

# White & Jankowski

*Lawyers*

February 19, 2008

Vaughn McWilliams  
Colorado Water Conservation Board  
1580 Logan Street, Suite 750  
Denver, CO 80203

Re: Vail Ditch Project, Contract No. 150409 between Grand County and CWCB

Dear Vaughn:

On behalf of Grand County, we want to thank the Board and Staff of the Colorado Water Conservation Board - and especially Rick Brown and you - for approving this grant and helping us through the process. As I mentioned to you on the phone, our coalition of governmental entities created a separate entity and closed on the purchase of the 85.5 shares in the Grand County Irrigated Land Company (Vail Ditch) from the Holleys on February 8, 2008.

Pursuant to the Grant Contract, as the deliverables under the Scope of Work we are to provide you with copies of the final purchase and sale agreement and closing documentation. Those documents are included on the enclosed CD with a hyperlink to the index of closing documents. A paper copy of the index is enclosed with this letter. You didn't think that the CWCB would want paper copies of all the documents but were going to check into that. If you do want a paper copy of the documents, please let me know.

Thanks again for all your help and please let us know if you need anything else.

Very truly yours,



David C. Taussig

DCT/id

cc: Rick Brown, Lurline Underbrink-Curran, Bruce Hutchins, Mike Wageck, Dan Birch, Drew Nelson, Ted Wang, David Bailey, Stan Cazier, Peter Fleming, John Hayes, Scott Krob (with enclosed CD and paper list of index)

**INDEX OF CLOSING DOCUMENTS**  
**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY PURCHASE OF**  
**HOLLEYS' 85.5 SHARES VAIL DITCH**

1. Assignment Agreement between the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby, and the Board of County Commissioners of the County of Grand, collectively referred to as the "Coalition," and the Grand County Mutual Ditch and Reservoir Company, Dated January 22, 2008, Recorded February 8, 2008 at Reception Number 2008001342.
2. Intergovernmental Agreement between Coalition members, Dated July 16, 2007.
3. Purchase and Sale Agreement between Scott Holley, Christine Holley, and the Coalition, Dated July 16, 2007.
4. Memorandum of Purchase and Sale Agreement between Scott Holley, Christine Holley, and the Coalition, Dated July 16, 2007, Recorded July 27, 2007 at Reception Number 2007008087.
5. Escrow Agreement between the Coalition, Scott Holley and Christine Holley, and the Grand County Title Escrow Company, Dated July 16, 2007.
6. Initial Deposit and Reimbursement Agreement between the Coalition and the Grand County Irrigated Land Company, Dated January 10, 2008.
7. Special Warranty Deed (Water Rights) between Scott Holley and Christine Holley, Yager Partnership, Ltd., and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001343.
8. Transfer Letter from Scott Holley and Christine Holley to Grand County Irrigated Land Company (enclosing \$8,550.00 check for transfer fees, originals of Certificates No. 393, 426, 431, 435, and 441, and assignments separate from endorsement on the certificate for each certificate), Dated February 8, 2008.
9. Dry-Up Covenant between the Coalition and Yager Partnership, Ltd., Dated August 10, 2007, Recorded October 10, 2007 at Reception Number 2007011362.
10. Dry-Up Covenant between Yager Partnership, Ltd. and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001344.
11. Dry-Up Covenant between Christine Holley and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001345.

12. Dry-Up Covenant between Scott Holley and Christine Holley and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001346.
13. Dry-Up Covenant between Scott Holley, Christine Holley, Bryan Holley, and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001347.
14. Dry-Up Covenant between William Spurlin, Sharon Spurlin, and the Grand County Mutual Ditch and Reservoir Company, Dated and Recorded February 8, 2008 at Reception Number 2008001348.
15. Lease Agreement for Water Rights between the Grand County Mutual Ditch and Reservoir Company, Scott Holley, Christine Holley, and Yager Partnership, Ltd., Dated and Recorded February 8, 2008 at Reception Number 2008001349.
16. Bill of Sale executed by Scott Holley and Christine Holley, Dated February 8, 2008.
17. Closing Instruction Letter (including Schedules A and B), Dated February 8, 2008.
18. Buyer's Statement, Dated February 8, 2008.
19. Seller's Statement, Dated February 8, 2008.
20. Settlement Agent and Seller Information, Dated February 8, 2008.
21. Information with Respect to a Conveyance of a Colorado Real Property Interest, Dated February 8, 2008.
22. Affirmations of Colorado Residency and Permanent Place of Business.
23. FIRPTA Affidavit, Dated February 8, 2008.
24. Real Property Transfer Declaration, Dated February 8, 2008.

## ASSIGNMENT AGREEMENT

This Assignment Agreement ("Assignment") is made and entered this 22<sup>nd</sup> day of January 2008, by and between the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise (the "River District"), the Grand County Water and Sanitation District # 1 ("GCW&SD"), the Winter Park Water and Sanitation District ("WPW&SD"), the Town of Winter Park ("Winter Park"), the Town of Granby ("Granby") and the Board of County Commissioners of the County of Grand, State of Colorado ("Grand County"), collectively the River District, GCW&SD, WPW&SD, Winter Park, Granby and Grand County are referred to as the "Coalition" and individually as "members" ("Assignor") and the Grand County Mutual Ditch and Reservoir Company ("Assignee").

### RECITALS

**WHEREAS**, the Coalition entered an Intergovernmental Agreement (Coalition Agreement) ("IGA"), dated July 16, 2007, to among other things acquire certain property in Grand County, Colorado including 85.5 shares of stock in the Grand County Irrigated Land Company ("GCILC"); and

**WHEREAS**, the Coalition entered into a Purchase and Sale Agreement ("PSA") dated July 16, 2007, with Scott Holley and Christine Holley ("Holleys") for the purchase and sale of certain Property located in Grand County, Colorado including 85.5 shares of stock in the GCILC as described in the PSA. A Memorandum of the PSA ("MOA") was recorded July 27, 2007 at reception number 2007008087; and

**WHEREAS**, the Coalition entered an Escrow Agreement ("Escrow Agreement") with the Holleys and the Grand County Title and Escrow Company, Inc. dated July 16, 2007; and

**WHEREAS**, the Coalition entered a Dry-Up Covenant (Yager Partnership, Ltd.) ("Dry-Up Covenant"), with Yager Partnership, Ltd., consented to by J.P.P. Companies, Inc., and recorded October 10, 2007 at reception number 2007011362;

**WHEREAS**, the Coalition entered an Initial Deposit and Reimbursement Agreement ("Reimbursement Agreement") with the GCILC dated January 10, 2008;

**WHEREAS**, the IGA and PSA contemplated and provided for the Coalition to form a separate entity prior to closing of the PSA and an assignment to that new entity. The Coalition has formed that new entity called the Grand County Mutual Ditch and Reservoir Company, the Assignee herein; and

**WHEREAS**, the Assignee desires to assume, and Assignor desires to assign, all rights, interests, and obligations under: (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; and (6) the Reimbursement Agreement.



## **ASSIGNMENT**

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Assignor hereby grants, bargains, sells, transfers, assigns and conveys to the Assignee all rights, titles, interests, obligations, in and under: (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; and (6) the Reimbursement Agreement.

2. The Assignee hereby assumes all rights, duties, interests, titles, and obligations under: (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; and (6) the Reimbursement Agreement.

3. Assignor represents as of the date hereof the following:

- a. The rights and interests conveyed by this Assignment are free and clear of all liens, charges, and encumbrances created by Assignor;
- b. Assignor has the sole right to make the transfer and conveyance effectuated by this Assignment;
- c. No default now exists or has been declared under: (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; or (6) the Reimbursement Agreement;
- d. (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; and (6) the Reimbursement Agreement are in good standing and in full force and effect; and
- e. (1) the IGA; (2) the PSA; (3) the MOA; (4) the Escrow Agreement; (5) the Dry-Up Covenant; and (6) the Reimbursement Agreement represent the full understanding between the Assignor and the various parties thereto and that there are no other agreements or understandings, written or oral, with respect to the subject matter thereof.

4. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5. This Agreement may be executed by each party separately and, when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties.

**IN WITNESS WHEREOF**, the parties have executed this Assignment effective the day and year first set forth above.

[SIGNATURES ON FOLLOWING PAGES]

**ASSIGNORS:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, Secretary

ATTEST:

By \_\_\_\_\_  
Dan Birch, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold N. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**


By \_\_\_\_\_  
Gary Bumgarner, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**ASSIGNORS:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By   
Eric Kuhn, Secretary

ATTEST:

By   
Dan Birch, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
\_\_\_\_\_, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold N. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
Gary Bumgarner, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**ASSIGNORS:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, Secretary

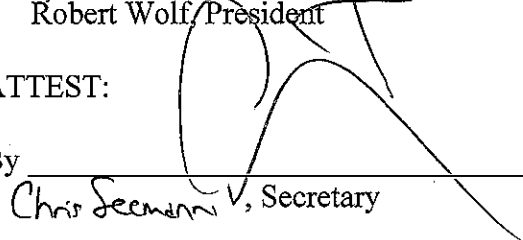
ATTEST:

By \_\_\_\_\_  
Dan Birch, Assistant Secretary

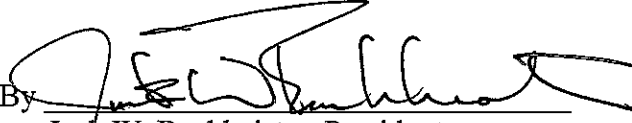
**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By  \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By  \_\_\_\_\_  
Chris Seemann, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By  \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By  \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold N. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

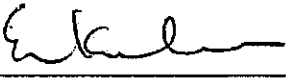
By \_\_\_\_\_  
Gary Bumgarner, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**ASSIGNORS:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By   
Eric Kuhn, Secretary

ATTEST:

By   
Dan Birch, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
\_\_\_\_\_, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

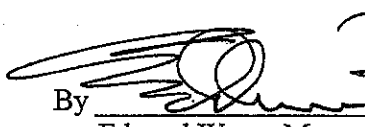
**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold N. Teverbaugh, Mayor

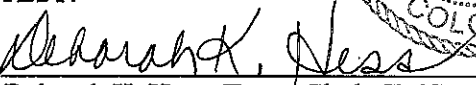
ATTEST:


By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By   
Edward Wang, Mayor

ATTEST:

By   
Deborah K. Hess, Town Clerk CMC



**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
Gary Bumgarner, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**ASSIGNORS:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, Secretary

ATTEST:

By \_\_\_\_\_  
Dan Birch, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
\_\_\_\_\_, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold N. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By *Gary Bumgarner*  
Gary Bumgarner, Chairman

ATTEST:

By *Sara L. Rosene*  
Sara L. Rosene, Clerk and Recorder

ASSIGNEE

GRAND COUNTY MUTUAL DITCH  
AND RESERVOIR COMPANY

By [Signature]  
President

ATTEST:

By [Signature]  
Secretary



## NOTARIZATION

STATE OF COLORADO     )  
                                      ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by Eric Kuhn, as Secretary and Dan Birch, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

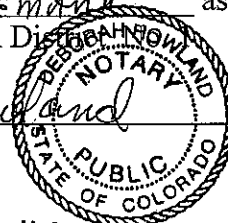
## NOTARIZATION

STATE OF COLORADO     )  
                                      ) ss.  
COUNTY OF Grand )

The foregoing instrument was acknowledged before me on this 31<sup>st</sup> day of January, 2008, by Robert Wolf, as President and Chris Seeman as Secretary, respectively, of the Grand County Water and Sanitation District.

Deborah Howland  
Notary Public

My Commission Expires: \_\_\_\_\_  
My Commission Expires  
NOVEMBER 17, 2009





NOTARIZATION

STATE OF COLORADO    )  
                                  )   ss.  
COUNTY OF Garfield    )

The foregoing instrument was acknowledged before me on this 29<sup>th</sup> day of January, 2008, by Eric Kuhn, as Secretary and Dan Birch, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.



Gail Guentzel  
Notary Public

My Commission Expires: 3-18-08

NOTARIZATION

STATE OF COLORADO    )  
                                  )   ss.  
COUNTY OF \_\_\_\_\_    )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_, respectively, of the Grand County Water and Sanitation District No. 1.

\_\_\_\_\_  
Notary Public

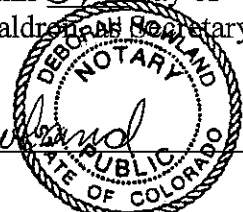
My Commission Expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF Grand    )

The foregoing instrument was acknowledged before me on this 31<sup>st</sup> day of JANUARY, 2008, by Jack W. Buchheister, as President and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Deborah Howland  
Notary Public



My Commission Expires: NOVEMBER 17, 2009

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by Harold N. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  )     ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by Jack W. Buchheister, as President and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

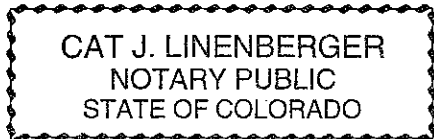
\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  )     ss.  
COUNTY OF Grand     )

The foregoing instrument was acknowledged before me on this 22 day of January, 2008, by Harold N. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.



My Commission Expires 04/12/2011

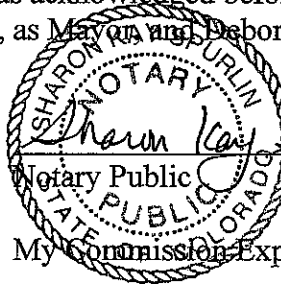
Cat Linenberger  
Notary Public

My Commission Expires: 4/12/2011

NOTARIZATION

STATE OF COLORADO    )  
                                  )    ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 22nd day of January, 2008, by Edward Wang, as Mayor and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

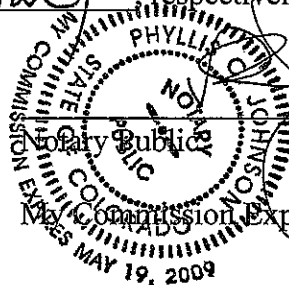


My Commission Expires: 07-31-2008

NOTARIZATION

STATE OF COLORADO    )  
                                  )    ss.  
COUNTY OF grand    )

The foregoing instrument was acknowledged before me on this 8 day of February, 2008, by Bruce Hutchins, as President, and Michael Wager, as Secretary, respectively, of the Grand County Mutual Ditch and Reservoir Company.



My Commission Expires: \_\_\_\_\_

## **INTERGOVERNMENTAL AGREEMENT (COALITION AGREEMENT)**

This Intergovernmental Agreement (the "Coalition Agreement") is made as of this 16th day of July, 2007, by and between the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise (the "River District"), the Grand County Water and Sanitation District # 1 ("GCW&SD"), the Winter Park Water and Sanitation District ("WPW&SD"), the Town of Winter Park ("Winter Park"), the Town of Granby ("Granby"), and the Board of County Commissioners of the County of Grand, State of Colorado ("Grand County") (collectively the River District, GCW&SD, WPW&SD, Winter Park, Granby and Grand County are referred to as the "Grand County Water Coalition" or "Coalition" and individually as "members").

### **RECITALS**

**WHEREAS**, members of the Coalition have been previously involved in cooperative arrangements to address consumptive and non-consumptive water use issues in the Fraser and Upper Colorado Rivers. Members of the Coalition have participated, along with others, in the Upper Colorado River Study (UPCO), which identified water supply issues and concerns in Grand County, Colorado. As a result of UPCO, one of the alternatives studied to address water supply and environmental issues was acquisition of water rights in the Vail Irrigation System;

**WHEREAS**, Scott Holley and Christine Holley ("Holleys") own water rights and related interests in rights to use water in Grand County, Colorado represented by 85.5 shares of the capital stock of the Grand County Irrigated Land Company ("GCILCo."), a Colorado mutual ditch company, which shares entitle the shareholders to a pro rata amount of water from direct flow water rights decreed to the Vail Irrigation System and from appropriations and contract rights to use water stored in Meadow Creek Reservoir (the "85.5 Shares");

**WHEREAS**, on September 9, 2006, the Holleys and the River District, GCW&SD, and WPS&SD entered an Agreement for the Exclusive Right to Negotiate to Purchase the 83.5 Shares (the "Negotiation Contract"), as amended and extended by agreement dated April 26, 2007 ("Amended Negotiation Contract"). Since that time Winter Park, Granby and Grand County have expressed an interest in participating in the purchase of the 85.5 Shares, which is acceptable to the other members of the Coalition;

**WHEREAS**, the Coalition and Holleys are entering a Purchases and Sale Agreement (the "Purchase Agreement") to acquire the 85.5 Shares for the amount of \$ 2,600,000.00 (the "Purchase Price"). The Coalition Agreement and the Purchase Agreement are mutually contingent upon both being signed. Closing of the Purchase Agreement is further conditioned upon the Coalition conducting those investigations during the Due Diligence Period as described in that agreement.

**WHEREAS**, in cooperation with other members of the Coalition, Grand County applied for a grant from the Colorado Water Conservation Board ("CWCB") for \$1,500,000.00 (the

“\$1.5M Grant”) to help fund the purchase of the 85.5 Shares from the Holleys. On March 13, 2007, the CWCB approved the \$1.5M Grant subject to addressing additional needs and issues;

**WHEREAS**, the \$1.5M Grant will be applied to the Purchase Price. The members of the Grand County Water Coalition will each pay 1/6th of the remaining balance of \$ 1,100,000.00 of the Purchase Price, or \$ 183,333.33 each, except for GCW&SD who will pay \$183,333.35;

**WHEREAS**, the members of the Coalition plan on forming a separate entity or entering a separate agreement by Closing on the purchase of the 85.5 Shares, that will address in detail the ownership, management, operation and use of the water derived from the 85.5 Shares, among other things; and

**WHEREAS**, the members of the Coalition desire to enter into an initial agreement regarding: the payment for purchasing the 85.5 Shares; the payment of costs and expenses associated with investigating the 85.5 Shares during the Due Diligence Period; and other issues affecting the ownership, operations and use of the water derived from the 85.5 Shares, until such separate entity is formed.

**THEREFORE**, in consideration of the mutual promises and covenants contained herein, and other valuable consideration, the sufficiency of which is acknowledged, the parties hereto agree as follows:

#### AGREEMENT

1. **Purchase Commitments.** Subject to and conditioned upon the execution of the Purchase Agreement with the Holleys and the satisfactory completion of the investigations during the Due Diligence Period, each member of the Coalition covenants and agrees to purchase the 85.5 Shares pursuant to the terms of this Agreement and the Purchase Agreement.
2. **Contingences.** Neither the Coalition nor any of its members shall be obligated to close under the Purchase Agreement unless and until each of the following contingencies has been satisfied in the discretion of the Coalition members:
  - a. The Purchase Agreement is executed by the Holleys and the Coalition;
  - b. Funds from the \$1.5M Grant are disbursed to Grand County or a grant agreement is entered with CWCB;
  - c. Each member of the Coalition has paid its share of the Purchase Price;
  - d. The members of the Coalition form a separate entity or enter a separate agreement by Closing on the purchase of the 85.5 Shares, that addresses in detail the ownership, management, operation and use of the water derived from the 85.5 Shares; and

- e. The investigations conducted in the Due Diligence Period described in paragraph 4, of the Purchase Agreement.
- 3. **Purchase Price.** The Purchase Price will be allocated among the members of the Coalition as follows:
  - a. The total Purchase Price for the 85.5 Shares is \$2,600,000.00.
  - b. After applying the \$1.5M Grant, the remaining balance of the Purchase Price is \$1,100,000.00, which will be paid for by each member of the Coalition with each member's 1/6th share determined as follows:
    - i. The River District, \$176,666.67, which includes a \$6,666.66, credit for the Agreement Fee paid pursuant to the Negotiation Contract, and the Extension Fee pursuant to the Amended Negotiation Contract.
    - ii. GCW&SD, \$176,666.67, which includes a \$6,666.68, credit for the Agreement Fee paid pursuant to the Negotiation Contract, and the Extension Fee pursuant to the Amended Negotiation Contract.
    - iii. WPS&SD, \$176,666.67, which includes a \$6,666.66, credit for the Agreement Fee paid pursuant to the Negotiation Contract, and the Extension Fee pursuant to the Amended Negotiation Contract.
    - iv. Winter Park, \$183,333.33.
    - v. Granby, \$183,333.33.
    - vi. Grand County, \$183,333.33.
  - c. Consistent with, and as a component of, the Purchase Price, the members of the Coalition will share equally in the down payment to the Holleys set forth in paragraph 2.b.iii. of the Purchase Agreement.
- 4. **Initial Ownership of the 85.5 Shares.** Until the separate entity comprising the members of the Coalition is formed or a separate agreement is entered, title to the 85.5 Shares will be held in the form of an undivided 1/6th interest by each member of the Coalition.
- 5. **Formation of Separate Entity.** By the Closing of the purchase of the 85.5 Shares, the members of the Coalition agree to form a separate, not for profit entity, or enter a separate agreement, which will address, among other things: the ownership and assignment of the 85.5 Shares; the payment of costs and expenses of such entity; and the operation, management and use of the water attributed to the 85.5 Shares.
- 6. **Manager of Coalition.** Until the separate entity is formed or a separate agreement is entered, Grand County will act as manager (the "Manager"). In any event, the Manager shall be an employee of one of the members of the Coalition and will be responsible for among other things, setting meetings and otherwise notifying members of the Coalition,

paying the costs and expenses of the Coalition, and operating the 85.5 Shares pursuant to the Operating Plan described below. As directed by the Coalition, the Manager may also be given a proxy to vote the 85.5 Shares at GCILCo meetings or serve on the Board of Directors of the GCILCo.

7. **Costs and Expenses.** Approval of costs and expenses of the Coalition will be by the Manager unless objected to by 4 out of 6 members of the Coalition. Each member of the Coalition shall be responsible for paying 1/6th of the costs and expenses of the Coalition, which will be invoiced by the Manager to each member. Such costs and expenses may include, but not be limited to, appraisals, addressing CWCB issues in connection with the \$1.5M Grant, engineering and legal fees and costs associated with the investigations conducted during the Due Diligence Period, preparing agreements, or obtaining approvals for use of the water from the ditch company and water court. At the time this Agreement is executed, each member of the Coalition will deposit the sum of \$5,000.00 with the Manager to be used for payment of expenses of the Coalition.
8. **Operating Plan.** After Closing, the members of the Coalition will meet to agree upon an operating plan for the use of water associated with the 85.5 Shares (the "Operating Plan"). The overall goal of the Operating Plan is to make some of the water available for continuing water supply and other consumptive uses by members of the Coalition and to make some of the water available for environmental purposes, including stream flow support and water quality improvements in the Fraser and Upper Colorado Rivers that are part of Grand County's Stream Management Plan; provided however, that all uses of the water available pursuant to the 85.5 Shares shall be at all times hereafter, used exclusively in Grand County.
9. **Representations and Warranties.** Each of the members of the Coalition represent and warrant to the other members, that:
  - a. they have obtained all authorizations necessary to execute this Agreement and consummate the transactions contemplated herein; and
  - b. when executed and delivered, this agreement will constitute the valid and binding obligation of each member of the Coalition, enforceable in accordance with the terms of this Agreement.
10. **Default, Opportunity to Cure, and Remedies.**
  - a. If a dispute arises out of or relates to this contract, or the alleged breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation or some other dispute resolution procedure. If after such reasonable time (but not exceeding 6 months) to mediate the dispute, if any party believes that another party is in breach of any obligation under this Agreement, the party alleging the breach shall give written notice to the other party of the



alleged breach. The party receiving the notice shall have thirty (30) days in which to cure the alleged breach.

- b. If the party alleging a breach is not satisfied after the period in which the other party may attempt to cure the alleged breach, the party alleging the breach may initiate a lawsuit in the District Court in and for Grand County, and may obtain any or all remedies available at law or in equity, including but not limited to specific performance, injunctive relief, and damages.

- 11. **Notices.** Any notice or demand under this Agreement shall be in writing and shall be hand delivered, sent by a nationally recognized overnight delivery service, or sent by registered or certified mail, postage prepaid, return receipt requested. Either party may change its address by written notice to the other as provided for in this paragraph 11. Notice shall be effective upon delivery if the notice is provided by hand delivery and shall be effective upon receipt if given by overnight delivery or by certified or registered mail. Notice shall be provided as follows:

*To the:* Colorado River Water Conservation  
District  
Eric Kuhn, General Manager/Secretary  
201 Centennial Street, Suite 200  
P.O. Box 1120  
Glenwood Springs, CO 81602

Telephone number: (970) 945-8522

*To the:* Grand County Water and Sanitation  
District #1  
Bruce Hutchins, Manager  
P.O. Box 3077  
Winter Park, CO 80482

Telephone number: (970) 726-5583

*To the:* Winter Park Water and Sanitation  
District  
Michael R. Wageck, Manager  
P.O. Box 7  
Winter Park, CO 80482

Telephone number: (970) 887-2970

*To the:* Town of Winter Park  
Harold N. Teverbaugh, Mayor  
50 Vasquez Road  
P.O. Box 3327  
Winter Park, CO 80482

Telephone number: (970) 726-8081

*To the:* Town of Granby  
Edward Wang, Mayor  
Zero Jasper Avenue  
P.O. Box 440  
Granby, CO 80446

Telephone number: (970) 887-2501

*To the:* Board of County Commissioners of  
Grand County  
Lurline Underbrink-Curran, Manager  
P.O. Box 264  
Hot Sulphur Springs, CO 80451

Telephone number: (970) 725-3347

- 12. **Governmental Immunity.** By entering this Agreement, the parties agree that no party waives the monetary limits or any other rights, immunities and protection provided by the Governmental Immunity Act, C.R.S. §§ 24-10-101 et seq., as it may be amended, or any law or limitation otherwise available to the members of the Coalition, their employees or directors.

13. **General Provisions.**

- a. *Survival of warranties and representations.* The parties' warranties and representations contained in paragraph 9 of this Agreement shall survive the Closing of the 85.5 Shares.
- b. *Governing law.* This Agreement shall be governed, construed, applied, and enforced in accordance with the laws of the State of Colorado.
- c. *Benefit.* This Agreement shall inure to the benefit of and shall bind the successors and assigns of the parties. This Agreement does not create any benefits or obligations for third parties.
- d. *Assignment.* The members of the Coalition may assign, in writing, their interests under this Agreement to a separate entity created by the Coalition without restriction. The members of the Coalition may not otherwise assign their interests in this Agreement without the prior written consent of all of the other members in the Coalition.
- e. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties. No representations or warranties pertaining to this Agreement or any property affected by this Agreement have been made by or shall be binding on any of the parties, except as expressly stated in this Agreement. This Agreement may not be changed orally, but only by an agreement in writing signed by all parties.
- f. *Effective Date.* This Agreement is effective as of the date first set forth above.
- g. *Execution in Counterparts.* This Agreement may be executed by each party separately and, when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties.

14. **Cooperation Among and Between the Members of the Coalition.** Each member of the Coalition agrees to cooperate among and between the other members of the Coalition to fulfill the terms and goals of this Agreement. Each entity of the Coalition recognizes that there are additional approvals that may be necessary to most efficiently use the 85.5 Shares and to maximize the use of the water within the Fraser and Upper Colorado Rivers for municipal, environmental and other purposes. Towards that end, each member of the Coalition agrees to work diligently with the other members to among other things, to create a separate entity or enter a separate agreement to own and operate the 85.5 Shares, address the issues associated with the CWCB \$1.5M Grant, perform the investigations during the Due Diligence Period in the Purchase Contract, and pursue such other approvals for use of water derived from the 85.5 Shares that meets the needs of the members of the Coalition.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Agreement as shown below their signatures.

COLORADO RIVER WATER CONSERVATION  
DISTRICT acting by and through its Colorado River  
Water Projects Enterprise.

By Eric Kuhn  
Eric Kuhn, General Manager/Secretary

Dated: July 18, 2007

ATTEST:

By David Merritt  
David Merritt, Assistant Secretary

GRAND COUNTY WATER AND SANITATION  
DISTRICT NO. 1

By \_\_\_\_\_  
Robert Wolf, President

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
, Secretary

WINTER PARK WATER AND SANITATION  
DISTRICT

By \_\_\_\_\_  
Jack W. Buchheister, President

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

COLORADO RIVER WATER CONSERVATION  
DISTRICT acting by and through its Colorado River  
Water Projects Enterprise.

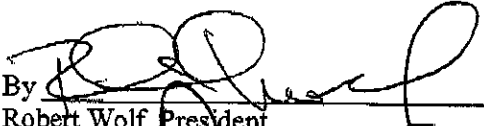
By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

GRAND COUNTY WATER AND SANITATION  
DISTRICT NO. 1

By  \_\_\_\_\_  
Robert Wolf, President

Dated: 7/19/07

ATTEST:

By  \_\_\_\_\_  
, Secretary

WINTER PARK WATER AND SANITATION  
DISTRICT

By \_\_\_\_\_  
Jack W. Buchheister, President

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

COLORADO RIVER WATER CONSERVATION  
DISTRICT acting by and through its Colorado River  
Water Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

GRAND COUNTY WATER AND SANITATION  
DISTRICT NO. 1

By \_\_\_\_\_  
Robert Wolf, President

Dated: \_\_\_\_\_

ATTEST:


By \_\_\_\_\_  
\_\_\_\_\_, Secretary

WINTER PARK WATER AND SANITATION  
DISTRICT

By   
Jack W. Buchheister, President

Dated: 7/19/07

ATTEST:

By   
Don Waldron, Secretary

TOWN OF WINTER PARK

By Harold N. Teverbaugh  
Harold N. Teverbaugh, Mayor

Dated: 07/27/2007

ATTEST:

By Patti Garcia  
Patti Garcia, Town Clerk



TOWN OF GRANBY

By \_\_\_\_\_  
Edward Wang, Mayor

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

BOARD OF COUNTY COMMISSIONERS OF THE  
COUNTY OF GRAND, STATE OF COLORADO

By \_\_\_\_\_  
James L. Newberry, Chairman

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

TOWN OF WINTER PARK

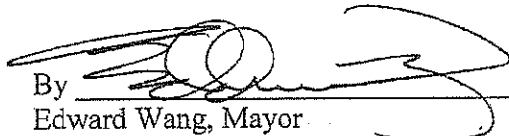
By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

Dated: \_\_\_\_\_

ATTEST:


By \_\_\_\_\_  
Patti Garcia, Town Clerk

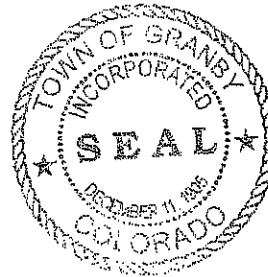
TOWN OF GRANBY

By  \_\_\_\_\_  
Edward Wang, Mayor

Dated: 7-16-07

ATTEST:

By  \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC



BOARD OF COUNTY COMMISSIONERS OF THE  
COUNTY OF GRAND, STATE OF COLORADO

By \_\_\_\_\_  
James L. Newberry, Chairman

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

TOWN OF WINTER PARK

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

TOWN OF GRANBY

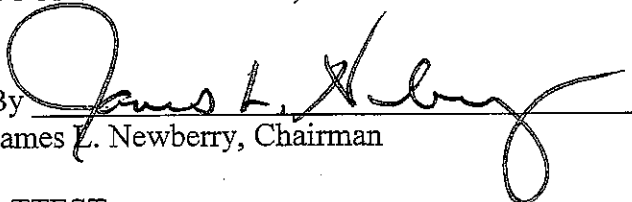
By \_\_\_\_\_  
Edward Wang, Mayor

Dated: \_\_\_\_\_

ATTEST:

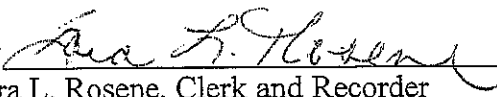
By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

BOARD OF COUNTY COMMISSIONERS OF THE  
COUNTY OF GRAND, STATE OF COLORADO

By  \_\_\_\_\_  
James L. Newberry, Chairman

Dated: 8/7/07

ATTEST:

By  \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder



## **PURCHASE AND SALE AGREEMENT (HOLLEYS' VAIL DITCH SHARES)**

This Purchase and Sale Agreement (the "Purchase Agreement") is made as of this 16<sup>th</sup> day of July, 2007, by and between Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley, as joint tenants, (the "Holleys" as Sellers), and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise (the "River District"), the Grand County Water and Sanitation District # 1 ("GCW&SD"), the Winter Park Water and Sanitation District ("WPW&SD"), the Town of Winter Park ("Winter Park"), the Town of Granby ("Granby") and the Board of County Commissioners of the County of Grand, State of Colorado ("Grand County") (as Purchasers and collectively the River District, GCW&SD, WPW&SD, Winter Park, Granby and Grand County are referred to as the "Grand County Water Coalition" or "Coalition" and individually as "members").

