



COLORADO

State Land Board

Department of Natural Resources

Northwest District
2667 Copper Ridge Circle
Unit 1
Steamboat Springs, CO 80487
P 970.879.9992

North Central District
360 Oak Avenue, Ste 110
Eaton, CO 80615
P 970.454.5279

Northeast District
318 West Main Street
Sterling, CO 80751
P 970.522.0975

Southwest District
305 Murphy Dr. #A
Alamosa, CO 81101
P 719.589.2360

South Central District
4718 N. Elizabeth St.
Suite C
Pueblo, CO 81008
P 719.543.7403

Southeast District
700 S. Main St.
Lamar, CO 81052
P 719.336.3031

September 16, 2019

Paul H. Taylor, III
#2 Sierra Blanca Circle
Roswell, NM 88201

RE: Agricultural Lease No: 112829 in Las Animas County

Dear Mr. Taylor:

This letter is to notify you that the Southwest District Manager of the State Board of Land Commissioners approved the application received for the renewal of State Lease No. AG 101181 . The name(s) appearing on the new lease will be Paul H. Taylor, III as an Individual.

The lease will include the following lease terms:

Lease Term: **10 years**
Effective Date: **3/1/2020**
End Date: **3/1/2030**
Carrying Capacity **21 AUMs**
1st Year's Rent: **\$258.93** **This is not an invoice. Do not pay at this time.*

The rental amount, carrying capacity, authorized use, and/or productivity will be subject to review annually by the Board.

Lessee may access and use the premises only for the purposes allowed in this lease. Granting third-party access for any other use is prohibited.

This is a notification of decision of staff. Any party who believes they have been adversely affected by the decision may request a review of the decision by the State Board of Land Commissioners. To request a review, affected parties must submit a **\$100 fee per review** and follow the procedures of the Board's Lease Actions Policy No. 200-004 which can be found on the State Land Board website at <http://www.trustlands.state.co.us>. The standard for review of the decision shall be whether the decision is supported by substantial evidence and has a reasonable basis, or, conversely, whether the decision was arbitrary, capricious, an abuse of discretion, or is adverse to the long-term best interest of the trust beneficiaries.

If you agree to the terms and conditions contained in the enclosed lease document and wish to waive your right to appeal the decision of the staff, please sign the enclosed two original lease documents and return them to your District Office in the envelope provided. If you have any questions, please contact your District Office.

Sincerely,

Bea Gallegos
Southwest District Assistant

Enclosures





STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

Agriculture Lease No. 112829

1. PARTIES

THIS LEASE is entered into at Denver, Colorado, on **3/1/2020** by and between the State of Colorado, acting through its State Board of Land Commissioners ("Board"), whose address is 1127 Sherman Street, Suite 300, Denver, CO 80203, and **Paul H. Taylor, III** ("Lessee," whether one or more) as an **Individual**, whose address is **#2 Sierra Blanca Circle, Roswell, NM 88201**. Lessee shall have no rights to possession of the Property (defined below in §5) or other rights under this Lease until it is approved and signed by the Board. The Board and Lessee ("Parties") agree to the following terms and conditions:

2. CONSIDERATION

The Parties acknowledge that the mutual promises and covenants contained in this Lease and other good and valuable consideration are sufficient and adequate to support this Lease.

3. LEASE DEFINITION

"Lease" means this Lease, its terms and conditions, attached exhibits, documents incorporated by reference under the terms of the Lease, amendments, riders, and any future modifying agreements, exhibits, attachments or references incorporated in this Lease pursuant to Colorado State Law, Fiscal Rules, State Controller Policies, and Board policies, directives and schedules.

4. TERM

The initial term of this Lease is for a term of **Ten (10)** years beginning **3/1/2020**, being until **3/1/2030** subject to the covenants and agreements, unless terminated sooner as provided for in this Lease.

5. DESCRIPTION OF THE PROPERTY

The Board leases to the Lessee and Lessee leases from the Board the Trust lands, water rights and Board-owned improvements, in the County(s) of **Las Animas**, Colorado, described in Exhibit A ("Property"):

6. USE OF THE PROPERTY

a) Lessee may access, occupy, and use the Property only for the following purpose(s):

- | | |
|------------------|-------------------------------------|
| 1. 157.83 | acres for grazing |
| 2. 0 | acres for irrigated agriculture |
| 3. 0 | acres for dryland agriculture |
| 4. 0 | acres for other purposes* |
| 5. 7.17 | acres are considered Non-billable** |

Total **165** acres

*The other purposes for this lease, if applicable, are as follows: Not Applicable.

Non-billable acres are not available for use under this lease. This acreage is located within the boundaries of the leased Property but is not factored into the calculation for rent or carrying-capacity for Animal Unit Months. The reasons for the non-billable acres under this lease, if applicable, are as follows: **Right-of-Way.

b) This Lease is subject to any and all presently-existing leases, easements, rights-of-ways, and other interests whether or not visible on the ground.

