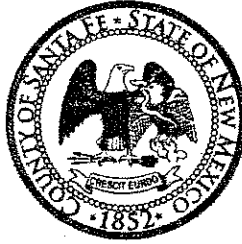


**Henry P. Roybal**  
*Commissioner, District 1*

**Anna Hansen**  
*Commissioner, District 2*

**Robert A. Anaya**  
*Commissioner, District 3*



**Anna T. Hamilton**  
*Commissioner, District 4*

**Ed Moreno**  
*Commissioner, District 5*

**Katherine Miller**  
*County Manager*

**DATE:** *March 1, 2017*

**TO:** *Board of County Commissioners*

**VIA:** *Katherine Miller, County Manager*

**FROM:** *Michael K. Kelley, Public Works Department Director*

**ITEM AND ISSUE:** *BCC Meeting March 14, 2017*

**Approval Of Agreement No. 2017-0192-UT/BT Between Santa Fe County And Grand Prix de Santa Fe, LLC For The Right To Irrigate Within the Place of Use Located Within The Polo Grounds Using A Portion Of Santa Fe County's Water Rights Associated With the Hagerman Well (Public Works/Jerry Schoeppner)**

---

**SUMMARY:**

The Public Works Department is requesting approval of Agreement No. 2017-0192-UT/BT between Santa Fe County and Grand Prix de Santa Fe, LLC ("Grand Prix") to allow Grand Prix to exercise the use of a portion of Santa Fe County's water rights associated with the Hagerman Well to irrigate within the Place of Use pursuant to the County permit within the Polo Grounds.

**BACKGROUND:**

The County owns a 75% undivided interest and Grand Prix owns a 25% undivided interest in the Hagerman Well tract property and well infrastructure. The County previously leased the County's water rights associated with the Hagerman Well to Los Alamos National Bank (Grand Prix's predecessor) in 2010 under similar conditions. As a companion to that agreement, the County also entered into a Well Share and Maintenance Agreement with Los Alamos National Bank which is still valid. The Well Share and Maintenance Agreement outlines each party's responsibility for Operation and Maintenance of the Hagerman Well.

The County owns the water rights described under the Office of the State Engineer ("OSE") File No. RG-590-A which allows the County to irrigate 59.49 acres of land ("Place of Use") located within the Polo Grounds located near 100 South Polo Drive, Santa Fe, New Mexico 87507. The permit authorizes the County to divert 178.46 acre-feet per year (afy) from Well No. RG-590 and consume a total of 89.23 afy for the purpose of irrigating the Place of Use.

Grand Prix owns the Santa Fe Polo Grounds Tract ("Polo Grounds") which includes an irrigated field and other irrigated areas directly adjacent to the Hagerman Well tract property. Grand Prix also owns the water rights described under OSE Permit No. RG-590-B which authorizes Grand Prix to divert 60.7 afy from the Hagerman Well and to consume 30.35 afy to irrigate the Place of Use.

Grand Prix desires to use up to a maximum of 95 afy (30,995,845 gallons) of the County's water rights in the Hagerman Well to irrigate the Polo Grounds. The County supports Grand Prix exercising the County's right to irrigate the Place of Use under the County Permit which is included in the proposed Water Use Agreement and grants Grand Prix a right of first refusal to purchase the County Water Rights, if the County ever decides to sell them. In return for Grand Prix exercising the County's rights, Grand Prix will pay the County a water use fee equal to \$1.95 per 1000 gallons of water usage. The water use fee will be based on the amount of water diverted in excess of Grand Prix's right to divert under OSE Permit RG-590-B and the Agreement is valid for 4 years.

**ACTION REQUESTED:**

Approval and execution of the Water Use Agreement No. 2017-0192-UT/BT.

## WATER USE AGREEMENT

This Water Use Agreement ("Agreement"), effective as of the last date written below ("Effective Date"), is between Santa Fe County ("County"), a political subdivision of the State of New Mexico, and Grand Prix de Santa Fe, LLC ("Grand Prix"), a New Mexico limited liability company whose address is 1421 Luisa Street, Suite G, Santa Fe, New Mexico 87505.

### RECITALS

A. The County owns the water rights generally described under Office of the State Engineer ("OSE") File No. RG-590-A ("County Water Rights") and specifically described in the Order attached to that certain Report and Recommendation of the Hearing Examiner as to Applicant Santa Fe County ("County Permit") in OSE Hearing No. 06-038, which the State Engineer adopted without change on November 2, 2010, and which is attached to this Agreement as Exhibit A.

B. Among other things, the County Permit allows the County to irrigate 59.49 acres of land ("Place of Use") located within the Polo Grounds, as shown on Exhibit B to this Agreement.

C. Grand Prix owns the Santa Fe Polo Grounds Tract ("Polo Grounds"), which includes an irrigated field and other irrigated areas, as shown on the "Plat of Alta Land Title Survey for Equicenter Santa Fe, LLC" ("Polo Grounds Survey") recorded in the Santa Fe County property records as Instrument No. 1753781 and attached hereto as Exhibit C.

D. The County Permit authorizes the County to divert 178.46 acre-feet per year ("AFY") from Well No. RG-590 ("Hagerman Well") and to consume a total of 89.23 AFY for the purpose of irrigating the Place of Use.

E. Grand Prix owns the water rights generally described under OSE Permit No. RG-590-B, which authorizes Grand Prix to divert approximately 60.7 AFY from the Hagerman Well and to consume 30.350 AFY to irrigate the Place of Use which is attached to this Agreement as Exhibit D.

F. The County and Grand Prix, respectively, own undivided 75% and 25% interests in the land on which the Hagerman Well is located, as tenants in common, which contains 2.597 acres ("Premises"), more or less, and which is depicted as "PNM Tract 'A'" on the Polo Grounds Survey Exhibit E.

G. The County and Grand Prix are parties to that certain Well Share and Maintenance Agreement for the Hagerman Well RG-590 ("Well Share Agreement"), originally executed by Los Alamos National Bank ("LANB") and the County and attached to this Agreement as Exhibit F.

H. The purpose of this Agreement is to set out the terms and conditions under which Grand Prix may exercise the County's right to irrigate the Place of Use under the County Permit and to grant Grand Prix a right of first refusal to purchase the County Water Rights.

## AGREEMENT

**NOW, THEREFORE, THE PARTIES** agrees as follows:

1. **INCORPORATION OF RECITALS.** The Recitals to this Agreement are incorporated into and made a part of this Agreement by reference.
2. **GRANT OF RIGHT TO USE WATER.** For and in consideration of and subject to the terms, conditions, covenants, and reservations contained in this Agreement, the County hereby grants Grand Prix, during the term of this Agreement, the right to irrigate within the Place of Use pursuant to the County Permit.
3. **PLAT OF PLACE OF USE.** Prior to using water to irrigate under this Agreement, Grand Prix shall provide the County with a plat showing the boundaries of the entire Place of Use, which shall be prepared in cooperation with the County.
4. **TERM.** The term of this Agreement shall be four (4) years.
5. **WATER USE FEE.** Grand Prix shall pay the County a water use fee equal to one dollar and ninety-five cents (\$1.95) per 1000 gallons of water usage. Beginning on the first month following the Effective Date of this Agreement, the Water Use Fee shall be due on the 5<sup>th</sup> day of each month and shall be delinquent if not paid by the 10<sup>th</sup> day. Grand Prix shall accurately meter the total amount of water diverted from the Hagerman Well and provide a report of the prior month's meter readings together with its monthly Water Use Fee for that prior month. The Water Use Fee shall be based on the amount of water diverted in excess of Grand Prix's right to divert under OSE Permit RG-590-B.
6. **AVAILABLE WATER USE.** Grand Prix shall have a maximum of 95 acre-feet per year or (30,995,845 gallons/year) available from the County's water rights described under OSE File No. RG-590-A.
7. **COMPLIANCE.** Grand Prix shall comply with all conditions imposed under the County Permit and perform all of the County's duties and obligations under the Well Share Agreement; *provided*, however, that the cost of any agreed-upon "major repair" shall be shared by the parties in accordance with the Well Share Agreement. In addition, Grand Prix shall assure that its use of water complies with all applicable federal, state, and local laws.
8. **RIGHT OF FIRST REFUSAL.** For an additional consideration of one hundred dollars (\$100.00), the County hereby grants Grand Prix an exclusive Right of First Refusal to purchase the County Water Rights at their fair market value if the County, in its discretion, decides to offer the Water Rights for sale during the term of this Agreement. Grand Prix shall exercise its Right of First Refusal, if at all, by giving written notice to the County within sixty (60) days after receiving written notice of the County's intent to offer the County Water Rights for sale. If Grand Prix timely exercises its Right of First Refusal, the parties shall have ninety (90) days thereafter in which to agree on the means of determining fair market value of the Water Rights and to negotiate and execute a purchase and sale agreement, which shall be subject