### **RECITALS**

**WHEREAS**, the Holleys own water rights and related interests in rights to use water in Grand County, Colorado represented by 85.5 shares of the capital stock of the Grand County Irrigated Land Company ("GCILCo"), a Colorado mutual ditch company, which shares entitle the shareholders to a pro rata amount of water from direct flow water rights decreed to the Vail Irrigation System and from appropriations and contract rights to use water stored in Meadow Creek Reservoir (the "85.5 Shares");

**WHEREAS**, on September 9, 2006, the Holleys and the River District, GCW&SD, and WPS&SD entered an Agreement for the Exclusive Right to Negotiate to Purchase the 85.5 Shares (the "Negotiation Contract"), as amended and extended by agreement dated April 26, 2007 ("Amended Negotiation Contract"). Winter Park, Granby and Grand County have expressed an interest in participating in the purchase of the 85.5 Shares, which is acceptable to the Holleys;

**WHEREAS**, the Holleys are willing to sell to the Grand County Water Coalition the 85.5 Shares, and the Grand County Water Coalition is willing to purchase the 85.5 Shares under the terms of this Agreement;

**WHEREAS**, the members of the Coalition have entered an Intergovernmental Agreement (the "Coalition Agreement") of even date herewith concerning among other things their payment of the Purchase Price, sharing of costs and expenses, and other issues affecting the ownership, operations and use of the water derived from the 85.5 Shares. The Coalition Agreement and the Purchase Agreement are mutually contingent upon both being signed;

**WHEREAS**, in cooperation with other members of the Coalition, Grand County applied for a grant from the Colorado Water Conservation Board ("CWCB") for \$1,500,000.00 (the "\$1.5M Grant") to help fund the purchase of the 85.5 Shares from the Holleys. On March 13, 2007, the CWCB approved the \$1.5M Grant subject to addressing additional needs and issues; and

**WHEREAS**, the members of the Coalition plan on forming a separate entity or entering a separate agreement, by Closing on the purchase of the 85.5 Shares, that will address in detail the ownership, management, operation and use of the water derived from the 85.5 Shares, among other things.

**THEREFORE**, in consideration of the mutual promises contained in this Agreement and other valuable consideration, the sufficiency of which is acknowledged, the parties hereto agree as follows:

#### **AGREEMENT**

1. **Water Rights.** The Holleys agree to sell and the Coalition agrees to purchase the following real and personal property which is described more fully on the attached Exhibit A:
  - a. *Ditch Company Shares:* The water rights and rights to use water represented by eighty five and 50/100ths shares of the capital stock in the GCILCo (the "85.5 Shares");
  - b. *Other Water Rights and Associated Structures and Easements:* Any and all other water and water rights and associated structures and easements used upon, appurtenant to, or otherwise associated with the Lands described on Exhibit A ("Other Water Rights"). The 85.5 Shares and the Other Water Rights are collectively referred to in this Agreement as the "Water Rights."
  - c. *Personal Property:* All flumes, headgates, measuring devices, equipment, pipes, and other personal property used in connection with the Water Rights (collectively "Personal Property"). The specific items of Personal Property described herein or in Exhibit A shall be included in the purchase and sale irrespective of whether they might be characterized, as a matter of Colorado property law, as personal property, real property or fixtures.
2. **Purchase Price.**
  - a. The total Purchase Price for the Water Rights and the Personal Property is \$2,600,000.00.

- b. The Purchase Price shall be paid in installments, as follows:
- i. \$15,000.00 which was paid upon the execution of Negotiation Contract, the receipt of which is acknowledged by the Holleys (the "Agreement Fee").
  - ii. \$5,000.00 which was paid upon the execution of Amended Negotiation Contract, the receipt of which is acknowledged by the Holleys (the "Extension Fee").
  - iii. Five (5) percent of the Purchase Price in the sum of \$130,000.00 paid upon the execution of this Agreement by the Coalition, of which \$25,000.00 will be paid directly to the Holleys and \$105,000.00 to be deposited into escrow with the Grand County Title and Escrow Company, Inc. ("Escrow Agent") in accordance with the Escrow Agreement signed by the Parties and to be disbursed at Closing pursuant to the Schedule B (Special Instructions) in the Escrow Agreement.
    - (1) Each member of the Coalition will pay by governmental check:
      - (a) 1/6<sup>th</sup> of the \$25,000.00 to the order of Scott Holley and Christine Holley, or \$4,166.66 each, except for GCW&SD who will pay \$4,166.70, and
      - (b) 1/6<sup>th</sup> of the \$105,000.00 to the order of Grand County Title and Escrow Company, Inc., to be deposited into escrow, or \$17,500.00 each.
  - iv. The balance of \$2,450,000.00 to be paid at Closing. All payments at Closing shall be made by cashier's check or by wire transfer to an account to be designated by the Holleys, at the Holleys' option.
- c. All payments made to the Holleys by the Coalition under this paragraph 2. b. i., ii., and iii., shall be applied toward the Purchase Price at Closing.
3. **Contingencies.** Neither the Coalition nor any of its members shall be obligated to close under this Purchase Agreement unless and until each of the following contingencies has been satisfied in the sole discretion of the Coalition members:
- a. The Coalition Agreement is executed by all members;
  - b. Funds from the \$1.5M Grant are disbursed to Grand County or a grant agreement is entered with CWCB;

- c. Each member of the Coalition has paid its share of the Purchase Price;
  - d. The members of the Coalition form a separate entity or enter a separate agreement by Closing on the purchase of the 85.5 Shares, that addresses in detail the ownership, management, operation and use of the water derived from the 85.5 Shares; and
  - e. The investigations conducted in the Due Diligence Period described in paragraph 4, below, have been completed and are acceptable.
4. **Due Diligence Investigations.** The Parties agree that the Coalition, or any of its members, shall have a period of 180 days after the Effective Date to conduct such investigations and perform such due diligence on the Water Rights as to the suitability of the Water Rights for the Coalition's use ("Due Diligence Period"), including, but without limitation, the following:
- a. The Holleys shall allow agents, employees, consultants, and representatives of entities in the Coalition reasonable access to the Lands, at reasonable times, to conduct investigations of the suitability of the Water Rights for the Coalition's purposes; and the Holleys shall cooperate fully in providing information regarding the historical use of the Water Rights to agents, employees, consultants, and representatives of entities of the Coalition. The Coalition shall indemnify the Holleys against any damages or claims, including mechanic's liens, arising as a result of the actions of said agents, employees, consultants and representatives of entities of the Coalition, and further agrees to make any necessary repairs to return the Holleys' property to its condition before the investigations.
  - b. Within thirty (30) days after the Effective Date of this Agreement, the Holleys shall provide the Coalition with copies in the Holleys' possession and control of any deeds, abstracts, title opinions, title insurance policies, stock certificates, agreements, assignments, permits, court decrees, engineering reports, photographs, records of use, correspondence with the State water officials or the GCILC, or any other documents that pertain to the Holleys' ownership or use of the Water Rights. Within this same time period, the Holleys shall provide the Coalition with a completed and signed affidavit of historical water use, which shall be substantially in the form of the attached Exhibit B.
  - c. The Holleys shall cooperate with the Coalition so that Coalition may obtain access, within thirty (30) days after the Effective Date of this Agreement, to any records of the GCLCo that pertain to the Water Rights.
  - d. Within thirty (30) days after the Effective Date of this Agreement, Holleys shall provide to the Coalition, at the Holleys' expense, a title insurance commitment in

"To Be Determined" form, for the Lands from the Grand County Title and Escrow Company, Inc. together with copies of all documents upon which the commitment is based.

- e. Within thirty (30) days of the Effective Date, the Coalition will select a water engineer(s) to investigate the historical use of the Water Rights and the irrigation practices on the Lands.
  - f. The Coalition shall be responsible, at its expense, for determining whether the Holleys have acceptable title to the Water Rights and whether the Water Rights are suitable for the Coalition's purposes. The Coalition shall make a preliminary determination, within 120 days after the Effective Date, of whether the Holleys' have marketable title to the Water Rights and the Water Rights are suitable for the Coalition's purposes. If the Coalition determines, in its sole discretion, that the Holleys do not or may not have marketable title to the Water Rights or that the Water Rights are not suitable for the Coalition's purposes, the Coalition may give written notice to the Holleys of title defects and other concerns with the Water Rights. Said notice shall include copies of any documentation and expert opinions used by the Coalition in making such a determination. The Holleys shall have sixty (60) days in which to cure such title defects or other concerns with the Water Rights to the satisfaction of the Coalition.
  - g. If the Coalition is not satisfied with the Holleys' attempts to cure the stated title defects or any other matter arising from its Due Diligence investigations of the Water Rights, or the parties fail to sign the Dry-Up Covenants substantially in the form of Exhibits F-1 through F-6, the Coalition may terminate this Agreement, upon written notice to the Holleys. Upon termination, the Coalition shall have no further obligations under this Agreement, however, the Holleys shall retain the payments described in paragraphs 2.b.i. and 2.b.ii., and \$25,000.00 of the payment described in 2.b.iii., above.
5. **Use of Water Rights.** Prior to Closing, the Holleys shall remain in possession of the Water Rights and shall maintain the Water Rights in the present condition, reasonable wear and tear from ordinary use excepted. Prior to Closing, the Holleys shall continue to irrigate the portions of the Lands with the 85.5 Shares in the GCILCo. The Holleys shall cooperate with Coalition and shall make full use of the Water Rights, and shall maintain and provide the Coalition with records of the acres irrigated, crops grown, water applied, and such other information as the Coalition requests. Prior to Closing, the Holleys shall be entitled to all ranch income from the Water Rights and Lands; shall be responsible for all expenses associated with ranching and irrigation operations on the Lands, including but not limited to maintenance, repair, and replacement of any equipment; and shall pay when due all taxes and ditch company assessments associated with the Water Rights and Lands. Holleys agree to enter a Lease at Closing to allow for the use of the Water Rights

for irrigating the Lands after the Closing that are then owned by Holleys and Yager Partnership, Ltd.

6. **Ditch Company Proceedings.** Any time after Closing that the Coalition elects to do so, and as may be required by the GCILCo bylaws or other governing documents, the Coalition may file and pursue an application with the GCILCo for approval to use the 85.5 Shares, so as to permit their future use as determined appropriate by the Coalition, in its sole discretion (the "Ditch Company proceedings"). The Holleys will cooperate with the Coalition in its pursuit of the Ditch Company proceedings (at no expense to the Holleys), including providing testimony.
7. **Water Court Proceedings.** Any time after Closing that the Coalition elects to do so, it may file and pursue an application in the District Court in and for Water Division No. 5, State of Colorado ("Water Court"), at its sole cost and expense, to change the 85.5 Shares, so as to permit their future use as determined appropriate by the Coalition, in its sole discretion (the "Water Court proceedings"). The Coalitions' application may include other water rights or relief, including but not limited to approval of changes, exchanges, or a plan for augmentation if the Coalition decides to proceed in this manner. The Holleys will cooperate with the Coalition in its pursuit of the Water Court proceedings (at no expense to Holleys), including providing testimony.
8. **Representations and Warranties.**
  - a. The Holleys represent and warrant the following:
    - i. The Holleys have marketable title to the 85.5 GCILCo shares and have full power and authority to convey and at Closing will convey the Water Rights free and clear of all encumbrances to the Coalition.
    - ii. The Water Rights have historically and consistently been used to irrigate the Lands described on Exhibit A and have not been abandoned by the Holleys in whole or in part.
    - iii. The Holleys will not sell, transfer, convey, encumber, lease, assign or otherwise dispose of or abandon the Water Rights (or any portion thereof) during the term of this Agreement.
    - iv. The Holleys will (1) cooperate with Coalition and its entities to evaluate and analyze the historical use of the Water Rights for irrigation; (2) continue to use the Water Rights prior to Closing; (3) cooperate in the Coalition's Water Court and Ditch Company proceedings and not oppose such proceedings, either formally or informally; (4) execute any document deemed reasonably necessary by the Coalition for these proceedings; (5)

make all records in the Holleys' possession and control regarding the Water Rights available to the Coalition and the engineers, attorneys, and agents of its members.

- b. Each member of the Grand County Water Coalition represents and warrants that it has the full power and authority to execute this Agreement and that all funds paid pursuant to this Purchase Agreement shall have been legally authorized and appropriated prior to such payments.
9. **Closing.** Subject to the contingencies and conditions set out in this Agreement, Closing hereunder shall occur in Grand County, Colorado at a reasonable time and place designated by the Parties within thirty (30) days after the end of the Due Diligence Period. All costs of Closing, defined as recording fees, closing agent fees, escrow fees, and GCILC stock transfer fees (except for the costs of title insurance, which is more particularly described above) shall be shared equally by the Holleys (50%) and the Coalition (50%).
- a. At the Closing, the Coalition shall provide the Holleys with:
    - i. Payment by cashier's check or wire transfer, at the Holleys' option, of the balance of the Purchase Price, after adjustments have been made for all debits, credits, and other necessary adjustments. Any taxes and assessments shall be prorated as of the date of Closing, and the Purchase Price shall be adjusted accordingly.
  - b. At the Closing, the Holleys shall deliver to the Coalition executed originals of:
    - i. A special warranty deed to the Water Rights, substantially in the form of Exhibit C to this Agreement, conveying title to the Water Rights to the Coalition free and clear of all encumbrances.
    - ii. An assignment and irrevocable stock power of the 85.5 Shares of stock in the GCILCo, substantially in the forms of Exhibits D-1 through D-5 to this Agreement, conveying title to the 85.5 Shares to the Coalition free and clear of all encumbrances.
    - iii. A Bill of Sale of the Personal Property, substantially in the form of Exhibit E.
  - c. At or before the Closing, both parties shall sign:

- i. Leases allowing for the Water Rights to be used to irrigate portions of the Lands then owned by Holleys and Yager Partnership, Ltd. at Closing and that is acceptable to the parties.
- ii. Dry-up Covenants, substantially in the form of Exhibits F-1 through F-6 to this Agreement, which shall limit the future irrigation of the Lands, so as to protect the ability of the Coalition and its members to use the Water Rights in accordance with the decree obtained in the Water Court proceedings described in paragraph 7. The Covenants shall run with the Lands and with the Water Rights, so that its benefits and burdens accrue to the successive owners thereof. The executed Covenants shall be delivered to the Coalition at or before Closing for recording at the time determined by the Coalition.

**10. Default, Opportunity to Cure, and Remedies.**

- a. If a dispute arises out of or relates to this contract, or the alleged breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation or some other dispute resolution procedure. If after such reasonable time (but not exceeding 6 months) to mediate the dispute, if either party believes that the other party is in breach of any obligation under this Agreement, the party alleging the breach shall give written notice to the other party of the alleged breach. The party receiving the notice shall have thirty (30) days in which to cure the alleged breach.
- b. If the party alleging a breach is not satisfied after the period in which the other party may attempt to cure the alleged breach, the party alleging the breach may initiate a lawsuit in the District Court in and for Grand County.
- c. If the Coalition or any of its members are in breach, the Holleys' remedies shall be limited to termination of this Agreement and retention of all payments previously made to the Holleys by the Coalition, as liquidated damages.
- d. If the Holleys are in breach, the Coalition or its members may obtain any or all remedies available at law or in equity, including but not limited to specific performance, injunctive relief, and damages (including without limitation all payments previously made to the Holleys).
- e. If any party commences an action in District Court to enforce or interpret any portion of this Agreement, the prevailing party in such action shall be paid by the



other party or parties, jointly and severally, the prevailing party's costs and reasonable attorney's fees, to be awarded by the court.

11. **Notices.** Any notice or demand under this Agreement shall be in writing and shall be hand delivered, sent by a nationally recognized overnight delivery service, or sent by registered or certified mail, postage prepaid, return receipt requested. Either party may change its address by written notice to the other as provided for in this paragraph 11. Notice shall be effective upon delivery if the notice is provided by hand delivery and shall be effective upon receipt if given by overnight delivery or by certified or registered mail. Notice shall be provided as follows:

*To the Holleys:*

Scott and Christine Holley  
P.O. Box 694  
Granby, CO 80446

Telephone number: (970) 887-3607

*To the Coalition:*

c/o Grand County Manager  
P.O. Box 264  
Hot Sulphur Springs, CO 80451

Telephone number: (970) 735-3347

*With copy to:*

Larry Hartlaub  
6021 S. Syracuse Way  
Suite 205  
Greenwood Village, CO 80111-4747

Telephone number: (720) 488-2771

*With copy to:*

White & Jankowski, LLP  
David C. Taussig  
511 16<sup>th</sup> Street, Suite 500  
Denver, CO 80202

Telephone number: (303) 595-9441

12. **General Provisions.**

- a. *Survival of warranties and representations.* The Holleys warranties and representations contained in paragraph 8.a.ii and 8.a.iv. of this Agreement shall survive the Closing and shall not be merged into any documents conveying the Water Rights.
- b. *Governing law.* This Agreement shall be governed, construed, applied, and enforced in accordance with the laws of the State of Colorado.
- c. *Benefit.* This Agreement shall inure to the benefit of and shall bind the heirs, administrators, personal representatives, executors, successors, and assigns of the respective parties hereto. This Agreement does not create any benefits or obligations for third parties.
- d. *Assignment.* The Holleys may not assign their interests under this Agreement without the prior written consent of the Coalition. The members of the Coalition

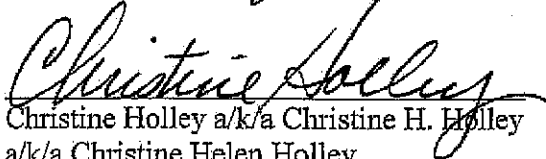
may assign their interests under this Agreement to a separate entity created by the Coalition without restriction. The members of the Coalition may not assign their interests in this Agreement without the prior written consent of all of the other members in the Coalition.

- e. *Brokers.* Each party shall be solely responsible for payment to or claims by any broker engaged by that party and shall hold the other party harmless from such claims. The Coalition and its members represents that no broker participated in this transaction and that no claims for commissions are due from it or any members of the Coalition to any person in such capacity.
- f. *Recording.* The Coalition may record a memorandum of this Agreement, substantially in the form of Exhibit G, in the real property records for Grand County. The recorded memorandum shall contain a clause indicating that if a special warranty deed conveying the Water Rights is not recorded by February 29, 2008, the Purchase Agreement is released under its own terms.
- g. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties. No representations or warranties pertaining to this Agreement or any property affected by this Agreement have been made by or shall be binding on any of the parties, except as expressly stated in this Agreement. This Agreement may not be changed orally, but only by an agreement in writing signed by both parties.
- h. *Incorporation of Exhibits.* All attached exhibits to this Agreement are incorporated herein by reference.
- i. *Effective Date.* This Agreement is effective as of the date first set forth above.
- j. *Execution in Counterparts.* This Agreement may be executed by each party separately and, when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties. Facsimile signatures shall constitute originals for all purposes.
- k. *Manager of Coalition.* Until the separate entity is formed or a separate agreement is entered, Grand County will act as manager (the "Manager"). In any event, the Manager shall be an employee of the one of the members of the Coalition and will be the point of contact for the Holleys at the address and phone number listed above.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as shown below their signatures.

**SELLERS:**

  
\_\_\_\_\_  
Scott Holley

  
Christine Holley a/k/a Christine H. Holley  
a/k/a Christine Helen Holley

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
\_\_\_\_\_, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**SELLERS:**

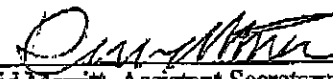
\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley  
a/k/a Christine Helen Holley

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By   
Eric Kuhn, General Manager/Secretary

ATTEST:

By   
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
\_\_\_\_\_, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**SELLERS:**

\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley  
a/k/a Christine Helen Holley

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**SELLERS:**

\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley  
a/k/a Christine Helen Holley

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

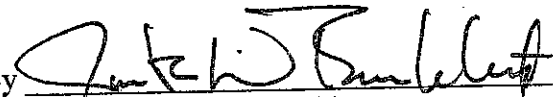
**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President


ATTEST:

By \_\_\_\_\_  
, Secretary

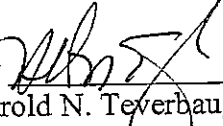
**WINTER PARK WATER AND  
SANITATION DISTRICT**

By   
Jack W. Buchheister, President

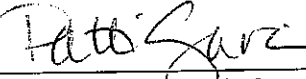
ATTEST:

By   
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By   
Harold N. Teverbaugh, Mayor

ATTEST:

By   
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor  
ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk



**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder





**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

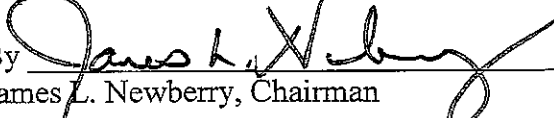
**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

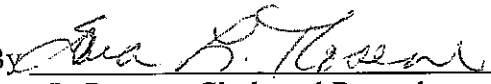
ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By   
James L. Newberry, Chairman

ATTEST:

By   
Sara L. Rosene, Clerk and Recorder

**INDEX OF EXHIBITS TO INTERGOVERNMENTAL AGREEMENT  
(PURCHASE AND SALE AGREEMENT OF VAIL DITCH SHARES)**

- Exhibit A:    **Legal Description – Holley’s Land, Water Rights** and Personal Property  
(Attached to signed Purchase and Sale Agreement, *See ¶ 1.*)
- Exhibit B:    **Affidavit of Christine Holley and Scott Holley** (Signed within 30 days after  
Effective Date, *See ¶ 4.b.*)
- Exhibit C:    **Special Warranty Deed** (Water Rights) (Signed at Closing, *See ¶ 9.b.i.*)  
  
                  **Stock Assignments** (Signed at Closing, *See ¶ 9.b.ii.*)
- Exhibit D-1    Stock Assignment Certificate No. 393 (76 shares)
- Exhibit D-2    Stock Assignment Certificate No. 426 (3.5 shares)
- Exhibit D-3    Stock Assignment Certificate No. 431 (3 shares)
- Exhibit D-4    Stock Assignment Certificate No. 435 (2 shares)
- Exhibit D-5    Stock Assignment Certificate No. \_\_\_\_ (1 share) (certificate number to be added  
upon re-issuance to Sellers after obtaining a lost instrument bond)
- Exhibit E:    **Bill of Sale** (Signed at Closing, *See ¶ 9.b.iii.*)  
  
                  **Dry-up Covenants** (*See ¶ 9.c.ii.*)
- Exhibit F-1:   Dry-Up Covenant (Yager Partnership, Ltd) (Signed when Purchase and Sale  
Agreement is signed)
- Exhibit F-2:   Dry-Up Covenant (Yager Partnership, Ltd) (Signed at Closing)
- Exhibit F-3:   Dry-Up Covenant (Christine Holley) (Signed at Closing)
- Exhibit F-4:   Dry-Up Covenant (Scott Holley & Christine H. Holley a/k/a Christine Helen  
Holley) (Signed at Closing)
- Exhibit F-5:   Dry-Up Covenant (Scott Holley, Christine H. Holley & Bryan Holley) (Signed  
when Purchase and Sale Agreement is signed)
- Exhibit F-6:   Dry-Up Covenant (William L. Spurlin & Sharon K. Spurlin) (Signed when  
Purchase and Sale Agreement is signed)
- Exhibit G:    **Memorandum of Purchase and Sale Agreement** (Signed when Purchase and  
Sale Agreement signed, *See ¶ 12.f.*)

**Exhibit A**  
**(Legal Description – Water Rights, Personal Property, and Lands)**

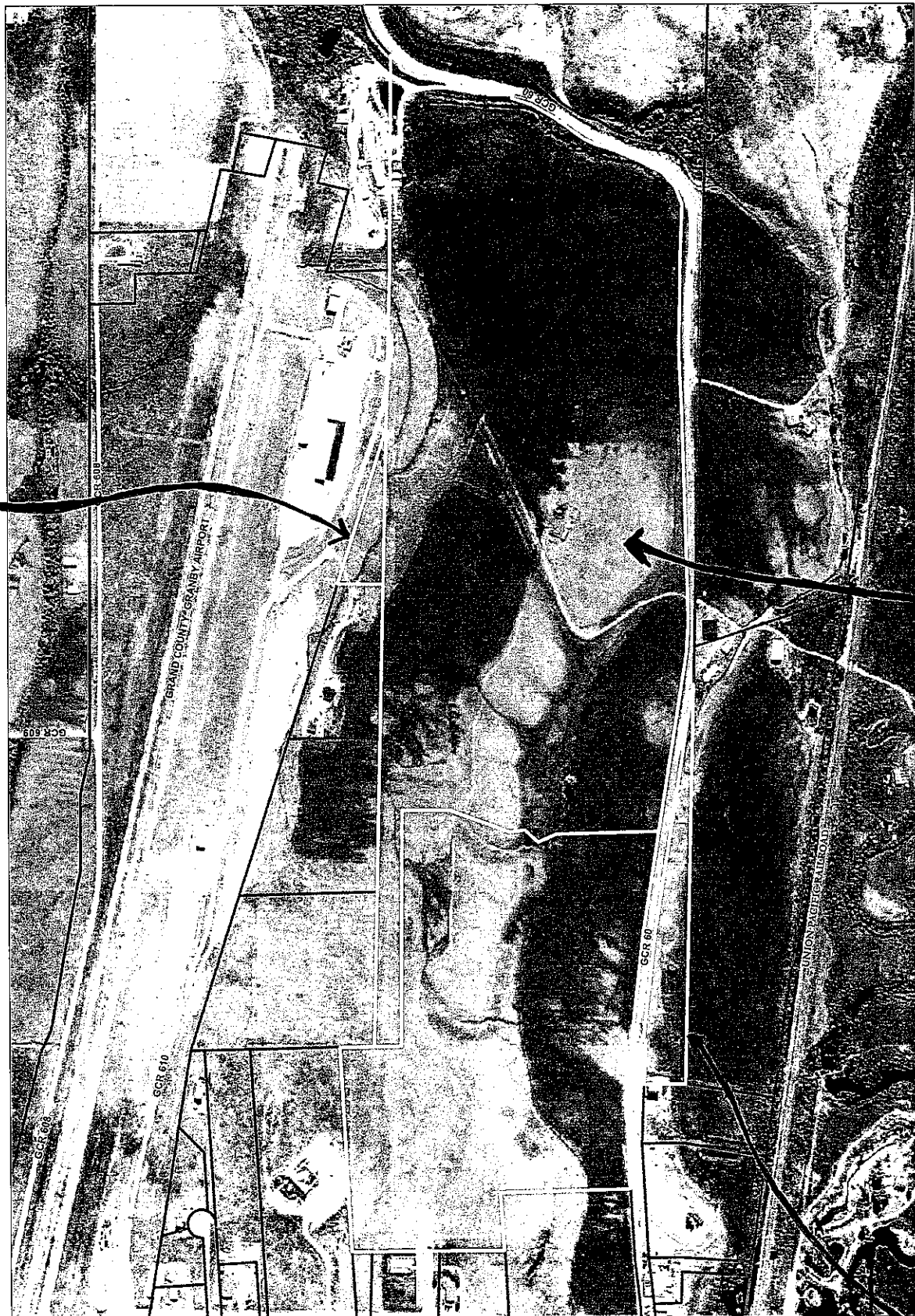
To that Purchase and Sale Agreement by and between Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley, as joint tenants, (as Sellers), and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (as Purchasers), dated July 16, 2007.

1. **Ditch Company Shares.** All of Sellers' right, title, and interest in and to the following 85.5 shares of stock in the Grand County Irrigated Land Company including Sellers' right to request or receive delivery of water or use water represented by said shares, including all of Sellers' beneficial right, title and interest in and to all water, water rights, ditches, ditch rights, reservoirs, reservoir rights, storage accounts, contractual rights to use water, canals, canal rights, head gates, and all other assets, rights, title or interests represented by said shares, and in addition, and in no way limited by the foregoing, any and all other right, title or interest in the Grand County Irrigated Land Company represented by said shares or otherwise held by the Sellers in said Company (the "85.5 Shares"). The 85.5 Shares are more particularly described as follows:
  - a. **Certificate No. 393** for 76 shares in Grand County Irrigated Land Company.
  - b. **Certificate No. 426** for 3.5 shares in Grand County Irrigated Land Company.
  - c. **Certificate No. 431** for 3 shares in Grand County Irrigated Land Company.
  - d. **Certificate No. 435** for 2 shares in Grand County Irrigated Land Company.
  - e. **Certificate No. \_\_\_\_\_** for 1 share in Grand County Irrigated Land Company (certificate number to be added upon re-issuance to Sellers after obtaining a lost instrument bond).
2. **All Other Water Rights and Associated Structures and Easements.** In addition to the 85.5 Shares described above, all of Sellers' right, title and interest in and to all other water rights and rights to use water, associated with or appurtenant to the Lands described in paragraph 4, including but not limited to, the water rights represented by shares of stock in other ditch or reservoir companies; interests in lateral companies; all contractual rights to use water; and all ditches, ditch rights, reservoirs, reservoir rights, laterals and related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water on the Land ("Other Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927, and **EXCEPT** existing wells and well permits, such existing wells to be more particularly identified during the Due Diligence Period, and **EXCEPT** all groundwater and rights to use groundwater located under the Lands.

3. **Personal Property.** All of Sellers' right, title and interest in and to all the irrigation equipment, flumes, headgates, measuring devices, equipment, pipes, and other personal property used in connection with the 85.5 Shares, such Personal Property to be more particularly identified during the Due Diligence Period.
4. **Lands.** All historical use and consumptive use of water associated with the following "Lands" in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado, which will be dried-up, revegetated, and subject to noxious weed management regulations pursuant to Dry-Up Covenants to be recorded and any decree from the Division No. 5 water court changing the water rights represented by the 85.5 Shares. The parcel designations set forth below are separate and distinct from the parcel designations on Exhibit B.
  1. Parcel 1 (Yager Partnership, Ltd.)
    - a. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D, including all roads, rights of way and easements, as described on Plat of Sun Creek Development Filing One, County of Grand, State of Colorado.
    - b. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing No. 1, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.
  2. Parcel 2 (Yager Partnership, Ltd.)
    - a. A 5.58 acre, more or less, tract located in the SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  of Section 32 and the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 33, all in T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying South of County Road 60, Grand County, Colorado, as generally depicted on the map attached hereto. If this 5.58 acre parcel is surveyed, then the survey of the parcel will replace this description.
    - b. A 1.529 acre, more or less, tract located in Tract 80 of the Great Divide Head Lettuce Colony lying South of the Granby Airport, Grand County, Colorado, as generally depicted on the map attached hereto. If this 1.529 acre parcel is surveyed, then the survey of the parcel will replace this description.
  3. Parcel 3 (Christine Holley)

- a. N  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.
4. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)
  - a. N  $\frac{1}{2}$  of Lot 9, Great Divide Head Lettuce Colony, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9, County of Grand, State of Colorado.
  - b. N  $\frac{1}{2}$  of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.
5. Parcel 5 (Scott Holley, Christine H. Holley, and Bryan Holley)
  - a. Tract 8, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.
6. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - a. Tract 7, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.

Parcel 2.b. 1.52 acre parcel



SCALE IN FEET  
0 125 250 500 Feet



YAGER PARTNERSHIP,  
LTD

Map Legend:

☐ Yager Partnership, Ltd

Image Data from USDA National Agriculture  
Imagery Program (NAIP) 1 Meter mosaic in  
MSSD Gen 7, UTM Zone 13 N, NAD 83  
Aerial Photography Summer 2005.

Grand County, UT 84001  
This document is the property of Yager Partnership, Ltd.  
It is to be used for the purpose of the project only.  
It is not to be reproduced or distributed without the written  
consent of Yager Partnership, Ltd.  
Yager Partnership, Ltd.  
1000 East 1000 North  
P.O. Box 1000  
Cannonville, UT 84703  
2005-0000-00  
This document is the property of Yager Partnership, Ltd.  
It is to be used for the purpose of the project only.  
It is not to be reproduced or distributed without the written  
consent of Yager Partnership, Ltd.  
Yager Partnership, Ltd.  
1000 East 1000 North  
P.O. Box 1000  
Cannonville, UT 84703  
2005-0000-00

Parcel 2.a. 5.58 acre parcel

Parcel 1.b. 79.229 acre parcel

**EXHIBIT B**

AFFIDAVIT of  
HISTORICAL USE

## **Affidavit of Christine Holley and Scott Holley**

We, Scott Holley and Christine Holley, as joint tenants, make this affidavit for purposes of describing our knowledge about the historical irrigation of lands described below. We are over 21 years old and competent to testify. We make each of the following statements on the basis of our personal knowledge.