- c) Any non-agricultural activity by the Lessee or any third party authorized by the Lessee is prohibited. Before the Lessee may access or authorize access to or use of the Property, either with or without a fee or other consideration (cash, services or in kind), the Lessee must obtain a separate lease issued by the Board. The Board may grant access to third parties at its sole discretion at any time. Any grant of access to or use of the Property by the Board to parties other than the Lessee for non-agricultural activities will not permit Lessee to use the Property for such use.
- d) Lessee agrees not to use or permit the use of the Premises for any purpose which is related in any manner whatsoever to the marijuana or hemp industries. This includes access on, over or through the Property for any marijuana or hemp related use or purpose.

7. RENT

The rental amount for the first year is two hundred fifty eight and 93/100 dollars (\$258.93).

8. CARRYING CAPACITY

The stocking rate for the Property for the first year is 21 Animal Unit Months (“AUM”). The carrying capacity (expressed in AUMs) is determined by the Board.

One AUM equals one mature 1,000 pound cow and her suckling calf or the equivalent as described in the Colorado State Board of Land Commissioners Animal-Unit Equivalent table. Only livestock listed in the current Animal-Unit Equivalent table will be allowed on the Lease.

Current AUM rates and a current Animal-Unit Equivalent table are available on-line through the State Board of Land Commissioner’s official website and through any office of the State Board of Land Commissioners.

9. PAYMENTS TO THE BOARD

Lessee must pay to the Board the rental due each and every year, in advance on or before the lease anniversary date, as well as any accrued penalty and interest during the term of this Lease at the office of the State Board of Land Commissioners, Denver, Colorado.

Failure to make timely rental payments may result in loss of certain renewal rights pursuant to §36-1-118 C.R.S. If, for any reason, Lessee does not or cannot pay amounts owed to the Board within the time limits in this Lease, the Board may turn the debt over to the State of Colorado’s Central Collections Services. Lessee is responsible for the payment of all principal, interest, penalties, and fees.

10. ADJUSTMENTS TO USE, RENT AND CAPACITY

The use of Property (§6), rental amount (§7), and/or the carrying capacity (§8) are subject to review and change(s) annually by the Board. If at any time during the term of the Lease the Board adjusts these terms and the Lessee does not accept the adjusted terms, the Lessee may cancel this Lease by providing the Board with written notice within thirty (30) days after the date of the notice of adjustment. If cancellation notice is not received by the Board within 30 days, the Board and Lessee agree that all adjusted terms are accepted.

11. ASSESSMENTS, TAXES AND UTILITIES

Lessee must pay, when due, all assessments, taxes, fees, water and utility charges, if any, levied or accruing against the Property, improvements, appurtenances, uses or activities of Lessee, including those that could otherwise result in a lien being placed against the Property.

12. PENALTY AND INTEREST

Both a penalty and interest will be imposed for, but not limited to, late payments, improper or partial payments, violation of any covenant of this Lease. Penalty and interest and fee schedules, as adopted by the Board, are effective immediately after approval. A current Penalty and Interest schedule is available on-line through the State Board of Land Commissioner’s official website and through any office of the State Board of Land Commissioners.

13. IMPROVEMENTS OR ALTERATIONS

- a) Lessee must not place any improvement on the Property and must not substantially alter the Property in any way, without prior written authorization by the Board. Written authorization can be sought by submitting to the Board an Improvement Application on a form provided by the Board. Standard agricultural fences and improvements placed upon the Property by the Lessee with the Board's prior written authorization are referred to in this Lease as "authorized improvements." Any improvements or alterations that have not received prior written authorization are referred to in this Lease as "unauthorized improvements."
- b) Upon the termination of this Lease, and provided Lessee is not then in breach of or in default under this Lease, Lessee must present all authorized improvements to the Board for first offer to purchase. Should the Board decline to purchase the improvement(s), the Lessee may either:
 - 1. remove the improvement(s) without damage to the Property; or
 - 2. sell the improvement(s) to a subsequent lessee pursuant to §36-1-119 C.R.S.
- c) In the event that the new owner or new Lessee and the former Lessee do not agree upon the value of the authorized improvements, the Board will establish the value of the authorized improvements.
- d) Lessee will not be entitled to compensation for, or to sell or remove, any authorized improvements when the Lease is terminated by the Board for violation by the Lessee of the Lease until Lessee has satisfied all outstanding obligations relating to the Lease.
- e) All authorized improvements not removed or sold within sixty (60) days after termination of this Lease will be deemed abandoned and may, at the Board's option, be removed and/or disposed by the Board at the Lessee's expense, retained by the Board for use by subsequent lessees, or sold by the Board with all proceeds going to the Board. The Board may seek reimbursement from the Lessee for all costs associated with sale, removal, or disposal of any improvements. This right to recover costs shall remain in effect after the termination or expiration of this Lease. The Lessee waives all rights or claims for compensation under C.R.S. Section 36-1-119 for Authorized Improvements deemed abandoned.
- f) All unauthorized improvements will, at the Board's option:
 - 1. become the property of the Board without cost to the Board or compensation to the Lessee; or
 - 2. be removed by the Lessee at Lessee's expense without damage to the Property; or
 - 3. be removed by the Board at Lessee's expense.
- g) Lessee must not suffer or permit to be enforced against the Property, or any part of the Property, or any improvements on the Property, any mechanics', materialmen's, contractors', or subcontractors' liens arising from, or any claim of damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any other claim or demand howsoever the same may arise. Lessee must pay or cause to be paid all of said liens, claims or demands before any action is brought to enforce such liens, claims or demands against the Property or improvements. Lessee must provide actual and posted notice of nonliability pursuant to §38-22-105 C.R.S. notifying all persons who might claim any liens or encumbrances upon the Property relating to any work, labor, services or materials provided for or improvements to the Property initiated by or conducted for the benefit of Lessee that the Board's interests are not subject to such liens or encumbrances. Lessee will indemnify, defend and hold the Board harmless against any claims for any liens or encumbrances upon the Property relating to any work, labor, services or materials provided for or improvements to the Property initiated by or conducted for the benefit of Lessee.
- h) Lessee agrees to maintain with the Board a current and complete list of all authorized improvements on the Property on a form provided by the Board.

