicles shall be restricted to essential needs for ranch operations.

17. Prohibited Uses.

- 17.1. Natural Resources. Except as specifically permitted hereunder, Manager is strictly prohibited from removing any trees, cacti, shrubs, gravel, rock, sand, minerals or cultural artifacts from the Property. Manager shall disturb no wildlife habitat, biologic, cultural, geologic, scenic, historical or archaeological site or resource, commit no waste of any kind, nor in any manner substantially change the contour or condition of the Property. Subject to the intent and limitations of Section 17, Manager shall be permitted to use sand and gravel from the Property at locations on the Property approved by the County, in quantities reasonably necessary to enable Manager to maintain roads and corrals on the Property, provided Manager complies with all applicable laws and regulations.
- 17.2. Hazardous Wastes. All toxic and hazardous materials resulting from Manager's operations under this Agreement shall be removed to a legal dumpsite off the Property at Manager's sole cost and expense. Manager, at Manager's sole cost and expense, shall 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 County'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 County'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" shall mean 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.

- 17.3. Noise. Manager shall 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 that can be heard outside the immediate area of the Ranch headquarters/residence area except as reasonably necessary to conduct ranch operations and maintenance. This shall not be deemed to 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.
- 17.4. Water Pollution. Manager shall comply promptly with any regulations, conditions, or instructions affecting the activity authorized if and when issued by federal, state, interstate or local government water pollution control agency having jurisdiction to abate or prevent water pollution. Manager shall not discharge any substances which will contaminate streams or other bodies of water or otherwise become a public nuisance. Such 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.
- 17.5. No Explosives. Manager's use of explosives on the Property is strictly prohibited.
- 17.6. Hunting. Manager shall not post any of the Property against public entry for hunting without prior written approval of County. Predator control activities, including trapping, on the County-owned portions of the Property is prohibited unless approval is received in writing from the County prior to any actions being taken by Manager. Manager shall not solicit predator control or hunting activities on the Property by themselves or from other individuals or organizations.

18. Assignment or Sublicense. Manager shall not assign its rights or obligations under this Agreement or any interest in it to another party. Manager shall not allow another party other than its agents, contractors and employees to occupy or use any part of the property without first obtaining County's written consent.

19. Right Of Entry.

19.1. General. County reserves the right during the term of this Agreement to enter the Property at any reasonable time or times, for the purpose of inspection, consultation with Manager, making repairs or improvements, water quality testing, posting notices and for all other lawful purposes.

19.2. Resource Management. County and its designees shall have the right to enter the Property for the purpose of monitoring or conducting research on the Resource Values on the Property. Such entry by County shall not interfere with Manager in carrying out regular grazing operations that Manager has the right to perform under the terms of this Agreement.

19.3. Prior Notice. County shall, whenever feasible, provide Manager with two (2) business days' notice of its intent to enter any residences upon the Property. Such notice shall be given to Manager at the numbers and/or address identified below in Section 38.

19.4. Public Access. The 44.6-acre building compound now owned by Pima County serves as a ranch headquarters (formerly the privately-owned inholding) and will be designated as **Administrative Access Only/No Public Access** and appropriate signage will be installed by County. Manager may not post No Trespassing signage on County lands or block access to property or adjacent public lands without prior written permission from the County.

20. Native Plants and Cultural Resources. Manager shall comply with the provisions of 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 shall not disturb any cacti or other protected native plants nor disturb any ruins, burial grounds or other archaeological sites.

21. Undocumented Immigrants and Squatters. Within a reasonable period of time Manager is encouraged to provide the County with information on undocumented immigrant and associated law enforcement activity on the Property, as well as off-road vehicle travel, trash accumulation, abandoned vehicles, wildcat dumping and the existence of squatters, particularly where Resource Values are being adversely impacted. In no event is Manager responsible for remedying any such impacts, although Manager and the County may consult and agree to mutually acceptable remediation or mitigation methods.

22. Mining Activity. Manager shall report to the County 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.

23. Taxes.

- 23.1. Obligation for Taxes. Manager shall 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.
- 23.2. 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 shall give County 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 shall constitute default, and the obligation to pay the same shall survive the end of this Agreement.
- 23.3. Tax Indemnification. Manager agrees to indemnify and hold harmless County, and County'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 shall not permit any lien to attach to its interest in the Property or in this Agreement.

24. Indemnification. To the fullest extent permitted by law, Manager will defend, indemnify, and hold harmless Pima County and any related taxing district, and the officials and employees of each of them (collectively, "Indemnatee") from and against any and all claims, actions, liabilities, losses, and expenses (including reasonable attorney fees) (collectively, "Claims") arising out of actual or alleged injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by any act or omission of Manager or any of Manager's directors, officers, agents, employees, volunteers, or subcontractors. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Manager to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Indemnatee will, in all instances, except for Claims arising solely from the acts or omissions of the Indemnatee, be indemnified by Manager from and against any and all Claims. Manager is responsible for primary loss investigation, defense and judgment costs for any Claim to which this indemnity applies. This indemnity will survive the expiration or termination of this Contract.

25. Insurance.

25.1. Insurance Coverages and Limits: Manager will procure and maintain, until all its obligations have been discharged, coverage with limits of liability not less than those stated below. Manager shall maintain the following insurance during the term of this Agreement:

25.1.1. Commercial General Liability (CGL) – Occurrence Form with limits not less than \$2,000,000 Each Occurrence and \$2,000,000 General Aggregate. Policy shall include coverage for liability arising from premises, operations, independent contractors, personal injury, bodily injury, broad form contractual liability and products-completed operations. Any standard coverages excluded from the CGL policy, such as products/completed operations, etc. shall be covered by endorsement or separate policy and documented on the Certificates of Insurance.

25.1.2. Business Automobile Liability – Coverage for bodily injury and property damage on any owned, leased, hired, and/or non-owned autos assigned to or used in the performance of this Contract with minimum limits not less than \$1,000,000 Each Accident.

25.1.3. Workers' Compensation and Employers' Liability – Statutory coverage for Workers' Compensation. Workers' Compensation statutory coverage is compulsory for employers of one or more employees. Employers Liability coverage with limits of \$1,000,000 each accident and \$1,000,000 each employee – disease.

25.2. Additional Coverage Requirements:

25.2.1. Claims Made Coverage: If any part of the Required Insurance is written on a claims-made basis, any policy retroactive date must precede the effective date of this Contract, and Manager must maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

25.2.2. Additional Insured Endorsement: The General Liability, Business Automobile Liability Policies shall each be endorsed to include Pima County, its departments, related taxing districts, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Manager.

25.2.3. Subrogation Endorsement: The General Liability, Business Automobile Liability, Workers' Compensation Policies shall each contain a waiver of subrogation endorsement in favor of Pima County, and its departments, related taxing districts, officials, agents, and employees for losses arising from work performed by or on behalf of the Manager.

25.2.4. Primary Insurance Endorsement: The Required Insurance policies must stipulate that they are primary and that any insurance carried by County, or its agents, officials, or employees, is excess and not contributory insurance.

- 25.2.5. The Required Insurance policies may not obligate County to pay any portion of Manager's deductible or Self Insurance Retention (SIR).
- 25.3. Notice of Cancellation: Manager must notify County, within two (2) business days of Manager's receipt of notice from an insurer, if any Required Insurance policy is suspended, voided, or cancelled for any reason. Notice must include the Pima County project or contract number and project description.
- 25.4. Verification of Coverage:
- 25.4.1. Manager must furnish County with a certificate of insurance (valid ACORD form or equivalent approved by Pima County) for each Required Insurance policy, which must specify that the policy has all the required endorsements, and must include the Pima County project or contract number and project description. Each certificate must be signed by an authorized representative of the insurer.
- 25.4.2. County may at any time require Manager to provide a complete copy of any Required Insurance policy or endorsement. Note: Contractors for larger projects must provide actual copies of the additional insured and subrogation endorsements.
- 25.4.3. Manager must provide the certificates to County before work commences. Each Required Insurance policy must be in effect at least 10 days before work under this Contract commences. Manager must provide County a renewal certificate not less than 15 days prior to a Required Insurance policy's expiration date. Failure to maintain the Required Insurance policies, or to provide evidence of renewal, is a material breach of this Contract.
- 25.4.4. All insurance certificates must be sent directly to the appropriate County Department.
- 25.5. Approval and Modifications: The Pima County Risk Manager may modify the Insurance Requirements at any point during the Term of this Contract. This can be done administratively, with written notice from the Risk Manager and does not require a formal Contract amendment. Neither the County's failure to obtain a required insurance certificate or endorsement, the County's failure to object to a non-complying insurance certificate or endorsement, nor the County's receipt of any other information from the Manager, its insurance broker(s) and/or insurer(s), constitutes a waiver of any of the Insurance Requirements.
- 25.6. Injury Reports. Manager shall provide to County a report listing any incident involving injury to persons or damage to property occurring at the Property within two (2) business days of any such incident. If any such injury to persons requires emergency medical treatment, Party shall contact County within one (1) business day of such incident. County shall have the right to investigate any incident involving injury to persons or property occurring at the Property and Party shall provide County with all information available to Party about such incident.
- 25.7. Insurance Certificates. Manager shall provide County with current certificates of insurance which shall show County as an additional insured where required. All certificates of insurance must provide for guaranteed thirty (30) days written notice of cancellation, non-renewal or material change.