### **1. Purpose of Affidavit:**

This affidavit is being given in connection with the Purchase and Sale Agreement entered into \_\_\_\_\_, 2007 with the Colorado River Water Conservation District (CRWCD), acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District No. 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby, and the Board of County Commissioners of Grand County ("the Acquisition Group") for 85.5 shares of Grand County Irrigated Land Company (GCILC). This affidavit is submitted with the intent and knowledge that the Acquisition Group may rely on these statements in connection with its purchase of these shares and that the affidavit may be used by the Acquisition Group in water court litigation to change the use of the water rights represented by these shares.

### **2. Basis of Knowledge about the Holley Property and Associated Water Rights:**

Our family has been a shareholder in the GCILC since 1963. Our family has used water from the described shares to irrigate the lands described below since 1963. Prior to our knowledge of these shares the majority of the shares were owned by Hazel Champier, daughter of the original settler and founder of the GCILC, Alonzo E. Polhamus.

**Christine Holley.** My grandparents, Louis C. Yager and Evelyn B. Yager, and father, Robert Smith, purchased the property referred to in this document as the "Holley Property" in several pieces starting in 1963. I lived on the property from 1963 to 1974 with my father. I am familiar with the operations on the property through observing my grandparents and father and occasionally providing help after about 1970 (fixing fences and repairing ditches etc). My knowledge of the operations prior to 1980 is based on my observations and experiences along with discussions with my grandfather and father. My husband, Scott Holley, and I became actively involved in the operations in 1980 and were deeded portions of the property starting in 1983. I have been actively involved in the operations ever since.

**Scott Holley.** My familiarity with the property began in 1980 when my wife, Christine Holley, and I became actively involved. I have been actively involved in the day to day operations of the farm ever since. I became involved with the GCILC Board of Directors in 1983 and was continually involved until 2005. During this time, I served such positions as president, vice president, and secretary. My responsibilities to the Board of Directors included working with the ditch rider, conferring with the Denver Water Board regarding Meadow Creek Reservoir operations, maintaining and repairing the main Vail Ditch, conferring with the water commissioner, and settling disputes among shareholders. I continue to be actively involved with ditch company operations and provide assistance in the form of operational knowledge to the current Board of Directors.



### **3. Identity of Yager Partnership, Ltd.**

The land referred to herein as Parcels 3 and 6 is part of a family trust, the Yager Partnership Ltd. The land was transferred to the trust in 1994. Christine Holley is the only general partner of this trust and has sole decision making authority over the property.

### **4. Description of the Holley Property and Chain of Ownership:**

The original property consisted of 98 to 100 shares of GCILC and approximately 300 ac of land located in the northeast ¼ of Section 31 (all of Lots 2, 5, 6, 7, 8, and the north ½ of Lots 9, 10, 11, and 12 of the Great Divide Head Lettuce Colony), southeast ¼ of Section 32, and the south ½ of Section 33 (Parcels 1 to 7), Township. 1 North, Range 76 West, 6<sup>th</sup> P.M., Grand County, Colorado (**Figure 1**). Of this, a minimum of 175 ac were originally irrigated. We note that a portion of the Section 33 lands, located east of County Road 60 are not shown on the attached figure as they were never irrigated.

Since purchase, a number of transactions have occurred in which land, shares, or land and shares combined were sold and/or acquired. Sale of lands, shares, and land and shares combined first started around 1970. Between 1970 and 2007 a net of approximately 15.5 shares were sold. Over the period of these transactions the number of irrigated acres fluctuated. Wayne Jones leased portions of the property from 1963 to 1995. From 1963 to 1980, Christine's father and grandfather oversaw Mr. Jones' operations. From 1980 to 1995 we directly oversaw his operations.

The following along with **Table 1** provides a description of the transactions for each lot/parcel to the best of our knowledge. All lot/parcel boundaries are approximate and have not been checked against deeds. A share trace has not been performed.

**Parcel 1:** Christine's grandfather purchased this parcel in 1964 and sold it along with one share of GCILC in 1980. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1980 using our GCILC shares. The parcel is currently includes a small subdivision and lands owned the Altman family. The Altman portion of the parcel is no longer associated with any shares of the GCILC.

**Parcel 2:** Christine's grandfather purchased this parcel in 1964 and sold it along with 1.5 shares of GCILC in 1975. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1975 using our GCILC shares. The parcel is currently owned by the Archdiocese of Denver and is associated with 1.5 shares of the GCILC.

**Parcel 3:** Christine's grandfather purchased this parcel in 1964. The parcel was leased to and irrigated by Wayne Jones from 1964 to 1975 using our GCILC shares. Irrigation ceased on the parcel in 1975 when of Parcel's 2 and 4 were sold. This parcel was transferred to the Yager Partnership, Ltd in 1994.

**Parcel 4:** Christine's grandfather purchased this parcel in 1964 and sold it in 1975. No GCILC shares were sold with this parcel or are currently associated with this parcel. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1975 using our GCILC shares. The parcel is currently owned by the Church of Jesus Christ of Latter-day Saints and is not associated with any GCILC shares.

**Parcel 5:** Christine's grandfather purchased this parcel in 1964. A home was constructed on this parcel in 1980 and irrigation by GCILC shares ceased. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1980 using our GCILC shares. This parcel is currently owned by the Holzworth family and is not associated with any GCILC shares.

**Parcel 6:** Christine's grandfather purchased this parcel in 1964. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1995 using our GCILC shares. We have irrigated the parcel using our GCILC shares since 1995. This parcel was transferred to the Yager Partnership, Ltd in 1994.

**Parcel 7:** Christine's grandfather purchased this parcel in 1964 and sold it along with six shares of GCILC in 1980. This parcel was leased to and irrigated by Wayne Jones from 1964 to 1980 using our GCILC shares. The parcel is currently owned by the Patrick and Catherine Acord and the Archdiocese of Denver. The Acord Property is associated with five shares of GCILC. We leased this parcel back from 1995 to 2003. From 1995 to 2001 we used our GCILC shares along with 4 leased GCILC shares to irrigate the parcel. From 2002 to 2003, we used the five GCILC shares associated with the parcel in addition to our own shares.

**Lot 2 of the Great Divide Head Lettuce Colony (GDHLC):** Christine's grandfather purchased this lot in 1963. The lot was deeded to us in 1990 and we sold it in 1997 with no GCILC shares. The lot was irrigated by our family using our GCILC shares from 1963 to 1997. This lot is currently owned by William and Jill Hansen and is not associated with any GCILC shares.

**Lots 5 and 6 and the North ½ of Lot 11 of the GDHLC:** Christine's grandfather purchased these lots in 1963 and sold them along with five GCILC shares in 1982. The lots were irrigated by our family using our GCILC shares from 1963 to 1982. These lots are currently owned by Thompson Properties.

**Lot 7 of the GDHLC:** Christine's grandfather purchased this lot in 1963 and sold it along with two shares of GCILC in 1984. The lot was irrigated by our family using our GCILC shares from 1963 to 1984. In 2007 we purchased the two GCILC shares associated with this lot. No land was purchased in this transaction. This lot is currently owned by the William and Sharon Spurlin. It is our understanding that there are currently no GCILC shares associated with the lot. The two GCILC shares purchased in 2007 have been used to irrigate the north ½ of Lot's 9, 10 and 12, and all of Lot 8 along with Parcel 6.

**Lot 8 of the GDHLC:** Christine's father purchased this lot in 1963. The lot was sold in 1983 along with three GCILC shares and purchased back in 1993 along with three GCILC shares. The lot was deeded to us and Scott's brother in 1994. The lot was irrigated in full by our family from 1963 to 1983 and 1993 to present. It is our understanding that the three GCILC shares were used to irrigate this area from 1983 to 1993. We have used our GCILC shares to irrigate this area again since 1993.

**North ½ of Lot 9 of the GDHLC:** Christine's grandfather purchased this lot in 1963. The lot was deeded to us in 1983. A portion of the lot was removed from irrigation in 1983 when we constructed our home. This lot has been irrigated by our GCILC shares from 1963 to present.

**North ½ of Lot 10 of the GDHLC:** Christine's grandfather purchased this lot in 1963. This lot was irrigated by our GCILC shares from 1963 to 1983, sold in 1984 along with two GCILC shares, irrigated by our remaining GCILC shares from 1984 to 1994, and purchased back in 1994 without GCILC shares. We have used our GCILC shares to irrigate this area again since 1994.

**North ½ of Lot 12 of the GDHLC:** Christine's grandfather purchased this lot in 1963 and sold it 1982. We purchased the lot back in 2000 under Christine's name. No GCILC shares were involved in any of the transactions. The lot has been irrigated using tailwater from Vail Ditch irrigation supplies from 1963 to present.

**Table 1**  
**Lots/Parcels and Shares Sold and/or Purchased**

	Sold		Purchased	
	Year	Shares	Year	Shares
Parcel 1	1980	1.0		
Parcel 2	1975	1.5		
Parcel 3				
Parcel 4	1975	0.0		
Parcel 5				
Parcel 6				
Parcel 7	1980	6.0		
Lot 2	1997	0.0		
Lot's 5 and 6 and N 1/2 of Lot 11	1982	5.0		
Lot 7	1984	2.0		
Lot 8	1983	3.0	1993	3.0
N 1/2 Lot 9				
N 1/2 Lot 10	1984	2.0	1994	0.0
N 1/2 Lot 12	1982	0.0	1990	0.0
Water Alone	1970	2.0	2005 & 2007	2.0 & 2.0
Total	n/a	22.5	n/a	7.0

Note:

1. All lots/parcels originally purchased between 1963 and 1964. 98 to 100 shares originally purchased.
2. Parcels 3 and 5 were removed from irrigation in 1975 and 1980, respectively.

#### **5. Lands Irrigated But Not Owned:**

There are three parcels on which our GCILC shares were used to supplement other irrigation water supplies. Our shares were used in addition to two other GCILC shares on Parcel 8 from 1995 to 2004. The irrigation of Parcel 8 was discontinued when we purchased the shares from this property in 2005. Our shares were used in addition to water from the Willis Ditch and the Granby No. 1 Ditch on Parcel's 9 and 10 from 1995 to 2004. The use of our shares on Parcel's 9 and 10 was due the limited availability of water from Kovac's Draw (see Section 8).

## **6. Water Supply:**

We have typically irrigated our property from late April or mid May through August. The primary source of water is GCILC shares and recaptured tailwater from GCILC shares. However approximately 20 ac of Parcel 6 was also supplemented, at times, by the Granby No. 1 Ditch. No other sources of water were used in the irrigation of these lands. In addition during times of low flow in the fall, we have allowed our shares to be used to irrigate row crops and stock water in other areas served by the GCILC. During these times we maintained the ability to resume our call for water at any time.

As previously stated, the property described above was originally irrigated with 98 to 100 shares of GCILC. Since purchase, the number of shares has periodically changed due to sale and purchase transactions. The property is currently associated with 85.5 shares in the GCILC, represented by Certificates No. 393, 426, 431, and 435 and a certificate which will be reissued upon posting of a bond. Up until the early 1990's the water supply was adequate but as irrigated lands above our property have been removed from irrigation, our irrigation requirements have increased.

Our water was historically delivered through two laterals and the main Vail Ditch but has been reduced to only one lateral and the main Vail Ditch since the sale/removal from irrigation of Parcel's 1 to 5 and 7 (**Figure 1**). These laterals do not have formal names but are labeled as Laterals No. 1 and 2, herein, for descriptive purposes. Lateral No. 1 is still in use and delivers or has historically delivered water to Parcel's 6 and 7. Lateral No. 2 is no longer in use but historically delivered water to Parcel's 1 to 7. The GDHLC lots are served by the main Vail Ditch before its termination.

## **7. Grand County Irrigated Land Company:**

The GCILC is a mutual ditch company with 400 shares. The Company only supplies water to lands under the Vail Ditch through use of the Vail Ditch Headgates No. 1 (HG No. 1) and 2 (HG No. 2) and an agreement with Meadow Creek Reservoir.

HG No. 1 diverts from Meadow Creek below Meadow Creek Reservoir. Water that is diverted is conveyed by a earthen canal/natural drainage north to Strawberry Creek. No water is used directly for irrigation between the HG No. 1 diversion and it's confluence with Strawberry Creek. Based on our experience, the majority of the Meadow Creek streamflow is diverted by HG No. 1 during the irrigation season. HG No. 2 diverts the water conveyed by HG No. 1 to Strawberry Creek along with natural streamflow in Strawberry Creek. The water is then conveyed by an earthen canal north and west. Prior to measurement, water from the Rocky Ridge Ditch is intercepted (typically only in early spring) and excess water can be wasted back to Strawberry Creek. Diversions are measured downstream through three flumes (in parallel).

After measurement, the ditch bifurcates into northern and western branches. All of our shares are delivered through the western branch. The Rocky Ridge Ditch water is removed from the ditch in the western lateral downstream of the bifurcation above Lateral No. 1. The western lateral travels west north of the town of Granby and terminates in GDHLC Lot 5.

Based on our observations, the main canal suffers 7 to 10% losses above the Lateral No. 1 Headgate. Lateral No. 1 typically suffers losses of 10 to 15% ditch loss. After the Lateral No. 1 Headgate, the main canal ditch loss increases to as much as 50%.

The ditch is typically operated on a need basis from April through October. During periods of drought, the ditch operates on a rotational schedule; half of the shares are served at a time. In 2002, this was reduced to one third of the shares served at a time due to reduced available streamflow. The larger properties under the Vail Ditch have been and are currently being broken up into 5 to 10 ac plots causing a shift in the way that the ditch company operates the ditch. The smaller property owners prefer a constant flow and consequently more water is consumed, as ditch loss, delivering their supply.

#### **8. Granby No. 1 Ditch:**

We own the right to the Granby No. 1 Ditch. As previously stated, approximately 20 ac of Parcel 6 below the Granby No. 1 ditch can be served by the supplemental Granby No. 1 Ditch on Keller Creek (a.k.a. Kovac's Draw). The Granby No. 1 is the senior of two ditches on Kovacs Draw (the other being the Willis Ditch referred to in Section 5) which combined can divert 4.5 cfs (4.0 cfs under the Granby No. 1 Ditch and 0.5 cfs under the Willis Ditch). The Granby No. 1 Ditch diverts near the southeastern corner of Parcel 6 (**Figure 1**) and travels along County Road 60 before shifting to the north through Parcel 6. It is our understanding that this ditch at one time continued westward into what is now the Town of Granby. We believe that the source of the water in Kovac's Draw is primarily tailwater from fields not owned by us but irrigated by the Vail Ditch north of our property and have witnessed its decline in availability due to reduced farming and the construction of wells. We have often foregone the limited available supply from this source and instead allowed a neighbor to the south to divert the water.

#### **9. Cropping and Irrigation Methods:**

Prior to the original purchase of the property, the western portion of the property was part of the GDHLC and was planted in lettuce and some radishes. Since purchase, the GCILC shares have been used on the entirety of the irrigated portion of the property to raise mountain pasture grass. The method of application of the water was flood through the use of laterals and checks.

#### **10. Tailwater**

We did not have measurable tailwater from the lands in the GDHLC. However, tailwater from Parcel 6 was intercepted and redirected when possible (as often as three times). In addition, due to the nature of the soils (very thin clay layer which overlays sand and gravel), water (on farm lateral loss or applied irrigation water) which had percolated into the soil and was not consumed by the crops from our fields would often reemerge above down-gradient fields and serve to supplement the direct irrigation supply. Some tailwater does leave the property from the southwest corner of Parcel 6. This water accumulates along the railroad, south of Parcel 6, crosses the railroad right-of-way, and passes through the ponds on the property currently known as Edgewater Resort before returning to the Fraser River east of the bridge on Highway 40.

FURTHER THE AFFIANTS SAYETH NAUGHT.

\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley

NOTARIZATION

STATE OF COLORADO       )  
  ) ss.

County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
2007, by Scott Holley and Christine Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_



**Exhibit C**  
**SPECIAL WARRANTY DEED**  
**(Water Rights)**

THIS SPECIAL WARRANTY DEED is made as of this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, between Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley ("Grantors"), whose mailing address is P.O. Box 694, Granby, CO 80446, and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of Commissioners of the County of Grand, State of Colorado, ("Grantees"), collectively referred to as the Grand County Water Coalition, with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

GRANTORS, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, by these presents have granted, sold, transferred, conveyed, and assigned, and by these presents do grant, sell, transfer, convey, and assign unto Grantees (each to hold an undivided 1/6<sup>th</sup> interest), their successors, and assigns, all of Grantors' right, title, and interest in and to the water rights located in the County of Grand, State of Colorado, represented by 85.5 shares of stock in the Grand County Irrigated Land Company (the "85.5 Shares"), together with all other water rights ("Other Water Rights") (collectively "Water Rights") used on or appurtenant to certain lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado ("Lands") all as more particularly described in *Exhibit 1*, attached hereto and incorporated herein by this reference:

SEE *EXHIBIT 1*, ATTACHED HERETO  
AND INCORPORATED HEREIN BY THIS REFERENCE

TO HAVE AND TO HOLD, together with any and all rights and appurtenances incident thereto, forever, and all the estate, right, title and interest of Grantors in the Water Rights and appurtenances. Grantors further represent that they have authority to convey to Grantees all rights described herein. Grantors, for themselves, their successors and assigns, covenant and agree that they will warrant title and forever defend the Water Rights in the quiet and peaceable possession of Grantees, their successors and assigns, against all and every person or persons claiming the whole of any part thereof, by, through, or under Grantors, or against adverse claims arising by, through or under the acts or omissions of Grantors. The singular shall include the plural and the use of any gender shall be applicable to all genders.

[Signatures on next page]



IN WITNESS WHEREOF, Grantors have executed this Special Warranty Deed on the date set forth above.

GRANTORS:

\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley  
a/ka/ Christine Helen Holley

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**EXHIBIT 1**  
to  
Special Warranty Deed (Water Rights)

1. **Ditch Company Shares.** All of Grantors' right, title, and interest in and to the following 85.5 shares of stock in the Grand County Irrigated Land Company including Grantors' right to request or receive delivery of water or use water represented by said shares, including all of Grantors' beneficial right, title and interest in and to all water, water rights, ditches, ditch rights, reservoirs, reservoir rights, storage accounts, contractual rights to use water, canals, canal rights, head gates, and all other assets, rights, title or interests represented by said shares, and in addition, and in no way limited by the foregoing, any and all other right, title or interest in the Grand County Irrigated Land Company represented by said shares or otherwise held by the Grantors in said Company (the "85.5 Shares"). The 85.5 Shares are more particularly described as follows:
  - a. **Certificate No. 393** for 76 shares in Grand County Irrigated Land Company.
  - b. **Certificate No. 426** for 3.5 shares in Grand County Irrigated Land Company.
  - c. **Certificate No. 431** for 3 shares in Grand County Irrigated Land Company.
  - d. **Certificate No. 435** for 2 shares in Grand County Irrigated Land Company.
  - e. **Certificate No. \_\_\_\_\_** for 1 share in Grand County Irrigated Land Company (certificate number to be added upon re-issuance to Grantors after obtaining a lost instrument bond).
2. **All Other Water Rights and Associated Structures and Easements.** In addition to the 85.5 Shares described above, all of Grantors' right, title and interest in and to all other water rights and rights to use water, associated with or appurtenant to the Lands described in paragraph 3, including but not limited to, the water rights represented by shares of stock in other ditch or reservoir companies; interests in lateral companies; all contractual rights to use water; and all ditches, ditch rights, reservoirs, reservoir rights, laterals and related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water on the Land ("Other Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927, and **EXCEPT** existing wells and well permits, such existing wells to be more particularly identified during the Due Diligence Period, and **EXCEPT** all groundwater and rights to use groundwater located under the Lands.
3. **Lands.** All historical use and consumptive use of water associated with the following Lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado, which will be dried-up, revegetated, and subject to noxious weed management regulations pursuant to Dry-Up Covenants to be recorded and any decree from the Division No. 5 water court changing the water rights represented by the 85.5 Shares.
  - a. Parcel 1 (Yager Partnership, Ltd.)

- i. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:

Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D, including all roads, rights of way and easements, as described on Plat of Sun Creek Development Filing One, County of Grand, State of Colorado.

- ii. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing No. 1, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.

b. Parcel 2 (Yager Partnership, Ltd.)

- i. A 5.58 acre, more or less, tract located in the SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  of Section 32 and the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 33, all in T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying South of County Road 60, Grand County, Colorado, as generally depicted on the map attached hereto. If this 5.58 acre parcel is surveyed, then the survey of the parcel will replace this description.
- ii. A 1.529 acre, more or less, tract located in Tract 80 of the Great Divide Head Lettuce Colony lying South of the Granby Airport, Grand County, Colorado, as generally depicted on the map attached hereto. If this 1.529 acre parcel is surveyed, then the survey of the parcel will replace this description.

c. Parcel 3 (Christine Holley)

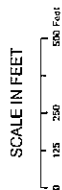
- i. N  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.

d. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)

- i. N  $\frac{1}{2}$  of Lot 9, Great Divide Head Lettuce Colony, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9, County of Grand, State of Colorado.

- ii. N ½ of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.
- e. Parcel 5 (Scott Holley, Christine H. Holley, and Bryan Holley)
  - i. Tract 8, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.
- f. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - i. Tract 7, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.

This is a high-contrast, black and white aerial photograph of a coastal area. The image is heavily degraded with noise and artifacts. A large black curved line, possibly a scratch or a redaction, runs across the middle of the image. Several white lines and arrows are overlaid on the image, likely for identification or analysis purposes. The photograph shows a body of water on the right, a long pier or breakwater extending from the shore, and various buildings and structures along the coastline. A prominent road or railway line runs parallel to the shore. The image is oriented horizontally, but the content appears to be a vertical aerial view.



**YAGER PARTNERSHIP,  
LTD**

**Map Legend:**

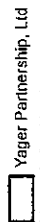


Image Data from USDA National Agriculture  
Imagery Program (NAIP) 1 Meter mosaic in  
NAD 83, UTM Zone 18N, NAD 83  
Aerial Photography Summer 2005.

[illegible]

Parcel 2.a. 5.58 acre parcel

Parcel 1. b. 79.229 acre parcel

**Exhibit D-1**  
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Christine Holley, the undersigned shareholder, hereby sells, assigns and transfers Seventy-six and 00/100 (76.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Colorado River Water Conservation District, acting by and through its Colorado River Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado, each to hold an undivided 1/6 interest, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 393**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Christine Holley

In the presence of:

\_\_\_\_\_  
NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by Christine Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

**Exhibit D-2**

DATED: \_\_\_\_\_

Scott Holley

**Table 1**

STATE OF COLORADO )  
 ) ss.  
COUNTY OF )

Witness my hand and official seal.

My commission expires: \_\_\_\_\_

**Exhibit D-3**  
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Scott Holley, the undersigned shareholder, hereby sells, assigns and transfers Three and 00/100 (3.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Colorado River Water Conservation District, acting by and through its Colorado River Projects enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado, each to hold an undivided 1/6 interest, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 431**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Scott Holley

In the presence of:

\_\_\_\_\_  
NOTARIZATION

STATE OF COLORADO    )  
                                      ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, by Scott Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



**Exhibit D-4**

DATED: \_\_\_\_\_

In the presence of:

**STATE OF COLORADO**       )  
  ) ss.  
**COUNTY OF**                     )

Witness my hand and official seal.

{00025830.DOC / 1}

**Exhibit D-5**  
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Christine H. Holley and Scott Holley, the undersigned shareholders, hereby sell, assign and transfer One and 00/100 (1.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Colorado River Water Conservation District, acting by and through its Colorado River Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado, each to hold an undivided 1/6 interest, which stock is standing in the name of the undersigned on the books and records of the Company represented by Certificate No. [REDACTED], and hereby irrevocably constitute and appoint the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Christine H. Holley

\_\_\_\_\_  
Scott Holley

In the presence of:

\_\_\_\_\_

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_, by Christine H. Holley and Scott Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**Exhibit E**  
**BILL OF SALE**

KNOW ALL MEN BY THESE PRESENTS: Scott Holley and Christine Holley a/k/a Christine H. Holly a/k/a Christine Helen Holly ("Sellers"), for and in consideration of TEN DOLLARS (\$10.00) and other valuable consideration to them in hand paid, at or before the ensembling or delivery of these presents by the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of Commissioners County of Grand, State of Colorado (collectively "Buyers"), the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do grant and convey unto the Buyers, their successors and assigns, free and clear of all liens, leases or other encumbrances whatsoever, all irrigation equipment, flumes, headgates, measuring devices, equipment, pipes and other personal property used in connection with the Sellers' 85.5 shares of shares of stock in the Grand County Irrigated Land Company conveyed from Sellers to Buyers in that Special Warranty Deed (Water Rights) dated \_\_\_\_\_, 2007, including but not limited to the list attached hereto to be prepared by the Sellers during the Due Diligence Period.

TO HAVE AND TO HOLD the same unto Buyers, their successors and assigns, forever. The Sellers covenant and agree to and with Buyers, their successors and assigns, to WARRANT AND DEFEND the sale of said property, against all and every person or persons whomsoever. The singular shall include the plural and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the Sellers have executed this Bill of Sale this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

\_\_\_\_\_  
Scott Holley

\_\_\_\_\_  
Christine Holley a/ka/ Christine H. Holley  
a/k/a Christine Helen Holley

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_ 2007, by Scott Holley and Christine Holley a/ka/ Christine H. Holley a/k/a Christine Helen Holly.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**EXHIBIT F-1**

DRY-UP COVENANT  
(Yager Partnership, Ltd)

# DRY-UP COVENANT

(Yager Partnership, Ltd.)

This Covenant is executed as of \_\_\_\_\_, 2007, by and between Yager Partnership, LTD, ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of Grand County (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451 ; and J.J.P. Companies, Inc., a Colorado Corporation, ("Third-Party Purchaser"), with a mailing address of c/o John J. Poukish, Jr., President, P.O. Box 2697, Avon, CO 91620.

## WITNESSETH:

WHEREAS, Grantor owns 41.837 acres of land, more or less, known as the Sun Creek Development Filing One, located in Sections 32 and 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., ("Sun Creek Development"), and 79.229 acres, more or less, located in Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., (the "79.229 acres") in Grand County, Colorado, as more particularly described in the attached Exhibit 1. Collectively, the Sun Creek Development and the 79.229 acres are referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 shares"). The Coalition has entered a contract to purchase the 85.5 shares from Scott and Christine Holley. Christine Holley is the General Partner for Grantor.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, the Sun Creek Development is currently subject to a Contract to Buy and Sell Real Estate dated March 5, 2007 between Grantor and Third-Party Purchaser, as amended by an Agreement to Amend/Extend Contract dated June 14, 2007 (the "Contract"). Closing of the Contract is set for October 1, 2007. The Contract does not include any interest in the 85.5 shares or any other shares in the Grand County Irrigated Land Company.

WHEREAS, the 79.229 acres are subject to an Option to Purchase Agreement executed by Grantor on March 6, 2007 between Grantor and Third-Party Purchaser, as amended by an Amendment to Option to Purchase Agreement dated June 14, 2007 (the "Option"). The Option has a term extending up to three years beyond recording of a deed from Grantor to Third-Party

Purchaser for the sale of Sun Creek Development . The Option does not include any interest in the 85.5 shares or any other shares in the Grand County Irrigated Land Company.

WHEREAS, it is contemplated that the 85.5 shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, if Third-Party Purchaser closes on the purchase of the Lands, or any part thereof, Third-Party Purchaser desires that water from municipal sources may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor, the Coalition, and the Third-Party Purchaser hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 shares:

1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"), recording to occur prior to October 1, 2007, the closing date on the Sun Creek Development; provided, however, if the Coalition does not close on the purchase of the 85.5 shares and record a special warranty deed conveying the 85.5 shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2)

is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 shares by the Coalition.

4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**YAGER PARTNERSHIP, LTD**

\_\_\_\_\_  
By: Christine Holley, General Partner

**THIRD-PARTY PURCHASER:**  
**J.J.P. COMPANIES, INC.**  
A Colorado Corporation

\_\_\_\_\_  
By: John J. Poukish, Jr.  
President



**GRAND COUNTY WATER  
COALITION:**

Colorado River Water Conservation District

Town of Winter Park

By: \_\_\_\_\_  
[Title]

By: \_\_\_\_\_  
[Title]

Grand County Water and Sanitation District  
# 1

Town of Granby

By: \_\_\_\_\_  
[Title]

By: \_\_\_\_\_  
[Title]

Winter Park Water and Sanitation District

Board of County Commissioners of Grand  
County

By: \_\_\_\_\_  
[Title]

By: \_\_\_\_\_  
[Title]

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_ 2007, by Christine Holley as General Partner of the Yager Partnership, LTD.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 2007, by John J. Poukish, Jr., as President of J.J.P. Companies, Inc., a Colorado Corporation (Third Party Purchaser).

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 2007,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Colorado River Water Conservation District.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 2007,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Town of Winter Park.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 2007,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Town of Granby.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_,  
by \_\_\_\_\_ as \_\_\_\_\_  
\_\_\_\_\_ of the Board of County Commissioners of Grand  
County.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

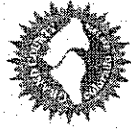
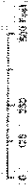
EXHIBIT 1  
to  
DRY-COVENANT

The following land located in Sections 32 and 33, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; and Tracts A, B, C, and D, County of Grand, State of Colorado, including all roads, rights of way and easements as described on Plat of Sun Creek Development Filing One.
2. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W. of the 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing One, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.