- i) Lessee must keep and maintain the Property and all Lessee- and/or Board-owned improvements, whether new or pre-existing, in good order, repair and safe condition, ordinary wear and tear excepted.

14. COMPLIANCE WITH THE LAWS

- a) With respect to the Property, Lessee must comply with all applicable federal, state and local laws, ordinances, and regulations, including but not limited to criminal, land use, fencing, noxious weed, environmental, wetlands, hazardous waste, and health and safety laws, ordinances and regulations.
- b) In addition to the foregoing, and not in limitation thereof, Lessee must not cause or knowingly permit any Hazardous Material to be brought upon, kept or used in or about the Property by Lessee or Lessee's agents, employees, contractors or invitees, without the prior written consent of the Board. If the Lessee violates these obligations, or if the presence of Hazardous Material on the Property caused or knowingly permitted by the Lessee results in contamination of the Property, or if contamination of the Property by Hazardous Material otherwise occurs for which the Lessee is legally liable, then the Lessee will indemnify, defend and hold the Board harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Property, damages for the loss or restriction on use of the Property, damages arising from any adverse impact on future leasing of the Property, and sums paid in settlement of claims, attorney fees, consultant fees and expert fees) which arise during or after the lease term as a result of such contamination. This indemnification of the Board by the Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Property. Without limiting the foregoing, if the presence of any Hazardous Material on the Property caused or knowingly permitted by the Lessee results in any contamination of the Property, the Lessee must promptly take all actions at Lessee's sole expense as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Material to the Property, provided that Lessee obtains the Board's prior approval of such actions. Lessee will not be liable under this section for the actions or omissions of those persons over whom Lessee has no control. As used in this Lease, the term "Hazardous Material" means any hazardous or toxic substance, material or waste, which is or becomes regulated by any local governmental authority, the State of Colorado or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance that is (i) defined or designated as a "hazardous substance," "hazardous waste" or a "regulated substance" under appropriate state or federal law; (ii) petroleum; or (iii) asbestos.

15. PROTECTION, STEWARDSHIP AND COOPERATION

- a) Lessee must not permit, commit, or allow, and must protect the Property against, any loss, damage, any dangerous condition, injury, or waste, except as caused by persons granted other uses of the Property by the Board. Lessee may use the Property only for the purposes granted and in accordance with good resource conservation practices. Lessee must employ agricultural and land management practices that will protect soil fertility and forage production, will not contribute to soil erosion, over-grazing, noxious weeds or pests, and will ensure the protection and long-term productivity of the land.
- b) In the event the Lessee locates any noxious weeds or pests which may reduce or impact the productivity of the Property, the Lessee must immediately notify the Board of the location and extent of the infestation and of the Lessee's plan to treat and eliminate said infestation.
- c) Lessee must not store or allow to be stored on the Property, any products, materials, or equipment that is not related to and necessary for the day-to-day management of the agricultural activities allowed by this lease.
- d) Lessee must not cut, remove, or use, or allow to be cut, removed or used, any live timber or trees, or remove, use or allow to be removed or used any minerals, ores, metals, coal, asphaltum, oil, gas, sand, gravel, clay, quarry products, peat, geothermal resources or other naturally occurring resources

unless approved in advance in writing by the Board or except as caused by persons granted other uses of the Property by the Board.

- e) Lessee must cooperate with and in no way impede or obstruct the other uses permitted by the Board pursuant to the paragraph entitled "Reservations to the Board."
- f) Lessee must provide the Board with copies of any and all reports prepared on behalf of, or obtained by, the Lessee regarding the past use, present use, and/or condition of the Property and any improvements.
- g) Lessee must report the actual annual stocking rate on the Property if and when requested by the Board.
- h) Lessee must immediately notify the Board of any damage or destruction of the Property.
- i) Lessee must cooperate with the Board to identify and implement additional agricultural and land management practices appropriate for the Property throughout the term of this Lease. These practices may include the collection of information and data required to inform both short and long-term range management decisions.
- j) Lessee must not make false statements to the Board regarding the Property or Lessee's use of the Property.
- k) The failure of the Lessee to comply with any of the requirements and obligations of this section will be grounds for immediate cancellation of this Lease at the election of the Board, and will subject the Lessee to sanctions, penalties and fees in accordance with applicable policies, directives and schedules, as adopted by the Board from time to time, and incorporated in this Lease by reference.