to approval by the New Mexico Board of Finance or the Department of Finance and Administration pursuant to Chapter 13, Article 6 of the New Mexico Statutes Annotated. Grand Prix shall bear the entire cost of any appraisal or other appropriate assessment of fair market value, which shall be subject to approval by the County. Grand Prix's Right of First Refusal shall terminate on the earliest occurrence of: (1) Grand Prix's failure to timely exercise its Right of First Refusal; (2) the parties' failure to timely execute a purchase and sale agreement; (3) the timely execution of a purchase and sale agreement (which shall thereafter determine the parties' rights and obligations); or (4) termination of this Agreement.

**9. ASSIGNMENT.** Grand Prix shall not assign this Agreement without the prior written consent of the County. Any attempted assignment without the County's prior written consent shall be void.

**10. DEFAULT; TERMINATION.** Grand Prix's failure to comply with this Agreement shall constitute a default. If Grand Prix defaults, the County may give Grand Prix written notice of the default, specifying the nature of the default. If Grand Prix does not cure the default within fifteen (15) days after the County mails notice, or such longer period as the County may specify in the notice, the County may terminate this Agreement by mailing Grand Prix a notice of termination. This Agreement shall thereafter terminate on the date specified in the termination notice, and Grand Prix shall on that date cease diverting water under the County Permit; *provided*, however, that Grand Prix shall within five (5) days after the termination date pay the County all Water Use Fees owed through the termination date and provide the corresponding meter reading report. The remedies provided to the County under this Agreement are supplemental to those available at law or equity.

**11. TERMINATION FOR CONVENIENCE.** Either party may terminate this Agreement for any reason by providing the other party at least ninety (90) days written notice to the other party.

**12. NO WAIVER.** The failure of the County to enforce any requirement of this Agreement or to exercise any option it has under this Agreement shall not constitute a waiver of the County's right to do so.

**13. NO WARRANTIES.** The County makes no warranties or representations of any kind, express or implied, concerning the subject matter of this Agreement, including the County Permit, water rights, water, the Well, the Well's ancillary infrastructure and equipment, or the Premises. The County specifically disclaims any warranty of merchantability, marketability, or fitness or suitability for a particular purpose. Grand Prix acknowledges that it is not relying upon any representation, statement or other assertion by the County or any person associated with the County concerning the subject matter of this Agreement but is relying solely upon its own inspections and assessments.

**14. INDEMNIFICATION.** Grand Prix shall hold harmless, indemnify and defend the County and the County's governing body, elected and appointed officials, employees, and agents, in both their official and individual capacities, from any and all liability, claim, cause of action, loss, damage, or expense arising out of or related to the subject matter of this Agreement.

In the event that any action, suit or proceeding is brought against Grand Prix related to the subject matter of this Agreement, Grand Prix shall as soon as practicable notify the County. Any cause of action of the County to enforce this provision shall not be deemed to accrue until the County's actual discovery of the liability, claim, loss, damage, or expense.

**15. COMMERCIAL GENERAL LIABILITY.** Grand Prix shall maintain commercial general liability insurance, including without limitation contractual liability insurance (specifically concerning the indemnity provisions of this Agreement with the County), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Grand Prix's use of the Premises, the Well, and the water. The insurance policy shall contain no exclusion or limitation for independent contractors working on the behalf of the named insureds. At a minimum, the insurance policy shall provide coverage of \$1,000,000 per each occurrence and have a general aggregate limit of no less than \$2,000,000.

**16. NOTICES.** Notices required under this Agreement shall be provided by first class mail as follows:

To the County: Santa Fe County Utility Director  
424 NM HWY 599, Frontage Road  
Santa Fe, New Mexico 87507

To the Grand Prix: Brian Gonzales  
Grand Prix de Santa Fe  
P. O. Box 5353  
Santa Fe, New Mexico 87502

A party may change its address of record under this Agreement by mailing notice of the new address to the other party by first class mail.

**17. SCOPE OF AGREEMENT.** This Agreement constitutes the entire agreement and understanding between the County and Grand Prix and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

**18. SUCCESSORS.** This Agreement shall binding on the parties' successors and assigns.

**19. AMENDMENT.** This Agreement shall not be altered, changed or amended except by an instrument executed by the County and Grand Prix.

**20. APPLICABLE LAW; VENUE.** This Agreement shall be governed by the laws of the State of New Mexico. If a conflict arises between the parties concerning this Agreement, the First Judicial State Court District, Santa Fe County, shall be the exclusive venue.

**21. LIMITATIONS ON COUNTY LIABILITY.** As a political subdivision of the State of New Mexico, any potential liability of the County is limited by state law, including the Batement Act, NMSA 1978, Section 6-6-11, the New Mexico Tort Claims Act, NMSA 1978,

Sections 41-4-1 through 41-4-30, the and Anti-Debt and Anti-Donation Clauses of the New Mexico Constitution, N.M. Const. article 9, section 10 and 14, respectively, and NMSA 1978, Section 37-1-23. Any obligation on the part of the County to expend funds under this Agreement shall be subject to the availability of sufficient appropriations from the Board of County Commissioners.

**22. NO PARTNERSHIP.** Nothing in this Agreement shall be construed as creating a partnership or joint venture between the County and Grand Prix.

**23. COUNTERPARTS.** This Agreement may be executed in counterparts.

**SANTA FE COUNTY**

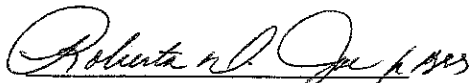
By: \_\_\_\_\_  
Henry P. Roybal, Chair  
Board of County Commissioners

**ATTESTATION:**

\_\_\_\_\_  
Geraldine Salazar,  
Santa Fe County Clerk

\_\_\_\_\_  
Date

**APPROVED AS TO FORM:**

  
Gregory S. Shaffer  
Santa Fe County Attorney

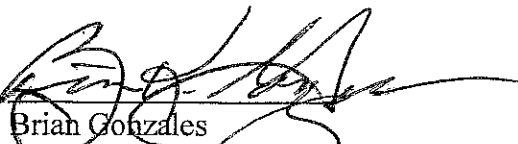
1-19-17  
Date

**APPROVED:**

  
Don M. Moya  
Finance Director

1-19-17  
Date

**GRAND PRIX DE SANTA FE, LLC**

By:   
Brian Gonzales  
Grand Prix de Santa Fe

2-9-17  
Date





~~separate decisions as to Santa Fe County and Santa Fe Horse Park, LLC.~~

**ORDER**

**THEREFORE, IT IS HEREBY ORDERED** that Application RG-590, for permit to expand place and purpose of use is approved, subject to conditions, as follows:

**Permittee:** Santa Fe County

**Permit No.:** RG-590-A

**Priority:** August 31, 1956

**Purpose of Use:** Domestic, livestock, irrigation, municipal, industrial and commercial

**Source of Water:** Groundwater from the Rio Grande Underground Water Basin

**Amount of Water & Place of Use:**

a.) 178.46 acre-feet per year (3.0 acre-feet per acre per year x 59.49 acres), diversion, inclusive of 89.23 acre-feet per year (1.5 acre-feet per acre per year x 59.49 acres), consumptive irrigation requirement, when used for irrigation on 59.49 acres of land located within 250 acres located within Sections 17 and 20, T16N, R8E, NMPM, shown on the attached map.

b.) 89.23 acre-feet per year, diversion and consumptive irrigation requirement, when used for domestic, livestock, municipal, industrial, commercial, or irrigation at a location where return flow does not immediately and timely benefit the Santa Fe River, and for any other related uses within the area served by the Santa Fe County water utility.

