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LAND CONSERVATION COVENANT

THIS LAND CONSERVATION COVENANT is executed the 7th day of August, 2000 by Verzuh Ranch, Inc., a Colorado corporation (“Owner”) and The Town of Crested Butte, a Colorado home rule municipal corporation (“Town”), as follows:

1. **Property Affected.** Owner is the owner in fee simple of the “Private Open Space” shown on the Plat of the Verzuh Ranch Annexation bearing Reception No. 504288 in the Gunnison County records (“Real Property”) described on attached **Exhibit A.**

2. **Recitals.** The following Recitals apply to this Land Conservation Covenant:

A. The Real Property has historically been used for ranching and agricultural purposes including the raising and grazing of livestock, producing hay and allowing the land to be left fallow or uncultivated for conservation purposes;

B. The Real Property has also historically been used for recreation purposes, including hunting, fishing, skiing, walking, hiking, horseback riding and other recreational uses;

C. The Real Property has significant ecological, wildlife habitat, open space and aesthetic values as part of the agricultural and natural resource system of the upper East River valley in Gunnison County, Colorado;

D. Owner intends that the natural elements and ecological and aesthetic values of the Real property be preserved by continuing the agricultural, ranching, recreational and other uses that have proven historically to be compatible with such elements and values;

E. Owner intends that the Real Property remain in a substantially undisturbed and natural state, altered only by agricultural, ranching and recreational uses;

F. Owner as owner of the Real Property in fee simple, intends to assure the preservation of the Real Property’s significant natural elements and maintain its agricultural and water quality to the extent set forth in this Land Conservation Covenant; and

G. Owner intends that all future uses of the Real Property shall comply with this Land Conservation Covenant to preserve and protect the natural elements and ecologic and aesthetic values of the Real Property.



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H. This Land Conservation Covenant is part of the consideration which Owner is giving to Town for annexation of property known as the Verzuh Ranch Annexation.

3. **Appurtenant Covenant.** Owner, for itself, its representatives, successors and assigns, and all future persons or entities having any right, title or interest in or to the Real Property, hereby makes, declares and imposes this Land Conservation Covenant to run with and be appurtenant to the title to the Real Property described on attached **Exhibit A**, in perpetuity.

4. **Permitted Uses and Practices.** The following uses and practices are permitted on the Real Property:

A. Maintaining and repairing existing structures, fences, corrals, ditches and other improvements. Additional structures and improvements may be constructed and maintained which are related to the agricultural and ranching use of the Real Property on condition that such structures shall not exceed an aggregate of 2800 square feet in area and 28 feet in height.

B. Constructing and maintaining roads and underground utilities on the Real Property to access and serve the Real Property and/or other land adjacent or near to the Real Property.

C. Ranching, including the pasturing, grazing, feeding and caring of livestock, and the growing, baling and storing of hay. The Real Property may also be left fallow and uncultivated during any period of time that the Real Property is not used for the grazing of livestock and/or the growing of hay or other crops;

D. Constructing and maintaining the water resources on the real property, including, without limitation, wells, reservoirs, pipelines and ditches;

E. Controlling predatory animals and varmints in accordance with applicable laws, rules and regulations;

F. Constructing and maintaining underground utility lines;

G. Hunting, fishing, skiing, walking, hiking, horseback riding and other recreational activities;

H. Engaging in any other agricultural uses or practices which do not diminish the natural, ecological, wildlife, open space and aesthetic features and values of the Real Property; and

I. All uses consistent with this Land Conservation Covenant permitted in the "A-O" Agricultural – Open zoning district of the Town of Crested Butte.



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5. **Prohibited Uses and Practices.** The following uses and practices shall be prohibited on the Real Property:

A. Subdividing or dividing the Real Property for residential and other purposes; and

B. Constructing dwellings or buildings upon the Real Property, except as permitted in paragraph 4 above.

6. **Term of Land Conservation Covenant.** This Land Conservation Covenant shall be a covenant running with the Real Property and appurtenant to the Real Property in perpetuity and without term or limitation.

7. **Modification.** This Land Conservation Covenant shall not be terminated, modified, amended or changed in any manner by the Owner or owners of the Real Property or by any other person or entity without the written consent of Owner and Town.

8. **No Public Access.** Neither the Town, the public nor any person or entity shall have the right to enter upon the Real Property for any purpose whatsoever without the express written permission of the Owner of the Real Property, except as follows:

A. To construct, maintain and/or utilize public trail easements and the public non-vehicular Slate River access easement shown on the Final Plat of the Verzuh Ranch Annexation recorded as Reception No. 504288 in the office of the Gunnison County Clerk and Recorder,

B. As reasonably necessary to maintain drainage facilities and fences.

9. Owner agrees that 1.01 cubic feet per second of water adjudicated in 1906 and 3.05 cubic feet per second of water adjudicated in 1961 in the McCormick Ditch shall be used exclusively to irrigate the Real Property and shall not be sold or encumbered by Owner separate and apart from a sale or conveyance of such Real Property.