26. Default.

- 26.1. Termination for Default. If Manager has failed to cure or show reasonable progress toward curing a violation of the terms of this Agreement within thirty (30) days of written notice of such violation, County has the right to immediately terminate the Agreement, take back possession of the Property (including all buildings and improvements thereon), and pursue all remedies legally available.
- 26.2. Liability for Breach. Termination for default shall not excuse Manager from any liability for damages for breach of contract, but in no event shall Manager be liable for special, consequential or punitive damages.
- 26.3. Entry for Mitigation. In the event County reasonably determines that activities or actions by Manager have adversely impacted the Property, its improvements, or its Resource Values, County shall, in addition to its right to declare Manager in default and terminate this Agreement as provided above, be entitled to enter the Property for the purpose of mitigating damages and recover from Manager the cost of such Manager-caused damage and corrective action.

27. Restoration and Surrender of Premises.

- 27.1. Vacating Property. Upon expiration or earlier termination of this Agreement for any reason, Manager shall vacate the Property and surrender peaceable possession of it to the County. Manager shall promptly remove its 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. Continued possession and use of the Property by the Manager is prohibited and shall be deemed a trespass for which County may seek all appropriate civil and criminal remedies.
- 27.2. Personal Property. If an early termination occurs, for any of the reasons set forth in Section 28 below, Manager shall remove all personal property and livestock from the Property as soon as practicable but in no event later than sixty (60) calendar days after notice of the termination (unless County extends this time period, in writing). If Manager fails to remove all personal property and livestock within the time specified, County may, at its sole discretion, take possession of the 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.

- 28. **Termination.** This Agreement may be terminated early as follows: (1) by County upon the end of the probationary period; (2) by either party upon a default of any covenant or term hereof by the other party pursuant to Section 26 above; (3) for conflict of interest as provided in Section 37; (4) for non-appropriation of funds pursuant to Section 29; (5) by Manager for any reason or for no reason upon 30 days-notice and Manager shall thereafter be fully relieved and released of and from all future duties and responsibilities under this Agreement, for no payment or consideration of any kind to or from County or Manager (this shall not be deemed to relieve Manager of any liability for past acts); and (6) by County upon 60 days-notice for any reason or for no reason.

29. Non-Appropriation. Notwithstanding any other provision in this Agreement, County may terminate this Agreement if for any reason there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Agreement. In the event of such termination, County will have no further obligation to Manager, other than to pay any amount due for services rendered prior to termination.

30. Laws and Regulations.

30.1. Compliance with Laws. At its sole cost and expense and before the start of permitted activities, Contractor will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders. Manager shall obtain all permits that 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 and comply with all conditions and requirements set forth in the permits issued by such agencies. Manager's failure to procure any such permit or comply with any such regulation or law shall be a default under this Agreement that cannot be cured.

30.2. Licensing. Contractor warrants that it is appropriately licensed to provide the services under this Contract and that its subcontractors will be appropriately licensed.

30.3. Choice of Law; Venue. The laws and regulations of the State of Arizona govern the rights and obligations of the parties under this Contract. Any action relating to this Contract must be filed and maintained in the appropriate court of the State of Arizona in Pima County.

31. Independent Contractor. Contractor is an independent contractor. Neither Contractor, nor any of Contractor's officers, agents or employees will be considered an employee of Pima County for any purpose or be entitled to receive any employment-related benefits, or assert any protections, under the Pima County Merit System. Contractor is responsible for paying all federal, state and local taxes on the compensation received by Contractor under this Contract and will indemnify and hold County harmless from any and all liability that County may incur because of Contractor's failure to pay such taxes.

32. Subcontractors. Contractor is fully responsible for all acts and omissions of any subcontractor, and of persons directly or indirectly employed by any subcontractor, and of persons for whose acts any of them may be liable, to the same extent that the Contractor is responsible for the acts and omissions of its own employees. Nothing in this Contract creates any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law.

33. Non-Discrimination. Contractor will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this contract, including flow-down of all provisions and requirements to any subcontractors. During the performance of this Contract, Contractor will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

34. **Americans with Disabilities Act.** Contractor will comply with Title II of the Americans with Disabilities Act (Public Law 110-325, 42 U.S.C. §§ 12101-12213) and the federal regulations for Title II (28 CFR Part 35).
35. **Authority to Contract.** Contractor warrants its right and power to enter into this Contract. If any court or administrative agency determines that County does not have authority to enter into this Contract, County will not be liable to Contractor or any third party by reason of such determination or by reason of this Contract.
36. **Full and Complete Performance.** The failure of either party to insist, in one or more instances, upon the other party's complete and satisfactory performance under this Contract, or to take any action based on the other party's failure to completely and satisfactorily perform, is not a waiver of that party's right to insist upon complete and satisfactory performance, or compliance with any other covenant or condition in this Contract, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time is not an accord and satisfaction.
37. **Cancellation for Conflict of Interest.** This Contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated into this Contract by reference.
38. **Notice.** Any notice required or permitted to be given under this Contract must be in writing and be served by personal delivery or by certified mail upon the other party as follows:

Manager:

JL Ranching Inc
Juan Lopez and Rudy Martin
1177 E. Madera Grove Lane
Sahuarita, AZ 85629

County:

Victor Pereira
Director, Natural Resources, Parks and Recreations Department
3500 W River Road
Tucson, AZ 85741
Phone: 520-724-5256; Fax: 520-724-5078
Victor.Pereira2@pima.gov

With a copy to:

Pima County Real Property Services
ATTN: Rita Leon
201 N. Stone Ave, 6th Flr.
Tucson, AZ 85701

Any change in address shall be communicated by written notice to the other party and delivered according to this section.

38.1. Designees. Manager designates the following individual as the primary contact for all day-to-day management communications with the County:

Juan Lopez, Ranch Manager: (520) 500-7313 cell or email jlanching@gmail.com

County designates the following individual as the primary contact for day-to-day management communications:

Vanessa Prileson, Natural Resources Superintendent, Range & Agriculture:

(520) 724-5266 desk; (520) 349-4092 cell or email Vanessa.Prileson@pima.gov

Either party may change its designee from time to time, with notice to the other party.

39. Non-Exclusive Contract. Contractor understands that this Contract is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.

40. Remedies. Either party may pursue any remedies provided by law for the breach of this Contract. No right or remedy is intended to be exclusive of any other right or remedy and each is cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Contract.

41. Severability. Each provision of this Contract stands alone, and any provision of this Contract found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Contract.

42. Books and Records. Contractor will keep and maintain proper and complete books, records and accounts, which will be open at all reasonable times for inspection and audit by duly authorized representatives of County. In addition, Contractor will retain all records relating to this Contract for at least five (5) years after its expiration or termination or, if later, until any related pending proceeding or litigation has concluded.

43. Public Records.

43.1. Disclosure. Pursuant to A.R.S. § 39-121 et seq., documents submitted to the County and resulting in award of this Contract are public records. As such, those documents are subject to release and/or review by the general public upon request, including competitors.

43.2. Records Marked Confidential; Notice and Protective Order. If Contractor reasonably believes that some of those records contain proprietary, trade-secret or otherwise-confidential information, Contractor must prominently mark those records "CONFIDENTIAL." In the event a public-records request is submitted to County for records marked CONFIDENTIAL, County will notify Contractor of the request as soon as reasonably possible. County will release the records 10 business days after the date of that notice, unless Contractor has, within that period, secured an appropriate order from a court of competent jurisdiction, enjoining the release of the records. County will not, under any circumstances, be responsible for securing such

an order, nor will County be in any way financially responsible for any costs associated with securing such an order.

44. Legal Arizona Workers Act Compliance.

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

44.2. Books & Records. County has the right at any time to inspect the books and records of Contractor and any subcontractor in order to verify such party’s compliance with the State and Federal Immigration Laws.

44.3. Remedies for Breach of Warranty. Any breach of Contractor’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 Contractor 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, Contractor 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, as soon as possible so as not to delay project completion. Any additional costs attributable directly or indirectly to such remedial action are the responsibility of Contractor.

44.4. Subcontractors. Contractor will advise each subcontractor of County’s rights, and the subcontractor’s obligations, under this Section 24 by including a provision in each subcontract substantially in the following form:

“Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor’s employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor’s books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor is a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract.”

45. Israel Boycott Certification. Pursuant to A.R.S. § 35-393.01, if Contractor engages in for-profit activity and has 10 or more employees, and if this Contract has a value of \$100,000.00 or more, Contractor certifies it is not currently engaged in, and agrees for the duration of this Contract to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

- 46. Forced Labor of Ethnic Uyghurs.** Pursuant to A.R.S. § 35-394, if Contractor engages in for-profit activity and has 10 or more employees, Contractor certifies it is not currently using, and agrees for the duration of this Contract to not use (1) the forced labor of ethnic Uyghurs in the People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and (3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Contractor becomes aware during the term of the Contract that the Company is not in compliance with A.R.S. § 35-394, Contractor must notify the County within five business days and provide a written certification to County regarding compliance within one hundred eighty days.
- 47. Amendment.** The parties may modify, amend, alter or extend this Contract only by a written amendment signed by the parties.
- 48. Entire Agreement.** This document constitutes the entire agreement between the parties pertaining to the subject matter it addresses, with the exception of any associated Management Plan and separate permits or permissions granted for additional use of the Property, and this Contract supersedes all prior or contemporaneous agreements and understandings, oral or written.