SCALE IN FEET



YAGER PARTNERSHIP,  
LTD

Map Legend:


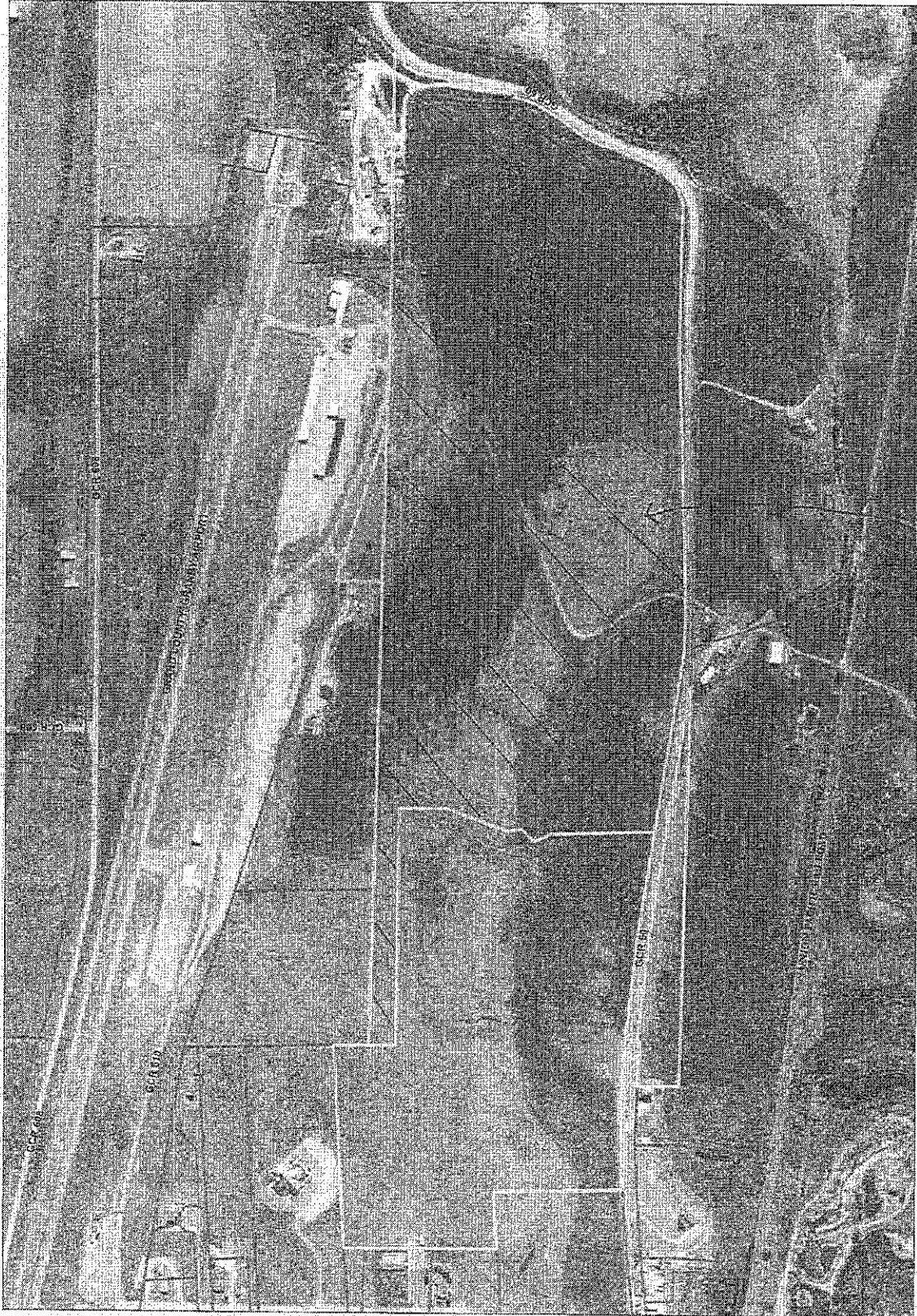
 Yager Partnership, Ltd

Image Data from USDA National Agriculture  
Inventory Program (NAIP) 1 Meter mosaic in  
NAD 83, Zone 18, UTM Zone 18 N, UTM 83  
Aerial Photography Summer 2006

YAGER PARTNERSHIP, LTD  
10000 W. 100th St., Suite 200  
Eden Prairie, MN 55324  
(952) 941-1000  
www.yagerpartnership.com  
The information contained herein is for informational purposes only and does not constitute an offer of securities. The information is not intended to be used as a basis for investment decisions. The information is not intended to be used as a basis for investment decisions. The information is not intended to be used as a basis for investment decisions.



the 79.229 acre parcel

**Exhibit F-2**  
**DRY-UP COVENANT**  
**(Yager Partnership, Ltd.)**

This Covenant is executed as of \_\_\_\_\_, 2007, by and between Yager Partnership, Ltd., a Colorado Limited Partnership ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

WITNESSETH:

WHEREAS, Grantor owns 5.58 acres and 1.529 acres of land, more or less, located in Sections 32 and 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 Shares"). The Coalition has entered a contract to purchase the 85.5 Shares from Scott and Christine Holley. Christine Holley is the General Partner for Grantor.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:



1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"); provided, however, if the Coalition does not close on the purchase of the 85.5 Shares and record a special warranty deed conveying the 85.5 Shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by the Coalition.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**YAGER PARTNERSHIP, Ltd., a**  
**Colorado Limited Partnership**

By \_\_\_\_\_  
Christine Holley, General Partner

**GRAND COUNTY WATER**  
**COALITION:**

**COLORADO RIVER WATER**  
**CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND**  
**SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND**  
**SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

STATE OF COLORADO           )  
County of \_\_\_\_\_ ) ss.

Witness my hand and official seal.

My commission expires

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

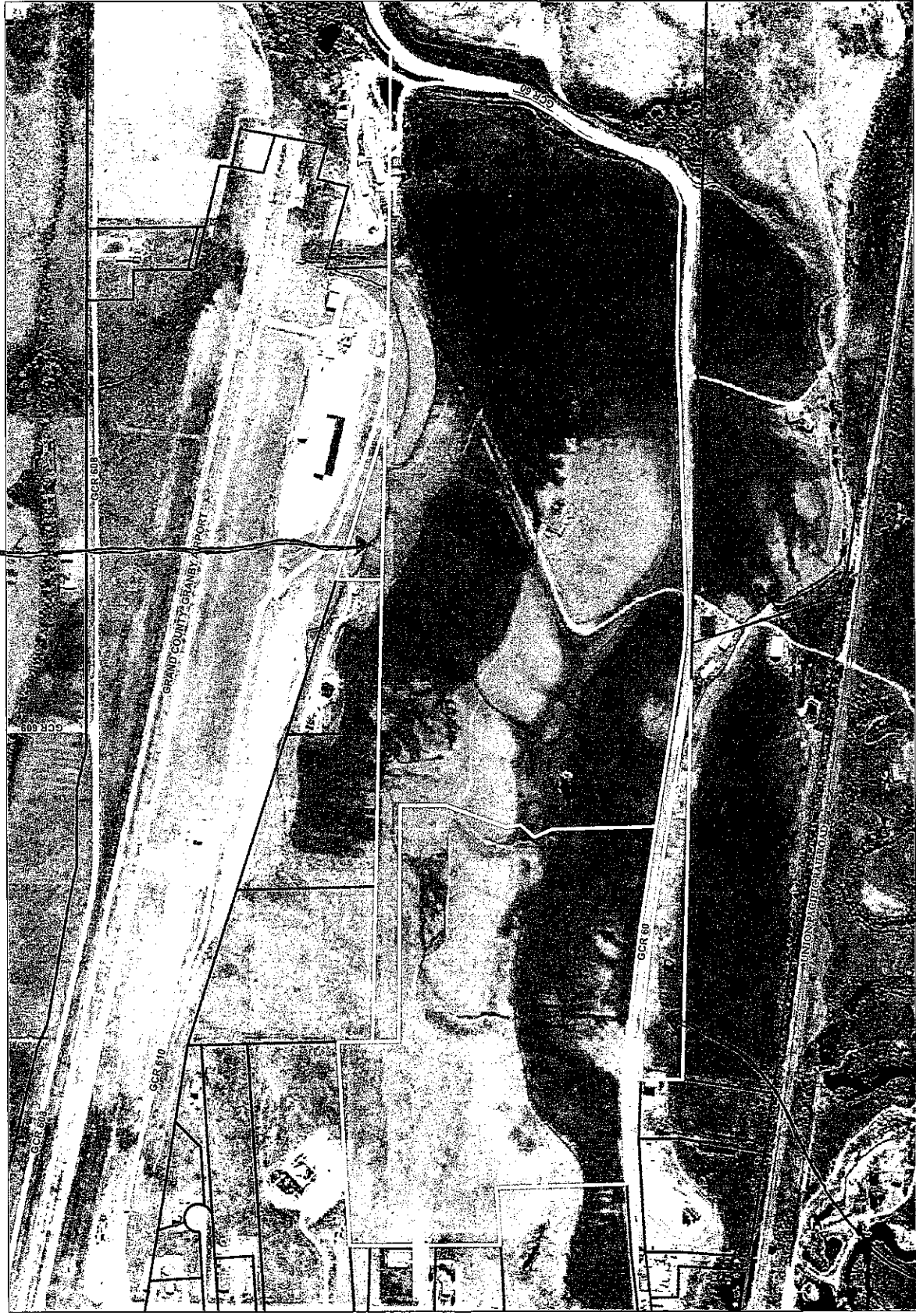
EXHIBIT 1  
to  
DRY-UP COVENANT

The following land located in Sections 32 and 33, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. A 5.58 acre, more or less, tract located in the SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  of Section 32 and the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 33, all in T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying South of County Road 60, Grand County, Colorado, as generally depicted on the map attached hereto. If this 5.58 acre parcel is surveyed, then the survey of the parcel will replace this description.
2. A 1.529 acre, more or less, tract located in Tract 80 of the Great Divide Head Lettuce Colony lying South of the Granby Airport, Grand County, Colorado, as generally depicted on the map attached hereto. If this 1.529 acre parcel is surveyed, then the survey of the parcel will replace this description



Parcel with 1,529 acres



Parcel with 5.58 acres



SCALE IN FEET  
0 125 250 500 Feet



YAGER PARTNERSHIP,  
LTD

Map Legend:



Image Data from USDA National Agriculture  
Imagery Program (NAIP) 1 Meter mosaic in  
MSSD Gen 3, UTM Zone 13 N, NAD 83  
Aerial Photography Summer 2005.

Grand County GIS  
Map Server: 80.1.1.1:8080  
Map Data: 80.1.1.1:8080  
Map Style: 80.1.1.1:8080  
Map Legend: 80.1.1.1:8080  
Map Scale: 80.1.1.1:8080  
Map Projection: 80.1.1.1:8080  
Map Author: 80.1.1.1:8080  
Map Date: 80.1.1.1:8080  
Map Version: 80.1.1.1:8080  
Map Contact: 80.1.1.1:8080  
Map Copyright: 80.1.1.1:8080  
Map Disclaimer: 80.1.1.1:8080  
Map Notes: 80.1.1.1:8080  
Map Footer: 80.1.1.1:8080  
Map Header: 80.1.1.1:8080  
Map Title: 80.1.1.1:8080  
Map Subtitle: 80.1.1.1:8080  
Map Keywords: 80.1.1.1:8080  
Map Description: 80.1.1.1:8080  
Map Abstract: 80.1.1.1:8080  
Map Purpose: 80.1.1.1:8080  
Map Audience: 80.1.1.1:8080  
Map Distribution: 80.1.1.1:8080  
Map Access: 80.1.1.1:8080  
Map Use: 80.1.1.1:8080  
Map Policy: 80.1.1.1:8080  
Map Terms: 80.1.1.1:8080  
Map Conditions: 80.1.1.1:8080  
Map Warranties: 80.1.1.1:8080  
Map Limitations: 80.1.1.1:8080  
Map Exceptions: 80.1.1.1:8080  
Map Other: 80.1.1.1:8080  
Map End: 80.1.1.1:8080

**Exhibit F-3**  
**DRY-UP COVENANT**  
**(Christine Holley)**

This Covenant is executed as of \_\_\_\_\_, 2007, by and between Christine Holley, ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

WITNESSETH:

WHEREAS, Grantor owns the N ½ of Tract 12 located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 Shares"). The Coalition has entered a contract to purchase the 85.5 Shares from Scott and Christine Holley.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"); provided, however, if the Coalition does not close on the purchase of the 85.5 Shares and record a special warranty deed conveying the 85.5 Shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by the Coalition.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**CHRISTINE HOLLEY**

By \_\_\_\_\_  
Christine Holley

**GRAND COUNTY WATER  
COALITION:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Kric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

NOTARIZATION

STATE OF COLORADO     )  
                                      ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007, by Christine Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

---

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President, and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_



## NOTARIZATION

STATE OF COLORADO       )  
                                   ) ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

The following land located in Section 31, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. N ½ of Tract 12, Great Divide Head Lettuce Company, County of Grand State of Colorado.

## **Exhibit F-4**

### **DRY-UP COVENANT**

**(Scott Holley & Christine H. Holley a/k/a Christine Helen Holley)**

This Covenant is executed as of \_\_\_\_\_, 2007, by and between Scott Holley and Christine H. Holley a/k/a Christine Helen Holley, (collectively referred to as "Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

#### WITNESSETH:

WHEREAS, Grantor owns the N ½ of Lot 9, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9 and the N ½ of Tract 10 located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 Shares"). The Coalition has entered a contract to purchase the 85.5 Shares from Scott and Christine Holley.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"); provided, however, if the Coalition does not close on the purchase of the 85.5 Shares and record a special warranty deed conveying the 85.5 Shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by the Coalition.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**SCOTT HOLLEY & CHRISTINE H. HOLLEY a/k/a/ CHRISTINE HELEN HOLLEY**

By \_\_\_\_\_  
Scott Holley

By \_\_\_\_\_  
Christine H. Holley  
a/k/a Christine Helen Holley

**GRAND COUNTY WATER COALITION:**

**COLORADO RIVER WATER CONSERVATION DISTRICT** acting by and through its Colorado River Water Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_, Secretary

**WINTER PARK WATER AND SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007, by Scott Holley & Christine H. Holley a/k/a/ Christine Helen Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_



## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President, and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

The following land located in Section 31, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. N ½ of Lot 9, Great Divide Head Lettuce Company, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9, County of Grand State of Colorado.
2. N ½ of Lot 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado

## **Exhibit F-5**

### **DRY-UP COVENANT**

**(Scott Holley, Christine H. Holley, & Bryan Holley)**

This Covenant is executed as of July \_\_\_\_, 2007, by and between Scott Holley, Christine H. Holley and Bryan Holley, (collectively referred to as "Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

WITNESSETH:

WHEREAS, Grantor owns Tract 8 located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 Shares"). The Coalition has entered a contract to purchase the 85.5 Shares from Scott and Christine Holley.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"); provided, however, if the Coalition does not close on the purchase of the 85.5 Shares and record a special warranty deed conveying the 85.5 Shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by the Coalition.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**SCOTT HOLLEY, CHRISTINE H. HOLLEY, & BRYAN HOLLEY**

By \_\_\_\_\_  
Scott Holley

By \_\_\_\_\_  
Christine H. Holley

By \_\_\_\_\_  
Bryan Holley

**GRAND COUNTY WATER COALITION:**

**COLORADO RIVER WATER CONSERVATION DISTRICT** acting by and through its Colorado River Water Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_, Secretary

**WINTER PARK WATER AND SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007, by Scott Holley and Christine H. Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2007, by Bryan Holley.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_



## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President, and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

The following land located in Section 31, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. Tract 8, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.

**Exhibit F-6**  
**DRY-UP COVENANT**  
(William L. Spurlin & Sharon K. Spurlin)

This Covenant is executed as of July \_\_\_\_\_, 2007, by and between William L. Spurlin and Sharon K. Spurlin, (collectively referred to as "Grantor"), with a mailing address of \_\_\_\_\_; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

WITNESSETH:

WHEREAS, Grantor owns Tract 7 located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 Shares"). The Coalition has entered a contract to purchase the 85.5 Shares from Scott and Christine Holley.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"); provided, however, if the Coalition does not close on the purchase of the 85.5 Shares and record a special warranty deed conveying the 85.5 Shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by the Coalition.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**WILLIAM L. SPURLIN & SHARON K. SPURLIN**

By \_\_\_\_\_  
William L. Spurlin

By \_\_\_\_\_  
Sharon K. Spurlin

**GRAND COUNTY WATER  
COALITION:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder



## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2007, by William L. Spurlin and Sharon K. Spurlin.

Witness my hand and official seal.

Notary Public

My commission expires \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

The following land located in Section 31, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. Tract 7, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.

**Exhibit G**  
**MEMORANDUM OF PURCHASE AND SALE AGREEMENT**

Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley ("Sellers") hereby agree to sell to the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of Commissioners County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition") and the Coalition agrees to purchase all of Seller's right, title, and interest in and to certain water rights located in the County of Grand, State of Colorado, represented by 85.5 shares of stock in the Grand County Irrigated Land Company (the "85.5 Shares"), together with all other water rights ("Other Water Rights") (collectively "Water Rights") used on or appurtenant to certain lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado ("Lands") all as more particularly described in Exhibit 1 attached hereto and incorporated herein by reference, on the terms and conditions set forth in that certain Purchase and Sale Agreement dated July 16, 2007, between Seller and the Coalition (the "Purchase Agreement"). This Memorandum is executed and recorded in the real property records of Grand County, Colorado to give notice to third parties of the Coalition's right to purchase the Water Rights pursuant to the Purchase Agreement. If a special warranty deed conveying the Water Rights to the Coalition is not recorded in the real property records of Grand County, Colorado, by February 29, 2008, this Memorandum shall cease to have any force and effect. In the event of any inconsistency between this Memorandum and the Purchase Agreement, the Purchase Agreement shall control.

Dated this 16<sup>th</sup> day of July 2007.

**SELLERS:**

By \_\_\_\_\_  
Scott Holley

By \_\_\_\_\_  
Christine Holley a/k/a Christine H.  
Holley a/k/a Christine Helen Holley

**GRAND COUNTY WATER  
COALITION:**

**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

**ATTEST:**

By \_\_\_\_\_  
David Merritt, Secretary

**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

NOTARIZATION

STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holly.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_



## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Robert Wolf, as President and \_\_\_\_\_ as \_\_\_\_\_ Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Jack W. Buchheister, as President, and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

## NOTARIZATION

STATE OF COLORADO )  
 )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
                                      ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
                                      ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**Exhibit 1**  
**to**  
**Memorandum of Purchase and Sale Agreement**  
**("Water Rights")**

- A. **Ditch Company Shares.** All of Grantors' right, title, and interest in and to the following 85.5 shares of stock in the Grand County Irrigated Land Company including Grantors' right to request or receive delivery of water or use water represented by said shares, including all of Grantors' beneficial right, title and interest in and to all water, water rights, ditches, ditch rights, reservoirs, reservoir rights, storage accounts, contractual rights to use water, canals, canal rights, head gates, and all other assets, rights, title or interests represented by said shares, and in addition, and in no way limited by the foregoing, any and all other right, title or interest in the Grand County Irrigated Land Company represented by said shares or otherwise held by the Grantors in said Company (the "85.5 Shares"). The 85.5 Shares are more particularly described as follows:
1. **Certificate No. 393** for 76 shares in Grand County Irrigated Land Company.
  2. **Certificate No. 426** for 3.5 shares in Grand County Irrigated Land Company.
  3. **Certificate No. 431** for 3 shares in Grand County Irrigated Land Company.
  4. **Certificate No. 435** for 2 shares in Grand County Irrigated Land Company.
  5. **Certificate No. \_\_\_\_\_** for 1 share in Grand County Irrigated Land Company (certificate number to be added upon re-issuance to Grantors after obtaining a lost instrument bond).
- B. **All Other Water Rights and Associated Structures and Easements.** In addition to the 85.5 Shares described above, all of Grantors' right, title and interest in and to all other water rights and rights to use water, associated with or appurtenant to the Lands described in paragraph C, including but not limited to, the water rights represented by shares of stock in other ditch or reservoir companies; interests in lateral companies; all contractual rights to use water; and all ditches, ditch rights, reservoirs, reservoir rights, laterals and related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water on the Land ("Other Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927, and **EXCEPT** existing wells and well permits, such existing wells to be more particularly identified during the Due Diligence Period, and **EXCEPT** all groundwater and rights to use groundwater located under the Lands.
- C. **Lands.** All historical use and consumptive use of water associated with the following Lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado, which will be dried-up, revegetated, and subject to noxious weed management regulations pursuant to Dry-Up Covenants to be recorded and any decree from the Division No. 5 water court changing the water rights represented by the 85.5 Shares.
- a. Parcel 1 (Yager Partnership, Ltd.)

- i. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D, including all roads, rights of way and easements, as described on Plat of Sun Creek Development Filing One, County of Grand, State of Colorado.
- ii. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing No. 1, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.
- b. Parcel 2 (Yager Partnership, Ltd.)
  - i. A 5.58 acre, more or less, tract located in the SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  of Section 32 and the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 33, all in T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying South of County Road 60, Grand County, Colorado, as generally depicted on the map attached hereto. If this 5.58 acre parcel is surveyed, then the survey of the parcel will replace this description.
  - ii. A 1.529 acre, more or less, tract located in Tract 80 of the Great Divide Head Lettuce Colony lying South of the Granby Airport, Grand County, Colorado, as generally depicted on the map attached hereto. If this 1.529 acre parcel is surveyed, then the survey of the parcel will replace this description.
- c. Parcel 3 (Christine Holley)
  - i. N  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.
- d. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)
  - i. N  $\frac{1}{2}$  of Lot 9, Great Divide Head Lettuce Colony, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9, County of Grand, State of Colorado.
  - ii. N  $\frac{1}{2}$  of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.
- e. Parcel 5 (Scott Holley, Christine H. Holley, and Bryan Holley)

- i. Tract 8, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.
- f. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - i. Tract 7, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.



## MEMORANDUM OF PURCHASE AND SALE AGREEMENT

Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley ("Sellers") hereby agree to sell to the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of Commissioners County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition") and the Coalition agrees to purchase all of Seller's right, title, and interest in and to certain water rights located in the County of Grand, State of Colorado, represented by 85.5 shares of stock in the Grand County Irrigated Land Company (the "85.5 Shares"), together with all other water rights ("Other Water Rights") (collectively "Water Rights") used on or appurtenant to certain lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado ("Lands") all as more particularly described in Exhibit 1 attached hereto and incorporated herein by reference, on the terms and conditions set forth in that certain Purchase and Sale Agreement dated July 16, 2007, between Seller and the Coalition (the "Purchase Agreement"). This Memorandum is executed and recorded in the real property records of Grand County, Colorado to give notice to third parties of the Coalition's right to purchase the Water Rights pursuant to the Purchase Agreement. If a special warranty deed conveying the Water Rights to the Coalition is not recorded in the real property records of Grand County, Colorado, by February 29, 2008, this Memorandum shall cease to have any force and effect. In the event of any inconsistency between this Memorandum and the Purchase Agreement, the Purchase Agreement shall control.

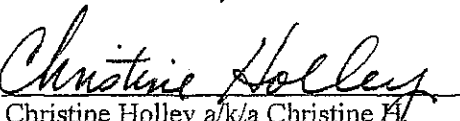
Dated this 16<sup>th</sup> day of July 2007.

### SELLERS:

By

  
Scott Holley

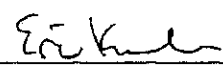
By

  
Christine Holley a/k/a Christine H.  
Holley a/k/a Christine Helen Holley

### GRAND COUNTY WATER COALITION:

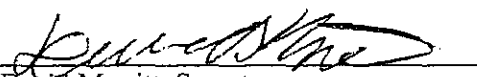
COLORADO RIVER WATER  
CONSERVATION DISTRICT acting by  
and through its Colorado River Water  
Projects Enterprise.

By

  
Eric Kuhn, General Manager/Secretary

### ATTEST:

By

  
David Merritt, Secretary



GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1

By [Signature]  
Robert Wolf, President

ATTEST:

By [Signature]  
, Secretary

WINTER PARK WATER AND  
SANITATION DISTRICT

By [Signature]  
Jack W. Buchheister, President

ATTEST:

By [Signature]  
Don Waldron, Secretary

TOWN OF WINTER PARK

By [Signature]  
Harold W. Teverbaugh, Mayor

ATTEST:

By [Signature]  
Patti Garcia, Town Clerk Pro-Tem  
Nancy J. Anderson,

TOWN OF GRANBY

By [Signature]  
Edward Wang, Mayor

ATTEST:

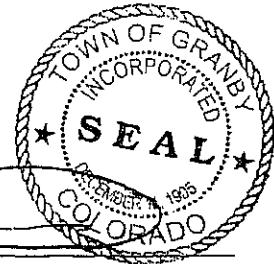
By [Signature]  
Deborah K. Hess, Town Clerk CMC

BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO

By [Signature]  
Nancy Stuart, Acting Chairman

ATTEST:

By [Signature]  
Sara L. Rosene, Clerk and Recorder  
Jane Reed  
Deputy

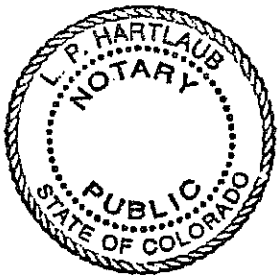


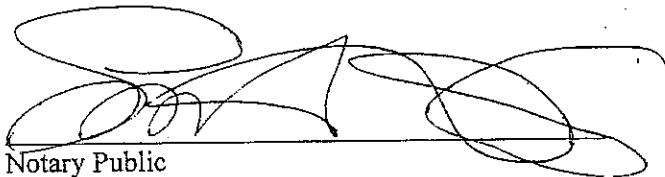
NOTARIZATION

STATE OF COLORADO )  
COUNTY OF Grand ) ss.

The foregoing instrument was acknowledged before me on this 16<sup>th</sup> day of July, 2007, by Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holly.

Witness my hand and official seal.



  
Notary Public

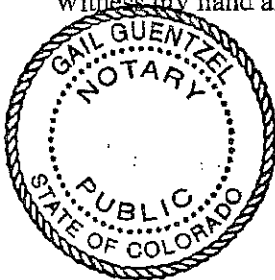
My commission expires: Feb 3, 2008

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GARFIELD )

The foregoing instrument was acknowledged before me on this 18 day of July, 2007, by Eric Kuhn, as General Manager/Secretary, and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.



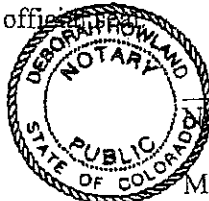
Gail Guentzel  
Notary Public  
My commission expires: 3-18-08

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF Grand )

The foregoing instrument was acknowledged before me on this 17 day of July, 2007, by Robert Wolf, as President and Chris Seaman as Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.



My Commission Expires  
NOVEMBER 17, 2009

Deborah Howland  
Notary Public  
My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Grand     )

The foregoing instrument was acknowledged before me on this 17 day of July, 2007, by Jack W. Buchheister, as President, and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.



Deborah Howland  
Notary Public

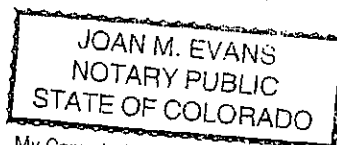
My Commission Expires                       
NOVEMBER 17, 2009

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Grand     )

The foregoing instrument was acknowledged before me on this 17<sup>th</sup> day of July, 2007, by Harold N. Teverbaugh, as Mayor, and ~~Patti Garcia, as Town Clerk~~, respectively, of the Town of Winter Park.  
Nancy J. Anderson, As Town Clerk Pro-Tem

Witness my hand and official seal.



Joan M. Evans  
Notary Public

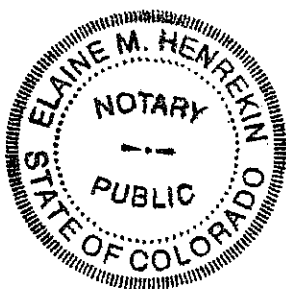
My commission expires: 10-3-2010

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Grand )

The foregoing instrument was acknowledged before me on this 17<sup>th</sup> day of July, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.



Elaine M. Henrekin  
Notary Public

My commission expires: 01-24-08

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Grand )

The foregoing instrument was acknowledged before me on this 17<sup>th</sup> day of July, 2007, by Nancy Stuart <sup>Acting</sup> as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.



Colleen A. Reynolds  
Notary Public

My commission expires: 10-16-2008



**Exhibit 1**  
**to**  
**Memorandum of Purchase and Sale Agreement**  
**("Water Rights")**

- A. **Ditch Company Shares.** All of Grantors' right, title, and interest in and to the following 85.5 shares of stock in the Grand County Irrigated Land Company including Grantors' right to request or receive delivery of water or use water represented by said shares, including all of Grantors' beneficial right, title and interest in and to all water, water rights, ditches, ditch rights, reservoirs, reservoir rights, storage accounts, contractual rights to use water, canals, canal rights, head gates, and all other assets, rights, title or interests represented by said shares, and in addition, and in no way limited by the foregoing, any and all other right, title or interest in the Grand County Irrigated Land Company represented by said shares or otherwise held by the Grantors in said Company (the "85.5 Shares"). The 85.5 Shares are more particularly described as follows:
1. **Certificate No. 393** for 76 shares in Grand County Irrigated Land Company.
  2. **Certificate No. 426** for 3.5 shares in Grand County Irrigated Land Company.
  3. **Certificate No. 431** for 3 shares in Grand County Irrigated Land Company.
  4. **Certificate No. 435** for 2 shares in Grand County Irrigated Land Company.
  5. **Certificate No. \_\_\_\_\_** for 1 share in Grand County Irrigated Land Company (certificate number to be added upon re-issuance to Grantors after obtaining a lost instrument bond).
- B. **All Other Water Rights and Associated Structures and Easements.** In addition to the 85.5 Shares described above, all of Grantors' right, title and interest in and to all other water rights and rights to use water, associated with or appurtenant to the Lands described in paragraph C, including but not limited to, the water rights represented by shares of stock in other ditch or reservoir companies; interests in lateral companies; all contractual rights to use water; and all ditches, ditch rights, reservoirs, reservoir rights, laterals and related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water on the Land ("Other Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927, and **EXCEPT** existing wells and well permits, such existing wells to be more particularly identified during the Due Diligence Period, and **EXCEPT** all groundwater and rights to use groundwater located under the Lands.
- C. **Lands.** All historical use and consumptive use of water associated with the following Lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado, which will be dried-up, revegetated, and subject to noxious weed management regulations pursuant to Dry-Up Covenants to be recorded and any decree from the Division No. 5 water court changing the water rights represented by the 85.5 Shares.
- a. Parcel 1 (Yager Partnership, Ltd.)

- i. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D, including all roads, rights of way and easements, as described on Plat of Sun Creek Development Filing One, County of Grand, State of Colorado.
- ii. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing No. 1, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.
- b. Parcel 2 (Yager Partnership, Ltd.)
  - i. A 5.58 acre, more or less, tract located in the SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  of Section 32 and the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  SW  $\frac{1}{4}$  of Section 33, all in T. 2 N., R. 76 W., 6<sup>th</sup> P.M., lying South of County Road 60, Grand County, Colorado, as generally depicted on the map attached hereto. If this 5.58 acre parcel is surveyed, then the survey of the parcel will replace this description.
  - ii. A 1.529 acre, more or less, tract located in Tract 80 of the Great Divide Head Lettuce Colony lying South of the Granby Airport, Grand County, Colorado, as generally depicted on the map attached hereto. If this 1.529 acre parcel is surveyed, then the survey of the parcel will replace this description.
- c. Parcel 3 (Christine Holley)
  - i. N  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.
- d. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)
  - i. N  $\frac{1}{2}$  of Lot 9, Great Divide Head Lettuce Colony, except that parcel described in Book 127 at Page 168 located in the northeast corner of said Lot 9, County of Grand, State of Colorado.
  - ii. N  $\frac{1}{2}$  of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.
- e. Parcel 5 (Scott Holley, Christine H. Holley, and Bryan Holley)

- i. Tract 8, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.
- f. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - i. Tract 7, Great Divide Head Lettuce Colony, located in Section 31, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., County of Grand, State of Colorado.



JUL 19 2007

# GRAND COUNTY TITLE AND ESCROW COMPANY, INC.

A Colorado Corporation

Grand Lake Office

P.O. Box 1939  
721 Grand Ave., Unit B  
Grand Lake, CO 80447  
(970) 627-0400  
(970) 627-0401 FAX  
(800) 471-5706 TOLL FREE

Main Office

P.O. Box 38  
129 E. Byers Ave  
Hot Sulphur Springs, CO 80451  
(970) 725-3200  
(970) 725-3250 FAX  
(888) 852-2368 TOLL FREE

Winter Park Office

P.O. Box 1350  
21 Kings Crossing Rd, Unit 101  
Winter Park, CO 80482  
(970) 726-0228  
FAX (970) 726-0229  
TOLL FREE (866) 505-9456

## ESCROW AGREEMENT

File No. 25603  
Date July 16, 2007

COPY

## ESCROW INSTRUCTIONS

THE UNDERSIGNED PURCHASERS have deposited with Grand County Title and Escrow Company, Inc., as ESCROW AGENT, the items described in Schedule A attached hereto.

This ESCROW ACCOUNT and said ESCROW AGENT shall be subject to the following instructions:

- (a) The Escrow Agent shall not be personally liable for any act it may do or omit to do hereunder as such agent, while acting in good faith and in the exercise of its own best judgment.
- (b) The Escrow Agent is hereby expressly authorized to comply with and obey any and all orders, judgments, or decrees of any court relating to this transaction, and in case the said Agent obeys or complies with any such order, judgment or decree of any court it shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree be subsequently reversed, modified, annulled, set aside or vacated, or found to have been entered without jurisdiction.
- (c) If at any time a dispute shall exist as to the duty of the Escrow Agent under the terms hereof or the items deposited hereunder are not withdrawn or used on or before **JUNE 1, 2008**, the Escrow Agent may deposit the documents and/or money in its hands, with the Clerk of the District Court of Grand County, State of Colorado, and may interplead the parties thereto. Upon so depositing such documents and/or money and filing its complaint in interpleader, the escrow holder shall be released from all liability, under the terms hereof, as to the documents and/or money so deposited. The parties hereto, for themselves, their heirs, successors and assigns, do hereby submit themselves to the jurisdiction of said Court and do hereby appoint the Clerk of said Court as their agent for the service of all process in connection with the proceedings in this paragraph mentioned.
- (d) In consideration of the acceptance of this Escrow by the Escrow Agent, the undersigned Buyer and Seller agree, jointly and severally, for themselves, their heirs, executors, administrators, successors and assigns, to indemnify and hold it harmless as to any liability by it occurred to any other person or corporation by reason of its having accepted the same, or in connection herewith, and to reimburse it for all its expenses, including, among other things, counsel fees and court costs incurred in connection herewith; and that the Escrow Agent shall have a first and prior lien upon all deposits made hereunder to secure the performance of said agreement of indemnity and the payment of its charges and expenses. Escrow fees or charges as distinguished from other expenses, hereunder, shall be as written above the Escrow Agent's signature at the time of its acceptance hereof.
- (e) The Escrow Agent is also subject to the "Special Instructions" set forth in Schedule B attached hereto.