**Point of Diversion:** Well RG-590 located at a point where X=540,100 and Y=1,680,150 NMCS Central Zone, NAD27

**Conditions of Approval**

1. Permit RG-590-A shall not be exercised to the detriment of valid existing water rights or in a manner that is contrary to the conservation of water within the state or detrimental to the public welfare of the State of New Mexico.
2. Within one year of the date of approval of this permit, Permittee shall submit to the State Engineer a formal development plan which clearly describes, identifies, and locates all places, purposes, and amounts of water to be diverted from well RG-590 under this permit.

3. Prior to any diversion of water under this permit, the Permittee shall submit to the OSE a plat which clearly identifies the amount and location of the 59.49 acres of land, described under Subfile 58.1 and the subsequent conveyance by PNM, that may be irrigated by Santa Fe County.
4. If Permittee seeks to change from irrigation of lands identified in Condition 3 to irrigation on other land, ninety days prior to making such a change, Permittee shall submit to the OSE a plan of the proposed irrigation inclusive of plats of the move-from lands from which water rights are to be severed and the move-to lands. If the State Engineer determines that the proposed irrigation is not located such that the Santa Fe River would benefit from immediate and timely return flows, then diversion of water for said irrigation shall be limited to no more than 89.23 afy consumptive irrigation requirement or 1.5 afy per irrigated acre.
5. The Permittee shall provide to the OSE written notice, at least ninety days prior to when a change will occur, either initially from irrigation or subsequently from any other approved use, inclusive of irrigation as described in 4, above. The notification shall include the new place and purpose of use, the proposed dates and length of time during which diversions under this permit shall be exercised, and plats of the move-from lands from which water rights are to be severed and any move-to lands that are to be irrigated. Failure to submit the timely written notification shall constitute a violation of these conditions of approval and may result in cancellation of this permit.
6. The consumptive use of water under this permit shall not exceed 89.23 afy.
7. No water shall be diverted from well RG-590 under this permit until such time as the well is equipped with a totalizing meter of a type and at a location approved by and installed in a manner acceptable to the State Engineer. The Permittee shall provide in writing the make, model, serial number, date of installation, initial reading, units, and dates of recalibration of each meter and any replacement meter used to measure the diversion of water under this permit.
8. Diversion of water under this permit shall be measured and accounted for separately from groundwater diverted by the Santa Fe Horse Park, LLC under permit RG-590-B.
9. Records of the amount of water diverted from Well RG-590 shall be submitted to the District VI Office of the State Engineer on or before the 10<sup>th</sup> day of January, April, July and October for the preceding three (3) month period.
10. The Permittee shall utilize the highest and best technology practically available to ensure conservation of water to the maximum extent possible.
11. The Permittee shall file Proof of Application of Water to Beneficial Use under this Permit within four (4) years of the date of issuance of this permit. Proof of Beneficial Use for water diverted for purposes other than irrigation shall be based upon actual meter readings. Proof of Beneficial Use for water diverted for irrigation purposes shall be based upon a combination of meter readings and surveyed and verified irrigated land.
12. The State Engineer shall retain jurisdiction over this permit for the purpose of ensuring that exercise of the Permit does not violate the forgoing conditions.

Respectfully submitted,

Andrew B. Core

Andrew B. Core  
Hearing Examiner

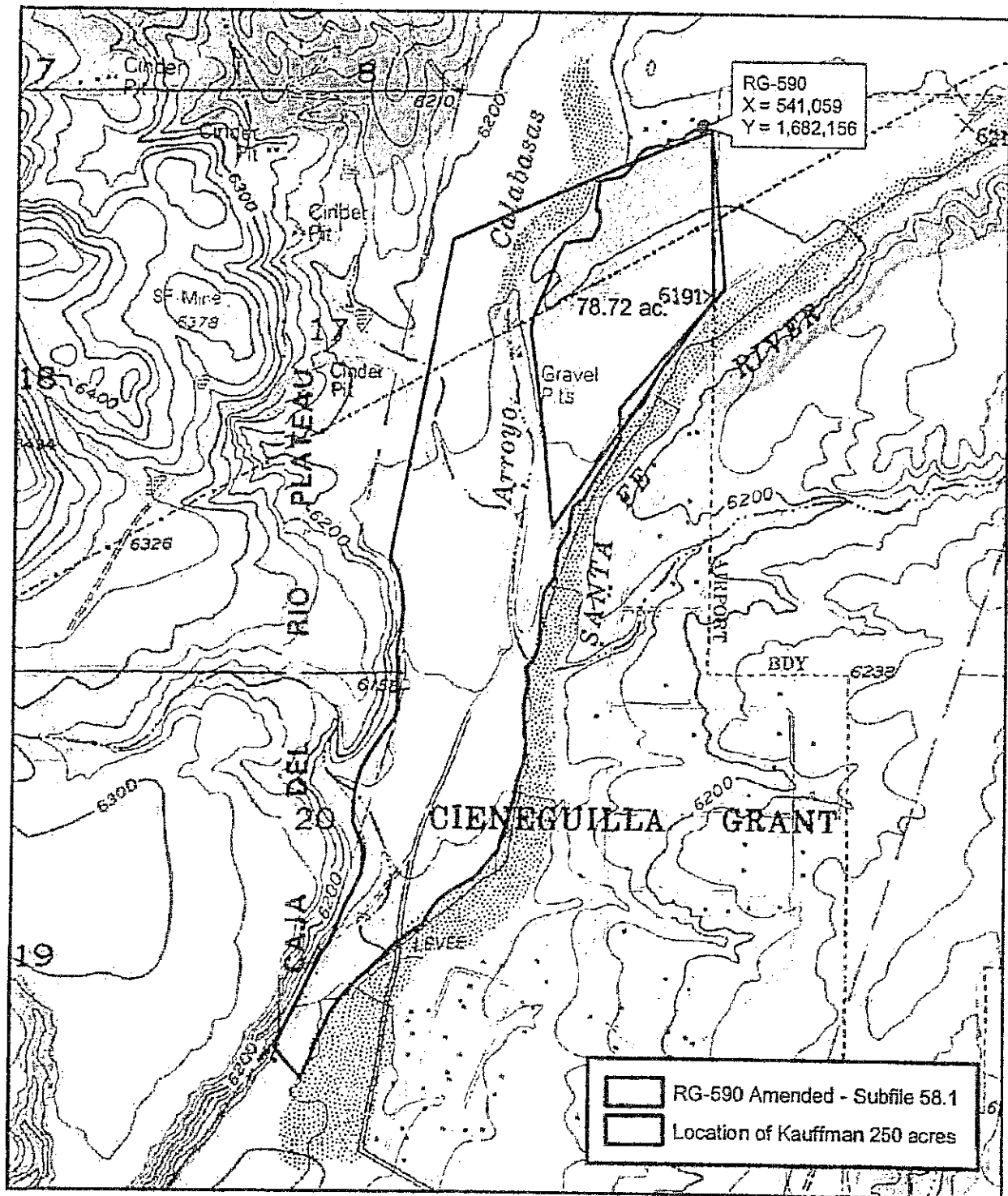
I ACCEPT AND ADOPT THE REPORT AND RECOMMENDATION OF THE HEARING  
EXAMINER THIS 2<sup>nd</sup> DAY OF November, 2010

John R. D'Antonio, Jr.

JOHN R. D'ANTONIO, JR., P.E.  
NEW MEXICO STATE ENGINEER







Acreage Referenced in State Engineer Order

0 500 1,000 2,000 3,000 4,000 Feet



WARRANTY DEED

PUBLIC SERVICE COMPANY OF NEW MEXICO, a New Mexico Corporation ("Grantor"), whose address is 414 Silver, Albuquerque, New Mexico 87102, for consideration paid, grants to SANTA FE COUNTY, a political subdivision of the State of New Mexico ("Grantee"), whose address is 2052 Galisteo Street, Santa Fe, New Mexico 87505, the following real property located in Santa Fe County, New Mexico described as follows.:

A 75% undivided interest in the real property as set forth below:

A tract of land situate within the exterior boundaries of the CIENEGUILLA GRANT within projected Section 17, T.16 N., R.8 E., N.M.P.M., Santa Fe County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Northwest corner of said tract, whence Meandor Corner No. 9 in the West boundary of the CIENEGUILLA GRANT bears S.36°34'45"W., 5092.48 feet distant; running thence S.89°51'33"E., 280.0 feet to the Northeast corner; thence S.0°18'11"W., 410.0 feet to the Southeast corner; thence N.89°51'33"W., 280.0 feet to the Southwest corner, thence N.0°18'11"E., 410.0 feet to the Northwest corner and place of beginning. Containing 2.597 acres, more or less.