The Effective Date of this Agreement is the commencement date in Section 2 above.

PIMA COUNTY

By: _____

Date: _____

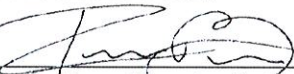
Adelita S. Grijalva, Chair
Pima County Board of Supervisors

ATTEST:

By: _____

Melissa Manriquez, Clerk of the Board

Approved as to Form:

By:  01/02/2024

Rachelle Barr, Deputy County Attorney, Civil Division

Approved as to Content:

By: _____

Victor Pereira, Director, Pima County Natural Resources,
Parks & Recreation Department

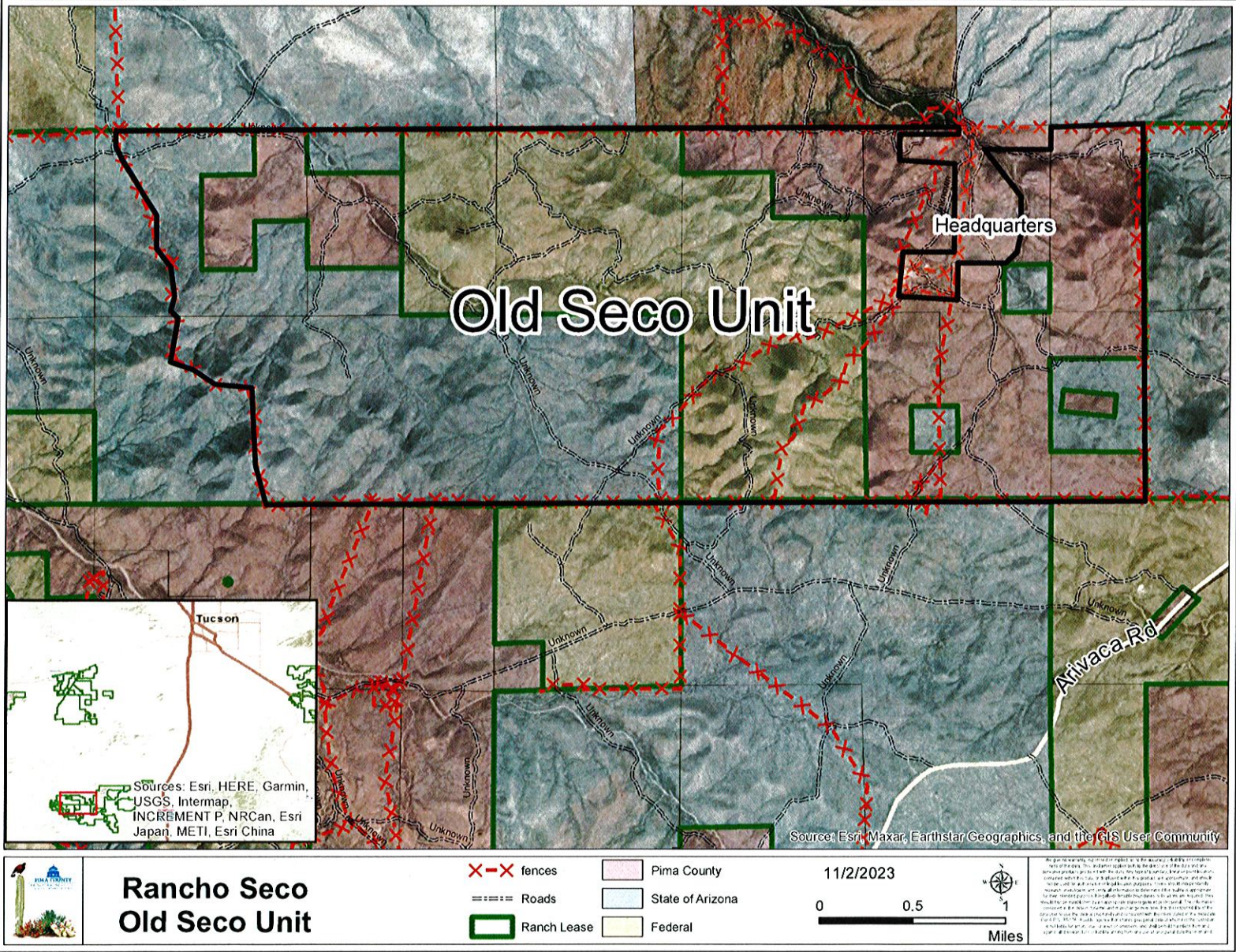
MANAGER (JL Ranching Inc)