16. INDEMNIFICATION AND COSTS

- a) Lessee assumes all liability arising from the use, occupation or control of the Property by Lessee under this Lease. This assumption includes, but is not limited to, liability for all personal injuries (including death) and property damage and destruction. Lessee agrees to indemnify and hold harmless the Board from and against any and all liabilities, losses, damages, liens, expenses, claims, demands, debts, obligations, fines, penalties, suits or actions, judgments, and costs of any kinds whatsoever arising from the use, occupation or control of the Property, caused by any act, omission or neglect of Lessee, or Lessee's employees, agents, guests, invitees, contractors or assigns. Lessee further agrees to indemnify the Board for any costs, including costs of suit and fees for consultants, experts, and attorneys, incurred by the Board in terminating or canceling, enforcing obligations or defending itself against any matter arising under this Lease caused or permitted by Lessee or Lessee's employees, agents, guests, invitees, contractors or assigns. This indemnity is in addition to any other indemnity provided for in this Lease. Lessee will not be responsible for any liability caused by persons granted other uses of the Property by the Board.
- b) The Board does not warrant, represent or guarantee the safety of Lessee's improvements, crops, livestock, personal, or other property. Lessee hereby releases the Board from any and all claims for damage or loss to Lessee's improvements, crops, livestock, personal, or other property and shall indemnify and hold the Board harmless, including the Board's attorney fees and costs, from any claims associated with Lessee's improvements, crops, livestock, personal, or other property regardless who brings such, including Lessee's insurer. The Board advises Lessee to obtain insurance for losses to improvements, crops, livestock, personal, or other property due to theft, fire, smoke, water damage, hail, flood, drought and the like. THE BOARD PROVIDES NO COVERAGE FOR LESSEE'S IMPROVEMENTS, CROPS, LIVESTOCK, PERSONAL, OR OTHER PROPERTY.

17. LAND BOARD POLICIES, DIRECTIVES AND SCHEDULES

This Lease incorporates and Lessee must comply with all applicable policies, directives and schedules, as adopted by the Board. Such policies, directives and schedules are available on-line through the State Board of Land Commissioner's official website and through any office of the State Board of Land Commissioners.

Lessee is responsible to stay fully informed of all applicable policies, directives and schedules. Lack of actual notice or knowledge of applicable policies, directives and schedules will not provide a defense for any failure to comply. Lessee acknowledges that the Board meets publicly on a monthly basis and at such public meetings may amend or change existing policies, directives and schedules and/or adopt new policies, directives and schedules. Any amendments or changes to existing policies, directives and schedules and any adopted new policies, directives and schedules, will be effective after adoption by the Board and are incorporated into this Lease by reference.

18. NUISANCE

Lessee must not use, or permit any use of, the Property in a manner that causes a nuisance or that is, using a reasonable person standard, offensive or annoying to other lessees or permitted users on the Property, persons occupying the Property, or person occupying adjacent property.

19. RESERVATIONS TO THE BOARD

The Board hereby reserves:

a) Access

1. The right to access to the Property at all reasonable times by the Board, its employees, agents, lessees, licensees, permittees, contractors or assigns. Lessee hereby grants to the Board, its employees, agents, or contractors a non-revocable license for access on, over, across or through Lessee's other lands during the term of this Lease for access to the Property.
2. The right to access, inspect, and monitor the Property at all reasonable times by the Board, utilizing all reasonable means and methods, including but not limited to gate counters, game cameras, and Unmanned Aerial Systems (UAS). The use of UAS will be in accordance with applicable Federal Aviation Administration (FAA) rules and regulations. Lessee will cooperate and not interfere with all reasonable means and methods of access, inspection and monitoring including taking actions necessary to comply with FAA rules and regulations.

b) Additional Uses

1. Commercial, Industrial, Residential
The right to lease all or any portion of the Property to other persons for the purpose of land development.
2. Minerals
The right to lease all or any portion of the Property to other persons for the purposes of exploring, producing, mining, extracting, removing all minerals or minerals resources as defined in §§36-1-100.3 and 125 C.R.S and geothermal resources described in §36-1-147 C.R.S.
3. Recreation
The right to lease all or any portion the Property to other persons for hunting, fishing or other recreational purposes. Such lease will convey exclusive use for such purpose.
4. Renewable Energy Resources
The right to lease all or any portion of the Property to other persons for the purposes of developing renewable energy resources as described in §36-1-147.5 C.R.S.
5. Timber
The right to lease all or any portion of the Property to other persons for the purposes of timber management, harvest or sale.
6. Rights-of-Ways
The right to grant any right-of-way or easement on, under, over, across or through all or any portion of the Property. If and when such right-of-way or easement is granted, the Lessee will be

compensated by the grantee for any damages to Lessee's personal property, crops, fixtures and authorized improvements, but not for loss of use of the land or the Property.