The provisions hereof shall be binding upon the undersigned depositors and their respective heirs, personal representatives, successors or assigns.

## SCHEDULE A

The following items have been deposited with Grand County Title and Escrow Company, Inc.:

\$105,000 to be paid as follows:

1. \$17,500 from Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise;
2. \$17,500 from Grand County Water and Sanitation District #1;
3. \$17,500 from Winter Park Water and Sanitation District;
4. \$17,500 from Town of Winter Park;
5. \$17,500 from Town of Granby;
6. \$17,500 from Board of County Commissioners of the County or Grand, State of Colorado.

\$200 escrow fee to be paid as follows:

1. \$100 from Lawrence P. Hartlaub, Attorney for Seller (Christine and Scott Holley);
2. \$100 from White & Jankowski, LLP by David C. Taussig, Attorney for Purchasers (Coalition of entities).

## SCHEDULE B (Special Instructions)

Escrow Agent is directed as follows:

1. Deposit said funds in an interest bearing account covered by FDIC insurance;
2. Upon receipt of written directions from both SELLER (Christine OR Scott Holley), or their assigns, and PURCHASERS (all above described entities), or their assigns, pay as so directed. (Note: PURCHASERS may create a single entity to which this Escrow Agreement may be assigned.)
3. This Agreement may be executed by each party separately and such executed copies taken together shall be deemed a complete contract between the parties.

RECEIPT OF THE herein described documents and instructions is hereby acknowledged and accepted this 16<sup>th</sup> day of July, 2007.

Escrow fee of \$ 200.00

GRAND COUNTY TITLE AND ESCROW COMPANY, INC.,  
a Colorado corporation

By: Lawrence P. Hartlaub

Title: VA

SELLERS:

Christine H. Holley  
Christine H. Holley

Scott Holley  
Scott Holley

**PURCHASERS:**

**COLORADO RIVER WATER CONSERVATION DISTRICT** acting by and through its Colorado River Water Projects Enterprise.

By Eric Kuhn  
Eric Kuhn, General Manager/Secretary

ATTEST:

By David Merritt  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**PURCHASERS:**

**COLORADO RIVER WATER CONSERVATION DISTRICT** acting by and through its  
Colorado River Water Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND SANITATION DISTRICT NO. 1**

By  \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_  
, Secretary

**WINTER PARK WATER AND SANITATION DISTRICT**

By \_\_\_\_\_  
Jack W. Buchheister, President

ATTEST:

By \_\_\_\_\_  
Don Waldron, Secretary

**PURCHASERS:**

**COLORADO RIVER WATER CONSERVATION DISTRICT** acting by and through its  
Colorado River Water Projects Enterprise.

By \_\_\_\_\_  
Eric Kuhn, General Manager/Secretary

ATTEST:

By \_\_\_\_\_  
David Merritt, Assistant Secretary

**GRAND COUNTY WATER AND SANITATION DISTRICT NO. 1**

By \_\_\_\_\_  
Robert Wolf, President

ATTEST:

By \_\_\_\_\_, Secretary

**WINTER PARK WATER AND SANITATION DISTRICT**

By   
Jack W. Buchheister, President

ATTEST:

By   
Don Waldron, Secretary

TOWN OF WINTER PARK

By Harold N. Teverbaugh  
Harold N. Teverbaugh, Mayor

ATTEST:

By Patti Garcia  
Patti Garcia, Town Clerk



TOWN OF GRANBY

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GRAND, STATE OF COLORADO

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

**TOWN OF WINTER PARK**

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

**TOWN OF GRANBY**

By \_\_\_\_\_  
Edward Wang, Mayor

ATTEST:

By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

**BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GRAND, STATE OF COLORADO**

By \_\_\_\_\_  
James L. Newberry, Chairman

ATTEST:

By \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder

TOWN OF WINTER PARK

By \_\_\_\_\_  
Harold W. Teverbaugh, Mayor

Dated: \_\_\_\_\_

ATTEST:

By \_\_\_\_\_  
Patti Garcia, Town Clerk

TOWN OF GRANBY

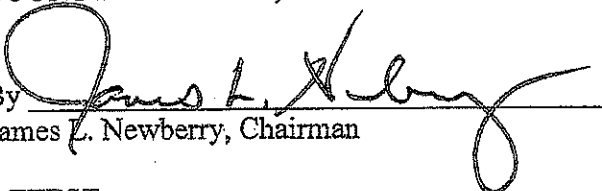
By \_\_\_\_\_  
Edward Wang, Mayor

Dated: \_\_\_\_\_

ATTEST:

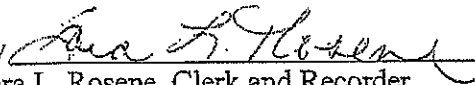
By \_\_\_\_\_  
Deborah K. Hess, Town Clerk CMC

BOARD OF COUNTY COMMISSIONERS OF THE  
COUNTY OF GRAND, STATE OF COLORADO

By  \_\_\_\_\_  
James L. Newberry, Chairman

Dated: 8/7/07

ATTEST:

By  \_\_\_\_\_  
Sara L. Rosene, Clerk and Recorder



## INITIAL DEPOSIT AND REIMBURSEMENT AGREEMENT

This agreement (the "Agreement") is made as of <sup>January</sup>~~December~~ 10, 2008 between the Grand County Irrigated Land Company (the "GCILC") and the Grand County Water Coalition (the "Coalition"), consisting of the following members: the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise (the "River District"), the Grand County Water and Sanitation District # 1 ("GCW&SD"), the Winter Park Water and Sanitation District ("WPW&SD"), the Town of Winter Park ("Winter Park"), the Town of Granby ("Granby"), and the Board of County Commissioners of the County of Grand, State of Colorado ("Grand County" or "Manager"), which members have authorized the Manager of the Coalition to execute this Agreement.

### Recitals

- A. Members of the Coalition have been previously involved in cooperative arrangements to address consumptive and non-consumptive water use issues in the Fraser and Upper Colorado Rivers. Members of the Coalition have participated, along with others, in the Upper Colorado River Study ("UPCO"), which identified water supply issues and concerns in Grand County, Colorado. As a result of UPCO, one of the alternatives studied to address water supply and environmental issues was to acquire water rights in the Vail Irrigation System, owned and operated by the GCILC.
- B. On July 16, 2007, the Coalition entered a Purchase and Sale Agreement with Scott and Christine Holley to purchase 85.5 shares of stock in the GCILC ("the 85.5 Shares").
- C. The water rights represented by the 85.5 Shares currently are decreed, and are used for, irrigation purposes on lands within the GCILC water service area. The GCILC and the Coalition have had several meetings to discuss using the 85.5 Shares for purposes other than irrigation and to discuss concerns of the GCILC regarding such uses. The Coalition is also interested in learning more about the operations of the Vail Irrigation System in order to understand how other shareholders in the GCILC can be protected from any negative impacts resulting from changes in operations of the 85.5 Shares.
- D. The Coalition may change the water rights represented by the 85.5 Shares, and if so, will need approval of the GCILC pursuant to Article IX, Section 8 of the GCILC Bylaws prior to filing a change application with the Water Court. At this time the Coalition is not ready to ask for such formal approval. Rather the Coalition seeks to engage in efforts to cooperate with the GCILC so as to attempt to craft such changes in a manner that will not cause a burden on other GCILC shareholders, their assessments, or their usage of water. In doing so, the GCILC has, and will continue to, incur legal and engineering expenses.

- E. The GCILC and the Coalition desire to enter this initial Agreement to advance sufficient funds to pay the GCILC for engineering and legal expenses which the GCILC has and will incur in the efforts of evaluating the Coalition's desires to use the 85.5 Shares for purposes other than irrigation. The parties expressly contemplate that if and when the Coalition seeks formal approval from the GCILC pursuant to Article IX, Section 8 of the GCILC Bylaws for further changes of the 85.5 Shares, that a new agreement will be executed to cover the GCILC's engineering and legal expenses that will be incurred through the application and change process.

#### Agreement

Now, therefore, for what both parties acknowledge is sufficient consideration, the GCILC and the Coalition agree as follows:

**1. Scope of Agreement.**

- 1.1 This Agreement applies to all reasonable legal and engineering expenses, which the Coalition hereby agrees to bear, that the GCILC has or shall incur in the efforts of evaluating the Coalition's desire to use the 85.5 Shares for purposes other than irrigation, including expenses incurred prior to the effective date of this Agreement. Such expenses shall include but not be limited to, meetings of the GCILC related to the use of the 85.5 shares, meetings with the Coalition, engineering investigations and analyses, and responding to requests from the Coalition's engineers and lawyers for information concerning the GCILC, its water rights, and operations.
- 1.2 This Agreement does not apply to any expenses related to a formal request by the Coalition to the GCILC pursuant to Article IX, Section 8, of the GCILC Bylaws for approval of changes of the 85.5 Shares. If and when the Coalition seeks such formal approval from the GCILC the parties agree that a new agreement will be executed to cover the GCILC's engineering and legal expenses involved with that effort.

**2. Deposit of funds by the Coalition.**

- 2.1 Within 5 days after both parties have signed this Agreement, the Coalition will deposit the sum of ten thousand dollars (\$10,000) by check or wire transfer (the "Deposit"), with the law firm of Moses, Wittemyer, Harrison & Woodruff PC (the "Moses Firm") to be held and disbursed under the terms of this Agreement.
- 2.2 Upon notice to the Manager of the Coalition by the GCILC or the Moses Firm that the Deposit has been depleted, the Coalition will deposit additional funds ("Additional Deposits") with the Moses Firm in increments of five thousand dollars (\$5,000.00) to be held and disbursed under the terms of this Agreement.

- 2.3 The Deposit and any Additional Deposits shall be placed in an interest-bearing insured account by the Moses Firm, and shall be drawn upon only for the purposes and in the manner provided in this Agreement.
- 2.4 This Agreement is designed to provide the GCILC with assurance that the Coalition will pay the GCILC for the expenses described in paragraph 1 above, pursuant to the billing and payment procedures provided in paragraph 3 below. The parties will not draw upon the Deposit or any Additional Deposits, except as provided in paragraphs 4 or 5 below.

**3. Billing by the GCILC and payment by the Coalition.**

- 3.1 The GCILC shall provide monthly statements to the Coalition of the expenses it has incurred, which are subject to payment by the Coalition under paragraph 1 of this Agreement. The statements shall be sufficiently detailed so that the Coalition can determine the amount, purpose and reasonableness of such expenses to the extent that such detail will not reveal privileged information. In no event does the GCILC waive any privileges, including attorney-client privilege or attorney work product by providing statements to the Coalition
- 3.2 Pursuant to paragraph 2 above, the Moses Firm is authorized to disburse funds from the interest bearing account to pay all statements from the GCILC within 30 days after receipt thereof, unless the Coalition disputes such statements, in which case the Coalition will invoke the Dispute Resolution procedures contained in paragraph 4 of this Agreement.

**4. Dispute Resolution.**

- 4.1 Should the GCILC and the Coalition disagree over whether certain costs incurred by the GCILC must be paid by the Coalition, the parties agree to negotiate in good faith for a period of at least 30 days before taking any further action as provided in this Agreement.
- 4.2 If the Coalition disputes payment of any statement from the GCILC, then within 30 days after receipt of such statement, the Coalition shall provide the GCILC a written explanation of the basis for its disputing payment. The date that the GCILC receives that explanation shall be the first date of the negotiation period provided for in paragraph 4.1 of this Agreement.
  - 4.2.1 If the GCILC and the Coalition do not reach agreement concerning payment of a statement within 30 days after the initiation of the negotiation period, either party may initiate an arbitration in accordance with the rules of the Federal Arbitration Act, 9 U.S.C. § 1, *et seq*, as amended, and provided as follows: The dispute shall be submitted to three experts with expertise in the particular area of that dispute: one selected by the Coalition, one selected by the GCILC and a neutral expert selected by agreement of the other two experts. The resolution of a dispute in which two of the three experts agree will be binding on the parties.

- 4.2.2 During the pendency of an arbitration under paragraph 4.2.1, the GCILC may draw upon the Deposit or any Additional Deposit for reimbursement of unpaid reasonable expenses, which come within the scope of paragraph 1 of this Agreement, which the GCILC has billed to the Coalition, and which have not been paid by the Coalition within 30 days of billing by the GCILC.
- 4.2.3 If the dispute concerning payment of a statement ultimately is resolved in favor of the GCILC, the Coalition will restore the amount withdrawn from the Deposit or any Additional Deposit. If the dispute ultimately is resolved in favor of the Coalition, the GCILC will restore the amount withdrawn from the Deposit or any Additional Deposit, together with such interest as the withdrawn funds would have accrued had they not been withdrawn from the Deposit or any Additional Deposit.
- 4.3 If the GCILC and the Coalition have a dispute over the interpretation or application of this Agreement, which does not come within the scope of paragraph 4.2 above, the parties agree to negotiate in good faith for a period of at least 30 days before taking further action as provided in this paragraph 4.3.
  - 4.3.1 If the GCILC and the Coalition do not reach agreement concerning resolution of the dispute within 30 days after the initiation of the negotiation period, either party may initiate an arbitration in accordance with the rules of the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.*, as amended, and with the procedure set forth in paragraph 4.2.1 of this Agreement.
  - 4.3.2 All remedies, including but not limited to specific performance, shall be available, and the prevailing party shall be entitled to recover its reasonable attorneys' fees.

## 5. Termination.

- 5.1 The Coalition may terminate this Agreement at its election, effective five calendar days after the Coalition sends the GCILC written notice, addressed to the GCILC and its attorneys, Moses, Wittemyer, Harrison & Woodruff PC, P. O. Box 1440, Boulder, Colorado 80306. In the event of such termination, the Coalition may not change the water rights represented by the 85.5 shares without first executing an agreement with GCILC consistent with Article IX, Section 8 of the GCILC Bylaws and paragraph E of this Agreement.
- 5.2 Upon termination of this Agreement, all funds held in the account in which the Deposit or any Additional Deposit was placed, together with accrued interest, shall be held by the Moses Firm for a period of 60 days. During this time, the funds will be disbursed to cover the GCILC expenses incurred prior to the termination date, in accordance with the procedure in paragraph 3. In the event insufficient funds are held in the account to satisfy the GCILC expenses incurred

prior to the termination date, the Coalition will deposit an Additional Deposit pursuant to paragraph 2. After 60 days, all remaining funds, together with accrued interest shall be paid to the Coalition and the parties thereupon shall be released from any further obligations to each other under this Agreement.

6. **General Provisions.**

- 6.1 Governing law. This Agreement shall be governed, construed, applied, and enforced in accordance with the laws of the State of Colorado.
- 6.2 Assignment. The GCILC may not assign its interests under this Agreement without the prior written consent of the Coalition. Except for an assignment to a separate entity comprising the members of the Coalition as contemplated in that Intergovernmental Agreement between the members of the Coalition, which assignment is expressly permitted, the Coalition may not assign its interests under this Agreement without the prior written consent of the GCILC. Each party agrees not to withhold its consent unreasonably; provided that a party may withhold its consent if the proposed assignment would substantially alter the terms and purposes of this Agreement.
- 6.3 Successors and Assigns. This Agreement is binding on and shall inure to the benefit of the Parties and their respective permitted successors and assigns.
- 6.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties. No representations or warranties pertaining to this Agreement or any property affected by this Agreement have been made by or shall be binding on any of the parties, except as expressly stated in this Agreement. This Agreement may not be changed orally, but only by an agreement in writing signed by both parties.
- 6.5 Amendments. No Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Coalition and the GCILC, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.
- 6.6 Effective Date. The Effective Date of this Agreement is the date stated in the opening paragraph of the Agreement.
- 6.7 Execution in Counterparts. This Agreement and any and all subsequent addenda may be executed by each party separately and, when each party has executed a copy thereof, such copies taken together shall be deemed to be a full and complete contract between the parties.

6.8 Notice. Any notice required by this Agreement, shall be in writing and shall be hand delivered, sent by a nationally recognized overnight delivery service, or sent by registered or certified mail, postage prepaid, return receipt requested. Either party may change its address by written notice to the other as provided for in this paragraph 6.8. Notice shall be effective upon delivery if the notice is provided by hand delivery and shall be effective upon receipt if given by overnight delivery or by certified or registered mail. Notice shall be provided as follows:

*To the GCILC:*

Board of Directors  
Grand County Irrigated Land Co.  
34 E. Agate  
P.O. Box 1429  
Granby, CO 80446

Telephone number: (970) 887-3607

*With copy to:*

Timothy Beaton  
Moses Wittemyer Harrison & Woodruff, PC  
P. O. Box 1440  
Boulder, Colorado 80306

Telephone number: (303) 443-8782

*To the Coalition:*

c/o Grand County Manager  
P.O. Box 264  
Hot Sulphur Springs, CO 80451

Telephone number: (970) 735-3347

*With copy to:*

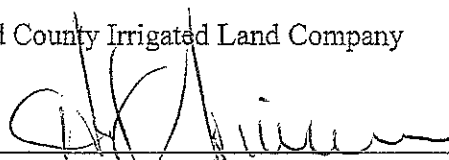
White & Jankowski, LLP  
David C. Taussig  
511 16<sup>th</sup> Street, Suite 500  
Denver, CO 80202

Telephone number: (303) 595-9441

IN WITNESS WHEREOF, the GCILC and the Coalition have caused this Agreement to be duly executed as of the day and year first above written.

Grand County Irrigated Land Company

By

  
Hal Simmons, President

Grand County Water Coalition

By

  
Lurline Underbrink Curran, Manager

The law firm of Moses, Wittemyer, Harrison & Woodruff PC agrees to administer the Deposit and any Additional Deposit as provided in the foregoing Agreement.

By

\_\_\_\_\_  
Timothy J. Beaton

Dated: \_\_\_\_\_

**IN WITNESS WHEREOF**, the GCILC and the Coalition have caused this Agreement to be duly executed as of the day and year first above written.

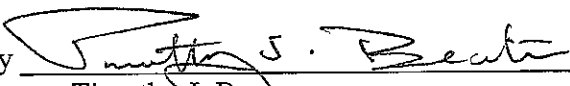
Grand County Irrigated Land Company

By \_\_\_\_\_  
Hal Simmons, President

Grand County Water Coalition

By \_\_\_\_\_  
Lurline Underbrink Curran, Manager

The law firm of Moses, Wittemyer, Harrison & Woodruff PC agrees to administer the Deposit and any Additional Deposit as provided in the foregoing Agreement.

By  \_\_\_\_\_  
Timothy J. Beaton

Dated: 1/08/08



**SPECIAL WARRANTY DEED  
(Water Rights)**

THIS SPECIAL WARRANTY DEED is made as of this 8<sup>th</sup> day of February 2008, between Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley and Yager Partnership, Ltd., a Colorado Limited Partnership ("Grantors"), whose mailing address is P.O. Box 694, Granby, CO 80446, and the Grand County Mutual Ditch and Reservoir Company ("Grantee"), with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

GRANTORS, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, by these presents have granted, sold, transferred, conveyed, and assigned, and by these presents do grant, sell, transfer, convey, and assign unto Grantee, its successors, and assigns, all of Grantors' right, title, and interest in and to the water rights located in the County of Grand, State of Colorado, represented by 85.5 shares of stock in the Grand County Irrigated Land Company (the "85.5 Shares"), together with all other water rights ("Other Water Rights") (collectively "Water Rights") used on or appurtenant to certain lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado ("Lands") all as more particularly described in *Exhibit 1*, attached hereto and incorporated herein by this reference:

SEE *EXHIBIT 1*, ATTACHED HERETO  
AND INCORPORATED HEREIN BY THIS REFERENCE

TO HAVE AND TO HOLD, together with any and all rights and appurtenances incident thereto, forever, and all the estate, right, title and interest of Grantors in the Water Rights and appurtenances. Grantors further represent that they have authority to convey to Grantee all rights described herein. Grantors, for themselves, their successors and assigns, covenant and agree that they will warrant title and forever defend the Water Rights in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person or persons claiming the whole of any part thereof, by, through, or under Grantors, or against adverse claims arising by, through or under the acts or omissions of Grantors. The singular shall include the plural and the use of any gender shall be applicable to all genders.

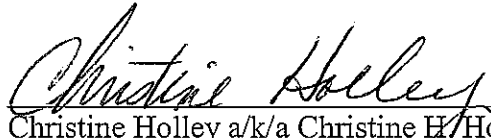
[Signatures on next page]

RECEPTION#: 2008001343, 02/08/2008 at  
03:45:18 PM,  
1 OF 6, R \$31.00 D \$260.00 Doc  
Code:SWD  
Sara L. Rosene, Grand County Clerk,  
Colorado

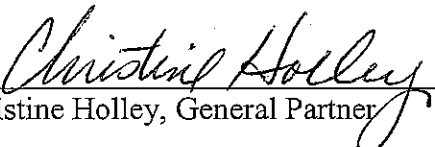
IN WITNESS WHEREOF, Grantors have executed this Special Warranty Deed on the date set forth above.

GRANTORS:

  
\_\_\_\_\_  
Scott Holley

  
\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley  
a/ka/ Christine Helen Holley

**YAGER PARTNERSHIP, Ltd., a Colorado Limited Partnership**

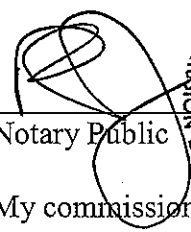
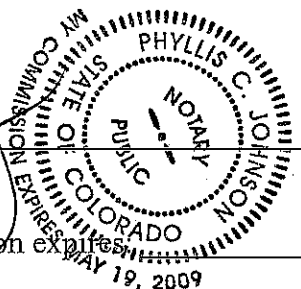
By:   
\_\_\_\_\_  
Christine Holley, General Partner

NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley and by Christine Holley as General Partner of the Yager Partnership, Ltd., a Colorado Limited Partnership.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires   
\_\_\_\_\_  
MAY 19, 2009

**EXHIBIT 1**  
to  
Special Warranty Deed (Water Rights)

1. **Ditch Company Shares.** All of Grantors' right, title, and interest in and to the following 85.5 shares of stock in the Grand County Irrigated Land Company including Grantors' right to request or receive delivery of water or use water represented by said shares, including all of Grantors' beneficial right, title and interest in and to all water, water rights, ditches, ditch rights, reservoirs, reservoir rights, storage accounts, contractual rights to use water, canals, canal rights, head gates, and all other assets, rights, title or interests represented by said shares, and in addition, and in no way limited by the foregoing, any and all other right, title or interest in the Grand County Irrigated Land Company represented by said shares or otherwise held by the Grantors in said Company (the "85.5 Shares"). The 85.5 Shares are more particularly described as follows:
  - a. **Certificate No. 393** for 76 shares in Grand County Irrigated Land Company.
  - b. **Certificate No. 426** for 3.5 shares in Grand County Irrigated Land Company.
  - c. **Certificate No. 431** for 3 shares in Grand County Irrigated Land Company.
  - d. **Certificate No. 435** for 2 shares in Grand County Irrigated Land Company.
  - e. **Certificate No. 441** for 1 share in Grand County Irrigated Land Company.
2. **All Other Water Rights and Associated Structures and Easements.** In addition to the 85.5 Shares described above, all of Grantors' right, title and interest in and to all other water rights and rights to use water, associated with or appurtenant to the Lands described in paragraph 3, including but not limited to, the water rights represented by shares of stock in other ditch or reservoir companies; interests in lateral companies; all contractual rights to use water; and all ditches, ditch rights, reservoirs, reservoir rights, laterals and related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water on the Land ("Other Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927, and **EXCEPT** existing wells and well permits, including but not limited to permits no. 131805-A and 145167, and **EXCEPT** all groundwater and rights to use groundwater located under the Lands including but not limited to the right to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells; **TOGETHER** with the following property:
  - a. Three 6" parshall flumes located on the N ½ of Lot 9 and Lot 8, Great Divide Head Lettuce Colony.
  - b. Two 10' lengths of 12" corrugated metal pipe ("CMP") with slide gates located on Lot 8, Great Divide Head Lettuce Colony.

- c. Sixteen 10' lengths of 6" CMP with slide gates located in ditches on Parcel 1.i and ii. (Yager Partnership, Ltd.) described below.
  - d. Inlet structure, drop pipe, diversion box, with gates and outlet pipes and approximately 240' of 10" CMP with splitter box located on the north side of Parcel 1.ii. (Yager Partnership, Ltd.) described below.
3. **Lands.** All historical use and consumptive use of water associated with the following Lands in Sections 31, 32, and 33, T. 2 N., R. 76 W. of 6<sup>th</sup> P.M., Grand County, Colorado, which will be dried-up, revegetated, and subject to noxious weed management regulations pursuant to Dry-Up Covenants to be recorded and any decree from the Division No. 5 water court changing the water rights represented by the 85.5 Shares.
- a. Parcel 1 (Yager Partnership, Ltd.)
    - i. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D,  
  
County of Grand, State of Colorado.
    - ii. Township 2 North, Range 76 West of the 6<sup>th</sup> P.M.:  
  
Section 33: That portion of the S ½ S ½ lying North and West of Grand County Road No. 60.  
  
TOGETHER WITH those portions of vacated roads described in Resolution No. 1999-11-9 recorded November 16, 1999 at Reception No. 99012062, which are contained within or contiguous to the above described property.  
  
EXCEPT that portion conveyed to Sun Creek Development Corporation by instrument recorded September 22, 1981 in Book 298 at Page 862.  
  
AND EXCEPT those portions conveyed to Board of County Commissioners, County of Grand, State of Colorado, by instrument recorded November 16, 1999 at Reception No. 99012051, as amended by instrument recorded March 24, 2004 at Reception No. 2004-003444,  
  
County of Grand, State of Colorado, containing 79.229 acres, more or less.

- b. Parcel 2 (Yager Partnership, Ltd.)
  - i. Township 2 North, Range 76 West of the 6<sup>th</sup> P.M.:

Section 32: That portion of the E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  lying South of Grand County Road No. 60 aka Little Ho Road,

EXCEPT that portion conveyed to Ernest Maureaux and Anna L. Maureaux by instrument recorded August 18, 1951 in Book 100 at Page 427,

AND EXCEPT that portion conveyed to John F. Farthing and Robert F. Farthing by instrument recorded April 21, 1954 in Book 108 at Page 431,

AND EXCEPT that portion conveyed to J.W. Ricci and Ruth Esther Ricci by instrument recorded April 2, 1962 in Book 139 at Page 350.

Section 33: All that portion of the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  lying South of Grand County Road No. 60 aka Little Ho Road,

County of Grand, State of Colorado; containing 5.58 acres, more or less.
  - ii. Tract 80, Great Divide Head Lettuce Colony,

EXCEPT that portion lying within Granby Airport,

County of Grand, State of Colorado, containing 1.529 acres, more or less.
- c. Parcel 3 (Christine Holley)
  - i. North  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.
- d. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)
  - i. North  $\frac{1}{2}$  of Lot 9, Great Divide Head Lettuce Colony,

EXCEPT that portion conveyed to Lew Geisendorfer by instrument recorded September 4, 1958 in Book 127 at Page 168, County of Grand, State of Colorado.
  - ii. North  $\frac{1}{2}$  of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.
- e. Parcel 5 (Scott Holley and Christine H. Holley, as to an undivided  $\frac{1}{2}$  interest, and Bryan Holley, as to an undivided  $\frac{1}{2}$  interest)
  - i. Tract 8, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

- f. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - i. Tract 7, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

## TRANSFER LETTER

February 8, 2008

### Hand Delivered

Grand County Irrigated Land Company  
Attention: Cindy Sterling, Recording Secretary  
P.O. Box 469  
Granby, CO 80446

RE: Grand County Irrigated Land Company - Stock Certificates No. 393, No. 426, No. 431, No. 435 and No. 441

Dear Cindy,

This letter is to notify you that as of this date, we the undersigned shareholders in the Grand County Irrigated Land Company have transferred all right, title and interest in:

1. **Certificate No. 393** for 76 shares in the Grand County Irrigated Land Company;
2. **Certificate No. 426** for 3.5 shares in the Grand County Irrigated Land Company;
3. **Certificate No. 431** for 3 shares in the Grand County Irrigated Land Company;
4. **Certificate No. 435** for 2 shares in the Grand County Irrigated Land Company; and
5. **Certificate No. 441** for 1 share in the Grand County Irrigated Land Company.

to the **Grand County Mutual Ditch and Reservoir Company**, ("GCMDRC"). Please note the transfer of these Stock Certificates to GCMDRC on your books and records.

The GCMDRC would like to have all 85.5 shares issued in its name on one certificate.

Enclosed with this letter are:

1. Check for \$8,550.00 for the transfer fees,
2. The originals of Certificates No. 393, No. 426, No. 431, No. 435 and No. 441 endorsed on the back for cancellation; and
3. Assignments separate from endorsement on the certificate for each of the five certificates.

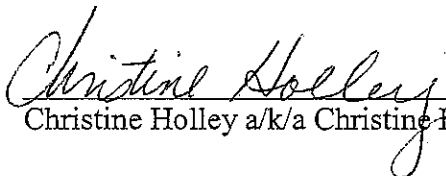
As of the date of this letter, all notices of assessments on these shares and other notifications, along with the new share certificate, should be sent to GCMDRC at the following address:

Grand County Mutual Ditch and Reservoir Company  
Attention: Lurline Underbrink-Curran  
P.O. Box 264  
Hot Sulphur Springs, CO 80451

Thank you for your attention in this matter.

Sincerely,

  
\_\_\_\_\_  
Scott Holley

  
\_\_\_\_\_  
Christine Holley a/k/a Christine H. Holley

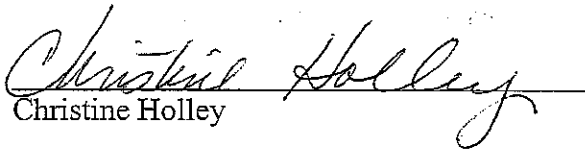
cc: Bruce Hutchins  
Michael Wageck  
Lurline Underbrink-Curran  
Timothy J. Beaton, Esq.  
David C. Taussig, Esq.  
Larry P. Hartlaub, Esq.



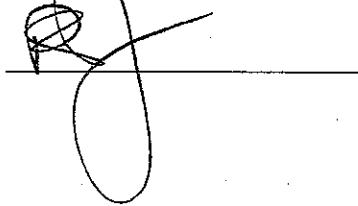
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Christine Holley, the undersigned shareholder, hereby sells, assigns and transfers Seventy-six and 00/100 (76.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Grand County Mutual Ditch and Reservoir Company, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 393**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: 2.8.2008

  
Christine Holley

In the presence of:

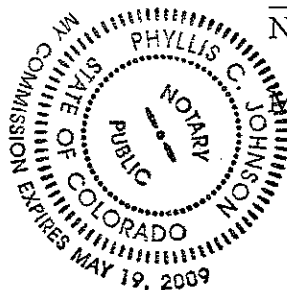


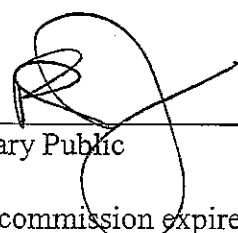
**NOTARIZATION**

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February, 2008, by Christine Holley.

Witness my hand and official seal.