Subject to all covenants, conditions and restrictions of record and taxes for the year 2009 and following with warranty covenants.

WITNESS my hand and seal this 10<sup>th</sup> day of June, 2009.

PUBLIC SERVICE COMPANY OF  
NEW MEXICO

By: 

Title: Sr. Vice President, Utility Operations

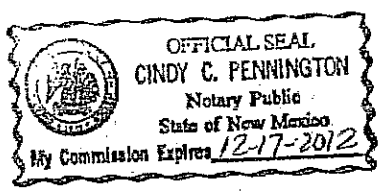
SPC CLERK RECORDED 06/18/2009

STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on this 10th day of June 2009 by  
E. James Ferland, as Sr. Vice President, Utility Operations of Public Service  
Company of New Mexico, a New Mexico corporation.

Cindy C. Pennington  
Notary Public

My Commission Expires: December 17, 2012



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COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss  
I Hereby Certify That This Instrument Was Filed for  
Record On The 18TH Day Of June, 2009 at 10:48:01 AM  
And Was Duly Recorded as Instrument # 1567364  
Of The Records Of Santa Fe County

WARRANTY DEED  
PAGES: 2

Witness My Hand And Seal Of Office  
Valerie Espinoza  
Deputy Valerie Espinoza County Clerk, Santa Fe, NM



ALTA PRIVACY FORM  
MAY 7, 2001

Old Republic National Title Insurance Company and/or Southwestern Title and  
Escrow, Inc.  
Privacy Policy Notice

PURPOSE OF THIS NOTICE

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed. In compliance with the GLBA, we are providing you with this document, which notifies you of the privacy policies and practices of Old Republic National Title Insurance Company and Southwestern Title and Escrow, Inc..

We may collect nonpublic personal information about you from the following sources:

- Information we receive from you such as on applications or other forms.
- Information about your transactions we secure from our files, or from our affiliates or others.
- Information we receive from a consumer reporting agency.
- Information that we receive from others involved in your transaction, such as the real estate agent or lender.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional nonpublic personal information will be collected about you.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

We also may disclose this information about our customers or former customers to the following types of nonaffiliated companies that perform marketing services on our behalf or with whom we have joint marketing agreements:

- Financial service providers such as companies engaged in banking, consumer finance, securities and insurance.
- Non-financial companies such as envelope stuffers and other fulfillment service providers.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH ANYONE FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

Initial BKG - Brian K. Gonzales, Manager

Initial GWJ Guy W. McElvain, Manager

## NOTICE TO PROPOSED INSURED

Name of Purchasers: Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company  
Commitment No.: 160669      Commitment issue date:  
Short Description of Property: T16N R8E S17, 2.597 Acres more or less, P1 782/17, Santa Fe County  
Name \ Telephone Number of Agency/Insurer ("Company"): Southwestern Title and Escrow, Inc. 505-820-1800

### READ THIS NOTICE TO FAMILIARIZE YOURSELF WITH ADDITIONAL COVERAGES AVAILABLE.

The New Mexico Insurance Department requires that this Notice be given in connection with all commitments/binders issued for title insurance owner's policies on one to four residential family properties.

**THIS NOTICE SHOULD BE RETURNED TO THE COMPANY AT THE EARLIEST POSSIBLE TIME. IT MUST BE SIGNED NOT LATER THAN CLOSING. FAILURE TO ACT IMMEDIATELY COULD DELAY CLOSING SINCE NO TITLE POLICY CAN BE ISSUED UNTIL THIS DOCUMENT IS SIGNED AND RETURNED TO THE COMPANY.**

Standard title insurance policies do not cover certain risks. These risks include the standard exceptions shown on your commitment/binder schedule "B", which will also be part of your policy. Standard Exceptions 1, 2, 3, and 4 (like all the exceptions) limit the coverage under your title policy. However, some of this coverage can be reinstated as described below:

**Standard Exception 1 (Parties in Possession)** excludes coverage for certain claims of tenants, squatters or other persons who may claim possession of the property. Standard Exception 1 may be deleted and the coverage reinstated if you meet certain requirements. There is no extra premium charge for this coverage, but there may be a charge for inspection of the property.

Do you want this coverage? Yes \_\_\_\_\_ No ☒

**Standard Exception 2 (Unrecorded Easements)** excludes coverage for easements not shown in the public records. Standard Exception 2 may be deleted and the coverage reinstated if you meet certain requirements. There is no extra premium charge for this coverage, but a survey meeting the insurer's requirements is required and there may be a charge for an inspection.

Do you want this coverage? Yes \_\_\_\_\_ No ☒

**Standard Exception 3 (Survey Protection)** excludes coverage for encroachments, overlaps, conflict in boundary lines, shortages in area, or other matters which would be disclosed by an accurate survey and inspection of the premises. Standard Exception 3 may be deleted and the coverage reinstated if you meet certain requirements. If your survey turns out to have inaccurately represented items such as boundaries, easements, location of improvements, etc., the standard policy won't cover any harm you suffer as a result of such inaccuracies. Standard Exception 3 may be deleted and the coverage reinstated if you meet certain requirements. The charge for this coverage is 15% of the Owner's Policy premium, and you must provide a survey meeting the insurer's requirements for insurability.

Do you want this coverage? Yes \_\_\_\_\_ No ☒

**Standard Exception 4 (Lien Coverage)** excludes coverage for certain liens (i.e. claims filed for payment for services and materials provided in connection with the property) not filed in the public records on the policy date. Standard Exception 4 may be deleted and the coverage reinstated if you satisfy certain requirements. The charge for this coverage is \$25 if the statutory time limit for filing a lien has expired. If the time limit has not expired, the charge is \$3.00 for each \$1,000 of insurance. In either case, you will have to provide information which the company requires, and the Buyer or Seller will be responsible for any cost of providing such information.

Do you want this coverage? Yes \_\_\_\_\_ No ☒

**PLEASE ACKNOWLEDGE YOU HAVE BEEN MADE AWARE THAT YOU MAY INCREASE YOUR TITLE POLICY AMOUNT IF YOU ADD IMPROVEMENTS, OR IF THE VALUE OF YOUR PROPERTY INCREASES OVER TIME, BY**

REQUESTING AN INCREASE IN COVERAGE AND PAYING THE APPLICABLE PREMIUMS. THIS WILL NOT CHANGE THE TERMS OF THE POLICY OTHER THAN THE AMOUNT.

BWm initial here

Upon the Company's receipt of this signed Notice, it may require that certain information and documents be produced. For example, a survey, inspection, lien waivers, affidavits, financial statements, etc, may be requested. The information requested will vary depending upon what additional coverage you have requested, the insurer's guidelines for issuing such coverage and the particular transaction involved. Providing this information and examining it may extend the length of time needed to close and to prepare your title policy. TO AVOID DELAYS YOU ARE REQUESTED TO FILL OUT, SIGN AND RETURN THIS NOTICE TO THE COMPANY AS SOON AS POSSIBLE, ESPECIALLY IF YOU WANT ANY OF THE ADDITIONAL COVERAGES.

If you need further information concerning cost or requirements for obtaining the coverages only, you should call the Company at the telephone number given at the beginning of this Notice. IF YOU DO NOT UNDERSTAND THE ADDITIONAL COVERAGES, OR WANT TO KNOW IF YOU NEED THESE COVERAGES, YOU ARE ENCOURAGED TO SEEK AN ATTORNEY'S ADVICE. THE CLOSING OFFICER AND THE COMPANY'S PERSONNEL ARE NOT REQUIRED AND MAY NOT BE QUALIFIED TO ANSWER SUCH QUESTIONS.

Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company

  
By: Brian K. Gonzales, Manager

  
By: Guy W. McElvain, Manager

File NO. 160669

1. Affiant is the purchaser of the following described property, to-wit:

2. Affiant is buying the above described property and has requested that **Southwestern Title and Escrow, Inc.**, agent for **Old Republic National Title Insurance Company**, to issue a title insurance policy relating to this transaction.