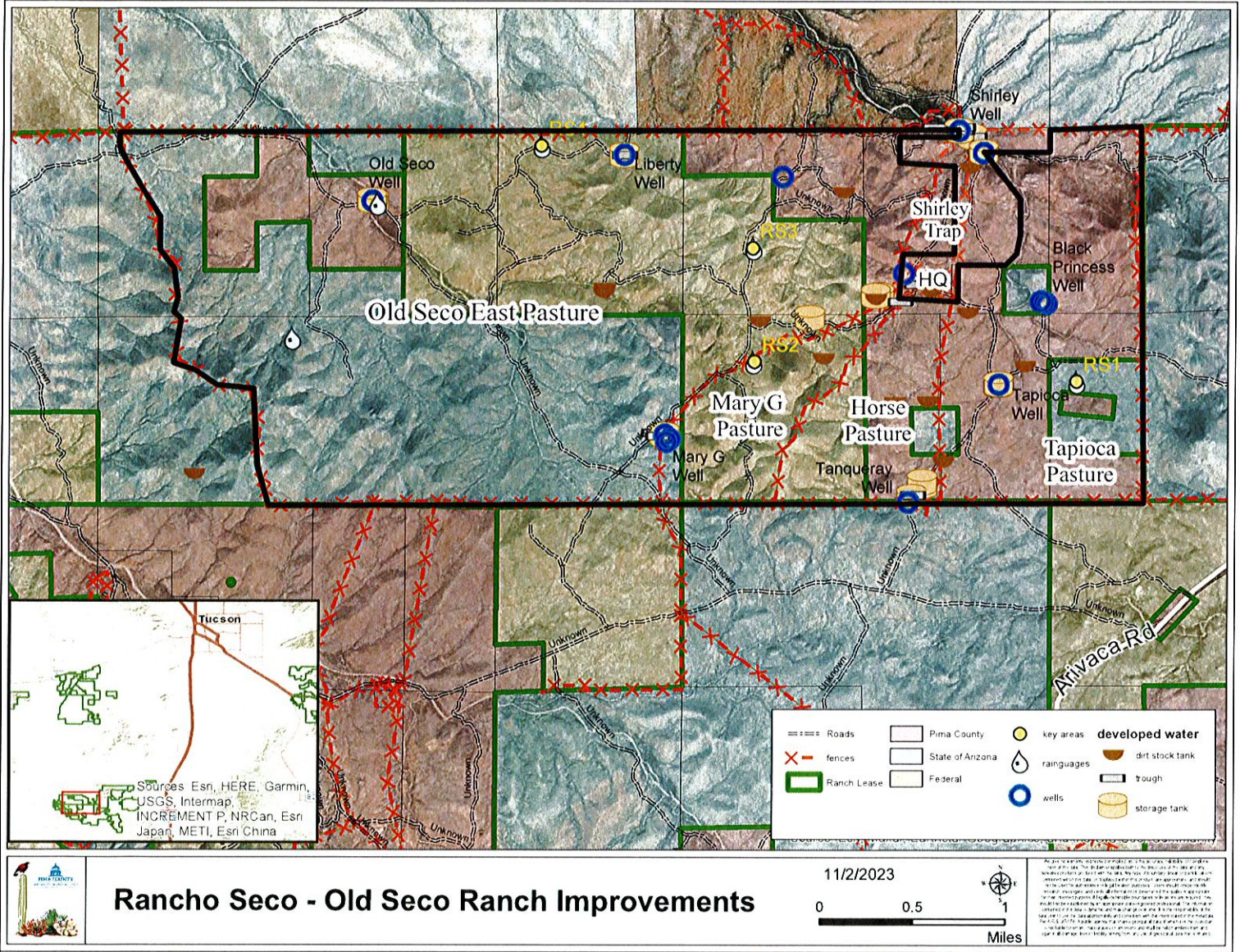
By:  _____

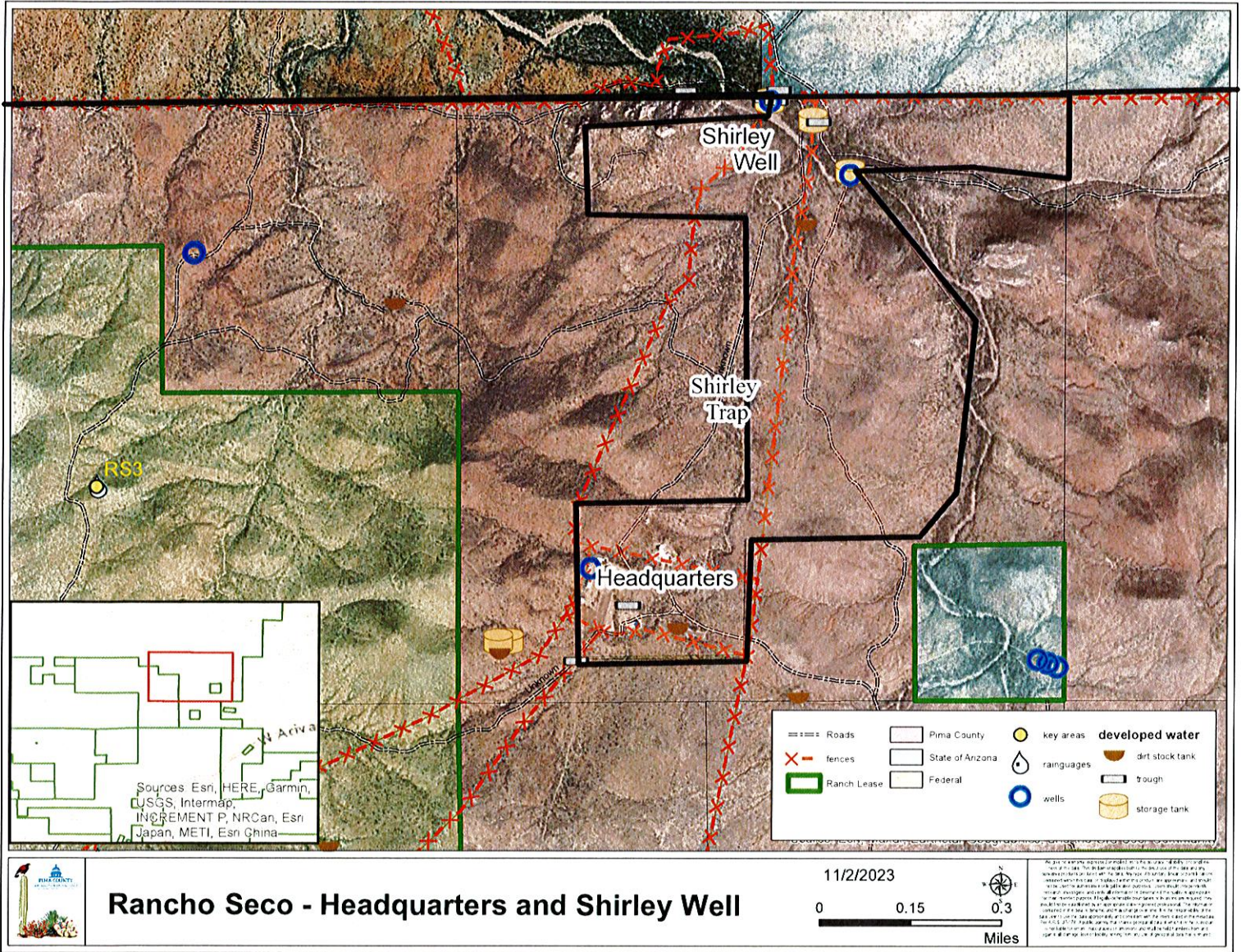
Date: 12/22/2023

Title: owner

EXHIBIT A









Rancho Seco - Headquarters

11/2/2023

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Miles



This map is a digital representation of the physical world. It is not a scale model and should not be used for navigation. The map is a digital representation of the physical world. It is not a scale model and should not be used for navigation. The map is a digital representation of the physical world. It is not a scale model and should not be used for navigation.

EXHIBIT B

List of Improvements

Pasture acreages (approximate):

Pasture Name	Acreage	Land Jurisdiction composition (approx.)
Tapioca	1,311	Mostly Pima County fee; some State of Arizona
Horse Trap	446	Mostly Pima County fee & BLM, some State of Arizona
Mary G	396	Mostly BLM; some State of Arizona
Old Seco	4,290	Pima County fee, BLM, State of Arizona, some private per current fencing arrangement
Shirley Trap	102	Pima County fee
Headquarters	24	Pima County fee
Total	6,569	

Wells:

Name	ID Number	Ownership	Land Juris.	Power	Active Y/N	Reg. No.	Well info
Tapioca Well	RS44NRWELLS	Pima County	Pima County	Solar; windmill tower	Y	55-66144	Exempt; stockwater. 6" steel casing. 4 gpm. Depth of well 260'. Depth to water 30'. Last County assessment 2017.
Old Seco Well	RS63NRWELLS	Pima County	Pima County	Solar	Y	55-606398	Exempt; goes dry in summer. Stockwater. 6" steel casing. Max 35 gpm. Depth of well 280'. Depth to water 20'. Last inspected by County 2017.
Shirley Well	RS45NRWELLS	Pima County	Pima County	Generator; windmill tower/no fan	Y	55-606400	Exempt; domestic & stockwater. 12" steel casing. Max 35 gpm. Depth of well 300'. Depth to water 30'. Last inspected by County 2017. County has access easement and use agreement of up to 150,000 gal/year
Mary G Well	RS58NRWELLS	State of Arizona	State of Arizona	Solar; windmill tower	Y	55-616295	Exempt; stockwater. 6" steel casing. Max 3 gpm. Depth of well 120'. Depth to water 68'. Last County assessment 2019.
Tanqueray Well	RS57NRWELLS	State of Arizona	State of Arizona	No power	N	55-506038	Exempt; stockwater. 8" steel casing. Max 35 gpm. Depth of well 300'. Depth to water 80'. Last inspected by County 2017.
Liberty Well	RS23NRWELLS	BLM	BLM	Generator/Solar	N	55-606394	Hand dug mineshaft. Exempt; stockwater. 12" well casing metal top. Depth of well 100'. Depth to water 30'. Last inspected by County 2017.

Dirt Stock Tanks:

Name of Dirt Stock Tank	ID Number	Ownership	Land jurisdiction	Pasture	Information
Cut-Across Tank	RS240DEVWATER	Pima County	Pima County	Tapioca	
Roadside Tank	RS243DEVWATER	Pima County	Pima County	Tapioca	
Mini Tank	RS329DEVWATER	Pima County	Pima County	Tapioca	Small tank next to a road
Lower Horse Trap Tank	RS229DEVWATER	Pima County	Pima County	Horse Trap	
Upper Horse Trap Tank	RS230DEVWATER	Pima County	Pima County	Horse Trap	
Mini Dirt Tank	RS316DEVWATER	Pima County	Pima County	Old Seco	Very small tank
Big Sandy Tank	RS239DEVWATER	Pima County	Pima County	Old Seco	
Horse Trap Tank	RS234DEVWATER	State of Arizona	State of Arizona	Horse Trap	Fenced in
Easter Tank	RS238DEVWATER	BLM	BLM	Mary G	
Daniel Tank	RS219DEVWATER	BLM	BLM	Old Seco	
Peakes Tank North	RS658DEVWATER	BLM	BLM	Old Seco	North half of Peakes Tank
Peakes Tank South	RS218DEVWATER	BLM	BLM	Old Seco	South half of Peakes Tank

Corrals:

Name of Corral	ID Number	Ownership	Land jurisdiction	Pasture	Information
Old Seco Corrals	n/a	Pima County	Pima County	Old Seco	Corrals at Old Seco Well

Storage Tanks and Troughs:

Name of Storage Tank/Trough	ID Number	Ownership	Land jurisdiction	Pasture	Information
Tapioca Well Storage Tank	RS339DEVWATER	Rancho Seco LLC	Pima County	Tapioca	Tenant replaced black poly tank w/ tan poly tank in 2018-19
Tapioca Well Storage Tank - Metal	RS168DEVWATER	Pima County	Pima County	Tapioca	Metal tank/open top: 26' diameter x 5' H
Tapioca Well Concrete Trough	RS187DEVWATER	Pima County	Pima County	Tapioca	Concrete, 20 ft L X 3 ft W X 1 ft H
Tanqueray Storage Tank	RS160DEVWATER	Pima County	Pima County	Horse Trap	Metal/open top, abandoned, 8' diam, 6' H
Horse Pasture Storage Tank	RS174DEVWATER	Pima County	Pima County	Horse Trap	Metal/open top, abandoned, 6' diam, 2' H
Unnamed Storage Tank on Trailer	RS340DEVWATER	Rancho Seco LLC	Pima County	Horse Trap	Metal tank on trailer, 4'diam X 12'
Unnamed Trough	RS341DEVWATER	Rancho Seco LLC	Pima County	Horse Trap	Metal, oval, 6' L X 2' H
Unnamed Trough	RS342DEVWATER	Rancho Seco LLC	Pima County	Horse Trap	Metal, round, 8' diam X 2' H
Unnamed Trough	RS364DEVWATER	Rancho Seco LLC	Pima County	Horse Trap/Mary G	Metal, 8' diam X 2' H; water source likely from HQ private inholding
Old Seco Well Storage Tank	RS161DEVWATER	Pima County	Pima County	Old Seco	Metal, open top, abandoned?
Old Seco Well Storage Tank - Rock	RS310DEVWATER	Pima County	Pima County	Old Seco	Rock, square, open top, HISTORIC
Old Seco Well Trough	RS191DEVWATER	Pima County	Pima County	Old Seco	Concrete, 55' L X 2' W X 1' H
Unnamed Abandoned Storage Tank 1	RS314DEVWATER	Pima County	Pima County	Old Seco	Metal/round/closed, lying on side
Unnamed Abandoned Storage Tank 2	RS315DEVWATER	Pima County	Pima County	Old Seco	Metal/supplement feeder lick?
Shirley Well Storage Tank	RS317DEVWATER	Rancho Seco LLC	Pima County	Old Seco	Metal/round, 9' diam X 9' H
Shirley Well Trough - Shirley Trap side	RS320DEVWATER	Rancho Seco LLC	Pima County	Shirley Trap	Metal/round, 6' diam X 2' H
Shirley Well Trough - Old Seco side	RS189DEVWATER	Rancho Seco LLC	Pima County	Old Seco	Concrete, 12 ft L X 2 ft W X 1 ft H; split for animal safety
Shirley Well Trough 2 - Old Seco side	RS318DEVWATER	Rancho Seco LLC	Pima County	Old Seco	Metal/oval, 6 ft L X 2 ft W X 2 ft H
Mary G Well Storage Tank	RS312DEVWATER	Rancho Seco LLC	State of Arizona	Mary G	Metal, open top, 12' diam X 7' H
Mary G Well Trough Mary G side	RS313DEVWATER	Rancho Seco LLC	State of Arizona	Mary G	Metal, round 8' diam X 2' H
Mary G Well Trough - Old Seco side	RS201DEVWATER	Rancho Seco LLC	State of Arizona	Old Seco	Metal, round, 6' diam X 2' H