  
Notary Public

My commission expires: \_\_\_\_\_

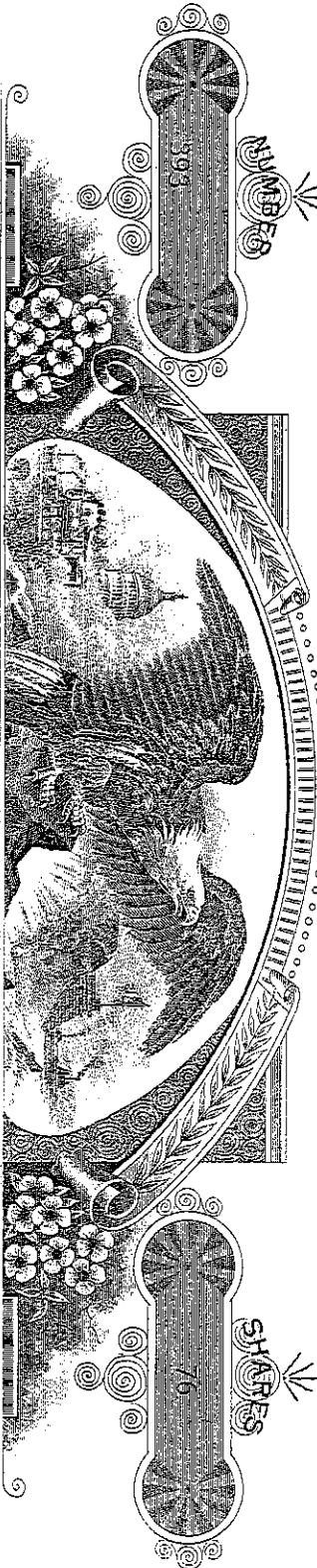
INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

NUMBERS

393

SHARES

76



# The Grand County Irrigated Land Company

CAPITAL STOCK \$40,000 - 400 Shares, Par Value \$100 Per Share

## The Grantee

Seventy-six (76)

Christine Holley

Shares of One Hundred Dollars

of

The Grand County Irrigated Land Company

is the owner of

transferrable only on the books of the Corporation by the holder hereof in person or by Attorney when authorized by this Certificate properly endorsed.

**The Witness Whereof,**

the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation

this 23

day of

October

1906

Joe M. Ramsey, President

John W. Perdue, Jr., Secretary

Shares \$100 Each.

CERTIFICATE

SHARES

Capital Stock


OF  
The Grand County  
Irrigated Land  
Company

ISSUED TO

OWNED

For Value Received, I hereby sell, assign, and transfer  
unto Grand County mutual Ditch and  
Reservoir Company 76 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
The Secretary of The Company  
to transfer the said Stock on the books of the within named  
Corporation with full power of substitution in the premises.

Dated February 8 2008

In presence of  


Christine Kelly

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE. IN EVERY PARTICULAR, WITHOUT  
ALTERATION OR ENLARGEMENT OF ANY CHANGE WHATSOEVER.

FOR VALUE RECEIVED, Christine H. Holley and Scott Holley, the undersigned


DATED:

2/8/2008

*Christine H. Holley*  
Christine H. Holley

  
\_\_\_\_\_  
Scott Holley

In the presence of:

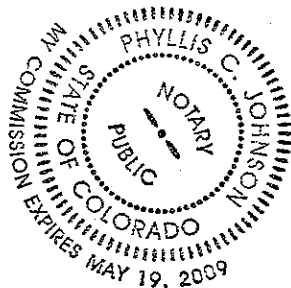


STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

Witness my hand and official seal.

Notary Public

My commission expires: \_\_\_\_\_



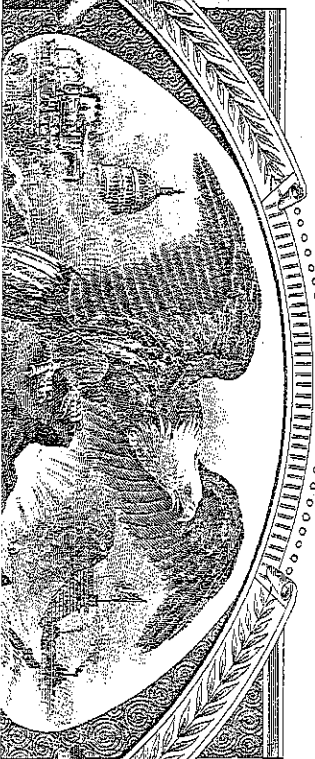
INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

NUMBERS

426

SHARES

3.5



# The Grand County Irrigated Land Company

Capital Stock \$40,000. Authorized Shares 400. Par Value \$100 per Share

Christine H. & Scott Holley

is the owner of

Three & Half (3.5)

Shares of One Hundred Dollars each of the Capital Stock of

The Grand County Irrigated Land Company

transferable only on the books of the Corporation by the holder hereof in person or by Attorney when surrender of this Certificate properly endorsed.

**In Witness Whereof,**

the said Corporation has caused this Certificate to be signed by its duly authorized officers and is dated with the Seal of the Corporation this 7th day of February A.D. 2006

*Hal Simmons*  
Hal Simmons President

*Steve Moore*  
Steve Moore Sec/Tres.

Shares

\$100

Each.



CERTIFICATE

SHARES

Capital Stock

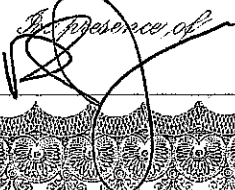
OF  
The Grand County  
Irrigated Land  
Company

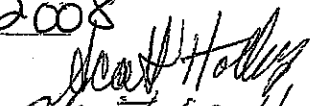
ISSUED TO

DATED

For Value Received, we hereby sell, assign, and transfer  
unto Grand County mutual Ditch and  
Reservoir Company 3.5 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
The Secretary of The Company  
to transfer the said Stock on the books of the within named  
Corporation, with full power of substitution in the premises.

Dated: February 8 2008

In presence of  


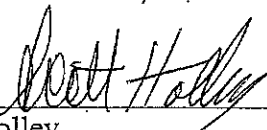
  
Christine A. Holley

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE. IN EVERY PARTICULAR WITHOUT  
ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

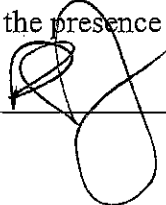
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Scott Holley, the undersigned shareholder, hereby sells, assigns and transfers Three and 00/100 (3.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Grand County Mutual Ditch and Reservoir Company, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 431**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: 2/8/2008

  
Scott Holley

In the presence of:

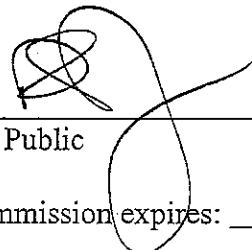


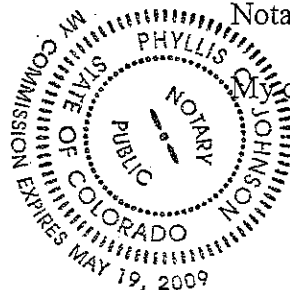
**NOTARIZATION**

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February, 2008, by Scott Holley.

Witness my hand and official seal.

  
Notary Public  
My commission expires: \_\_\_\_\_



INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

NO. 431

SHARES

431

3

# The Grand County Irrigated Land Company

Capital Stock \$40,000. Authorized Shares 400. Par Value \$100 per Share

**The Certificate**

Three (3)

Scott Holley

Holder of One Hundred Dollars each of the Capital Stock of

The Grand County Irrigated Land Company

transferable only on the books of the Corporation by the holder  
or his personal or by attorney upon surrender of this Certificate  
properly endorsed.

**In Witness Whereof,**

the said Corporation has caused this Certificate to be  
signed by its duly authorized officers and to be sealed with the Seal of the Corporation  
this 8th day of March A.D. 2007

Hal Simmons, President

Cathy Acord, Sec. Treasurer

Shares

\$100

Each.



CERTIFICATE

FOR

3

SHARES

Capital Stock

OF  
The Grand County  
Irrigated Land  
Company

ISSUED TO

Scott Holley

DATED

March 8, 2007

For Value Received, I hereby sell, assign, and transfer  
unto Grand County Mutual Ditch and  
Reservoir Company 3 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
The Secretary of the Company  
to transfer the said Stock on the books of the within named  
Corporation with full power of substitution in the premises.

Dated February 8 2008

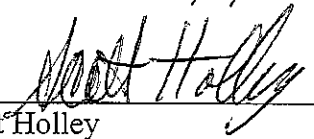
In presence of

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT  
ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

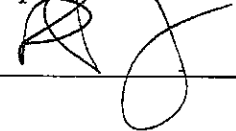
**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Scott Holley, the undersigned shareholder, hereby sells, assigns and transfers Two and 00/100 (2.00) shares of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Grand County Mutual Ditch and Reservoir Company, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 435**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: 2/8/2008

  
Scott Holley

In the presence of:

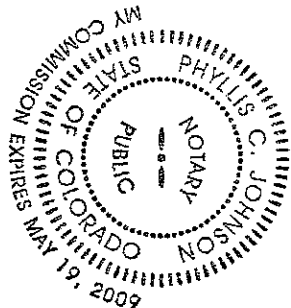


NOTARIZATION

STATE OF COLORADO    )  
                                      ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February, 2008, by Scott Holley.

Witness my hand and official seal.



  
Notary Public

My commission expires: \_\_\_\_\_

INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

NUMBER

435

SHARES

2



# The Grand County Irrigated Land Company

Capital Stock \$40,000 Authorized Shares 100, Par Value \$100 per Share

**The Certificate**

TWO (2)

Scott Holley

is the owner of

Shares of One Hundred Dollars each of the Capital Stock of

The Grand County Irrigated Land Company

transferrable only on the books of the Corporation by the holder hereof in person or by Attorney when surrender of this Certificate properly endorsed.

**In Witness Whereof**, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its seal to be hereunto

this 1st day of May A.D. 2007

*Hal Simmons*

Hal Simmons, President

*Chuck Meyeraan*

Chuck Meyeraan, Sec/Tres

Shares

\$100

Each

CERTIFICATE

2

Capital Stock

OF  
The Grand County  
Irrigated Land  
Company

ISSUED TO

Scott Holley

DATED

May 17, 2007

For Value Received, I hereby sell, assign, and transfer  
unto Grand County mutual Ditch  
and Reservoir Company 2 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
The Secretary of The company  
to transfer the said Stock, on the books of the within named  
Corporation, with full power of substitution, in the premises.

Dated February 8 2008

In presence of

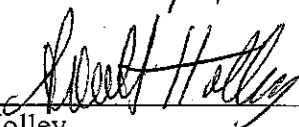
NOTICE: THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT  
ATTENTION OR ENLARGEMENT ON ANY CHANGE WHATEVER.




**STOCK ASSIGNMENT GRAND COUNTY IRRIGATED LAND COMPANY**

FOR VALUE RECEIVED, Scott Holley, the undersigned shareholder, hereby sells, assigns and transfers One and 00/100 (1.00) share of the capital stock of the Grand County Irrigated Land Company ("Company") unto the Grand County Mutual Ditch and Reservoir Company, which stock is standing in the name of the undersigned on the books and records of the Company represented by **Certificate No. 441**, and hereby irrevocably constitutes and appoints the Secretary of the Company as attorney-in-fact to transfer the said stock on the books of the Company with full power of substitution in the premises.

DATED: 2/8/2008

  
Scott Holley

In the presence of:

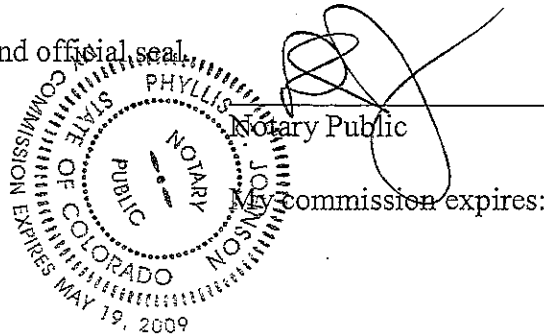


**NOTARIZATION**

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February, 2008, by Scott Holley.

Witness my hand and official seal.



INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

NAMES

441

SHARES

1



# The Grand County Irrigated Land Company

Capital Stock \$40,000. Authorized Shares 400, Par Value \$100 per Share

**The Certificate**

One (1)

Scott Holley

is the owner of One Hundred Dollars each of the Capital Stock of

The Grand County Irrigated Land Company

transferrable only in the books of the Corporation by the holder  
hereof in person or by attorney upon surrender of this Certificate  
properly endorsed.

**The Witness Whereof,** the said Corporation has caused this Certificate to be  
signed by its duly authorized officers and to be sealed with the Seal of the Corporation  
this 5 day of November 2007

Hal Simmons, President

Shares

Each

Chuck Meyersan, Sec/Treas

CERTIFICATE

FOR

SHARES

Capital Stock

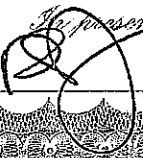
OF  
The Grand County  
Irrigated Land  
Company

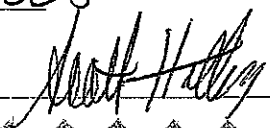
ON DEMAND

PAYABLE

For Value Received, I hereby sell, assign, and transfer  
unto Grand County Mutual Ditch and  
Reservoir Company 1 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
The Secretary of The Company  
to transfer the said Stock on the books of the within named  
Corporation, with full power of substitution in the premises.

Dated February 8 2008

In presence of  




NOTICE. THE SIGNATURE OF THIS ASSIGNMENT  
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE  
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT  
ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

## DRY-UP COVENANT

(Yager Partnership, Ltd.)

This Covenant is executed as of 8/10, 2007, by and between Yager Partnership, LTD, a Colorado Limited Partnership ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of the County of Grand, State of Colorado (collectively referred to as the "Grand County Water Coalition" or "Coalition"), with a mailing address of c/o Grand County Manager, P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

### WITNESSETH:

WHEREAS, Grantor owns 41.837 acres of land, more or less, known as the Sun Creek Development Filing One, located in Sections 32 and 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., ("Sun Creek Development"), and 79.229 acres, more or less, located in Section 33, T. 2 N., R. 76 W., 6<sup>th</sup> P.M., (the "79.229 acres") in Grand County, Colorado, as more particularly described in the attached Exhibit 1. Collectively, the Sun Creek Development and the 79.229 acres are referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. \_\_\_\_ (1 share) (the "85.5 shares"). The Coalition has entered a contract to purchase the 85.5 shares from Scott and Christine Holley. Christine Holley is the General Partner for Grantor.

WHEREAS, the Coalition may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by the Coalition. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, the Sun Creek Development is currently subject to a Contract to Buy and Sell Real Estate dated March 5, 2007 between Grantor and J.J.P. Companies, Inc., a Colorado Corporation, ("Third-Party Purchaser"), with mailing address of c/o John J. Poukish, Jr., President, P.O. Box 2697, Avon, CO 91620, as amended by an Agreement to Amend/Extend Contract dated June 14, 2007 (the "Contract"). Closing of the Contract is set for October 1, 2007. The Contract does not include any interest in the 85.5 shares or any other shares in the Grand County Irrigated Land Company.

WHEREAS, the 79.229 acres are subject to an Option to Purchase Agreement executed by Grantor on March 6, 2007 between Grantor and Third-Party Purchaser, as amended by an Amendment to Option to Purchase Agreement dated June 14, 2007 (the "Option"). The Option has a term extending up to three years beyond recording of a deed from Grantor to Third-Party



Purchaser for the sale of Sun Creek Development. The Option does not include any interest in the 85.5 shares or any other shares in the Grand County Irrigated Land Company.

WHEREAS, it is contemplated that the 85.5 shares may be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that the Coalition will subsequently change the 85.5 shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, if Third-Party Purchaser closes on the purchase of the Lands, or any part thereof, Grantor herein desires that water from municipal sources may be used on the Lands, while at the same time, allowing the Coalition to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and the Coalition hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 shares:

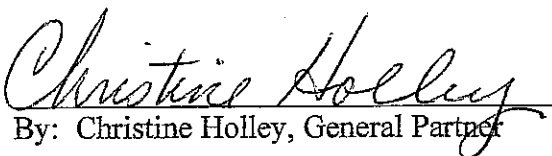
1. This Covenant shall become effective upon its recording by the Coalition ("Effective Date"), recording to occur prior to October 1, 2007, the closing date on the Sun Creek Development; provided, however, if the Coalition does not close on the purchase of the 85.5 shares and record a special warranty deed conveying the 85.5 shares to the Coalition, or its designated Grantee, by February 29, 2008, this covenant shall be void and of no further effect.
2. After the Effective Date, the Lands may only be irrigated with the 85.5 shares pursuant to a lease with the Coalition. Any such lease shall permit the Coalition to terminate the lease as to all or part of the 85.5 shares at any time with notice as provided for in the lease.
3. After the Coalition provides notice of termination of the lease as to all or any part of the 85.5 shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by the Coalition; (2)

is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 shares by the Coalition.

4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with the Coalition and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 shares, and the benefits and burdens thereof shall inure and apply to Grantor and to the Coalition and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR:**  
**YAGER PARTNERSHIP, LTD**

  
By: Christine Holley, General Partner

CONSENT BY THIRD-PARTY PURCHASER

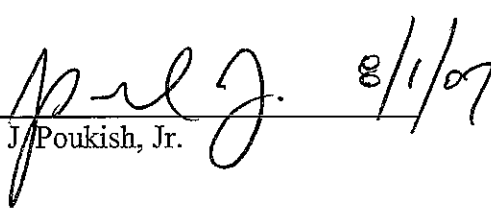
The Third-Party Purchaser hereby consents to Grantor (Yager Partnership, Ltd.) executing and recording this Dry-up Covenant with the Grand County clerk and recorder's office prior to transfer of fee title to Third-Party Purchasers of any part of the Lands described herein.

**THIRD-PARTY PURCHASER:**

**J.J.P. COMPANIES, INC.**

A Colorado Corporation

By: John J. Poukish, Jr.  
President

Handwritten signature of John J. Poukish, Jr. and the date 8/1/07.

**GRAND COUNTY WATER  
COALITION:**

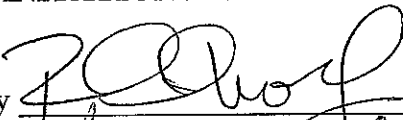
**COLORADO RIVER WATER  
CONSERVATION DISTRICT** acting by  
and through its Colorado River Water  
Projects Enterprise.

By   
Eric Kuhn, General Manager/Secretary

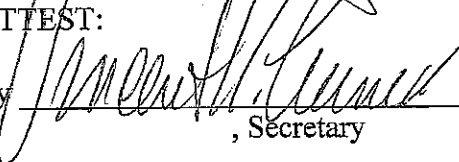
ATTEST:

By   
David Merritt, Assistant Secretary

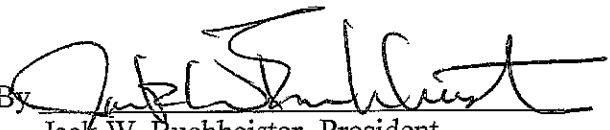
**GRAND COUNTY WATER AND  
SANITATION DISTRICT NO. 1**

By   
Robert Wolf, President

ATTEST:

By   
, Secretary

**WINTER PARK WATER AND  
SANITATION DISTRICT**

By   
Jack W. Buchheister, President

ATTEST:

By   
Don Waldron, Secretary

**TOWN OF WINTER PARK**


By   
Harold W. Teverbaugh, Mayor

ATTEST:


By   
Patti Garcia, Town Clerk

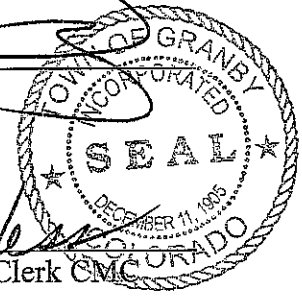


**TOWN OF GRANBY**

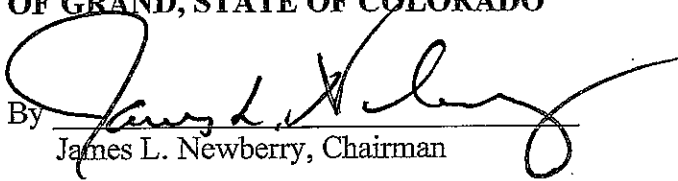
By   
Edward Wang, Mayor

ATTEST:

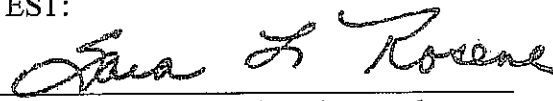
By   
Deborah K. Hess, Town Clerk



**BOARD OF COUNTY  
COMMISSIONERS OF THE COUNTY  
OF GRAND, STATE OF COLORADO**

By   
James L. Newberry, Chairman

ATTEST:

By   
Sara L. Rosene, Clerk and Recorder

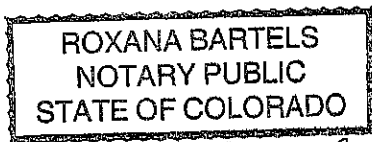
  
Jane Reed  
Deputy Clerk

NOTARIZATION

STATE OF COLORADO )  
County of GRAND ) ss.

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of August 2007, by Christine Holley as General Partner of the Yager Partnership, LTD, a Colorado Limited Partnership.

Witness my hand and official seal.



My Commission Expires 05-01-2010

Roxana Bartels

Notary Public

My commission expires 05-01-2010

NOTARIZATION

STATE OF COLORADO )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_ 2007, by John J. Poukish, Jr., as President of J.J.P. Companies, Inc., a Colorado Corporation (Third Party Purchaser).

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_ 2007, by Christine Holley as General Partner of the Yager Partnership, LTD, a Colorado Limited Partnership.

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

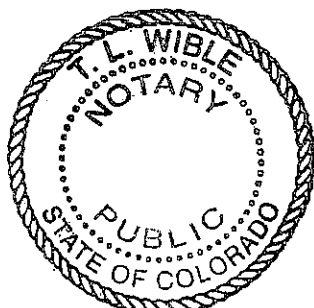
My commission expires \_\_\_\_\_

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF EAGLE )

The foregoing instrument was acknowledged before me on this 10 day of August 2007, by John J. Poukish, Jr., as President of J.J.P. Companies, Inc., a Colorado Corporation (Third Party Purchaser).

Witness my hand and official seal.



My Commission Expires 01/10/2011

*T. Wible*  
Notary Public

My commission expires: 1/10/2011

NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF GARFIELD     )

The foregoing instrument was acknowledged before me on this 28 day of August, 2007, by Eric Kuhn, as General Manager/Secretary and David Merritt, as Assistant Secretary, respectively, of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise.

Witness my hand and official seal.



Gail Noel  
Notary Public

My commission expires: 3-18-08

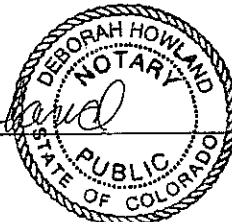
NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me on this 26 day of September 2007, by Robert Wolf, as President and Vincent Turner as Vice - Secretary, respectively, of the Grand County Water and Sanitation District # 1.

Witness my hand and official seal.

Deborah Howland  
Notary Public



My commission expires: My Commission Expires  
NOVEMBER 17, 2009



NOTARIZATION

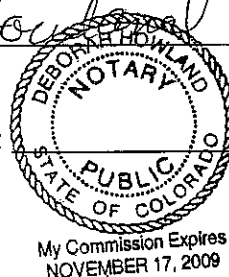
STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Grand     )

The foregoing instrument was acknowledged before me on this 3<sup>rd</sup> day of October 2007, by Jack W. Buchheister, as President and Don Waldron, as Secretary, respectively, of the Winter Park Water and Sanitation District.

Witness my hand and official seal.

Deborah Howard  
Notary Public

My commission expires: \_\_\_\_\_

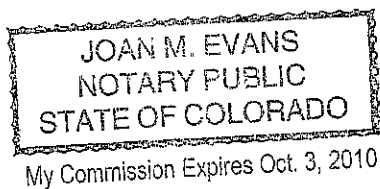


NOTARIZATION

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Grand     )

The foregoing instrument was acknowledged before me on this 4<sup>th</sup> day of Oct, 2007, by Harold W. Teverbaugh, as Mayor, and Patti Garcia, as Town Clerk, respectively, of the Town of Winter Park.

Witness my hand and official seal.



Joan M Evans  
Notary Public

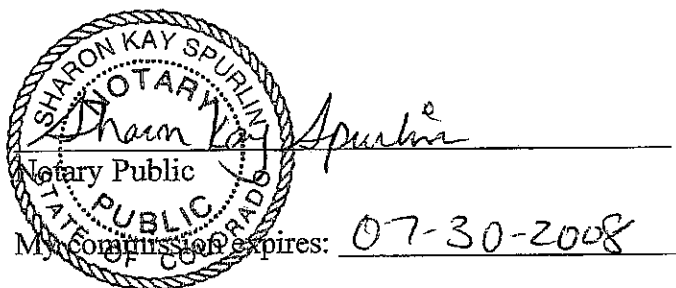
My commission expires: 10-3-2010

NOTARIZATION

STATE OF COLORADO     )  
COUNTY OF Grand     ) ss.

The foregoing instrument was acknowledged before me on this 4<sup>th</sup> day of October, 2007, by Edward Wang, as Mayor, and Deborah K. Hess, as Town Clerk CMC, respectively, of the Town of Granby.

Witness my hand and official seal.



NOTARIZATION

STATE OF COLORADO     )  
COUNTY OF \_\_\_\_\_ ) ss.

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2007, by James L. Newberry, as Chairman and Sara L. Rosene as Clerk and Recorder, respectively, of the Board of County Commissioners of the County of Grand, State of Colorado.

Witness my hand and official seal.

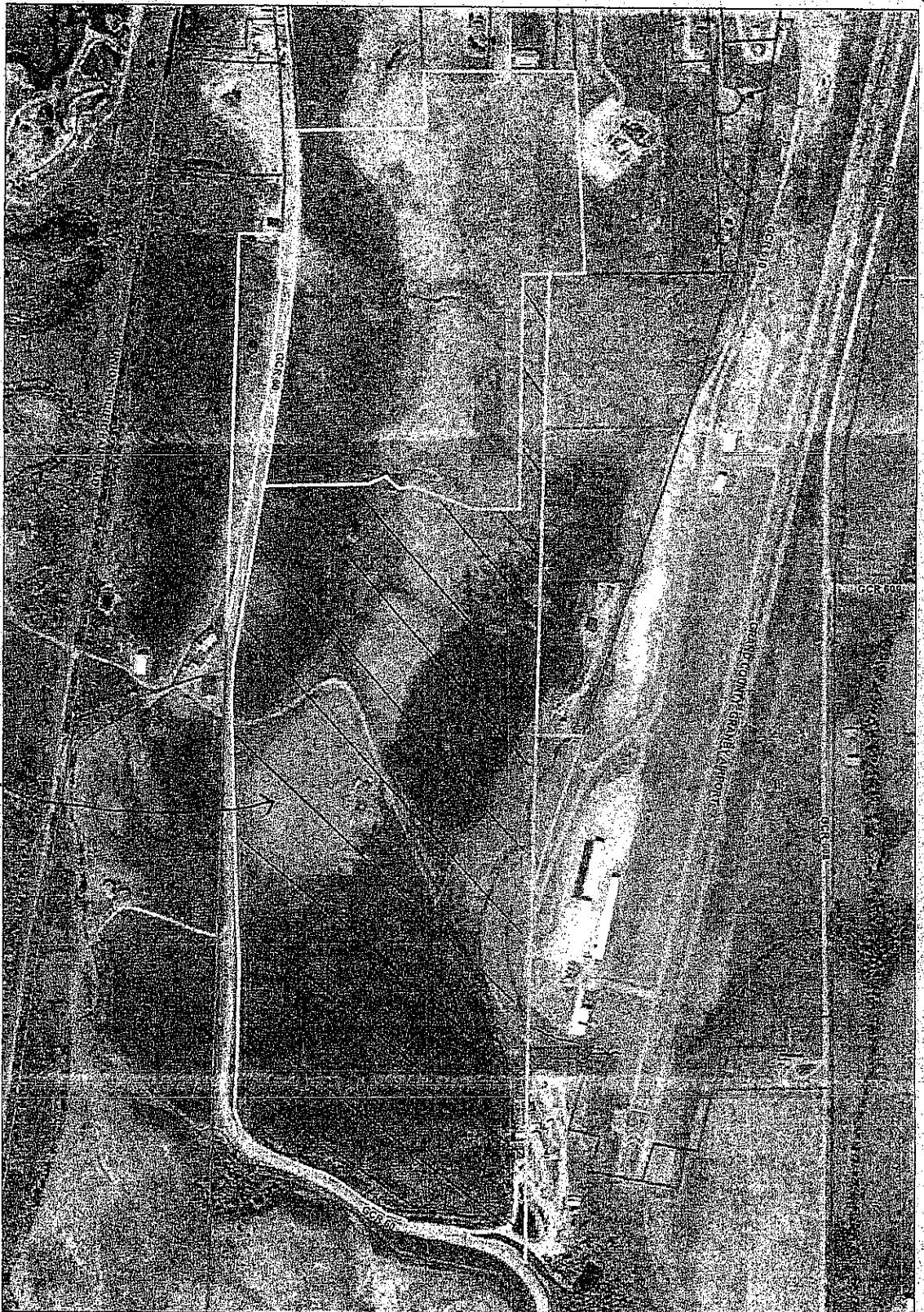
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-COVENANT

The following land located in Sections 32 and 33, T. 2 N., R. 76 W. 6<sup>th</sup> P.M., Grand County, Colorado more particularly described as:

1. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:  
  
Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All; Block 7: All; Block 8: All; Block 9: All; and Tracts A, B, C, and D, County of Grand, State of Colorado, including all roads, rights of way and easements as described on Plat of Sun Creek Development Filing One.
2. A 79.229 acre, more or less, tract located in the S  $\frac{1}{2}$  S  $\frac{1}{2}$  of Section 33, T. 2 N., R. 76 W. of the 6<sup>th</sup> P.M., lying North and West of County Road 60, less property described at Reception No. 990012051, and less property described at Reception No. 2004-003444, less property located in Sun Creek Development Filing One, plus any vacated parcels adjoining thereto, County of Grand, State of Colorado, as generally depicted on the map attached hereto. If this 79.229 acre parcel is surveyed, then the survey of the parcel will replace this description.



the 79.229 acre parcel



YAGER PARTNERSHIP,  
LTD



SCALE IN FEET

**Map Legend:**



Yager Partnership, Ltd.

Image Data from USDA National Agriculture Imagery Program (NAIP) 1-Meter resolution for Mid-July 2005, UTM Zone 17N, NAD 83 Aerial Photography Summer 2005.

[illegible]

# **DRY-UP COVENANT**

**(Yager Partnership, Ltd.)**

This Covenant is executed as of February 8, 2008, by and between Yager Partnership, Ltd., a Colorado Limited Partnership ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

WITNESSETH:

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). GCMDRC purchased the 85.5 Shares from Scott and Christine Holley. Christine Holley is the General Partner for Grantor.

WHEREAS, GCMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by GCMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares will be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that GCMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing GCMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

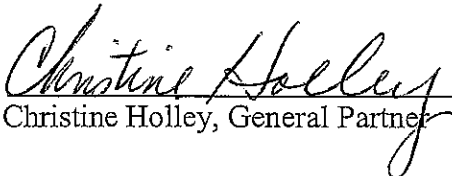
NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and GCMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by GCMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with GCMDRC. Any such lease shall permit GCMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.

3. After GCMDRC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by GCMDRC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by GCMDRC.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with GCMDRC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to GCMDRC and to their respective successors and assigns, in perpetuity.

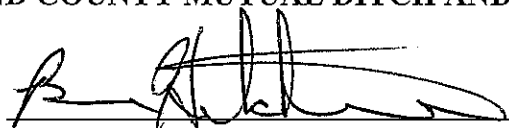
IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: YAGER PARTNERSHIP, Ltd., a Colorado Limited Partnership**

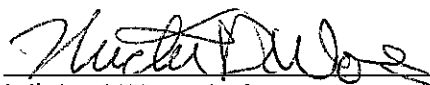
By:   
Christine Holley, General Partner

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By:

  
Bruce Hutchins, President

Attest:

  
Michael Wageck, Secretary

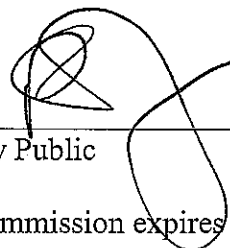


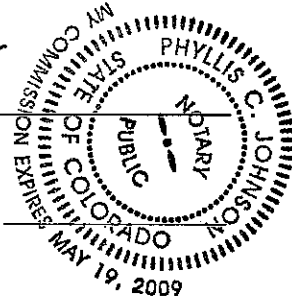
NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8th day of February, 2008, by Christine Holley as General Partner of the Yager Partnership, Ltd., a Colorado Limited Partnership.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires \_\_\_\_\_

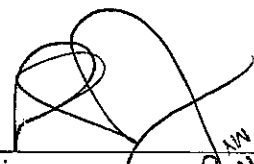


NOTARIZATION

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Bruce Hutchins as President and by Michael Wageck as Secretary of the Grand County Mutual Ditch and Reservoir Company.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires \_\_\_\_\_

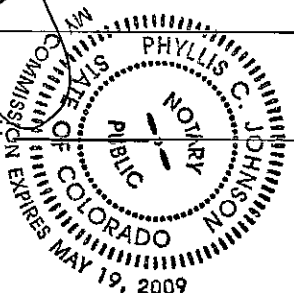


EXHIBIT 1  
to  
DRY-UP COVENANT

a. Parcel 2 (Yager Partnership, Ltd.)

i. Township 2 North, Range 76 West of the 6<sup>th</sup> P.M.