- a. Affiant owes no past due Federal or State taxes of any nature, there are no delinquent Federal or State tax assessments presently existing against Affiant, and no Federal or State Liens for taxes have been filed against Affiant.
- b. There are no unpaid accounts, billings invoices or obligations of any nature owing to any mechanics, materialmen, architects, surveyors, contractors, suppliers, laborers or other parties entitled to file liens relating to any construction, improvements or repairs on the above described property which would allow any claims of lien to be filed against the improvements, repairs, or the property upon which same are situated including, without limitation, unpaid debts for electric or plumbing fixtures, water heaters, furnaces, air conditioners, antennae, carpeting, rugs, lawn sprinkling systems, window shades or coverings, fences, paving or any personal property or fixtures located on the property, and no such items have been purchased on time payment contracts and there are no security interests on such property secured by financing statements, security agreement or otherwise, except:

Approximate Amount

W/A

- c. Affiant hereby further states that there are no mechanic's or materialmen's liens relating to the property.
- d. There are no judgment liens in existence or filed against Affiant.
- e. There are no lawsuits, claims or proceedings of any nature pending against Affiant in any Federal or State Court, including bankruptcy courts.
- f. Affiant knows of no adverse claim to the property and that so far as Affiant knows there are no encroachments or boundary conflicts relating to the property.
- g. No loans of any kind on such property except the following as shown on the Commitment to insure and provided to the Buyer for review:

Creditor

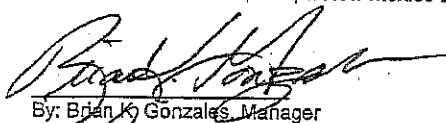
N/A

Approximate Amount

4. Affiant acknowledges **Southwestern Title and Escrow, Inc.** would not issue a title policy on said property without the representations and statements of fact provided by Affiant in this Affidavit and that such statements have been made as a material inducement for the issuance of such policy.

WITNESS my hand on this 5th day of January, 2017.

Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company



By: Brian K. Gonzales, Manager



By: Guy W. McElvain, Manager

#### ACKNOWLEDGMENT

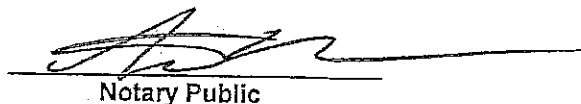
STATE OF NEW MEXICO )  
 )SS.  
COUNTY OF SANTA FE )

This instrument was acknowledged before me on this 5th day of January, 2017 by Brian K. Gonzales and Guy W. McElvain, as Managers of Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company



OFFICIAL SEAL  
**ANTHONY RAEI**  
NOTARY PUBLIC - State of New Mexico

My Commission Expires March 11<sup>th</sup> 2017

  
Notary Public

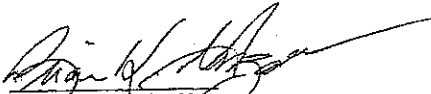
Date: January 5, 2017  
File #: 160669

Property Address: Hagerman Well

**Receipt and Acknowledgement of Improvement Location  
Report/Boundary Survey**

The undersigned do hereby state a copy of Improvement Location Report/Boundary Survey has been received and that the undersigned have been made aware of any encroachment(s) and/or Deviations, as applicable within the Improvement Location Report/Boundary Survey prepared by Philip Wiegel, Del Rio Surveys, dated September 12th 2016, for the property located at the property address above (attached as Exhibit "A") and do further agree and understand that should encroachment waivers from the utility companies become necessary, it will be our sole responsibility to obtain said waivers. The undersigned understand that they may be necessary. The undersigned agree to hold Southwestern Title & Escrow, Inc. its employees and/or agents harmless from any loss or liability resulting from said encroachment(s) and/or Deviations.

Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company

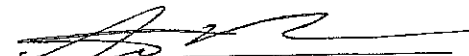
  
By: Brian K. Gonzales, Manager

  
By: Guy W. McElvain, Manager

**Acknowledgement**

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

This instrument was acknowledged before me this 5th day of January, 2017  
by Brian K. Gonzales and Guy W. McElvain, as Managers of Grand Prix de Santa Fe,  
LLC, a New Mexico Limited Liability Company.

  
Notary Public



OFFICIAL SEAL  
**ANTHONY RAEI**  
NOTARY PUBLIC - State of New Mexico  
My Commission Expires MARCH 11<sup>TH</sup> 2017

# IMPROVEMENT LOCATION REPORT

Buyer: Grand Prix de Santa Fe, LLC a NM LLC  
 Seller: Equicenter Santa Fe, LLC and Santa Fe County  
 Project: 16090642

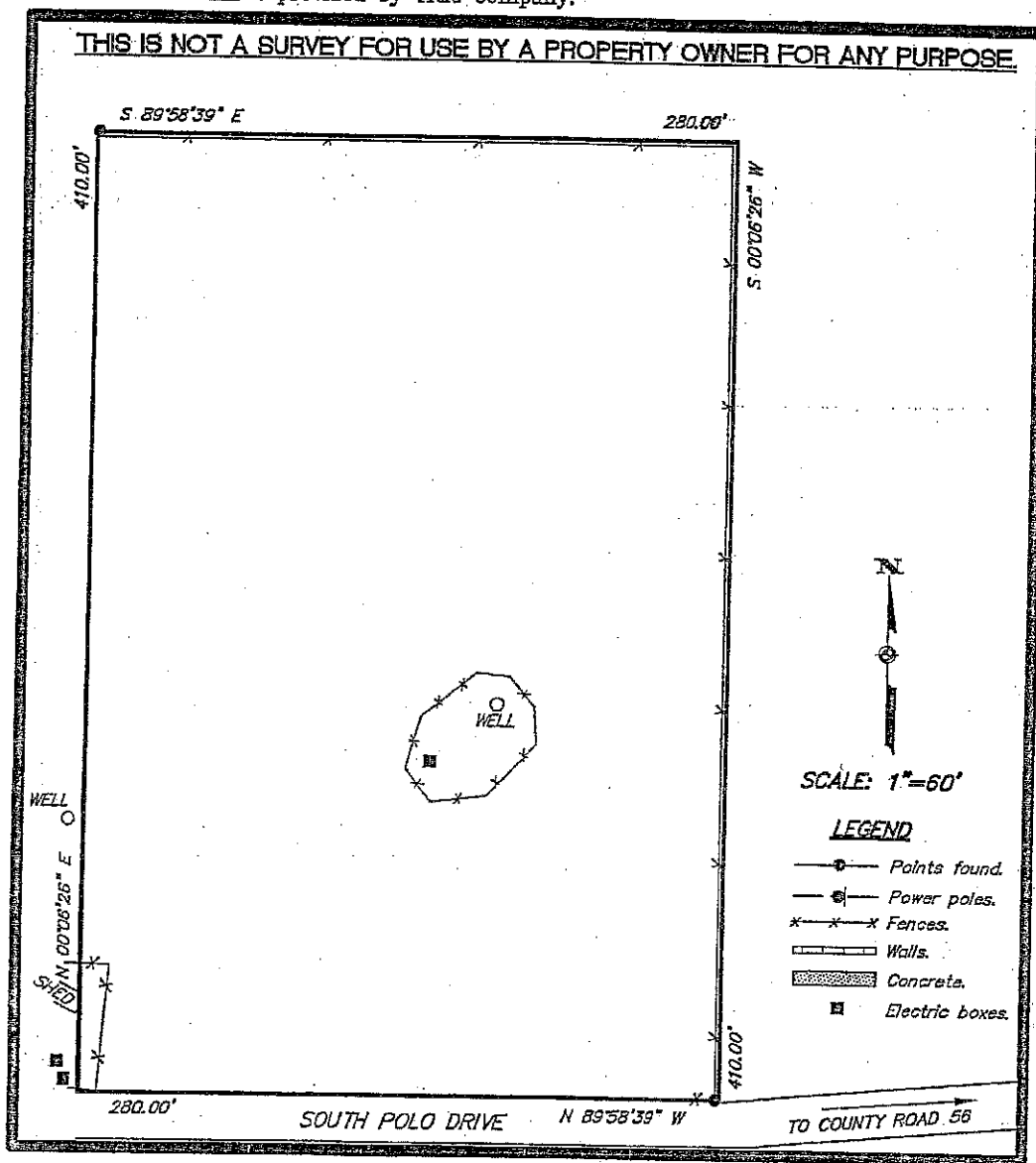


THIS IS TO CERTIFY TO:

Title Co.: <input checked="" type="checkbox"/>	Underwriter: <input type="checkbox"/>	Lender: <input type="checkbox"/>
Institution Name: Southwestern Title and Escrow, Inc.		
That on September 12, 2018, I made an inspection of the premises situated at: S. Polo Drive, Santa Fe, Santa Fe County, New Mexico, briefly described as: PNM TRACT A.		