Name of Storage Tank/Trough	ID Number	Ownership	Land jurisdiction	Pasture	Information
Liberty Well Storage Tank	RS180DEVWATER	BLM	BLM	Old Seco	Metal, round, 8' diam X 9' H
Liberty Well Trough	RS194DEVWATER	BLM	BLM	Old Seco	Concrete, 15' L X 2' W X 1' H
Julia Basin Storage Tank/cistern	RS247DEVWATER	BLM	BLM	Old Seco	Cistern for abandoned hand-dug well

Energy Sources

Name/Type of Energy Source	Ownership	Land jurisdiction	Pasture	Information
Tapioca Well Solar Panels	Rancho Seco LLC	Pima County	Tapioca	2 panels on single post
Tapioca Well Solar Pump	Rancho Seco LLC	Pima County	Tapioca	Installation date? Need specs
Tapioca Well Windmill	Pima County	Pima County	Tapioca	
Old Seco Well Solar Panel	Pima County	Pima County	Old Seco	2 panels on single post
Old Seco Well Solar Pump	Pima County	Pima County	Old Seco	Need specs
Shirley Well Generator	Rancho Seco LLC	Pima County	Shirley Trap/Old Seco	Powered by generator/need specs
Mary G Well Windmill	State of Arizona	State of Arizona	Mary G	Windmill fan Aermotor Chicago
Mary G Well Solar Panels	State of Arizona	State of Arizona	Mary G	Installed 2018-19. Need specs
Mary G Well Solar Pump	State of Arizona	State of Arizona	Mary G	Installed 2018-19. Need specs
Liberty Well Solar Panel	BLM	BLM	Old Seco	Note: also powered by generator

EXHIBIT C

Grazing Capacity and Fee Structure:

Grazing Capacity and Stocking Rates:

Total acreage available for grazing: **6,345 acres**

Grazing will be authorized on the Rancho Seco – Old Seco unit on a year-long basis with an upper limit of **108 adult animal units (1,296 AUMs)**. The authorized number may vary depending on rangeland conditions. The range of allowable use may be increased to the upper limit if the required water expansion project is installed, seasonal precipitation and herbaceous production levels are adequate and if objectives for range ecological conditions are met at specific sites. General rangeland ecological goals, standards and guidelines are listed in the Pima County Rangeland Management Standards and Guidelines.

Annual Grazing Fees:

- Manager will be responsible for livestock grazing fees on all County-owned acreages of the Property at the rate of \$2.00 per Animal Unit Month (AUM) and will be due to the County on an annual basis.
- Manager will be responsible for all livestock grazing fees, sublease surcharges and application fees, improvement application fees, and any other fee pertaining to installation or maintenance of ranch improvements and any special use activities on the Arizona State Trust Land grazing lease No. 05-0389 at the rate set by the Arizona State Land Department (ASLD) and will be due to ASLD on an annual basis.*

- 2023 ASLD rates:

- Annual grazing fee: \$2.75 per AUM.
- Annual sublease surcharge: approximately 25% of the total annual grazing fee.
- Sublease application fee: \$200 per application.
- Application to Place Improvement fee: \$150 per application.

*Note: the ASLD grazing lease No. 05-0389 is shared with Carrow Land and Cattle Company, operating on the Santa Lucia allotment of Rancho Seco.

- Manager will be responsible for all livestock grazing fees and improvements on the Bureau of Land Management grazing lease No. 6023.
 - 2023 BLM annual grazing fee rate: \$1.35 per AUM.

Use of Buildings and Facilities: Manager may apply to use buildings and infrastructure facilities on the headquarters portion of the property for additional fair market value rent or facilities use fee. Separate Caretaking Agreements will be developed for the use of any residential buildings.

EXHIBIT D

Special Requirements

Water System Expansion Project: Manager will be required to expand the existing water system on the ranch to improve water distribution as a term of the Agreement. *Demonstrated progress towards installing a water system expansion project within the first two years of the 10-year Agreement is a condition of keeping the Agreement.* This requirement may be fulfilled in one of two ways:

1. Manager applies and competes for Environmental Quality Incentives Program (EQIP) funding with the USDA – Natural Resources Conservation Service (NRCS). The new manager may apply for EQIP funding with the current proposed project design OR with a modified project design in coordination with NRCS and Pima County. The project must include re-drilling Old Seco Well*. If a contract is awarded, the new ranch manager installs the project.
2. Seek or use alternative funding sources to implement the current proposed Water Expansion Project or a modified version of the project approved by Pima County that accomplishes the same goal of improving water distribution and includes re-drilling Old Seco Well.

*County will reimburse the Manager a not-to-exceed amount or County will reimburse 50% of the cost of re-drilling the well not covered by an EQIP contract. This reimbursement amount/percentage is subject to discussion/negotiation and must be finalized prior to the improvement being sought or implemented.

Altar Valley Conservation Alliance: Manager is expected to be an active participant in the Altar Valley Conservation Alliance (AVCA) network, an important partner of Pima County and ranchers in the area, including attending the AVCA annual community meeting. Manager should also participate in AVCA and County resource management and project planning efforts in the southern Altar Valley area that impact the Old Seco unit.

EXHIBIT E: ASLD GRAZING LEASE

STATE LAND DEPARTMENT STATE OF ARIZONA

GRAZING LEASE

Lease No. 05-389

THIS GRAZING LEASE ("Lease") is entered into by and between the State of Arizona ("Lessor") by and through the Arizona State Land Department ("Department") and

PIMA COUNTY

as ("Lessee"). In consideration of the payment of rent and of performance by the parties of each of the provisions set forth herein, the parties agree as follows:

ARTICLE 1 SUBJECT LAND

1.1 Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, for the term, at the rent, and in accordance with the provisions of this Lease that State Land described in Appendix A attached hereto ("the Subject Land") for the uses and purposes specified in Article 4.

1.2 Lessee makes use of the Subject Land "as is" and Lessor makes no express or implied warranties as to the physical condition of the Subject Land.

ARTICLE 2 TERM

2.1 The term of this Lease commences on April 1, 2022, and ends on March 31, 2032, unless terminated earlier as provided in this Lease.

ARTICLE 3 RENT

3.1 Lessee shall pay rent to Lessor for the use and occupancy of the Subject Land during the term of this Lease without offset or deduction and without notice or demand, as established, on an annual basis.

3.2 The annual base rent shall be set by Lessor in the manner established by law and paid in advance each year.

05-GRAZ-593 (REV. 5/2013)

3.3 Each billing year in advance, Lessee shall inform Lessor, on forms to be provided by Lessor, whether Lessee intends to make full use, partial use or total non-use of the maximum allowable animal-unit-months for the Subject Land, so that the correct amount of rent may be billed by the Lessor. Lessee shall inform Lessor in writing of any subsequent change in the number of animal-unit-months which Lessee intends to use. If Lessee fails to provide Lessor with this information within the time stated in the form provided by Lessor, Lessee shall pay full-use rent.

3.4 There shall be added to the delinquent rental or other monies due, a penalty and delinquent interest. The delinquent interest rate shall be set by the State Treasurer according to law. The penalty shall be the greater of a minimum processing cost as determined by the Commissioner or five (5%) percent. The delinquent rent, penalty and interest shall be a lien on the improvements and property on the land.

3.5 Prior to the time a rent payment, annual or otherwise, is due, upon Lessee's written request, Lessor at its discretion may extend the time for payment for an additional period not to exceed 90 days. There shall be added to the delinquent rental or other monies due, a penalty and delinquent interest. The delinquent interest rate shall be set by the State Treasurer according to law. The penalty shall be the greater of a minimum processing cost as determined by the Commissioner or five (5%) percent. The delinquent rent, penalty and interest shall be a lien on the improvements and property on the land.

3.6 If the annual rent is at any time one calendar year in arrears, this Lease shall automatically terminate, without right of appeal by Lessee or any leasehold mortgagee, and Lessor shall proceed to cancel it on the records of the Department.