Section 32: That portion of the E ½ SE ¼ SE ¼ lying South of Grand County Road No. 60 aka Little Ho Road

EXCEPT that portion conveyed to Ernest Maureaux and Anna L. Maureaux by instrument recorded August 18, 1951 in Book 100 at Page 427.

AND EXCEPT that portion conveyed to John F. Farthing and Robert F. Farthing by instrument recorded April 21, 1954 in Book 108 at Page 431.

AND EXCEPT that portion conveyed to J.W. Ricci and Ruth Esther Ricci by instrument recorded April 2, 1962 in Book 139 at Page 350.

Section 33: All that portion of the S ½ SW ¼ lying South of Grand County Road No. 60 aka Little Ho Road.

County of Grand, State of Colorado, containing 5.58 acres more or less.

ii. Tract 80, Great Divide Head Lettuce Colony,

EXCEPT that portion lying within Granby Airport,

County of Grand, State of Colorado, containing 1.529 acres more or less.



# DRY-UP COVENANT

(Christine Holley)

This Covenant is executed as of February 8, 2008, by and between Christine Holley, ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado.

## WITNESSETH:

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). GCMDRC has purchased the 85.5 Shares from Scott and Christine Holley.

WHEREAS, GCMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by GCMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares will be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that GCMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing GCMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and GCMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

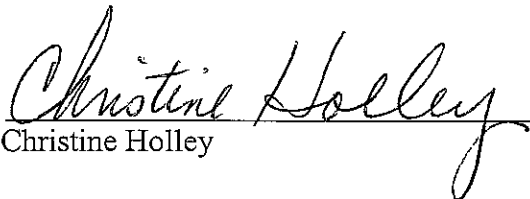
1. This Covenant shall become effective upon its recording by GCMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with GCMDRC. Any such lease shall permit GCMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After GCMDRC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and

agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by GCMDRC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by GCMDRC.

4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with GCMDRC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to GCMDRC and to their respective successors and assigns, in perpetuity.

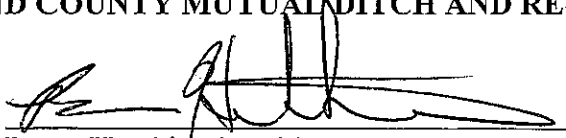
IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: CHRISTINE HOLLEY**

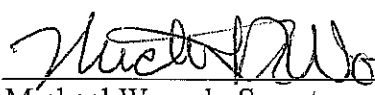
By:   
Christine Holley

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By:

  
Bruce Hutchins, President

Attest:

  
Michael Wageck, Secretary

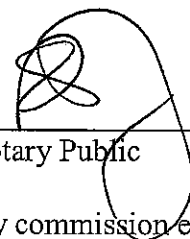


NOTARIZATION

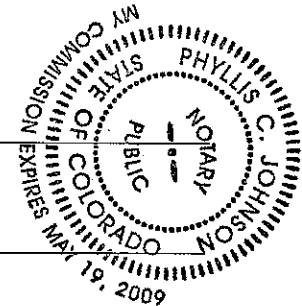
STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8th day of February, 2008, by Christine Holley.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_




NOTARIZATION

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Bruce Hutchins as President and by Michael Wageck as Secretary of the Grand County Mutual Ditch and Reservoir Company.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

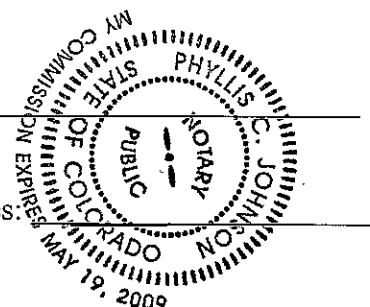


EXHIBIT 1  
to  
DRY-UP COVENANT

- a. Parcel 3 (Christine Holley)
  - i. N ½ of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.

# DRY-UP COVENANT

(Christine Holley)

This Covenant is executed as of February 8, 2008, by and between Christine Holley, ("Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado.

## WITNESSETH:

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). GCMDRC has purchased the 85.5 Shares from Scott and Christine Holley.

WHEREAS, GCMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by GCMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares will be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that GCMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing GCMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and GCMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

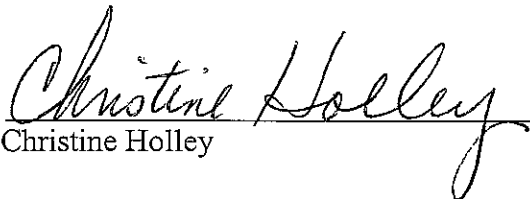
1. This Covenant shall become effective upon its recording by GCMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with GCMDRC. Any such lease shall permit GCMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.
3. After GCMDRC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and

agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by GCMDRC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by GCMDRC.

4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with GCMDRC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to GCMDRC and to their respective successors and assigns, in perpetuity.

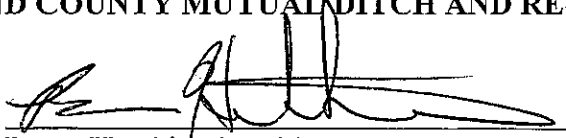
IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: CHRISTINE HOLLEY**

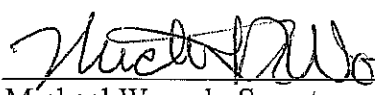
By:   
Christine Holley

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By:

  
Bruce Hutchins, President

Attest:

  
Michael Wageck, Secretary

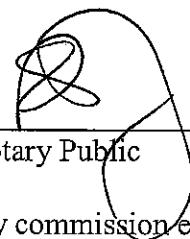


NOTARIZATION

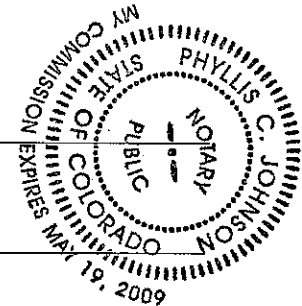
STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8th day of February, 2008, by Christine Holley.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_




NOTARIZATION

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Bruce Hutchins as President and by Michael Wageck as Secretary of the Grand County Mutual Ditch and Reservoir Company.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

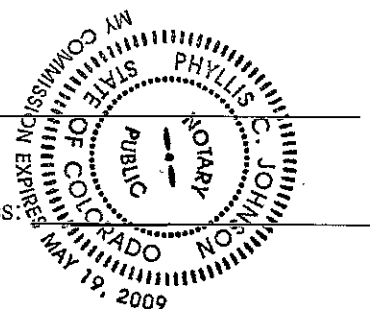


EXHIBIT 1  
to  
DRY-UP COVENANT

- a. Parcel 3 (Christine Holley)
  - i. N ½ of Tract 12, Great Divide Head Lettuce Company, County of Grand, State of Colorado.



# **DRY-UP COVENANT**

**(Scott Holley & Christine H. Holley a/k/a Christine Helen Holley)**

This Covenant is executed as of February 8, 2008, by and between Scott Holley and Christine H. Holley a/k/a Christine Helen Holley, (collectively referred to as "Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

## **WITNESSETH:**

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). GCMDRC has purchased the 85.5 Shares from Scott and Christine Holley.

WHEREAS, GCMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by GCMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares will be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that GCMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing GCMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and GCMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

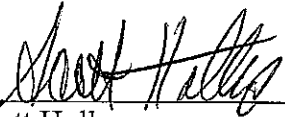
1. This Covenant shall become effective upon its recording by GCMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with GCMDRC. Any such lease shall permit GCMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.

RECEPTION#: 2008001346, 02/08/2008 at  
03:45:21 PM,  
1 OF 5, R \$26.00 Doc Code:COV  
Sara L. Rosene, Grand County Clerk,  
Colorado

3. After GCMDFC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by GCMDFC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by GCMDFC.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with GCMDFC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to GCMDFC and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: SCOTT HOLLEY & CHRISTINE H. HOLLEY a/k/a/ CHRISTINE HELEN HOLLEY**


By:  \_\_\_\_\_  
Scott Holley

By: Christine H. Holley  
Christine H. Holley  
a/k/a Christine Helen Holley

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By: [Signature]  
Bruce Hutchins, President

Attest: [Signature]  
Michael Wageck, Secretary



**NOTARIZATION**

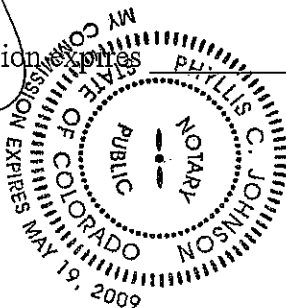
STATE OF COLORADO    )  
                                      ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8th day of February, 2008,  
by Scott Holley & Christine H. Holley a/k/a/ Christine Helen Holley.

Witness my hand and official seal.

[Signature]  
Notary Public

My commission expires May 19, 2009

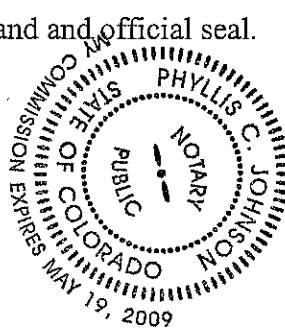


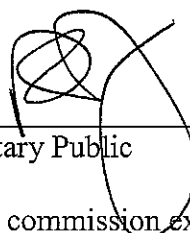
NOTARIZATION

STATE OF COLORADO   )  
  ) ss.  
COUNTY OF GRAND       )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008,  
by Bruce Hutchins as President and by Michael Wageck as Secretary of the Grand County  
Mutual Ditch and Reservoir Company.

Witness my hand and official seal.



  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

a. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)

i. N ½ of Lot 9, Great Divide Head Lettuce Company,

EXCEPT that portion conveyed to Lew Geisendorfer by instrument recorded September 4, 1958 in Book 127 at Page 168, County of Grand, State of Colorado.

ii. N ½ of Lot 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado

# **DRY-UP COVENANT**

**(Scott Holley, Christine H. Holley, & Bryan Holley)**

This Covenant is executed as of February 8, 2008, by and between Scott Holley, Christine H. Holley and Bryan Holley, (collectively referred to as "Grantor"), with a mailing address of P.O. Box 694, Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

## **WITNESSETH:**

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). GCMDRC has purchased the 85.5 Shares from Scott and Christine Holley.

WHEREAS, GCMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by GCMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares will be leased back to the owner of the Lands (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that GCMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing GCMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.

NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and GCMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by GCMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with GCMDRC. Any such lease shall permit GCMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.

RECEPTION#: 2008001347, 02/08/2008 at  
03:45:22 PM,  
1 OF 5, R \$26.00 Doc Code:COV  
Sara L. Rosene, Grand County Clerk,  
Colorado

3. After GCMDRC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by GCMDRC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by GCMDRC.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with GCMDRC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to GCMDRC and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: SCOTT HOLLEY, CHRISTINE H. HOLLEY, & BRYAN HOLLEY**

By

  
\_\_\_\_\_  
Scott Holley

By Christine H. Holley  
Christine H. Holley

By Bryan Holley  
Bryan Holley

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By: [Signature]  
Bruce Hutchins, President

Attest: [Signature]  
Michael Wageck, Secretary



**NOTARIZATION**

STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8th day of February, 2008,  
by Scott Holley and Christine H. Holley.

Witness my hand and official seal.

[Signature]  
Notary Public  
My commission expires \_\_\_\_\_



NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of February, 2008,  
by Bryan Holley.

Witness my hand and official seal.



My Commission Expires 05-01-2010

Handwritten signature of Roxana Bartels in cursive script.

Notary Public

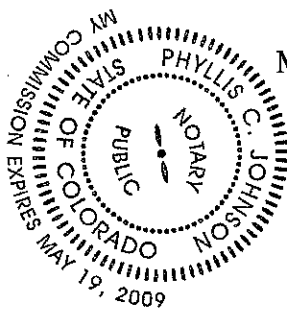
My commission expires 05-01-2010

NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008,  
by Bruce Hutchins as President and by Michael Wageck as Secretary of the Grand County  
Mutual Ditch and Reservoir Company.

Witness my hand and official seal.



Handwritten signature of Phyllis C. Johnson in cursive script.

Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

- a. Parcel 5 (Scott Holley and Christine H. Holley, as to an undivided  $\frac{1}{2}$  interest, and Bryan Holley, as to an undivided  $\frac{1}{2}$  interest)
- i. Tract 8, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

# DRY-UP COVENANT

(William L. Spurlin & Sharon K. Spurlin)

This Covenant is executed as of February 8, 2008, by and between William L. Spurlin and Sharon K. Spurlin, (collectively referred to as "Grantor"), with a mailing address of PO Box 677 Granby, CO 80446; and the Grand County Mutual Ditch and Reservoir Company ("GCMDRC") with a mailing address of P. O. Box 264, Hot Sulphur Springs, Colorado 80451.

## WITNESSETH:

WHEREAS, Grantor owns certain lands located in Grand County, Colorado, as more particularly described in the attached Exhibit 1 and collectively referred to as the "Lands." The Lands, together with other real property, were historically irrigated with 85.5 shares of stock in the Grand County Irrigated Land Company formerly represented by Share Certificates No. 393 (76 shares), No. 426 (3.5 shares), No. 431 (3 shares), No. 435 (2 shares), and No. 441 (1 share) (the "85.5 Shares"). CGMDRC has purchased the 85.5 Shares from Scott and Christine Holley.

WHEREAS, CGMDRC may file a change application in Division No. 5 water court to allow the 85.5 shares to be used by CGMDRC. As part of the water court's decree (the "Decree") the Lands irrigated with the 85.5 Shares may be subjected to dry up, revegetation, and noxious weed management requirements.

WHEREAS, it is contemplated that the 85.5 Shares may be leased back to Scott and Christine Holley (subject to the provisions of any such lease) for use of the water consistent with the historical irrigation of those Lands, and that CGMDRC will subsequently change the 85.5 Shares. Subject to the terms of any such lease, the Parties desire to allow for continued irrigation of the Lands with the 85.5 Shares, while ensuring that the Lands are eventually dried up and revegetated including provisions for noxious weed management, in compliance with the Decree.

WHEREAS, Grantor desires that water from municipal sources or exempt wells may be used on the Lands, while at the same time, allowing CGMDRC to obtain the historical use and consumptive use from irrigation of the Lands with the 85.5 Shares.


NOW, THEREFORE, in consideration of the keeping of the promises and covenants contained herein and the mutual benefits to be derived therefrom, Grantor and CGMDRC hereby covenant and agree, on behalf of themselves and their respective successors in interest to the Lands and to the 85.5 Shares:

1. This Covenant shall become effective upon its recording by CGMDRC ("Effective Date").
2. After the Effective Date, the Lands may only be irrigated with the 85.5 Shares pursuant to a lease with CGMDRC. Any such lease shall permit CGMDRC to terminate the lease as to all or part of the 85.5 Shares at any time with notice as provided for in the lease.

3. After CGMDRC provides notice of termination of the lease as to all or any part of the 85.5 Shares, or upon the Effective Date if no recorded lease that includes use of the 85.5 shares on the subject Lands is in effect, Grantor covenants and agrees to permanently cease all agricultural irrigation of the Lands with the 85.5 Shares and to permanently remove any agricultural irrigation of the Lands with the 85.5 Shares or with any other shares in the Grand County Irrigated Land Company. Provided, however, that Grantor shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, irrigation shall cease as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given or this Covenant becomes effective. Grantor shall have the right, however, to irrigate the Lands with water provided by a municipal water supplier, including the Town of Granby, or with groundwater from exempt wells as defined by C.R.S. § 37-92-602, subject to statutory limitations and the materiality of injury standard for exempt wells. The Lands may also be irrigated with other surface water rights acquired by the Grantor if such use: (1) is consented to in writing by CGMDRC; (2) is permitted by the Division No. 5 Water Court; and (3) does not impair the use of the 85.5 Shares by CGMDRC.
4. Grantor covenants and agrees to ensure that the Lands are and remain revegetated upon dry-up in compliance with State, County, or Town requirements unless or until such time that they are otherwise fully developed for a non-agricultural use and that the vegetation grown on the Lands will comply with the County's or any other applicable noxious weed management regulations. Grantor further covenants and agrees to comply with any order or Decree from the Division No. 5 Water Court, including, but not by way of limitation, any provisions prohibiting irrigation of the Lands, and any provisions designed to accomplish the revegetation and noxious weed management of the Lands pursuant to C.R.S. § 37-92-305(4.5)(a), which states: "The terms and conditions applicable to changes of use of water rights from agricultural irrigation purposes to other beneficial use shall include reasonable provisions designed to accomplish the revegetation and noxious weed management of lands from which irrigation water is removed." In order to ensure compliance with the dry-up, revegetation and noxious weed management requirements that may be imposed by the Decree, Grantor shall cooperate fully with CGMDRC and provide access at reasonable times to the Lands to enforce such compliance with the Decree.
5. This Covenant shall run with the Lands and with the 85.5 Shares, and the benefits and burdens thereof shall inure and apply to Grantor and to CGMDRC and to their respective successors and assigns, in perpetuity.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Covenant as shown below their signatures.

**GRANTOR: WILLIAM L. SPURLIN & SHARON K. SPURLIN**

By   
William L. Spurlin

By Sharon K. Spurlin  
Sharon K. Spurlin

**GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY:**

By: [Signature]  
Bruce Hutchins, President

Attest: [Signature]  
Michael Wageck, Secretary



**NOTARIZATION**

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF GRAND    )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of February, 2008, by William L. Spurlin and Sharon K. Spurlin.

Witness my hand and official seal.



My Commission Expires 05-01-2010

Roxana Bartels  
Notary Public

My commission expires 05-01-2010


## NOTARIZATION

[illegible]

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Bruch Hutchins as President and by Michael Wageck as Secretary of the Grand County Mutual Ditch and Reservoir Company.

Witness my hand and official seal.

and official seal.

A circular notary seal for Phyllis C. Johnson, a Notary Public in the State of Colorado. The seal features the text 'NOTARY PUBLIC' in the center, 'PHYLLIS C. JOHNSON' around the top, and 'STATE OF COLORADO' around the bottom. The outer ring contains the text 'MY COMMISSION EXPIRES MAY 19, 2009'. A signature is written over the seal and the text 'Notary Public'.

Notary Public

My commission expires: \_\_\_\_\_

EXHIBIT 1  
to  
DRY-UP COVENANT

- a. Parcel 6 (William L. Spurlin and Sharon K. Spurlin)
  - i. Tract 7, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

## LEASE AGREEMENT FOR WATER RIGHTS

This Lease Agreement is made as of this 8<sup>th</sup> day of February 2008, by and between the Grand County Mutual Ditch and Reservoir Company, as "Lessor", with a mailing address of P.O. Box 264, Hot Sulphur Springs, CO 80451, and Scott Holley and Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley (the "Holleys") and the Yager Partnership, LTD, the "Partnership" (collectively the Holleys and the Partnership are referred to as "Lessee"), with a mailing address of P.O. Box 694 Granby, CO 80446,

### RECITALS

WHEREAS, the Colorado River Water Conservation District, acting by and through its Colorado River Water Projects Enterprise, the Grand County Water and Sanitation District # 1, the Winter Park Water and Sanitation District, the Town of Winter Park, the Town of Granby and the Board of County Commissioners of Grand County (collectively referred to as the "Coalition") and the Holleys entered a contract to purchase 85.5 shares of stock in the Grand County Irrigated Land Company and related property interests (the "85.5 shares") dated July 16, 2007 (the "PSA"),

WHEREAS, the Coalition assigned its interest in the PSA to the Lessor, and on February 8, 2008, the Holleys and Lessor closed on the PSA,

WHEREAS, Lessor now owns the 85.5 shares of stock in the Grand County Irrigated Land Company to be represented by new certificate numbers after re-issuance and related property interests that the Lessor purchased from the Holleys. As part of the same transaction, the Lessor desires to lease certain interests in that property (as selected by the Lessor) back to the owners of the lands on which the 85.5 shares were historically used for agricultural irrigation and Lessee desires to lease said certain property from the Lessor, pursuant to the terms of this Lease Agreement,

WHEREAS, the Partnership and the Holleys own certain lands in Grand County, Colorado, as more particularly described in the attached Exhibit 1, which are collectively referred to as the "Lands,"

WHEREAS, the Lands were historically irrigated with the 85.5 shares, and

WHEREAS, the parties desire that for a period of time the 85.5 shares are used in a manner that is consistent with historical use for agricultural irrigation of the Lands. The Lessor anticipates eventually using the water rights represented by the 85.5 shares for other purposes.

Therefore, in consideration of the keeping of promises and covenants contained herein and the mutual benefits to be derived herefrom, the parties hereto agree as follows:

### AGREEMENT

1. Lease of Property. The Lessor hereby leases to Lessee for use on the Lands, the following property interests, which are referred to collectively as the "Property" and which are described more fully on the attached Exhibit 1:

RECEPTION#: 2008001349, 02/08/2008 at  
03:45:24 PM,  
1 OF 11, R \$56.00 Doc Code:LEASE  
Sara L. Rosene, Grand County Clerk,  
Colorado



The water rights represented by 85.5 shares in the Grand County Irrigated Land Company; together with any and all other water and water rights used upon, appurtenant to, or otherwise associated with the Lands described in attached Exhibit 1, including both surface and tributary groundwater; and including related easements, rights of way or other rights to use land needed or used to divert, deliver, store or apply water to the Lands (collectively referred to as the "Water Rights"); **EXCEPT** the Granby No. 1 Ditch decreed in Case No. 657 by the Grand County District Court on November 5, 1927 and except an existing well with well permit number 131805-A (which are owned by Lessee and may also be used on the Lands consistent with historical practices).

All flumes, headgates, measuring devices, and other equipment used for the diversion, transmission, application or storage of water from the Water Rights (collectively the "Equipment").

2. Term and termination.

- a. The term of the lease is for one year, after which term this Lease Agreement shall automatically renew on a year-to-year term unless terminated as provided for below.
- b. Either party may terminate the lease in its entirety at the end of any one year anniversary period upon sixty (60) days prior written notice. Lessee shall discontinue use of the Water Rights upon termination of this Lease Agreement, with the exception that Lessee shall not be required to discontinue use during the irrigation season if such discontinuance would result in destruction of a crop. In that case, the notice shall be effective as soon as the crop is harvested or needs no further irrigation, but in no case later than October 1 of that irrigation season during which notice was given. The Lessor may also terminate the lease as to any portion of the Water Rights under the same terms as provided for in this paragraph for termination in the entirety.
- c. Upon termination, Lessor may remove the Equipment at its discretion, or if not removed within 90 days after termination, said Equipment shall be deemed abandoned to the Lessee.

3. Rent.

- a. The rent payable to the Lessor by Lessee for the Property shall be equal to the annual assessments on the 85.5 shares by the Grand County Irrigated Land Company ("GCILC"), but not to exceed \$6,000.00 per year. Lessor shall pay the annual assessment to the GCILC when due. Within 30 days of receipt of the notice of assessment from the GCILC, the Lessor shall mail a copy of the same to Lessee. The annual rental payment shall be paid by Lessee to Lessor within 30 days after receipt of the assessment notice from Lessor.

4. Obligations of the Parties.

- a. Lessee shall be entitled to all crops grown on the Lands and shall be obligated to bear all costs associated with growing such crops.
- b. Lessee shall not commit waste, shall not take any action to damage the Property, and shall conduct its operations in accordance with this Lease Agreement and all applicable laws and regulations.
- c. Lessee shall maintain the Equipment in its present condition, reasonable wear and tear from ordinary use excepted, and shall maintain, repair and/or replace all Equipment, at Lessee's expense, as necessary to keep the Equipment in its present condition. Provided that Lessee consults with Lessor in advance, Lessee shall pay 25% of any such expense over \$500 and 50% of any such expense over \$1,000.
- d. Lessee shall continue to irrigate the Lands. Lessee shall consult with the Lessor and shall make full use of the Water Rights that are the subject of this Lease Agreement, consistent with those consultations. Lessee shall maintain and provide the Lessor with records of the acres irrigated, crops grown, water applied and such other information as the Lessor requests, at such times as the Lessor reasonably requests.
- e. Upon termination of this Lease Agreement as provided for in paragraph 2 herein, the parties' rights and obligations will be governed in accordance with the Dry-Up Covenant(s) between the parties recorded in Grand County, Colorado.

5. Administrative Approvals. If the Lessor determines, in its sole discretion, at any time during the term of this lease, that it wishes to seek administrative approval of any exchange, substitute water supply plan, loan of water, or any other activity requiring approval by the Division of Water Resources or by any other agency or entity, whether involving all or any portion of the water rights, Lessee shall cooperate fully with the Lessor in seeking and implementing that approval at no cost to Lessee.

6. Defaults, Opportunity to Cure and Remedies.

- a. If a dispute arises regarding this contract, or the alleged breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to litigation or some other dispute resolution procedure. If after such reasonable time (but not exceeding 6 months) to mediate the dispute, if either party believes that the other party is in breach of any obligation under this Agreement, the party alleging the breach shall give written notice to the other party of the alleged breach. The party receiving the notice shall have thirty (30) days in which to cure the alleged breach.

- b. If the party alleging a breach is not satisfied after the period in which the other party may attempt to cure the alleged breach, the party alleging the breach may initiate a lawsuit in the District Court in and for Grand County.
  - c. If the Lessee is in breach, the Lessor may terminate this Lease Agreement, retain all rents paid by the Lessee, and obtain any or all remedies available at law or in equity, including but not limited to specific performance, injunctive relief, and damages.
  - d. If the Lessor is in breach, the Lessee may obtain any or all remedies available at law or in equity, including but not limited to specific performance, injunctive relief, and damages.
  - e. If any party commences an action to enforce or interpret any portion of this Lease Agreement, the prevailing party in such action shall be paid by the other party or parties, jointly or severally, the prevailing party's costs and reasonable attorney's fees, to be awarded by the court.
7. Notice. Any notice or demand under this Agreement shall be in writing and shall be hand delivered, sent by a nationally recognized overnight delivery service or sent by registered or certified mail, postage prepaid, return receipt requested, to the following address:

*To the Lessee:*

Scott and Christine Holley  
and Yager Partnership, Ltd.  
Attention Christine Holley  
P.O. Box 694  
Granby, CO 80446

Telephone number: (970) 887-3607

*With copy to:*

Larry Hartlaub  
P.O. Box 468  
Winter Park, CO 80482

Telephone number: (720) 488-2771

*To the Lessor:*

Lurline Underbrink Curran  
P. O. Box 264  
Hot Sulphur Springs, CO 80451

Telephone number: (970) 725-3347

*With copy to:*

David C. Taussig  
White & Jankowski, LLP  
511 16<sup>th</sup> Street, Suite 500  
Denver, CO 80202

Telephone number: (303) 595-9441

Either party may change its address by written notice to the other as provided for above.

Notice shall be effective upon delivery if the notice is provided by hand delivery and shall be effective upon receipt if given by overnight delivery or certified or registered mail.

8. General Provisions.

- a. Governing law. This Lease Agreement shall be governed, construed, applied and enforced in accordance with the laws of the State of Colorado.

- b. Benefit. This Lease Agreement shall inure to the benefit of and shall bind the heirs, administrators, executors, successors, and assigns of the respective parties hereto.
- c. Assignment. Neither the Lessor nor Lessee may assign their interests under this Lease Agreement without the prior written consent of the other party, which may be withheld or conditioned in that party's sole discretion.
- d. Recording. The Lessor may record this Lease Agreement or a memorandum thereof in the real property records of Grand County, Colorado.
- e. Entire Agreement. This Lease Agreement constitutes the entire agreement between the parties. No representations or warranties pertaining to this Lease Agreement or any property affected by this Lease Agreement have been made by, or shall be binding on, any of the parties, except as expressly stated in this Lease Agreement. This Lease Agreement may not be changed orally, but only by an agreement in writing signed by both parties.
- f. Incorporation of Exhibits. All attached exhibits to this Lease Agreement are incorporated herein by reference.
- g. Effective Date. The Effective Date of this Lease Agreement is the date first shown below.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Lease Agreement as shown below their signatures.

**LESSOR:**  
**GRAND COUNTY MUTUAL DITCH**  
**AND RESERVOIR COMPANY:**

By: \_\_\_\_\_

Bruce Hutchins, President

Attest: \_\_\_\_\_

Michael Wageck, Secretary



**SCOTT HOLLEY**

Scott Holley

~~Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley~~

By: Christine Holley, General Partner

I, Bryan Holley, the owner of a one half interest in part of the Lands described on Exhibit 1, do hereby consent to this Lease Agreement and the use of the 85.5 shares on that land, without, however, any rights, obligations, or liability to me.

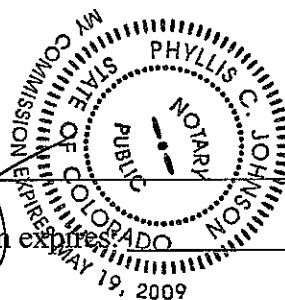
Bryan Holley

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

Witness my hand and official seal.

~~Notary Public~~

My commission expires

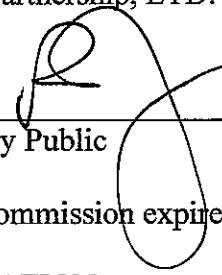


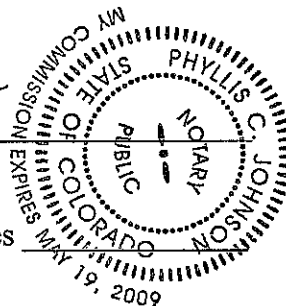
NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of February 2008, by Christine Holley as General Partner of the Yager Partnership, LTD.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires \_\_\_\_\_

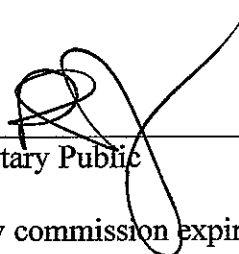


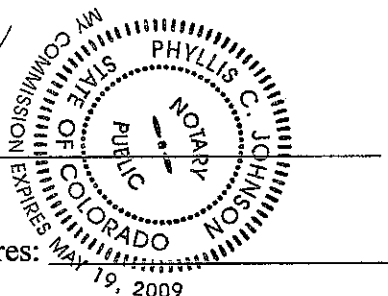
NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Scott Holley.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_

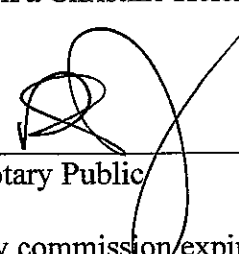


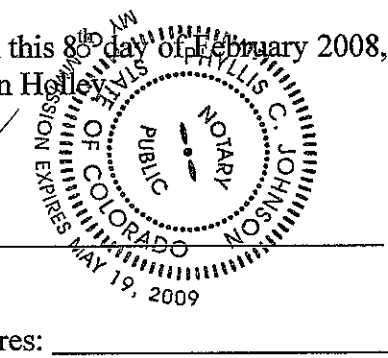
NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Christine Holley a/k/a Christine H. Holley a/k/a Christine Helen Holley

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_



NOTARIZATION

STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me on this 8<sup>th</sup> day of February 2008, by Bryan Holley.

Witness my hand and official seal.



My Commission Expires 05-01-2010

A handwritten signature in cursive script, appearing to read "Roxana Bartels", written over a horizontal line.

Notary Public

My commission expires: 05-01-2010

EXHIBIT 1  
to  
Lease Agreement for Water Rights

1. **Ditch Company Shares:** 85.5 shares in the Grand County Irrigated Land Company, formerly represented by the following share certificates:
  - a. **Certificate No. 393** for **76 shares** in Grand County Irrigated Land Company.
  - b. **Certificate No. 426** for **3.5 shares** in Grand County Irrigated Land Company.
  - c. **Certificate No. 431** for **3 shares** in Grand County Irrigated Land Company.
  - d. **Certificate No. 435** for **2 shares** in Grand County Irrigated Land Company.
  - e. **Certificate No. 441** for **1 share** in Grand County Irrigated Land Company.

The Lessor will obtain re-issued share certificate(s) for the 85.5 shares in its name.

2. **Lands:**

- a. Parcel 1 (Yager Partnership, Ltd.)