PLAT REFERENCE: Bearings, distances and/or curve data are taken from the following plat: "Boundary Survey of PNM Tract A....", filed in Plat Book 719, Page 021, records of Santa Fe County, New Mexico.

NOTE: The error of closure is one foot for every 100,000 feet along the perimeter of the legal description as provided. Easements shown hereon are as listed in Title Commitment No. 160689 as provided by Title Company.



Improvement location is based on previous property surveys. No monuments were set. This tract is subject to all easements, restrictions and reservations of record which pertain. This report is not to be relied upon for the establishment of fences, buildings or other future improvements.

## IMPROVEMENT LOCATION REPORT

I FURTHER CERTIFY as to the existence of the following at the time of my last inspection:

1. Evidence of rights of way, old highways or abandoned roads, lanes, trails or driveways, sewer, drains, water, gas or oil pipe lines on or crossing said premises; if none visible, so indicate.  
As shown.
2. Springs, streams, rivers, ponds or lakes located, bordering on or through said premises.  
None noted.
3. Evidence of cemeteries or family burial grounds located on said premises.  
None noted.
4. Overhead utilities, poles, anchors, pedestals, wires or lines overhanging or crossing said premises and serving other properties (show location).  
None noted.
5. Joint driveways or walkways, joint garages, party walls of rights of support, steps or roofs in common.  
None noted.
6. Apparent encroachments. If building projections or cornices thereof, or signs affixed thereto, fences or other indications of occupancy appear to encroach upon or overhang adjoining property, or the like appear to encroach upon or overhang inspected premises specify all such (show location).  
As shown.
7. Specific physical evidence of boundary lines on all sides.  
As shown.
8. Is property improved?  
Yes.
9. Indications of recent building construction, alterations or repairs.  
None noted.
10. Approximate distance of structure from at least two lot lines must be shown.  
N/A.
11. FIRM Panel No. 35049C0501D.



*Philip B. Wiegell*  
PHILIP B. WIEGELL, SURVEYOR, NMPS No. 9758

This report is based on boundary information taken from previous survey documents and is prepared and issued to the Title, Abstract or Escrow Company or Lending Institution listed above and is for their exclusive use only. This report is not for use by a property owner for any purpose. This is not a boundary survey and may not be sufficient for the removal of the survey exception from an owner's title policy. It may or may not reveal encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matters which would be disclosed by an accurate boundary survey.

This report has been prepared by:

*Del Rio Surveys, Inc.*  
PO Box 22773  
Santa Fe, New Mexico 87502-2773  
Phone: (505) 820-9200  
FAX: (505) 820-1600  
Email: drsurveys@qwestoffice.net



Southwestern Title and Escrow, Inc.  
236 Montezuma Avenue  
Santa Fe, NM 87501

Date: January 5, 2017

File No.: 160669

Property Address: Hagerman Well, Santa Fe

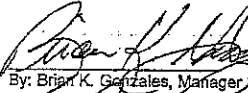
#### ERRORS AND OMISSION / COMPLIANCE AGREEMENT

Southwestern Title and Escrow, Inc., acting as closing agent for the above referenced transaction is relying on information provided from third parties. In consideration of Southwestern Title and Escrow, Inc., closing the above referenced transaction, sellers, purchasers and/or borrowers if requested by Southwestern Title and Escrow, Inc., agree to fully cooperate to adjust for any errors and/or omissions relating to such third party information. This includes but is not limited to any adjustments for loan payoffs, creditor payments, property taxes or water bill pro-rations, insurance premiums, repair bills or any undisclosed monies to be collected. The undersigned agree to provide Southwestern Title and Escrow, Inc. with any additional funds within five (5) business days.

The undersigned parties agree that subsequent to closing, if Southwestern Title and Escrow, Inc. discovers clerical or typographical errors in any of the closing documentation, correction of those documents will be necessary.

The undersigned agree to re-execute or initial any correction documents in a timely manner and understand that time is of the essence and any delay in those corrections will delay recording of the documents and/or funding.

Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company

  
By: Brian K. Gonzales, Manager

  
By: Guy W. McElvain, Manager

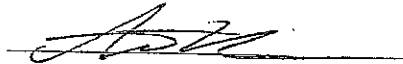
#### ACKNOWLEDGEMENT

This instrument was acknowledged before me on January 5th, 2017 by Brina K. Gonzales and Guy W. McElvain, as Managers of Grand Prix de Santa Fe, LLC, a New Mexico Limited Liability Company



OFFICIAL SEAL  
ANTHONY RAEI  
NOTARY PUBLIC - State of New Mexico

My Commission Expires March 11th 2017



Notary Public

## ASSIGNMENT OF RIGHTS TO THE HAGERMAN WELL

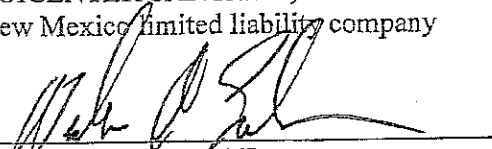
SELLER hereby assigns to BUYER any all of Seller's rights title and interests in and to the Hagerman Well and Hagerman Well Property as shown on Exhibit A hereto, including but not limited to, all equipment of any kind used in connection with the well, any well casing, piping, pumps, pressure tanks, electrical equipment and well pit. Seller hereby additionally assigns to buyer any and all easements and appurtenances associated with the Hagerman Well and Hagerman Well Property, and any other personal property used in conjunction with the operation of the Hagerman Well.

DATED: 12-30-16

SELLER:

EQUICENTER SANTA FE, LLC  
a New Mexico limited liability company

By

  
WILLIAM C. ENLOE

BUYERS:

GRAND PRIX DE SANTA FE, LLC  
a New Mexico limited liability company

By

  
BRIAN K. GONZALES

And by

  
GUY W. MCELVAIN

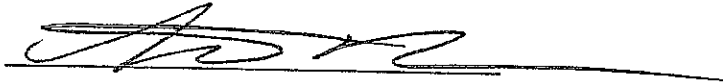
Acknowledgement

STATE OF NEW MEXICO )

)ss.

COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this 30<sup>TH</sup> day of December, 2016 by William C. Enloe, as Manager of Equicenter Santa Fe, LLC.



Notary Public



OFFICIAL SEAL  
ANTHONY RAEI  
NOTARY PUBLIC-State of New Mexico

My Commission Expires: 03-11-2017

My Commission Expires March 11<sup>TH</sup> 2017

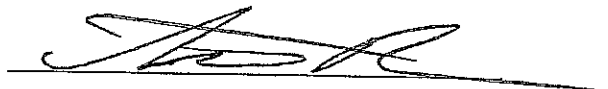
Acknowledgement

STATE OF NEW MEXICO )

)ss.

COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this 6<sup>TH</sup> day of January, 2016 by Brian K. Gonzales, managing member of Grand Prix de Santa Fe Santa Fe, LLC, a New Mexico limited liability company.



Notary Public

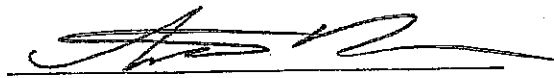
My Commission Expires: 02-11-2017

STATE OF NEW MEXICO )

)ss.