10. **Enforcement.** This Land Conservation Covenant and all of the conditions, covenants, rights, usages or restrictions contained herein may be enforced by:

A. The Owner or owners of all or any part of the Real Property; and

B. The Town.

In the event of a violation of any term, condition, covenant, right, usage or restriction contained in this Land Conservation Covenant, any person or entity set forth in subparagraph 10(A) or 10(B), above, may give written notice of any such violation and if such violation has not been corrected within 30 days following such written notice, then

such person or entity may commence an action in law or in equity for damages, injunction and/or other appropriate remedy.

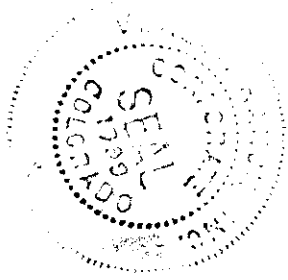
11. **Applicable Law.** This Land Conservation Covenant applies to Gunnison County, Colorado real property and shall be interpreted, construed and governed by the law of the State of Colorado.

12. **Jurisdiction and Venue.** Exclusive jurisdiction and venue of any action to interpret or enforce this Land Conservation Covenant shall be in the District Court or County Court of Gunnison County, Colorado.

13. **Attorneys' Fees.** If any legal action is commenced or maintained in Court, whether in law or in equity, as to the interpretation, enforcement, construction or the determination of the rights and duties of the parties to this Land Conservation Covenant or any document provided for herein or related hereto, the prevailing party in any such action shall be entitled to recover all reasonable attorneys' fees together with all reasonable costs and expenses incurred.

14. **Binding Agreement.** This Land Conservation Covenant shall be binding upon and inure to the benefit of the Owner and the Town and their representatives, successors and assigns.

Dated as of the date first written above.



Verzuh Ranch, Inc., a Colorado corporation

By: *Billy Joe Lacy*
Billy Joe Lacy, President

Attest:

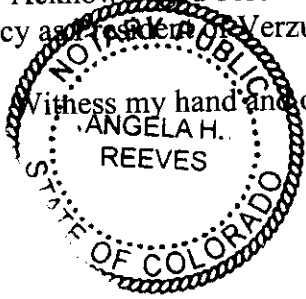
[Signature]
Clerk

Town of Crested Butte, a Colorado home rule municipal corporation

By: *Kinda Powers*
Mayor

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

Acknowledged before me this 7th day of August, 2000 by Billy Joe Lacy as President of Verzuh Ranch, Inc., a Colorado corporation.

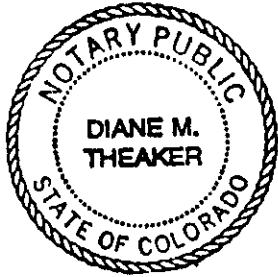


Witness my hand and official seal. My commission expires: 07/07/04

Angela H. Reeves
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF GUNNISON)

Acknowledged before me this 7th day of August, 2000 by Linda Powers as Mayor of the Town of Crested Butte, a Colorado home rule municipal corporation.



Witness my hand and official seal: My commission expires: 10-25-2000

Diane M. Theaker
Notary Public

Exhibit A to
Land Conservation
Covenant

Property Description of open space prepared for Bill Lacy

REVISION #2 - 7/21/00

A tract of land within the NW1/4 of Section 2, Township 14 South, Range 86 West, Sixth Principal Meridian, Gunnison County, Colorado; said tract being more particularly described as follows:

Commencing at the north quarter corner of said Section 2, (as marked by a USGLO brass cap monument), thence North 89° 38' 07" West 169.11 feet along the north boundary of said Section 2 to the POINT OF BEGINNING for the herein described tract; thence the following courses around said tract:

1. North 89° 38' 07" West 429.58 feet along said boundary;
2. South 42° 29' 02" East 252.56 feet;
3. SOUTH 191.71 feet;
4. WEST 539.70 feet;
5. South 33° 21' 32" West 260.42 feet;
6. SOUTH 96.04 feet;
7. South 18° 00' 15" East 153.49 feet;
8. South 38° 03' 20" East 187.30 feet;
9. South 15° 16' 46" East 162.15 feet;
10. South 89° 57' 52" West 48.13 feet;
11. South 00° 02' 08" East 146.00 feet;
12. North 89° 57' 52" East 10.00 feet;
13. South 00° 02' 08" East 840.00 feet;
14. North 89° 57' 52" East 375.00 feet;
15. South 00° 02' 08" East 143.32 feet;
16. Along the arc of a curve to the RIGHT a distance of 93.09 feet, said curve having a radius of 45.00 feet and a long chord of South 00° 02' 08" East 77.36 feet;
17. South 00° 02' 08" East 143.32 feet;
18. South 89° 57' 52" West 375.00 feet;
19. South 00° 02' 08" East 116.00 feet to a point on the easterly extension of the southerly boundary of Block 65 of the Town of Crested Butte;
20. North 89° 57' 52" East 773.49 feet along said easterly extension;
21. NORTH 2604.19 feet to a point on the north boundary of said Section 2, said point also being the POINT OF BEGINNING of the herein described tract.

This tract contains 40.566 acres more or less.

The basis of bearings used herein is astronomic north as determined by solar observations.

Brenda
7/25/00



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