ARTICLE 4 USE OF SUBJECT LAND

4.1 The Subject Land is leased to the Lessee for the purposes of ranging livestock and for uses related thereto and no other use, except as approved in writing by Lessor after written application by Lessee.

4.2 Feedlot operations on the Subject Land are prohibited, but this shall not be construed to prevent the temporary or supplemental feeding of livestock.

ARTICLE 5 LIVESTOCK CARRYING CAPACITY

5.1 The livestock carrying capacity for the Subject Land shall be determined by the Lessor and may be adjusted from time to time, subject to the appeal rights of Lessee as provided by law. The appraised carrying capacity of the Subject Land shall not be exceeded during any billing year unless Lessee obtains the prior written permission of Lessor and agrees to pay the additional fees determined by Lessor.

ARTICLE 6
DUTY TO INFORM LESSOR OF TOTAL RANCH HOLDINGS

6.1 At the time of making application for the Lease, Lessee shall disclose to Lessor, on a form provided by Lessor, the total acreage used for grazing within the ranch unit or units of which the Subject Land is a part. This shall include, in addition to the Subject Land, any federal land which Lessee grazes pursuant to a written lease or permit any private land owned by or used by Lessee, with a designation as to which private lands are used pursuant to written agreement. In addition, Lessee shall show, on a map form supplied by or acceptable to Lessor: (1) the approximate location of all fence lines and man-made water sources and (2) the land ownership status (state, federal, or private) of the ranch unit or units of which the land covered by this Lease is a part.

6.2 In any determination as to whether the carrying capacity of the Subject Land has been exceeded, no claimed grazing use of private or federal lands within the ranch unit or units which have not been disclosed as part of the ranch unit or units shall be considered.

6.3 For purposes of determining whether the Lessee has remained within the authorized carrying capacity under this Lease, it shall be presumed that all land within a fenced pasture (whether state, federal or private) has been grazed to the same extent by livestock placed in that pasture unless Lessee or Lessor can, based upon range suitability and management practices, demonstrate to the contrary.

ARTICLE 7
RECORDS

7.1 Lessee shall keep records showing the numbers of Lessee's livestock of different classes on the ranch unit or units, the dates put on and removed and estimated death loss.

7.2 Such records shall be retained for a minimum period of three years.

7.3 The Lessor may, upon reasonable notice to the Lessee, require the production of the records described in Paragraph 7.1 above. In the event a dispute arises concerning the numbers of cattle grazed, the Lessee shall keep all documents and records until the dispute is finally resolved.

ARTICLE 8
TAXES; ADDITIONAL AMOUNTS

8.1 Lessee shall pay all assessments and charges for utilities and communication services, and assessments imposed pursuant to any construction on the Subject Land, all permit and authorization fees, all taxes, duties, charges and assessments of every kind of nature imposed by any public, governmental or political subdivision authority pursuant to

any currently or subsequently enacted law, ordinance, regulation or order, which during the term of this Lease, become due or are imposed upon, charged against, measured by or become a lien on (a) the Subject Land, (b) any improvements or personal property of the Lessee located on the Subject Land, (c) the interest of the Lessee to this Lease or in the proceeds received by Lessee from any assignment or sublease of the Subject Land.

8.2 Lessee shall pay or cause to be paid all amounts required to be paid under Paragraph 8.1 before any interest, penalty, fine or cost accrues for nonpayment.

ARTICLE 9 WAIVER

9.1 Acceptance of rent payments by Lessor shall not constitute a waiver by Lessor of any violation by Lessee of the provisions of this Lease.

9.2 No waiver of a breach of any provision of this Lease shall be construed as a waiver of any succeeding breach of the same or any other provision.

ARTICLE 10 IMPROVEMENTS

10.1 All buildings, fences, wells, pumps, pipelines, corrals, pens, range improvement practices (i.e., root plowing, land imprinting, clearing, etc.) and other structures of every kind and nature which exist, at anytime, on, above, or below the Subject Land or on a portion thereof and which are not portable in nature are considered "improvements" under this Lease.

10.2 Lessee may construct improvements on the Subject Land if: (a) Lessee has filed an Application to Place Improvements with Lessor, attaching any necessary written approvals from regulatory authorities; and (b) Lessor has granted written approval for the construction of such improvements.

10.3 Any improvements placed on the Subject Land which have not been approved as required by Paragraph 10.2 shall be forfeited to and become property of the Lessor, and Lessee shall be liable to Lessor for all damage to the Subject Land caused by such unauthorized improvements and for any expenses incurred by the Lessor in restoring the Subject Land.

10.4 Lessee shall have the right to remove all of its personal property which can be removed without damaging the Subject Land within 60 days prior to, or 90 days following the Expiration Date or the earlier termination of the Lease.

10.5 Improvements placed on the Subject Land shall conform to all applicable federal, state, county and municipal laws and ordinances.

10.6 All improvements placed upon the Subject Land by Lessee in conformance with Paragraph 10.2 shall be the property of Lessee or any successor in interest ("Owner") and shall, unless they become the property of Lessor, be subject to assessment for taxes in the name of the Owner, as other property.

10.7 The Lessee or Owner shall be entitled to reimbursement for improvements authorized in accordance with Paragraph 10.2 by any subsequent lessee or purchaser of the Subject Land upon expiration of this Lease as provided by A.R.S. § 37-322.02 or any successor statute, subject to any rights acquired by the Lessor under Paragraph 3.4.

ARTICLE 11

LESSEE'S COOPERATION; INGRESS AND EGRESS

11.1 Lessee shall cooperate with Lessor in Lessor's inspection, appraisal and management of the Subject Land and permit reasonable access by Lessor's employees to isolated State Land across Lessee's private land during the term of this Lease.

11.2 Lessee shall not interfere with the authorized activities of Lessor's employees, agents, licenses or other lessees or permittees on the Subject Land.

ARTICLE 12

LESSEE SHALL NOT PERMIT LOSS OR WASTE

12.1 Lessee shall not cause nor grant permission to another to cause any waste or loss in or upon the Subject Land. Lessee, its employees and agents shall not cut, consume or remove any timber, or standing trees that may be upon the Subject Land, without the prior written consent of Lessor, except that Lessee may cut wood for fuel for domestic uses and authorized improvements on the Subject Land. Nothing herein shall permit the cutting of saw timber for any purpose.

ARTICLE 13

NATIVE PLANTS AND CULTURAL RESOURCES

13.1 Lessee shall comply with the provisions of 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). Lessee shall not disturb any cacti or other protected native plants nor disturb any ruins, burial grounds or other archaeological sites except as may be permitted by these laws.

ARTICLE 14

LESSEE SHALL PROTECT THE LAND, PRODUCTS AND IMPROVEMENTS

14.1 Lessee is hereby authorized to use means which are reasonable and which do not result in a breach of the peace or in creating a concealed hazard, to protect the Subject Land and improvements against waste, damage and trespass.

14.2 In the event of known trespass on the Subject Land resulting in damage thereto, Lessee shall make reasonable efforts to notify Lessor and appropriate law enforcement authorities.

ARTICLE 15

ASSIGNMENT, SUBLEASE, PASTURAGE AGREEMENT AND ENCUMBRANCE

15.1 Lessee, if not in default in the payment of rent and having kept and performed all the conditions of this Lease may, with the written consent of Lessor, assign this Lease. An assignment of this Lease shall not be made without the consent of all lienholders of record. In the event of assignment of this Lease, Lessee shall file with Lessor a copy of applications for transfer of all certificates for stockpounds on the Subject Land to assignee, as agent for the State of Arizona, showing that the applications have been filed with the appropriate governmental agency.

15.2 Lessee shall not sublease or sell or lease pasturage to lands included in the Lease without first obtaining the written consent of Lessor. Subleasing by the sublessee, or pasturing of animals not branded with the sublessee's brands, is not allowed. The term "sublease" includes the transfer of control of all or part of the ranch unit or units containing the Subject Land. Not with-standing any sublease, Lessee shall remain responsible to the Lessor for the performance of the provisions of this Lease. In no event may this Lease be sublet unless all rent due has been paid and all provisions of this Lease are complied with.

15.3 This Lease authorizes only the grazing of livestock bearing the registered brand(s) of Lessee or Lessee's immediate family. If Lessee wishes to permit the grazing of livestock bearing any other brands pursuant to pasturage agreements of any kind, Lessee must so inform Lessor prior to the release of such livestock on the Subject Land.

15.4 Copies of all assignments, subleases, or pasturage agreements pertaining to the Subject Land shall be filed with the Lessor.

15.5 In the event, this Lease is canceled or terminated prior to the expiration date any sublease or pasture agreement shall automatically terminate on the date the Lease is terminated.

ARTICLE 16

RESERVATIONS, RELINQUISHMENTS TO UNITED STATES

16.1 Lessor excepts and reserves out of the grant hereby made, all oils, gases, geothermal resources, coal, ores, minerals, fossils, fertilizers, common mineral products and materials, and all natural products of very kind that may be in or upon the Subject Land any legal claim existing or which may be established under the mineral land laws of the United States or the State of Arizona.

16.2 Lessor reserves the right to execute leases, permits, or sales agreements covering the Subject Land for the purpose of entering upon and prospecting for, and the extraction of such reserved materials.

16.3 Lessor reserves the right to grant rights of way, easements and sites over, across, under or upon the Subject Land for public highways, railroads, utility lines, pipelines, irrigation works, flood control, drainage works, logging and other purposes.