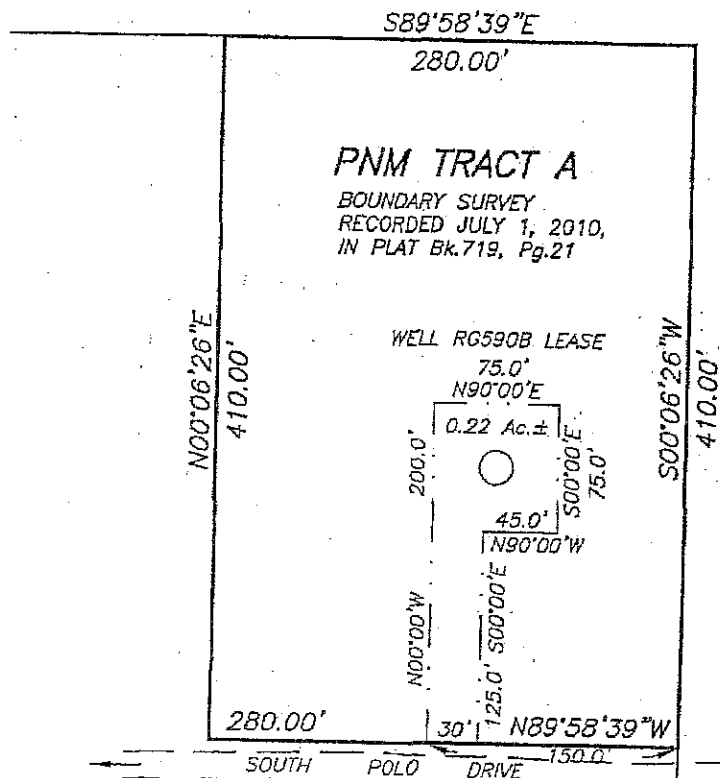
COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this <sup>6<sup>TH</sup></sup>~~X~~ day of January, 2016 by Guy W. McElvain, managing member of Grand Prix de Santa Fe Santa Fe, LLC, a New Mexico limited liability company.



Notary Public

My Commission Expires: 02-11-2017



**PNM TRACT A**

BOUNDARY SURVEY  
RECORDED JULY 1, 2010,  
IN PLAT Bk.719, Pg.21

WELL RG590B LEASE

75.0' N90°00'E

0.22 Ac. ±

75.0' S00°00'E

75.0' N90°00'W

45.0' N90°00'W

125.0' S00°00'E

30' N89°58'39"W

280.00'

SOUTH POLO DRIVE 150.0'

TO COUNTY  
RD. 56-C

TO COUNTY  
RD. 56

CITY OF SANTA FE  
MUNICIPAL AIRPORT  
LOT LINE ADJUSTMENT  
RECORDED OCT. 20, 2008,  
IN PLAT Bk.691, Pg.45-46

**POLO GROUNDS TRACT**

BOUNDARY SURVEY  
RECORDED OCT. 31, 1997,  
IN PLAT Bk.374, Pg.07,  
DEED INST. #1779937

**WELL ACCESS, MAINTENANCE  
& PUBLIC UTILITY EXHIBIT**

WITHIN THE POLO GROUNDS TRACT  
COUNTY OF SANTA FE, NEW MEXICO  
RECORDED IN PLAT BOOK 374, PAGE 07

SCALE 1"=100'

100 0 100

DAWSON SURVEYS INC.  
PROFESSIONAL LAND SURVEYORS  
2502B CAMINO ENTRADA  
SANTA FE, NEW MEXICO 87507

FILE#9797\RG509B DATE:2/23/16

Ex. A

**ASSIGNMENT AND ASSUMPTION  
OF WELL SHARE AND MAINTENANCE AGREEMENT**

This Assignment and Assumption of Well Share and Maintenance Agreement (this "Assignment") is by and between EQUICENTER SANTA FE, LLC, a New Mexico limited liability company, 4056 Cerrillos Road, Suite F., Santa Fe, New Mexico, 87507 ("Equicenter") and GRAND PRIX DE SANTA FE, LLC, a New Mexico limited liability company, 1421 Luisa St. Ste. G, Santa Fe, NM, 87505 ("Grand Prix de Santa Fe").

**Recitals**

A. Equicenter and Santa Fe County each own portions of the Hagerman Well RG-590 infrastructure, well tract and water rights, as more particularly referenced in that certain Well Share and Maintenance Agreement for the Hagerman Well RG-590, dated June 11, 2014 (the "Well Share Agreement") and the Assignment and Assumption of the Well Share Rights from Los Alamos National Bank ("LANB") to Equicenter. A copy of the Well Share Agreement and the LANB to Equicenter Assignment and Assumption is attached hereto as Exhibit A.

B. The Well Share Agreement relates to the Hagerman Well, which is adjacent to, and utilized in conjunction with, property owned by Grand Prix de Santa Fe.

C. Equicenter is transferring its interest in the Hagerman Well tract (by separate deed) to Grand Prix de Santa Fe, and by this Assignment is assigning to Grand Prix de Santa Fe, and Grand Prix de Santa Fe is assuming, all rights and responsibilities of Equicenter under the Well Share Agreement.

**Agreement**

In consideration of the above facts, the mutual agreements contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Assignment. Equicenter hereby assigns to Grand Prix de Santa Fe, without warranty or representation of any kind, all of Equicenter's right, title, and interest in and to the Well Share Agreement.

2. Assumption. Grand Prix de Santa Fe accepts the assignment and hereby assumes all obligations of Equicenter under the Well Share Agreement. Grand Prix de Santa Fe shall indemnify and hold harmless Equicenter, its board, officers, shareholders parent, subsidiaries and affiliates from and against any liability, loss or damage that Equicenter might incur should Grand Prix de Santa Fe fail to perform any of its obligations under the Well Share Agreement, after the execution of this Assignment.

3. Miscellaneous. This Assignment inures to the benefit of and binds the parties, their successors and assigns. This Assignment constitutes the entire understanding

and agreement between the parties with regard to the subject matter hereof and may not be amended or modified except by a written agreement signed by the parties. This Assignment shall be governed by and construed under the laws of the State of New Mexico, and venue for any suit brought pursuant to this Assignment shall be the state district court located in Santa Fe County, New Mexico. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

EQUICENTER SANTA FE, LLC

By: \_\_\_\_\_



William C. Enloe, Manager

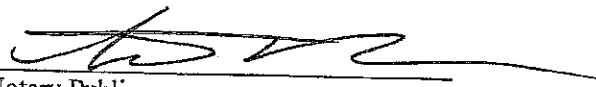
Acknowledgement

STATE OF NEW MEXICO )

)ss.

COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this 30<sup>TH</sup> day of December, 2016 by William C. Enloe as Manager of Equicenter Santa Fe, LLC.



Notary Public

My Commission Expires: 03-11-2017

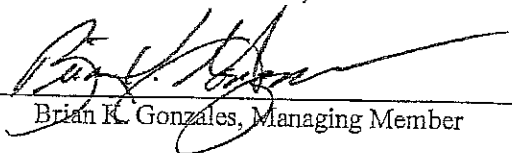


OFFICIAL SEAL  
ANTHONY RAEAL  
NOTARY PUBLIC-State of New Mexico


My Commission Expires March 11<sup>TH</sup> 2017

GRAND PRIX DE SANTA FE, LLC

By: \_\_\_\_\_



Brian K. Gonzales, Managing Member

And by:   
Guy W. McElvain, Managing Member

Acknowledgement

STATE OF NEW MEXICO )  
 )ss.  
COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this 5<sup>th</sup>  
day of January, 2016 by Brian K. Gonzales, managing member of Grand  
Prix de Santa Fe Santa Fe, LLC, a New Mexico limited liability company.

  
Notary Public

My Commission Expires: 03-11-2017

STATE OF NEW MEXICO )  
 )ss.  
COUNTY OF SANTA FE )

The foregoing was acknowledged, subscribed and sworn to before me this 5<sup>th</sup>  
day of January, 2016 by Guy W. McElvain, managing member of Grand  
Prix de Santa Fe Santa Fe, LLC, a New Mexico limited liability company.

  
Notary Public

My Commission Expires: 03-11-2017



## EXHIBIT B

LEGAL DESCRIPTION OF LAND

A tract of land situate within the exterior boundaries of the CIENEGUILLA GRANT within projected Section 17, T.16 N., R.8 E., N.M.P.M., Santa Fe County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Northwest corner of said tract, whence Meandor Corner No. 9 in the West boundary of the CIENEGUILLA GRANT bears S.36° 34' 45" W., 5092.48 feet distant; running thence S.89° 51' 33" E., 280.0 feet to the Northeast corner; thence S.0° 18' 11" W., 410.0 feet to the Southeast corner; thence N.89° 51' 33" W., 280.0 feet to the Southwest corner; thence N.0° 18' 11" E., 410.0 feet to the Northwest corner and place of beginning. Containing 2.597 acres, more or less.