7. Other

The right to put the Property to any other additional uses at any time and for any purpose, and all rights, privileges and uses of every kind or nature not specifically granted to Lessee by this Lease.

Together with reasonable and adequate rights of access and surface rights necessary for the convenient exercise of the above reserved rights.

c) Time of Use

The right to designate or control the time of use of the Property, in order to protect Property its productivity or to accommodate other approved uses of the Property.

d) Cancellation

The right to cancel this Lease as to all or any part or portion of the Property, upon twelve (12) months prior written notice to the Lessee. Lessee is responsible for all rent payments until surrender date (including outstanding rent, penalty and interest assessments, damages, etc.). If the lease cancellation date falls after any anniversary date, Lessee is responsible for pro-rated rent. The amount due will be calculated from the lease anniversary date to the date Lessee surrenders possession, plus interest and penalty if applicable.

e) Disposition

The right to sell, exchange, or otherwise dispose of all or any portion of the Property during the term of this Lease subject to the requirements of §36-1-118 (4a)(b), C.R.S.

f) Reversion

The right to reversion of all interests in the Property upon termination of this lease.

g) Water Rights

Title to all water rights associated or appurtenant to the Property. In addition:

1. No water, ditch, reservoir, well, spring, seepage or other right, permit, or use of any kind, ("water right") may be initiated, established, appropriated or adjudicated (for use on or off the Property) by the Lessee for which the point of diversion, withdrawal, use or storage is on the Property, without the prior written approval of the Board. All applications and documents pertaining to any such water right must be made in the name of the Board, and the Board reserves the right to make or convert any related applications or documents in or to its own name. Any such water right, approved or unapproved is the sole and absolute property of the Board without cost to the Board.
2. Improvements made or constructed by the Lessee in connection with such water right, apart from any such water right, are subject to the preceding section entitled "Improvements." The water right itself, however, will belong to the Board without cost.
3. Lessee must request and receive prior written approval by the Board for any proposal by the Lessee to apply and/or use on the Property an existing water right which is not diverted, withdrawn or stored on the Property, and which is not the property of the Board. Such approval must be in accordance with applicable policies, directives and schedules, as adopted by the Board from time to time, and incorporated in this Lease by reference. Once an application of such water right is approved the Board has the option to:
 - i. require that the water right, or any portion thereof, be sold to the Board or its subsequent lessee at its fair market value; or
 - ii. permit the water right to be removed from the Property, but only under a reclamation/restoration plan approved by the Board and completed by the Lessee. If the

reclamation/restoration is not completed by the Lessee within the time set forth in the approved plan, the water right will remain attached to and available for use on the Property until the reclamation/restoration is completed without cost to the Board.

4. If any water right (and/or related improvements) owned by the Board is leased to the Lessee by this Lease, it will be described in the paragraph entitled "Description of the Property" and in that event will be considered part of the Property. The Lessee must put all leased water to maximum beneficial use, keep records of all such use, and submit an annual report that documents such use to the Board and Division of Water Resources.

h) **Historical, Prehistorical, and Archeological Resources**

Title to all historical, prehistorical, and archaeological resources in all lands, rivers, lakes, reservoirs, and other areas owned by the state. Historical, prehistorical, and archaeological resources include all deposits, structures, or objects which provide information pertaining to the historical or prehistorical culture of people within the boundaries of the state of Colorado, as well as fossils and other remains of animals, plants, insects, and other objects of natural history within such boundaries, and in addition to the specific site or deposit, rights-of-way access on state-owned land from a maintained public road for the exploration, protection, preservation, interpretation, and enhancement of the site or deposit proper.

20. BOARD'S DISCRETION

Whenever the Board's approval, consent or authorization is sought by the Lessee under this Lease, the Board may withhold such approval, consent or authorization in its sole and absolute discretion.

21. BOARD'S AUTHORITY

This Lease is entered into pursuant to the authority granted to the Board by Colorado law.

22. CONDITION OF PROPERTY

Lessee represents that Lessee has had an opportunity to inspect the Property prior to entering into this Lease, and Lessee accepts the Property in its present condition and acknowledges that the Property is in all respects suitable for the leased purposes. The Board disclaims any and all obligation and Lessee waives any claim that the Board has any obligation to provide access to the Property, to fence, make any repairs to or construct any improvements upon the Property. The Board does not make any warranties or covenants, express or implied, of habitability, quiet enjoyment or that the Property are suitable for the leased purposes.

23. EMINENT DOMAIN

If the Property is taken by the valid exercise of the right of eminent domain, in whole or in part, either the Board or Lessee may terminate this Lease effective the date the Property transfers by eminent domain by providing written notice to the other party at least thirty (30) days before the date the Property transfers. Any and all damages that are awarded for such taking of the Property will be the exclusive property of the Board. Lessee hereby disclaims any interest therein and assigns to the Board any and all claims to such award. The Board will not claim any interest in authorized improvements or growing crops of the Lessee and the Lessee will only be entitled to compensation for growing crops and authorized improvements as negotiated between the Lessee and the condemning public authority or as determined by the court.