16.4 Lessor reserves the right to relinquish to the United States land needed for irrigation works in connection with a government reclamation project and to grant or dispose of rights of way and sites for canals, reservoirs, dams, power or irrigation plants or works, railroads, tramways, transmission lines or any other purpose or use on or over the Subject Land.

16.5 In the event of such relinquishment, grants or disposal, the Lessee waives all right to any compensation whatsoever as against the Lessor except as may be allowed under the provisions of Article 17, and as limited therein.

ARTICLE 17 CONDEMNATION AND EMINENT DOMAIN

17.1 If at any time during the duration of this Lease the whole or any part of the Subject Land shall be taken for any quasi-public or public purpose by any person, private or public corporation, or any governmental agency having authority to exercise the power of condemnation or eminent domain pursuant to any law, this Lease shall expire on the date when the leased property is taken or acquired as to the leased property so taken or acquired. Except as set forth below, the rights of Lessee and Lessor to compensation for such taking shall be as provided by law. The Lessee shall have no compensable right or interest in the real property being condemned or interest in the unexpired term of this Lease or any renewal except as provided by law and in any event no interest greater than 10 percent of the total award for the land. The Lessor shall be entitled to and shall receive any and all awards for severance damages to remaining proceedings concerning the Subject Land. Lessee shall have the right to (1) prorated reimbursement for prepaid rent, (2) any and all awards for payments made for any authorized improvements which are taken, and (3) severance damages for any damage to Lessee's remaining ranch operation resulting from the taking.

ARTICLE 18 WATER RIGHTS

18.1 The Lessee shall be entitled to the use on the Subject Land of groundwater as defined in A.R.S. § 45-101, or any successor statute, for purposes consistent with this Lease. If the Lessee shall develop any groundwater on the Subject Land, he shall not acquire any rights with respect to the groundwater, except the right to use such water in accordance with applicable law, on the Subject Land during the term of this Lease.

18.2 If the Lessee uses, on the Subject Land, groundwater from a source not on the Subject Land, that use alone shall not (1) cause such water or any rights with respect to that water to be appurtenant to the Subject Land, or (2) affect in any way the Lessee's rights with respect to the water.

18.3 The rights of the Lessor and the Lessee concerning the application for an establishment of any rights with respect to surface water as defined in A.R.S. § 45-101, or any successor statute, shall be governed by the laws of the State of Arizona.

18.4 Nothing in the provisions of this Lease shall affect the validity of any rights established by or for the Lessor or Lessee with respect to surface water, as defined in A.R.S. § 45-101, prior to the Commencement Date of this Lease.

18.5 The application for and establishment by the Lessor or Lessee (as agent of the State of Arizona) of any water rights shall be for the State of Arizona; such rights shall attach to and become appurtenant to the Subject Land.

18.6 Notwithstanding Paragraph 18.5 above, the Lessee, as agent of the State of Arizona, shall be entitled to any certificate of water right, issued pursuant to the Stockpond Registration Act, A.R.S. § 45-271 through 45-276 (as it may be amended) relating to a stockpond constructed as an authorized improvement on the Subject Land. Any such certificate and the rights it evidences and represents shall be appurtenant to the Subject Land and shall pass to any successor lessee; or, if the land is not leased but is retained by the State of Arizona, then to the State of Arizona; or if the land is sold, then to the purchaser.

18.7 The Lessee shall promptly notify the Lessor in writing of any initial filings made by the Lessee with any governmental agency or court concerning the establishment or adjudication of any claim to a water right relating to the Subject Land. Upon request of the Lessor, the Lessee shall furnish copies of any document filed with the agency or court.

ARTICLE 19 DEFAULT AND CANCELLATION

19.1 Violation by Lessee of any provision of this Lease shall be a default hereunder entitling Lessor to any and all remedies it may have under Arizona law.

19.2 Upon any such default, the Lease may be canceled pursuant to A.R.S. § 37-289 or any successor statute.

19.3 This contract is subject to cancellation pursuant to A.R.S. § 38-511.

ARTICLE 20
HOLDOVER LESSEE

20.1 Upon expiration or termination of this Lease, Lessee agrees to surrender to Lessor peaceful and uninterrupted possession of the Subject Land. Holdover tenancy by the Lessee is prohibited and shall be deemed a trespass for which Lessor may seek all appropriate civil and criminal remedies; except that a Lessee in good standing who has filed a timely application for renewal may continue to occupy and use the Subject Land, pursuant to the terms of this Lease, pending action on the renewal application by Lessor.

ARTICLE 21
INDEMNIFICATION

21.1 Except as provided by A.R.S. § 33-1551 (or its successor statutes), Lessee hereby expressly agrees to indemnify and hold Lessor harmless, or cause Lessor to be indemnified and held harmless from and against all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorneys' fees and costs, which may be imposed upon or incurred by or asserted against Lessor by reason of the following: (a) any accident, injury or damage to any persons or property occurring on or about the Subject Land or any portion thereof resulting from Lessee's use of the Subject Land, (b) any use, non-use or condition of the Subject Land or any portion thereof resulting from Lessee's intentional actions or negligence, and (c) any failure on the part of Lessee to perform or comply with any of the provisions of this Lease; except such as may be the result solely of Lessor's intentional conduct or active negligence.

21.2 In case an action or proceeding is brought against Lessor by reason of any such occurrence, Lessee, upon Lessor's request and at Lessee's expense, will resist and defend such action or proceedings, or cause the same to be resisted and defended either by counsel designated by Lessee or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

21.3 Lessee shall protect, defend, indemnify and hold harmless the Lessor from and against all liabilities, obligations, losses, environmental responses, and clean up costs, charges and expenses, including attorneys' fees and court costs arising out of or related to the presence or existence of any substance regulated under any applicable Federal, State or local environmental laws, regulations or ordinances or amendments thereto because of: (a) any substance that came to be located on the Subject Land resulting from any use or occupancy of the Subject Land by the Lessee before or after the issuance of the Lease; or (b) any release, threatened release, escape, seepage, leakage, spillage, discharge or emission of any such substance in, on, under or from said Subject Land that is caused, in whole or in part, by any conduct, actions or negligence of the Lessee, regardless of when such substance came to be located on the Subject Land.

ARTICLE 22
RENEWAL

22.1 Upon application to the Department not less than thirty days nor more than one year before the Expiration Date, Lessee, if a bona fide resident of the State or legally authorized to transact business in the State, shall have a preferred right to renewal for a term not to exceed ten years, as provided by law, bearing even date with the Expiration Date. The preferred right of renewal shall not extend to a Lessee if there has not been substantial compliance with the terms of this Lease or if the Subject Land has not been placed to the use prescribed in this Lease, unless for good cause, the failure to perform was given written authorization by the Department. If the Department determines the continued leasing of the land to the Lessee is not in the best interest of the State, the Lease shall not be renewed.

ARTICLE 23
INSURANCE REQUIREMENTS

23.1 Lessee shall maintain in full force a commercial general liability insurance policy during the lease term affording protection to the limit of not less than one million dollars. This policy shall contain a provision that Lessor, named as an additional insured, shall be entitled to recovery for any loss occasioned to it, its agents and employees. Further, the policy shall provide that their coverage is primary over any other insurance coverage available to the Lessor, its agents and employees. Insurance policies must contain a provision that the Lessor shall receive an advance 30 day written notice of any cancellation or reduction in coverage.

ARTICLE 24
ENVIRONMENTAL MATTERS

24.1 Lessee shall strictly comply with Environmental Laws, relating but not limited to hazardous and toxic materials, wastes and pollutants. Compliance means the Lessee shall act in accordance with the necessary reporting obligations obtain and maintain all permits required, provide copies of all documents as required by Environmental Laws. For purposes of this Lease the term "Environmental Law" shall include but not be limited to any relevant federal, state, or local laws, and applicable regulations, rules and ordinances, and publications promulgated pursuant thereto, including any future modifications or amendments relating to environmental matters.

ARTICLE 25
MISCELLANEOUS

25.1 This Lease grants Lessee only those rights expressly granted herein and Lessor retains and reserves all other rights in the Subject Land.

25.2 This Lease is subject to all current and subsequently enacted rules, regulations and laws applicable to State Lands and to the rights and obligations of Lessors

and Lessees. No provisions of this Lease shall create any vested right in Lessee except as otherwise specifically provided in this Lease.

25.3 The Lessor shall be forever wholly absolved from any liability for damages which might result to the Lessee in the event this Lease is found to be void, canceled, forfeited or terminated prior to the Expiration Date or in the event this Lease is not renewed.

25.4 If it is determined that Lessor has failed to receive title to any of the Subject Land, the Lease is null and void insofar as it relates to the land to which Lessor has failed to receive title. Lessor shall not be liable to Lessee or any assignee or sublessee for any damages that result from Lessor's failure to receive title.

25.5 In any action arising out of this Lease, the prevailing party is entitled to recover reasonable attorneys' fees incurred therein in addition to the amount of any judgment, costs and other expenses as determined by the court. In the case of Lessor, reasonable attorneys' fees shall be calculated at the reasonable market value for such services when rendered by private counsel notwithstanding that it is represented by the Arizona Attorney General's Office or by other salaried counsel.