- i. The following lots and blocks and tracts located in SUN CREEK DEVELOPMENT FILING ONE, according to the plat recorded May 17, 1982 at Reception No. 193444:

Block 1: All; Block 2: All; Block 3: All; Block 4: All; Block 5: All; Block 6: All;  
Block 7: All; Block 8: All; Block 9: All; And Tracts A, B, C, and D,

County of Grand, State of Colorado.

- ii. Township 2 North, Range 76 West of the 6<sup>th</sup> P.M.:

Section 33: That portion of the S ½ S ½ lying North and West of Grand County Road No. 60.

TOGETHER WITH those portions of vacated roads described in Resolution No. 1999-11-9 recorded November 16, 1999 at Reception No. 99012062, which are contained within or contiguous to the above described property.

EXCEPT that portion conveyed to Sun Creek Development Corporation by instrument recorded September 22, 1981 in Book 298 at Page 862.

AND EXCEPT those portions conveyed to Board of County Commissioners, County of Grand, State of Colorado, by instrument recorded November 16, 1999 at Reception No. 99012051, as amended by instrument recorded March 24, 2004 at Reception No. 2004-003444,



County of Grand, State of Colorado, containing 79.229 acres more or less.

b. Parcel 2 (Yager Partnership, Ltd.)

i. Township 2 North, Range 76 West of the 6<sup>th</sup> P.M.:

Section 32: That portion of the E  $\frac{1}{2}$  SE  $\frac{1}{4}$  SE  $\frac{1}{4}$  lying South of Grand County Road No. 60 aka Little Ho Road,

EXCEPT that portion conveyed to Ernest Maureaux and Anna L. Maureaux by instrument recorded August 18, 1951 in Book 100 at Page 427,

AND EXCEPT that portion conveyed to John F. Farthing and Robert F. Farthing by instrument recorded April 21, 1954 in Book 108 at Page 431,

AND EXCEPT that portion conveyed to J.W. Ricci and Ruth Esther Ricci by instrument recorded April 2, 1962 in Book 139 at Page 350.

Section 33: All that portion of the S  $\frac{1}{2}$  SW  $\frac{1}{4}$  lying South of Grand County Road No. 60 aka Little Ho Road.

County of Grand, State of Colorado, containing 5.58 acres more or less.

ii. Tract 80, Great Divide Head Lettuce Colony,

EXCEPT that portion lying within Granby Airport,

County of Grand, State of Colorado, containing 1.529 acres more or less.

c. Parcel 3 (Christine Holley)

i. North  $\frac{1}{2}$  of Tract 12, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

d. Parcel 4 (Scott Holley and Christine H. Holley a/k/a Christine Helen Holley)

i. North  $\frac{1}{2}$  of Tract 9, Great Divide Head Lettuce Colony,

EXCEPT that portion conveyed to Lew Geisendorfer by instrument recorded September 4, 1958 in Book 127 at Page 168, County of Grand, State of Colorado.

ii. North  $\frac{1}{2}$  of Tract 10, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

e. Parcel 5 (Scott Holley and Christine H. Holley, as to an undivided  $\frac{1}{2}$  interest, and Bryan Holley, as to an undivided  $\frac{1}{2}$  interest)

i. Tract 8, Great Divide Head Lettuce Colony, County of Grand, State of Colorado.

### 3. **Equipment:**

- a. All of Lessor's right, title and interest in and to all the irrigation equipment, flumes, headgates, measuring devices, equipment and other personal property used in connection with the Water Rights, including but not limited to the following:
  1. Three 6" parshall flumes located on the N ½ of Lot 9 and Lot 8, Great Divide Head Lettuce Colony.
  2. Two 10' lengths of 12" corrugated metal pipe ("CMP") with slide gates located on Lot 8, Great Divide Head Lettuce Colony.
  3. Sixteen 10' lengths of 6" CMP with slide gates located in ditches on Parcel 1 (Yager Partnership, Ltd.) as described in this Exhibit 1 to Lease Agreement for Water Rights.
  4. Inlet structure, drop pipe, diversion box, with gates and outlet pipes and approximately 240' of 10" CMP with splitter box located on the north side of Parcel 1.ii. (Yager Partnership, Ltd.) as described in this Exhibit 1 to Lease Agreement for Water Rights.

## BILL OF SALE

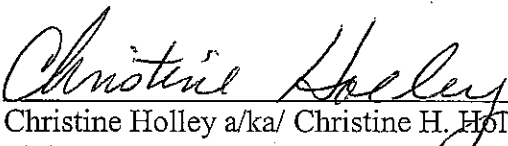
KNOW ALL MEN BY THESE PRESENTS: Scott Holley and Christine Holley a/k/a Christine H. Holly a/k/a Christine Helen Holly ("Sellers"), for and in consideration of TEN DOLLARS (\$10.00) and other valuable consideration to them in hand paid, at or before the ensealing or delivery of these presents by the Grand County Mutual Ditch and Reservoir Company ("Buyer"), the receipt of which is hereby acknowledged, have bargained and sold, and by these presents do grant and convey unto the Buyer, its successors and assigns, free and clear of all liens, leases or other encumbrances whatsoever, all irrigation equipment, flumes, headgates, measuring devices, equipment, pipes and other personal property used in connection with the Sellers' 85.5 shares of stock in the Grand County Irrigated Land Company conveyed from Sellers to Buyer in that Special Warranty Deed (Water Rights) dated February 8, 2008, including but not limited to the following:

1. Three 6" parshall flumes located on the N ½ of Lot 9 and Lot 8, Great Divide Head Lettuce Colony.
2. Two 10' lengths of 12" corrugated metal pipe ("CMP") with slide gates located on Lot 8, Great Divide Head Lettuce Colony.
3. Sixteen 10' lengths of 6" CMP with slide gates located in ditches on Parcel 1.i. and ii. (Yager Partnership, Ltd.) as described in Exhibit 1 to said Special Warranty Deed (Water Rights) dated February 8, 2008.
4. Inlet structure, drop pipe, diversion box, with gates and outlet pipes and approximately 240' of 10" CMP with splitter box located on the north side of Parcel 1.ii. (Yager Partnership, Ltd.) as described in Exhibit 1 to said Special Warranty Deed (Water Rights) dated February 8, 2008.

TO HAVE AND TO HOLD the same unto Buyer, its successors and assigns, forever. The Sellers covenant and agree to and with Buyer, their successors and assigns, to WARRANT AND DEFEND the sale of said property, against all and every person or persons whomsoever. The singular shall include the plural and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the Sellers have executed this Bill of Sale this 8<sup>th</sup> day of February 2008.

  
\_\_\_\_\_  
Scott Holley

  
\_\_\_\_\_  
Christine Holley a/ka/ Christine H. Holley  
a/k/a Christine Helen Holley

NOTARIZATION

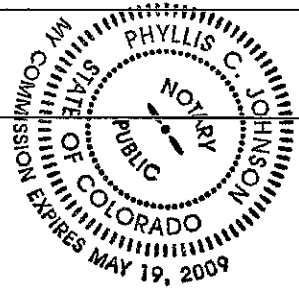
STATE OF COLORADO )  
 ) ss.  
COUNTY OF GRAND )

The foregoing instrument was acknowledged before me on this 8th day of February 2008,  
by Scott Holley and Christine Holley a/ka/ Christine H. Holley a/k/a Christine Helen Holly.

Witness my hand and official seal.

  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_



## CLOSING INSTRUCTION LETTER

Dated February 8, 2008

To: Mr Curtis Lange  
Grand County Title and Escrow Co.  
P.O. Box 38  
129 E. Byers Ave  
Hot Sulphur Springs, CO 80451

Re: Your File #25603 – Holley/Coalition Water Rights Sale

Mr Lange:

With regard to the closing scheduled for Friday, February 8, 2008, attached are:  
Schedule A listing funds and documents that will be delivered to you;  
Schedule B describing what you are to do with those funds and documents.

Please proceed to handle the closing by following those Schedules, unless modified by both of the undersigned. The closing is not to be completed (disbursement of funds, recording of certain documents, and delivery of certain documents) unless and until all the described documents and funds are delivered to you and all documents have been properly signed as required.

Please proceed to prepare the Closing Statements and other documents that you normally prepare relative to closing of a real estate transaction.

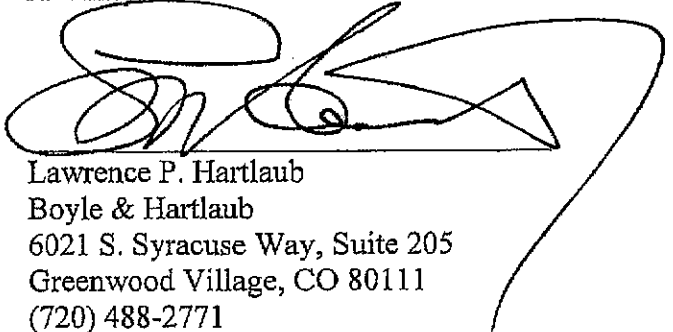
Sincerely,

Attorneys for Buyers:

---

David C. Taussig  
White & Jankowski LLP  
511 16<sup>th</sup> St., Suite 500  
Denver, CO 80202  
(303) 595-9441

Attorneys for Sellers:



---

Lawrence P. Hartlaub  
Boyle & Hartlaub  
6021 S. Syracuse Way, Suite 205  
Greenwood Village, CO 80111  
(720) 488-2771

## CLOSING INSTRUCTION LETTER

Dated February 8, 2008

To: Mr Curtis Lange  
Grand County Title and Escrow Co.  
P.O. Box 38  
129 E. Byers Ave  
Hot Sulphur Springs, CO 80451

Re: Your File #25603 -- Holley/Coalition Water Rights Sale

Mr Lange:

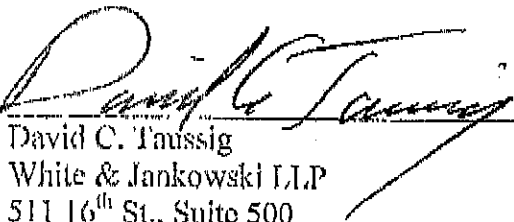
With regard to the closing scheduled for Friday, February 8, 2008, attached are:  
Schedule A listing funds and documents that will be delivered to you;  
Schedule B describing what you are to do with those funds and documents.

Please proceed to handle the closing by following those Schedules, unless modified by both of the undersigned. The closing is not to be completed (disbursement of funds, recording of certain documents, and delivery of certain documents) unless and until all the described documents and funds are delivered to you and all documents have been properly signed as required.

Please proceed to prepare the Closing Statements and other documents that you normally prepare relative to closing of a real estate transaction.

Sincerely,

Attorneys for Buyers:

  
David C. Taussig  
White & Jankowski LLP  
511 16<sup>th</sup> St., Suite 500  
Denver, CO 80202  
(303) 595-9441

Attorneys for Sellers:

\_\_\_\_\_  
Lawrence P. Hartlaub  
Boyle & Hartlaub  
6021 S. Syracuse Way, Suite 205  
Greenwood Village, CO 80111  
(720) 488-2771

## SCHEDULE A TO CLOSING INSTRUCTIONS

### FUNDS AND DOCUMENTS TO BE DEPOSITED

- A. A total of **\$2,450,000.00**, in Good Funds (available for immediate withdrawal as a matter of right as defined by CRS 38-35-125) to be deposited by or on behalf of Buyer. Said Good Funds are to come from the following entities:

1.	Colorado River Water Conservation District -	\$ 155,000.01;
2.	Grand County Water and Sanitation District -	\$ 154,999.97;
3.	Winter Park Water and Sanitation District -	\$ 155,000.01;
4.	Town of Winter Park -	\$ 161,666.67;
5.	Town of Granby -	\$ 161,666.67;
6.	BOCC of Grand County -	\$ 161,666.67;
7.	Colorado Water Conservation Board -	<u>\$1,500,000.00</u>
	TOTAL -	<u>\$2,450,000.00</u>

(NOTE 1: The funds from CWCB may come through BOCC of Grand County, in which case BOCC will send to you \$1,661,666.67.)

(NOTE 2: You, GCT&E Co., are already holding \$105,000 in an escrow account, which amount is to be added to the Good Funds described above for final disbursement to Sellers.)

B. Closing Costs

1. Buyers' share of closing costs as shown on Buyer's Closing Statement to be prepared by Closing Agent and approved by the parties hereto shall be paid IN ADDITION TO the above funds from Buyer entities and is expected to be paid by Buyer's attorney at closing;
2. Sellers' share of closing costs as shown on Seller's Closing Statement shall be deducted from Sellers' proceeds before net proceeds are paid (wired) to Sellers.

C. The following described properly executed and notarized documents, subject to approval by Buyer or its attorneys White & Jankowski, LLP:

1. SPECIAL WARRANTY DEED for Water Rights;
2. STOCK ASSIGNMENTS for 85.5 shares of stock in Grand County Irrigated Land Company (may be more than one such document, but total number of shares so included shall be 85.5);
3. ORIGINAL STOCK CERTIFICATES of Grand County Irrigated Land Company issued to Seller (one or both) totaling 85.5 shares, to be endorsed by Sellers at Closing;

4. BILL OF SALE for Personal Property;
  5. LEASE AGREEMENT FOR WATER RIGHTS;
  6. DRY-UP COVENANTS (five separate documents);
  7. TRANSFER LETTER from Sellers to Grand County Irrigated Land Company for Stock Certificates described in #3 above;
  8. Original of two letters addressed to Sellers from Liberty Savings Bank and from Credit Union of Colorado.
- D. The following additional documents properly signed, and notarized where necessary:
1. ASSIGNMENT AGREEMENT assigning certain documents TO Grand County Mutual Ditch and Reservoir Company FROM the entities described in A 1 through 6 above;
  2. SELLERS' CLOSING STATEMENT, prepared by GCT&ECo., including the following:
    - a. 1099 FORM from Sellers;
    - b. COLORADO AFFIRMATION from Sellers;
    - c. FIRPTA AFFIDAVIT from Sellers;
  3. BUYER'S CLOSING STATEMENT prepared by GCT&ECo;
  4. SELLERS' WIRING INSTRUCTIONS for their net proceeds.



**SCHEDULE B  
TO CLOSING INSTRUCTIONS**

**DISBURSEMENT OF FUNDS AND DOCUMENTS**

- A. RECORD with Grand County Recorder the following in the order indicated, having recorded documents returned to David C. Taussig, White & Jankowski, LLP, 511 16<sup>th</sup> Street, Suite 500, Denver, CO 80202:
1. ASSIGNMENT AGREEMENT (15 pages);
  2. SPECIAL WARRANTY DEED (7 pages);
  3. LEASE AGREEMENT (11 pages);
  5. DRY-UP COVENANTS (Five separate documents of 5, 5, 5, 4 and 4 pages each).
- B. DISBURSE funds as follows:
1. To Grand County Recorder for recording documents, your fees, Grand County Irrigated Land Company for stock transfer fees, and other costs and expenses as set forth in approved/signed Sellers and Buyer's Closing Statements;
  2. Sellers' net proceeds to Sellers at their further written direction for wire transfers to their accounts;
- C. DISTRIBUTE other documents as follows:
1. TO GRAND COUNTY IRRIGATED LAND COMPANY (c/o Ms Cindy Sterling, Granby, CO):
    - a. STOCK ASSIGNMENTS for 85.5 shares;
    - b. ORIGINAL STOCK CERTIFICATES for 85.5 shares;
    - c. TRANSFER LETTER to GCILC;
    - d. Your check for transfer fees as shown on the above Transfer Letter.

**OR PER APPROVAL OF PARTY'S ATTORNEYS at Closing:**

Hold in escrow documents and funds described in #1 above until you receive further directions from David C. Taussig. If the actual transfer fees to be paid to GCILC are less than as estimated at the time of closing, any excess funds shall be paid one-half to each of the party's attorney.

2. TO DAVID C. TAUSSIG (Buyer's Attorney):
  - a. BILL OF SALE for personal property (not to be recorded);
  - b. ORIGINAL LETTERS from Liberty Savings Bank and Credit Union of Colorado;
  - c. BUYER'S CLOSING STATEMENT;
  - d. Copies of all other documents given to Seller's Attorney and documents that are recorded;

3. TO LAWRENCE P. HARTLAUB (Seller's Attorney), copies of:
  - a. SELLERS' CLOSING STATEMENT;
  - b. 1099 FORM from Sellers;
  - c. COLORADO AFFIRMATION from Sellers;
  - d. FIRPTA AFFIDAVIT from Sellers;
  - e. Copies of all documents given to Buyer's Attorney and documents that are recorded;

## BUYER'S STATEMENT

**Buyer:** GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY

**Seller:** SCOTT HOLLEY and CHRISTINE HOLLEY a/k/a CHRISTINE  
H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

**Settlement Agent:** GRAND COUNTY TITLE & ESCROW COMPANY, INC.  
(970)725-3200

**Place of Settlement:** P.O. Box 38, 129 E. Byers Avenue  
Hot Sulphur Springs, CO 80451

**Settlement Date:** February 8, 2008

**Property Location:** 85.5 SHARES IN GCIL CO

### DEBITS

Purchase Price		2,600,000.00
Settlement or Closing Fee	GRAND COUNTY TITLE & ESCROW COMPAN	500.00
State Tax/Stamps	Grand County Clerk and Recorder's Office	130.00
RECORDING FEES	Grand County Clerk and Recorder's Office	144.00
STOCK TRANSFER FEE		4,275.00
<b>Gross Amount Due From Buyer</b>	<b>TOTAL DEBITS</b>	<b>2,605,049.00</b>

### CREDITS

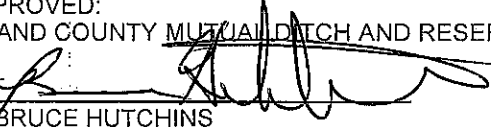
Deposit or Earnest money		105,000.00
INTEREST ON EARNEST MONEY		3,018.22
FUNDS RECEIVED BY SELLERS	thru	45,000.00
<b>Less Total Credits to Buyer</b>	<b>TOTAL CREDITS</b>	<b>153,018.22</b>

### BALANCE

From Buyer

**2,452,030.78**

APPROVED:  
GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY

BY:   
BRUCE HUTCHINS  
President

AND/OR

BY:   
MICHAEL WAGECK  
Secretary



## SELLER'S STATEMENT

**Buyer:** GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY

**Seller:** SCOTT HOLLEY and CHRISTINE HOLLEY a/k/a CHRISTINE  
H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

**Settlement Agent:** GRAND COUNTY TITLE & ESCROW COMPANY, INC.  
(970)725-3200

**Place of Settlement:** P.O. Box 38, 129 E. Byers Avenue  
Hot Sulphur Springs, CO 80451

**Settlement Date:** February 8, 2008

**Property Location:** 85.5 SHARES IN GCIL CO

### CREDITS

Purchase Price	2,600,000.00
Less Total Credits to Seller	<b>TOTAL CREDITS</b> 2,600,000.00

### DEBITS

Settlement or Closing Fee	GRAND COUNTY TITLE & ESCROW COMPAN	500.00
TBD fees	GCT	POC [2,362.50]
State Tax/Stamps	Grand County Clerk and Recorder's Office	130.00
RECORDING FEES	Grand County Clerk and Recorder's Office	144.00
STOCK TRANSFER FEE		4,275.00
FUNDS RECEIVED BY SELLERS	thru	45,000.00
Less Total Reductions to Amount Due Seller	<b>TOTAL DEBITS</b>	50,049.00

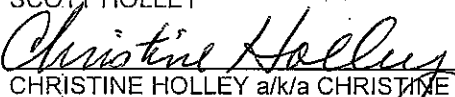
### BALANCE

To Seller

2,549,951.00

APPROVED:

  
SCOTT HOLLEY

  
CHRISTINE HOLLEY a/k/a CHRISTINE H.  
HOLLEY a/k/a CHRISTINE HELEN HOLLEY

SETTLEMENT AGENT/FILER'S NAME & ADDRESS:

GRAND COUNTY TITLE & ESCROW COMPANY, INC.

P.O. Box 38, 129 E. Byers Avenue Filer's Tax ID No: 841176459  
Hot Sulphur Springs, CO 80451

- 1) Date of Closing: 02/08/08
- 2) Gross Proceeds: \$2,600,000.00
- 3) Address or Legal Description:  
85.5 SHARES IN GCIL CO

=== SUBSTITUTE FORM 1099S ===

==PROCEEDS FROM REAL ESTATE==

- 4) X if property/services  
received: \_\_\_\_\_
- 5) Buyer's part of real  
estate tax: \_\_\_\_\_  
Account/File Number:  
C-25603

<===SELLER/TRANSFEROR'S NAME & ADDRESS

SCOTT HOLLEY and CHRISTINE HOLLEYa/k/aCHRISTINE H. HOLLEY a/k/aCHRISTINE  
HELEN HOLLEY

PO Box 694  
Granby CO 80446

SOCIAL SECURITY NO./TAX ID:  
523-86-5738

THIS IS IMPORTANT TAX INFORMATION AND IS BEING FURNISHED TO THE INTERNAL  
REVENUE SERVICE. IF YOU ARE REQUIRED TO FILE A RETURN, A NEGLIGENCE  
PENALTY OR OTHER SANCTION WILL BE IMPOSED ON YOU IF THIS ITEM IS REQUIRED  
TO BE REPORTED AND THE IRS DETERMINES THAT IT HAS NOT BEEN REPORTED.

YOU ARE REQUIRED BY LAW TO PROVIDE GRAND COUNTY TITLE & ESCROW COMPANY WITH  
YOUR CORRECT TAX PAYER IDENTIFICATION NUMBER. IF YOU DO NOT PROVIDE GRAND  
COUNTY TITLE & ESCROW COMPANY WITH YOUR CORRECT TAX PAYER IDENTIFICATION  
NUMBER, YOU MAY BE SUBJECT TO CIVIL OR CRIMINAL PENALTIES IMPOSED BY LAW.

UNDER PENALTIES OF PERJURY, I CERTIFY THAT THE NUMBER SHOWN ABOVE ON THIS  
STATEMENT IS MY CORRECT TAX PAYER IDENTIFICATION NUMBER. I ACKNOWLEDGE  
RECEIPT OF A COPY OF THIS STATEMENT.

Signed this 8 day of February, 2008.

Scott Holley  
SCOTT HOLLEY

Christine Holley  
CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

INSTRUCTIONS TO SELLER:

You MUST enter your (Transferor's) Tax ID Number (Social Security Number) above. Sign and  
return a copy of this form immediately to GRAND COUNTY TITLE & ESCROW COMPANY. If the real estate  
transferred was your main home, file Form 2119, Sale of Your Home, with your income tax return even  
if you sold at a loss or you did not replace your home. If the real estate transferred was not your  
main home, report the transaction in the applicable parts of Form 4797, Sales of Business Property,  
Form 6252, Installment Sale Income, and/or Schedule D (Form 1040), Capital Gains and Losses. If you  
sold your home that you did not own for more than 9 years that home was financed after 1990 under a  
Federally-subsidized program (qualified mortgage bonds or mortgage credit certificates), you may  
have to recapture part of the subsidy. This will increase your tax. See form 8828, Recapture of  
Federal Mortgage Subsidy, and Pub. 523, Tax Information on Selling Your Home.

If you have already paid the real estate tax for the period that includes the sale date, subtract  
the amount in number 5) above from the amount already paid to determine your deductible real estate  
tax. But if you have already deducted the real estate tax in a prior year, generally report this  
amount as income on the line for "Other income" on Form 1040. For more information, see Pub. 523.

INFORMATION WITH RESPECT TO A CONVEYANCE  
OF A COLORADO REAL PROPERTY INTEREST

1. Name and address of transferors: SCOTT HOLLEY and CHRISTINE  
HOLLEY a/k/a CHRISTINE H. HOLLEY  
a/k/a CHRISTINE HELEN HOLLEY,

P.O. Box 694  
Granby CO 80446

2. Transferors are individuals

3. Social Security Number or Colorado account number of transferor(s):

(1) X 523-86-5738

(2) X 523-88-7521 (3) \_\_\_\_\_ (4) \_\_\_\_\_

4. Federal employer identification number of transfer: \_\_\_\_\_

5. Type of property sold: \_\_\_\_\_

6. Legal description of property sold:

7. Date of closing: 02/08/08

8. Selling price of the property: \$2,600,000.00

9. Selling price of the transferor's interest: \$2,600,000.00

10. If Colorado tax was withheld, check this box ..... ☐

11. Amount of tax withheld: \$ \_\_\_\_\_

12. If withholding is not made, give reason:

- a. Affirmation of Colorado residency signed ..... ☒  
b. Affirmation of permanent place of business signed ..... ☐  
c. Affirmation of principal residence signed ..... ☐  
d. Affirmation of no tax reasonably estimated to be due  
or no gain on sale signed ..... ☐  
e. No net proceeds ..... ☐

13. Name, address, and telephone number of the title insurance company  
or other person providing closing and settlement services with  
respect to this transfer:


GRAND COUNTY TITLE AND ESCROW COMPANY, INC., P.O. Box 38, 129 E.  
Byers Avenue, Hot Sulphur Springs, CO 80451 (970) 725-3200

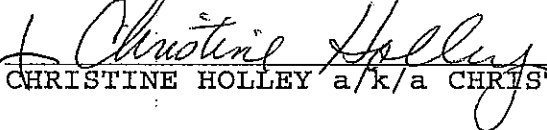
FILE THIS FORM TOGETHER WITH FORM 1079, IF APPLICABLE, WITHIN 30 DAYS  
OF THE CLOSING DATE WITH THE COLORADO DEPARTMENT OF REVENUE

**AFFIRMATION OF COLORADO RESIDENCY**

I (we) hereby affirm that I am (we are) the transferor(s) or the fiduciary of the transferor of the property described on the information form and that as of the date of closing I am (we are) or the estate or the trust is a resident of the State of Colorado.

Signed under the penalty of perjury:

  
SCOTT HOLLEY

  
CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

**AFFIRMATION OF PERMANENT PLACE OF BUSINESS**

I hereby affirm that the transferor of the property described on the information form is a corporation which maintains a permanent place of business in Colorado or a partnership which staffs and maintains a permanent office in the State of Colorado.

Signed under the penalty of perjury:

  
SCOTT HOLLEY

CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

**AFFIRMATION OF PRINCIPAL RESIDENCE**

I (we) hereby affirm that I am (we are) the transferor(s) of the property described on the information form and immediately prior to the transfer it was my (our) principal residence which could qualify for the roll over of gain provision of section 1034 of the internal revenue code.

Signed under the penalty of perjury:

SCOTT HOLLEY

CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

**AFFIRMATION OF NO REASONABLY ESTIMATED TAX TO BE DUE**

I (we) hereby affirm that I am (we are) the transferor(s) or an officer of the corporate-transferor or a fiduciary of the estate or trust-transferor of the property described on the front side of this form, and I (we) further affirm that there will be no Colorado income tax reasonably estimated to be due on the part of the transferor(s) as the result of any gain realized on the transfer. If a partnership is held to be the transferor, I affirm that I am the general partner and that there will be no gain on the sale recognized for federal income tax purposes.

Please understand before you sign this affirmation that nonresidents of Colorado are subject to Colorado tax on gains from the sale of Colorado real estate to the extent such gains are included in federal taxable income.

Signed under the penalty of perjury:

SCOTT HOLLEY

CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY

Non-Foreign Certification - Transferee and Transferor  
Certification of Non-Foreign Status by Individual

a. Seller is not a foreign person(s), foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

b. Seller's U.S. social security number/employer identification number(s) is: (1) 523-86-5738 (2) 523-88-7521  
(3) \_\_\_\_\_ (4) \_\_\_\_\_;

c. Seller's address is: PO BOX 694  
Granby CO 80446

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have the authority to sign this document.

SCOTT HOLLEY

~~CHRISTINE HOLLEY a/k/a CHRISTINE H. HOLLEY a/k/a CHRISTINE HELEN HOLLEY~~

SELLER, BUYER AND ESCROW AGENT TO MAINTAIN A COPY FOR FIVE (5) YEARS



# REAL PROPERTY TRANSFER DECLARATION

## GENERAL INFORMATION

**Purpose:** The real property transfer declaration is used by county assessors to establish the value of real property for property tax purposes and to properly adjust sales for sales ratio analysis. Refer to § 39-14-102(4), C.R.S.

**Requirements:** All conveyance documents subject to the documentary fee submitted to the county clerk and recorder for recordation must be accompanied by a real property transfer declaration. This declaration must be completed and signed by the grantor (seller) or grantee (buyer). Refer to § 39-14-102(1)(a), C.R.S.

**Penalty for Noncompliance:** Whenever a conveyance document is presented for recordation without the declaration, the clerk and recorder notifies the county assessor, who will send a written notice to the grantee requesting that the declaration be returned within thirty days.

Failure by the grantee to submit the declaration may result in the assessor imposing a penalty of \$25.00 or .025% (.00025) of the sale price, whichever is greater. This penalty may be imposed for any subsequent year that the grantee fails to submit the declaration, until the property is conveyed again. All unpaid penalties are certified to the county treasurer for collection. Refer to § 39-14-102(1)(b), C.R.S.

**Confidentiality:** Any information used by the assessor to determine the actual value of real property, including information derived from the real property transfer declaration is available to any taxpayer or any agent of such taxpayer, subject to confidentiality requirements as provided by law. The assessor is required to make the declaration available for inspection by the buyer or the seller if the seller filed the declaration.

1. **Address or legal description of real property:** Enter the correct street address or legal description of the real property. Do not use mailing addresses or P.O. Box numbers.

2. **Type of property purchased:** ☐ Single Family Residential  
☐ Townhome ☐ Condominium ☐ Multi-Unit Res ☐ Commercial ☐ Industrial ☐ Agricultural ☐ Mixed Use  
☐ Vacant Land ☒ Other water rights

3. **Date of Closing:** Enter the date upon which the transfer of the property was completed. **February 8, 2008**

**Date of Contract:**

4. **Total sale price:** Indicate the total consideration paid for the property including real estate, personal property (carpeting, drapes, appliances, inventory, equipment, furniture), mobile homes, sheds, goodwill, water rights, mineral rights, and any other appurtenances.

**\$2,600,000.00**

5. **Was any personal property included in the transaction?** Personal property would include, but is not limited to, carpeting, draperies, free standing appliances, equipment, inventory, furniture. If the personal property is not listed, the entire purchase price will be assumed to be for the real property as per 39-13-102, C.R.S. na

If yes, approximate value \$ \_\_\_\_\_

Describe:

6. **Did total sale price include a trade or exchange of additional real or personal property?** If yes, give the approximate value of the goods or services as of the date of closing. no

If yes, approximate value \$ \_\_\_\_\_

If yes, does this transaction involve a trade under IRS Code Section 1031? ☐ Yes ☐ No

7. **Was 100% interest in the real property purchased?** Mark "No" if only a partial interest is being purchased. If no, interest purchased \_\_\_\_\_%

8. **Is this a transaction among related parties?** Indicate whether the buyer or the seller are related. Related parties include persons within the same family, business affiliates, or affiliated corporations. no

9. Check any of the following that apply to the condition of the improvements at the time of purchase.  
☐ New ☐ Excellent ☐ Good ☐ Average ☐ Fair ☐ Poor ☐ Salvage na

IF THE PROPERTY IS FINANCED, PLEASE COMPLETE THE FOLLOWING:

10. Total amount financed: \$
11. Type of financing:
12. Terms:
13. Please explain any special terms, seller concessions, or financing and any other information that would help the assessor understand the terms of sale.

FOR PROPERTIES OTHER THAN RESIDENTIAL (Residential is defined as: single family detached, townhomes, apartments and condominiums) PLEASE COMPLETE QUESTION 14-16 IF APPLICABLE. OTHERWISE, SKIP TO #17 TO COMPLETE.

14. Did the purchase price include a franchise or license fee?  
☐ Yes ☒ No
15. Did the purchase price involve an installment land contract?  
☐ Yes ☒ No
16. If this was a vacant land sale, was an on-site inspection of the property conducted by the buyer prior to the closing:  
☐ Yes ☒ No

Remarks: Please include any additional information concerning the sale you may feel is important.


17. Signed this \_\_\_\_ day of February, 2008.

Enter the day, month, and year, have at least one of the parties to the transaction sign the document, and include an address and a daytime phone number. Please designate buyer or seller.

GRAND COUNTY MUTUAL DITCH AND RESERVOIR COMPANY

BY:   
BRUCE HUTCHINS  
President

AND/OR

BY:   
MICHAEL WAGECK  
Secretary  
Signature of Grantee (Buyer)