24. NO LEASEHOLD INTEREST

Upon sale, condemnation, exchange or other disposition of the Property, or any part thereof, and upon any other cancellation or termination of this Lease, either at or prior to the end of the lease term, Lessee will have no claim or right to any leasehold interest or any right to compensation for any leasehold interest based upon any unexpired term or expectation of extension or renewal of this Lease except as provided by

applicable statute. This section does not change Lessee's rights in the authorized improvements set forth in the section entitled "Improvements."

25. NO SALE, ASSIGNMENT, OR SUBLEASING OF LEASE OR PROPERTY

- a) Lessee is prohibited from the sale, assignment, partial assignment, collateralization, encumbrance, sublease, pasturage or any other use agreement of the Property, (collectively called a "Transfer") to any person or entity unless approved in advance in writing by the Board. This condition expressly prohibits any granting of permission by the Lessee for access on, over or through the Property for any agricultural or non-agricultural-related uses or purposes. Approval of a Transfer will not release Lessee from Lessee's liabilities or obligations under this Lease. Upon approval of a Transfer, the Board may change or impose new rental amounts, terms, conditions and payments.
- b) Any transfer or change in the control or ownership of the Lease necessitated by bankruptcy, death, divorce, merger, sale of private property or otherwise will be a Transfer requiring Board notification and approval.
- c) Any attempted Transfer by Lessee without prior written Board approval is invalid, will be grounds for immediate cancellation of this Lease at the Board's option and will subject the Lessee to sanctions, penalties and fees in accordance with applicable policies, directives and schedules, as adopted by the Board from time to time, and incorporated in this Lease by reference.

26. DEFAULT

a) Defined

In addition to any defaults specified in other sections of this Lease, the failure of either Party to comply with or to perform any of its obligations under this Lease in whole or in part or in a timely or satisfactory manner, or Lessee actions that diminishes the value of the Property in any way, constitute a default. If Lessee or any party that is member of Lessee holds any other leases with the Board, any default of any other lease constitutes a default of this Lease as well. Lessee is not responsible for the actions of the Board's other lessees of the Property or parties that Board has granted access to the Property outside of this Lease.

b) Notice and Cure period

1. Non-Monetary Default:

- i. In the event of a non-monetary default, notice of the default will be given in writing by the aggrieved Party to the other Party in the manner provided in §27. If the defaulting Party has not cured the default within 30 days of receipt of written notice, or if a cure cannot be completed within 30 days, if the defaulting Party has not begun the cure within 30 days and pursued the cure with diligence, the other Party may exercise any of the remedies set forth in §26c) or otherwise available at law. But, the Board may intervene immediately, without notice or cure period, if reasonably necessary to preserve public safety or to prevent immediate public crisis, or prevent significant irreparable harm to the Property. Alternatively, the Board may require the Lessee to act immediately to remedy any default, which the Board deems a threat to safety, life, or property.

2. Monetary Default:

- i. If Lessee fails to make any payment to the Board, the Board will send Lessee an invoice that will include applicable penalties and interest ("Delinquent Invoice"). If the Board does not receive full payment of the Delinquent Invoice within fifteen (15) days of the Delinquent Invoice, the Board will send a letter ("Demand for Payment") via certified mail to the Lessee. Other named lease participants and any named collateral interest holder will be copied on the Demand for Payment. If the Board does not receive full payment within thirty (30) days of the date of the Demand for Payment, or if the certified receipt is returned to

the Board without a signature, the Board may exercise any of the remedies set forth in §26c), or otherwise available at law.

- ii. The Board will accept partial payments. Any acceptance of a partial payment will not waive any rights or claims of the Board or any obligations of Lessee to make full payment. The Board will send Lessee a Delinquent Invoice with the outstanding balance due including applicable penalties and interest and follow the notice and cure process provided in §26b).
- iii. If payment cannot be processed due to Non-Sufficient Funds (“NSF”) Lessee will be notified via certified letter of the non-sufficiency and will have three (3) days after receipt of certified letter to cure the NSF. In the event a certified receipt is returned to the Board without a signature, the Board will follow the cure process provided in §26b). After notice of NSF, Lessee must make payment by bank check (Cashier’s Check), money order, Automated Clearing House (ACH), or credit card. No personal checks will be accepted. Interest and penalty will be applied.

c) Remedies

If Lessee defaults and fails to cure after notice of the default, the Board will have the following remedies:

1. The Board may terminate the Lease. Upon termination for default, Lessee forfeits and the Board may retain all rental monies previously paid. Lessee also forfeits and the Board may hold, appropriate, sell, remove, or otherwise dispose of any fences, improvements, growing or stored crops, and machinery of Lessee upon the Property. The Board can seek reimbursement from the Lessee for all costs associated with such sale, removal, or disposal. This right to recover costs shall remain in effect after the termination or expiration of this Lease. Additionally, under this provision, the Land Board is not required to compensate the Lessee for any Authorized Improvements belonging to the Lessee and the Lessee waives all rights or claims for compensation for Authorized Improvements under C.R.S. Section 36-1-119.
2. The Board may enforce the terms of this Lease through specific performance.
3. The Board may seek damages for the failure to comply with the terms of this Lease.
4. The Board may cure the default. If the Board cures the default, Lessee agrees to repay the Board for all costs for curing the default including without limitation costs of suit and fees for consultants, experts, and attorneys.
5. The Board may forward any outstanding debt to the State of Colorado Central Collections for further action.
6. Failure of the Lessee to comply with any of the terms of this Lease, whether the default is cured or not, may result in Lessee’s loss of rights provided in §36-1-118, C.R.S.
7. The Board may terminate any other lease that Lessee or any party that is member of Lessee holds with the Board.
8. These remedies are cumulative. The Board may exercise any of these remedies individually or in any combination. The Board may exercise these remedies concurrently or consecutively.