25.6 No provisions of this Lease shall create any right or interest in Lessee to a fee interest in the Subject Land.

25.7 Any notice to be given or other documents to be delivered to Lessee or Lessor hereunder shall be in writing and delivered to Lessee or Lessor by depositing same in the United States Mail, with prepaid postage addressed as follows:

To Lessor: Arizona State Land Department
1616 West Adams Street - First Floor
Phoenix, AZ 85007

To Lessee: Address of Record

Lessee must notify Lessor within thirty (30) days by written notice of any change in address. Lessor's notice shall be deemed adequate if sent to the Lessee's best known address of record and no change of address form is on file.

25.8 This Lease shall be governed by, construed and enforced in accordance with Arizona laws.

25.9 Any attempt to assign, sublease, convey, transfer or otherwise dispose of any estate or interest in this Lease, other than pursuant to its term, shall not be effective.

25.10 This Lease, together with all attached Appendices, embodies the whole agreement of the parties. There are no other agreements or terms, oral or written. This document supersedes all previous communications, representations and agreements, oral or written, between the parties.

25.11 THIS DOCUMENT is submitted for examination and shall have no binding effect on the parties unless and until executed by the Lessor (after execution by the Lessee), and a fully executed copy is delivered to the Lessee.

25.12 IN THE EVENT OF A DISPUTE between the parties to this Lease, it is agreed to use arbitration to resolve the dispute but only to the extent required by A.R.S. § 12-1518; and, in no event shall arbitration be employed to resolve a dispute which is otherwise subject to administrative review by the Department.

25.13 Every obligation of the State under this Lease is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Lease, this Lease may be terminated by the State at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or any damages as a result of termination under this paragraph.

25.14 The parties agree to be bound by applicable State and Federal rules governing Equal Employment Opportunity, Non-discrimination and Disabilities, including Executive Order No. 2009-09.

25.15 Upon the sale, exchange, redemption, relinquishment or taking, whether by eminent domain or institutional use of all or any portion of the Subject Land, this Lease shall terminate on the date of such disposition as to the property so affected.

APPENDIX A

STATE OF ARIZONA LAND DEPARTMENT
1616 W. ADAMS
PHOENIX, AZ 85007

RUN DATE: 25 February 2022
RUN TIME: 9:02 AM
PAGE: 1

KE-LEASE# 005-000389-00-103 APPTYPE: RENEWAL
AMENDMENT#: 0

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LAND#	LEGAL DESCRIPTION	AUS	ACREAGE
20.0-S-09.0-E-13-10-031-1002	ALL	12.00	640.000
20.0-S-09.0-E-23-10-031-1003	NENE	0.70	40.000
20.0-S-09.0-E-23-10-031-1004	W2NW	1.50	80.000
20.0-S-09.0-E-24-10-031-1002	NE N2NW SENW NESW	6.00	320.000
20.0-S-09.0-E-25-10-031-1001	NESE	0.70	40.000
20.0-S-09.0-E-36-10-030-1003	NE2	6.00	320.000
20.0-S-10.0-E-13-10-031-1000	E2	5.50	320.000
20.0-S-10.0-E-14-10-031-1000	SESE	0.60	40.000
20.0-S-10.0-E-17-10-031-1003	N2NW	1.50	80.000
20.0-S-10.0-E-17-10-031-1004	S2SW	1.50	80.000
20.0-S-10.0-E-18-10-031-1002	LOTS 1 THRU 12 NWNE SWSE E2SE	10.50	561.600
20.0-S-10.0-E-19-10-031-1002	LOTS 1 THRU 12 E2	13.50	720.880
20.0-S-10.0-E-20-10-031-1002	ALL	12.00	640.000
20.0-S-10.0-E-21-10-031-1002	ALL	12.00	640.000
20.0-S-10.0-E-23-10-031-1000	NESW	0.60	40.000
20.0-S-10.0-E-24-10-031-1000	LOTS 1 THRU 4 E2	7.80	459.340
20.0-S-10.0-E-26-10-031-1001	ALL	11.00	640.000
20.0-S-10.0-E-27-10-031-1002	ALL	11.00	640.000
20.0-S-10.0-E-31-10-031-1003	LOTS 7 11 12	1.50	80.110
20.0-S-10.0-E-31-10-031-1004	NE	3.00	160.000
20.0-S-10.0-E-33-10-031-1001	W2 NE W2SE	9.60	560.000
20.0-S-10.0-E-33-10-053-1001	E2SE	1.30	80.000
20.0-S-10.0-E-34-10-031-1002	N2	5.50	320.000
20.0-S-10.0-E-34-10-053-1002	N2SW SE	4.10	240.000
20.0-S-10.0-E-35-10-031-1002	ALL	11.00	640.000

APPENDIX A

STATE OF ARIZONA LAND DEPARTMENT
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20.0-S-11.0-E-02-10-030-1002	ALL	11.00	640.000
20.0-S-11.0-E-03-10-031-1002	ALL	11.00	640.000
20.0-S-11.0-E-04-10-031-1002	ALL	11.00	640.000
20.0-S-11.0-E-05-10-031-1000	ALL	11.00	640.000
20.0-S-11.0-E-06-10-031-1000	E2	5.50	320.000
20.0-S-11.0-E-07-10-031-1000	LOTS 1 THRU 6 NE E2NW	8.20	478.250
20.0-S-11.0-E-08-10-031-1000	LOTS 1 THRU 4 N2	8.80	517.160
20.0-S-11.0-E-09-10-031-1002	NW2 OF N 1850FT OF W 1850FT	0.60	39.280
20.0-S-11.0-E-16-10-030-1002	SW2 OF S 4340FT	4.50	263.040
20.0-S-11.0-E-17-10-031-1002	LOTS 1 THRU 12 SW	10.30	599.800
20.0-S-11.0-E-18-10-031-1000	LOTS 1 THRU 11 NE E2NW NESW N2SE	12.00	699.740
20.0-S-11.0-E-19-10-012-1002	LOT 4 SFSW S2SE	2.50	147.010
20.0-S-11.0-E-19-10-031-1002	LOTS 1 2 3 NE E2NW NESW N2SE	7.60	443.540
20.0-S-11.0-E-20-10-012-1002	S2SW	1.30	80.000
20.0-S-11.0-E-20-10-031-1002	NW N2SW	4.10	240.000
20.0-S-11.0-E-29-10-012-1002	NW N2SW	4.10	240.000
20.0-S-11.0-E-30-10-012-1002	LOTS 1 2 3 NE E2NW NESW N2SE	7.50	440.490
20.0-S-11.0-E-31-10-031-1002	LOTS 4 5 6 NESW NWSE	4.90	209.480
20.0-S-11.0-E-31-10-053-1002	LOT 7 NESE SENE	2.20	128.210
20.0-S-11.0-E-32-10-030-1003	NW W2NE	4.10	240.000
21.0-S-10.0-E-01-10-031-1002	LOTS 1 THRU 7 SWNE S2NW SW W2SE	11.00	642.720
21.0-S-10.0-E-02-10-030-1002	LOTS 1 THRU 4 S2N2 S2	10.90	639.920
21.0-S-10.0-E-03-10-031-1002	LOT 1 SENE E2SE	2.70	159.960
21.0-S-10.0-E-03-10-053-1001	SWNW NWSW E2SW SWSE	3.40	200.000
21.0-S-10.0-E-04-10-031-1000	LOTS 2 3 4 SWNE NWSE S2SE	4.80	279.800
21.0-S-10.0-E-04-10-053-1001	LOT 1 SENE NESE	2.00	119.960
21.0-S-10.0-E-05-10-031-1000	LOTS 1 2 3 4	2.70	158.810

APPENDIX A

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21.0-S-10.0-E-06-10-031-1003	LOTS 1 2 3 SENW	2.90	158.200
21.0-S-10.0-E-09-10-031-1001	LOTS 1 2	1.20	73.610
21.0-S-10.0-E-10-10-031-1002	E2 NENW S2NW SW	10.30	600.000
21.0-S-10.0-E-11-10-031-1002	N2 N2SW SE	9.60	560.000
21.0-S-10.0-E-12-10-031-1002	W2 W2E2	8.20	480.000
21.0-S-10.0-E-13-10-031-1002	NWNE N2NW	2.00	120.000
21.0-S-10.0-E-14-10-031-1002	N2NE	1.30	80.000
21.0-S-11.0-E-05-10-031-1002	LOTS 3 4 SWNE S2NW SW	8.40	360.640
21.0-S-11.0-E-06-10-031-1002	LOTS 1 THRU 7 S2NE SENW E2SW SE	15.00	640.180
	TOTALS	379.00	21,301.730

IN WITNESS HEREOF, the parties hereto have signed this Lease effective the day and year set forth previously herein.

STATE OF ARIZONA, LESSOR
Arizona State Land Commissioner

By: 

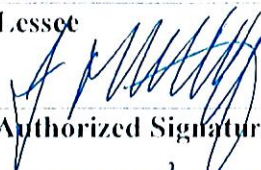
3-18-2022

Date



PIMA COUNTY

Lessee


Authorized Signature

3/4/2022
Date

JEFFREY TEPLITSKY

DIRECTOR

Printed Name

Title

C/O VANESSA PRILESON

3500 W. RIVER RD

Address

TUCSON

AZ

85741

City

State

Zip