If the Board defaults and fails to cure after notice of the default, Lessee may seek specific performance. Lessee waives all other remedies including damages and must not deduct or set off any rent or other payments due.

27. NOTICES

Any notice, request or demand required or permitted to be delivered under this Lease must be in writing and will be deemed to be given and delivered when deposited with the United States Postal Service, postage prepaid addressed to the party intended at the address stated in this Lease, or to such other address as may

hereafter be furnished in writing. In addition, Lessee must provide written notification to the Board of any change of address in a timely manner. Failure to do so may result in penalties and interest in accordance with §12 of this Lease.

28. GOVERNMENT IMMUNITY

Liability for claims for injuries to persons or property arising from the negligence of the State of Colorado, its departments, institutions, agencies, boards, officials, and employees is controlled and limited by the provisions of the Governmental Immunity Act §24-10-101 C.R.S., et seq. and the risk management statutes, §24-30-1501 C.R.S., et seq., as amended. No term or condition of this Lease will be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Governmental Immunity Act as applicable now or hereafter amended.

29. SURRENDER BY LESSEE

Lessee may surrender and relinquish this Lease by providing thirty (30) days written notice to the Board. If Lessee relinquishes the Lease after any anniversary date, Lessee is responsible for pro-rated rent. The amount due will be calculated from the lease anniversary date to the date Lessee surrenders possession or Lessee's request to relinquish whichever is later, plus interest and penalty if applicable.

30. HOLDING OVER

Lessee agrees to surrender possession and occupancy of the Property peaceably at the termination of the Lease (by expiration or otherwise). If Lessee remains in possession or makes use of the Property in any way after the termination of this Lease, Lessee will be liable for damages in a minimum amount based on a pro-rated amount of the last year's rental during such holdover possession. The amount of damages will not be less than the rate agreed upon in this Lease, and the Board may set damages that Lessee must pay during continued occupancy. At the Board's option, the Lessee will be deemed to be in possession of the Property and to be occupying the same so long as Lessee uses the Property, or so long as any of Lessee's authorized or unauthorized improvements or personal effects remain on the Property. Continued occupancy will be a tenancy at sufferance, and will not establish a new or extended lease term or other right, no matter how long maintained and regardless of the Board's knowledge thereof.

31. TERMINATION

- a) Upon termination, surrender or cancellation of this Lease, Lessee must pay all rental amounts accrued as well as any accrued penalty and interest, must immediately vacate the Property, must remove all improvements and restore the Property as directed by Board and required under this Lease.
- b) If this Lease is terminated pursuant to §19 of this lease, entitled "Reservations To The Board," Lessee will have the right to re-enter the Property to cultivate and remove any crops planted or sown by Lessee prior to service of demand for possession, and then grown or growing on the Property, except that this provision does not apply to hay, orchard and other crops which normally produce harvestable yields for more than one year after the planting thereof. Before removing such crops, Lessee must first pay the Board compensation for the use of the Property equal to the prorated rental amount from the date of service of the demand for possession to the date removal of the crops is completed and lessee surrenders possession. The actual fertilizing, plowing, and other pre-planting costs of cultivation to the Property, during the customary preparation time for the planting of a crop, not actually planted at the time of service of demand for possession, will be deemed an authorized improvement and treated as such by the Board in the same manner as provided for in the paragraph entitled "Improvements."

32. CONDITION ON TERMINATION

At the termination of this Lease at the end of the Lease term or for any other reason, Lessee must surrender and deliver the Property in as substantially good order and condition as it existed at the beginning of this Lease, except loss by fire, inevitable accident, act of God, damage or neglect not attributable to the Lessee,

and ordinary wear and tear. Any personal property remaining upon the Property after thirty (30) days following the termination of this Lease shall be deemed abandoned. At the Board's option, abandoned personal property may be removed and/or disposed of by the Board at the Lessee's expense, retained by the Board for use by subsequent lessees, sold by the Board with all proceeds going to the Board. The Board may seek reimbursement from the Lessee for all costs associated with removal or disposal of any abandoned personal property. This right to recover costs shall remain in effect after the termination or expiration of this Lease.

33. GENERAL PROVISIONS

a) Historical, Prehistorical, and Archaeological Resources

Under no circumstances may any person destroy, disturb, mar, collect, remove or alter any historical, prehistorical, or archaeological resources of any kind on state lands as provided by law. In the event of discovery of anything of any historical, prehistorical, or archaeological nature, the Lessee must notify the Board immediately.

b) Binding Effect

All provisions of this Lease, including the benefits and burdens, extend to and bind the Parties' respective heirs, legal representatives, successors, and assigns.

c) Captions and Headings

The captions and headings in this Lease are for convenience of reference only, and must not be used to interpret, define, or limit its provisions.

d) Representation

This Lease is a legal document with binding obligations. Lessee has had the opportunity to engage legal counsel to review this Lease.

e) Construction Against the Drafter

In the event of an ambiguity in this Lease the rule of construction that ambiguities will be construed against the drafter does not apply and the Parties hereto will be treated as equals and no Party will be treated with favor or disfavor.

f) Colorado Open Records Act ("CORA") Disclosure

To the extent not prohibited by federal law, this Lease and the performance measures if any, are subject to public release through the CORA, §24-72-200.1, C.R.S., et seq.

g) Counterparts

This Lease may be executed in multiple identical original counterparts, all of which constitute one agreement. Signatures may be delivered by facsimile or email copy. Electronic or facsimile signatures will be binding on the parties as if they were originals.

h) Entire Understanding

This Lease represents the complete integration of all understandings between the Parties and all prior representations and understandings, oral or written, are merged into this Lease. Prior or contemporaneous additions, deletions, or other changes to the Lease will not have any force or effect whatsoever, unless written in this Lease.

i) Extinguishment and Replacement

This Lease extinguishes and replaces any prior leases between the Parties related to the Property upon the effective date of this Lease.

j) Insolvency of Lessee

If the Lessee becomes insolvent, bankrupt, or has a receiver appointed, the Board may terminate this Lease. Insolvency as used in this Lease will mean the inability of the Lessee to meet obligations as they come due.

k) Jurisdiction and Venue

The exclusive jurisdiction for all suits, actions, or proceedings related to this Lease will be in the State of Colorado and the exclusive venue will be in the City and County of Denver.

l) Modification

1. By the Parties

Modifications of this Lease are not effective unless agreed to in writing and signed by both Parties in an amendment to this Lease that is properly executed and approved in accordance with applicable Colorado State law. No waiver, modification, amendment, discharge or change of this Lease will be valid unless the same is in writing and signed by the Board. The staff of the Board does not have authority, actual or apparent, to waive, modify, amend, discharge or change any provision of this Lease, except in writing and explicitly authorized by statute, board order or board policy.

2. By Operation of Law

This Lease is subject to such modifications as may be required by changes in Federal or Colorado State law, or their implementing regulations. Any such required modification will be incorporated into and be part of this Lease automatically on the effective date of such change.

m) Notification of Board Meetings

The Board meets monthly with meeting agendas posted on the State Board of Land Commissioners' official website. Meetings are open to the public. All parties are granted an opportunity to speak during the open comment period of each meeting.

n) Severability

If any term or provision of this Lease proves to be invalid, unenforceable, void, or illegal, the remainder of this Lease will not be affected thereby, and will be valid and be enforced as written.

o) Survival of Certain Lease Terms

Notwithstanding anything in this Lease to the contrary, provisions of this Lease requiring continued performance, compliance, or effect after termination of this Lease, will survive such termination and will be enforceable by the Board if Lessee fails to perform or comply as required. However, upon expiration or earlier termination of this Lease, the rights of the Lessee and of all persons, firms, corporations, and entities, claiming under Lessee in and to the Property and all improvements hereon, will cease.

p) Third Party Beneficiaries

Enforcement of this Lease and all rights and obligations under this Lease are reserved solely to the Parties, and not to any third party. Any services or benefits which third parties receive as a result of this Lease are incidental to the Lease, and do not create any rights for such third parties.

q) Waiver

Waiver of any breach of a term, provision, or requirement of this Lease or any right or remedy under this Lease, whether explicitly or by lack of enforcement, will not be construed or deemed as a waiver of any subsequent breach of such term, provision or requirement, or of any other term, provision, or requirement. The acceptance of performance, rent, or any other sum owing by the Board following a

breach by the Lessee of any provision of this Lease, will not constitute a waiver of any right of the Board with respect to such breach. The Board will be deemed to have waived any right only if the Board expressly does so in writing.

34. ADDITIONAL CONDITIONS

None.

Additional conditions, if any other than listed above, are set forth on an attached rider(s), and made a part hereof.

IN WITNESS WHEREOF, the Board and the Lessee, by their signatures, agree to the terms of this Lease:

Paul H. Taylor, III

By Lessee Name: _____

Signature

Paul H. Taylor, III

Printed Name



Date: _____

1 OCT 2019

Title

owner

STATE OF COLORADO BY THE
STATE BOARD OF LAND COMMISSIONERS

By: _____

Ron Rivale, Southwest District Manager

Date: _____

(Seal)

EXHIBIT A

Agricultural Lease No. 112829

Legal Description	Meridian	Township	Range	Section	Acreage	County
ALL THAT PART EAST OF THE RAILROAD RIGHT OF WAY	6	33S	62W	16	157.83	Las Animas
RIGHT-OF-WAY					7.17	Las Animas

Total: 165 acres