Initials of Parties:

PNM: \_\_\_\_\_

County: CSHorse Park: ll

## EXHIBIT B

### LEGAL DESCRIPTION OF LAND

A tract of land situate within the exterior boundaries of the CIENEGUILLA GRANT within projected Section 17, T.16 N., R.8 E., N.M.P.M., Santa Fe County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Northwest corner of said tract, whence Meandor Corner No. 9 in the West boundary of the CIENEGUILLA GRANT bears S.36° 34'45" W., 5092.48 feet distant; running thence S.89° 51'33" E., 280.0 feet to the Northeast corner; thence S.0° 18'11" W., 410.0 feet to the Southeast corner; thence N.89° 51'33" W., 280.0 feet to the Southwest corner; thence N.0° 18'11" E., 410.0 feet to the Northwest corner and place of beginning. Containing 2.597 acres, more or less.

#### Initials of Parties:

PNM: RR

County: \_\_\_\_\_

Horse Park: \_\_\_\_\_

**WELL SHARE AND MAINTENANCE AGREEMENT  
FOR THE HAGERMAN WELL RG-590**

THIS Well Share and Maintenance Agreement ("Agreement") is entered into by and between the LOS ALAMOS NATIONAL BANK, a National Banking Organization ("LANB"), and SANTA FE COUNTY, a political subdivision of the State of New Mexico ("County"), in consideration of the mutual promises and covenants contained herein, on the last date of signature below.

Whereas, Santa Fe County and Los Alamos National Bank each own portions of the Hagerman Well RG-590 infrastructure, well tract and water rights, and

Whereas, LANB owns 30.35 acre feet per year (afy) consumptive use) of water rights whose point of diversion is the Hagerman Well under permit RG-590-B which is used on the Santa Fe Equestrian Center property (formerly known as the Santa Fe Horse Park) located at 100 South Polo Drive, Santa Fe, NM 87507 directly adjacent to the Hagerman Well tract property, and

Whereas, the County owns 89.231 acre feet per year (afy consumptive use) of water rights whose point of diversion is the Hagerman Well under permit RG-590-A, and

Whereas, the County owns a 75% undivided interest and LANB owns a 25% undivided interest in the Hagerman Well tract property (see Exhibit A) and well infrastructure, and

Whereas, the County and LANB desire to coordinate their respective activities at the Hagerman Well and arrange for operation and maintenance of the jointly owned well.

NOW, THEREFORE, in consideration of the above and other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed as follows:

1. Access. The County and LANB hereby agree to convey to one another such easements as may be reasonably necessary for access to the Hagerman Well and its pump, pipes and equipment, for purposes of inspection, maintenance, operation, repair, redrilling and replacement, and for any other purpose reasonably necessary for each Party to make use of its portion of the water rights.

2. Water Rights. The County and LANB shall have equal right and responsibility to access their respective water rights from the Hagerman Well RG-590.

3. Inspection, Costs of Operation, Maintenance, Replacement and Repair. Except for major repair of the Hagerman Well casing, wellhead or electrical service, the County and LANB shall be responsible on a monthly or other regular basis to pay their respective costs of the routine and regular operation, maintenance, replacement and repair expenses of the Hagerman Well, in direct proportion to the amount of water used by each Party during the period for which such expenses are payable, or since the last regular maintenance, as appropriate. In the event that both parties agree that major repair and replacement of infrastructure should be undertaken, then such costs will be shared in proportion to the Party's interest in the Hagerman Well infrastructure. In the

SFC CLERK RECORDED 07/02/2014

event either party does not anticipate using the well in the foreseeable future, that party may decline to participate in cost sharing for major repair and replacement of well infrastructure; however, if such declining party resumes use of the well within ten years after major repairs/replacement are paid for by the other party, then the declining party shall reimburse the paying party in an amount equal to the depreciated prorated cost of the repairs/replacement (based on ownership interest and on a ten-year depreciation schedule). In the event the parties, after good faith negotiations, are unable to agree that repairs and replacements should be undertaken, the party desiring the repairs and replacements may undertake them at their own expense. The parties shall jointly inspect the well on an annual basis and more frequently when either party determines an additional inspection is needed, to determine if regular or major repair or replacement is needed. The party who has been the majority water user of the well since the last regular or major repair, as appropriate, shall take responsibility for determination of the cost of mutually agreed upon repair or replacement, as well as the procurement, oversight and management of the work necessary to complete the repair or replacement.

4. OSE Permitting. The County and LANB shall coordinate any permitting activities required by the New Mexico Office of the State Engineer or desired by the parties, including the reporting of diversions from RG-590.

5. Assignment. LANB shall have the right to assign this Agreement without the approval or consent of the County if LANB's assignee also acquires the Santa Fe Equestrian Center horse park property. The County anticipates the future transfer of the County water rights RG-590-A to a new point of diversion, at which time the County may assign all remaining interests in the Hagerman Well and site to LANB.

6. Term of Agreement. This initial Agreement shall be for a term of four (4) years, which may be extended or renewed for of four (4) additional years by mutual agreement of the Parties. This Agreement may be earlier terminated by mutual agreement of the Parties. The terms, conditions and provisions of this Agreement may be extended by mutual agreement of the Parties for a period exceeding eight (8) years by a superseding agreement governing the Hagerman Well.

7. Additional Documentation. Any and all further or other documentation that may be required to carry out the terms and conditions of this Agreement shall be made and delivered by the Parties as required.

8. Notice of Termination of Prior Agreements. The parties to this Agreement agree to terminate, and will execute and record with the Santa Fe County Clerk Exhibit B to this Agreement, Notices of Termination of, the following agreements:

A. April 24, 2001 Well Sharing and Use Agreement, Recorded at the Santa Fe County Clerk's Office on January 23, 2002 in Book 2056 Pages 059-065.

B. April 24, 2001 Option and Buy-Back Agreement Recorded at the Santa Fe County Clerk's Office on January 23, 2002 in Book 2056 Pages 066-077.

C. April 24, 2001 Water Rights Purchase Agreement Recorded at the Santa Fe County Clerk's Office on January 23, 2002 in Book 2056 Pages 037-058.

9. Notices. All notices and other communications, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given and delivered, if mailed, certified postage prepaid:

if to LANB: Los Alamos National Bank  
Attn: OREO  
1200 Trinity Drive  
Los Alamos, NM 87544

With a copy to: Steven J. Laurent, LANB In-House Counsel  
1200 Trinity Drive  
Los Alamos, NM 87544

if to County: Katherine Miller, County Manager  
Santa Fe County  
P.O. Box 276  
Santa Fe, New Mexico 87504-0276

With a copy to: County Attorney  
Santa Fe County  
P.O. Box 276  
Santa Fe, New Mexico 87504-0276

and to any other address or addresses as may be hereafter specified by notice given to all of the others by anyone desiring a change of address.

10. Applicable Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of New Mexico.

11. Liability. As between the Parties, each party acknowledges that it will be responsible for claims or damages arising from personal injury or damage to persons or property to the extent they result from negligence of that Party's employees. The liability of the County will be subject in all cases to the immunities and limitations of the New Mexico Tort Claims Act, Sections 41-4-1 *et seq.* NMSA 1978, as amended.

12. Entire Agreement. This Agreement merges all previous negotiations between the Parties hereto and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof. No alteration, modification, or amendment hereto shall be valid except when in writing and when signed by the Parties.

13. Effective Date. This Agreement shall be effective on the date of last signature below.

SFC CLERK RECORDED 07/02/2014

SANTA FE COUNTY

By: Katherine Miller  
Katherine Miller, Manager

Date: 6-11-14

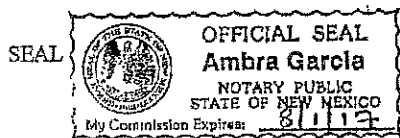
APPROVED as to form:

By: Gregory S. Schaffer  
Santa Fe County Attorney

Date: 6-2-14

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

This instrument was acknowledged before me this 11 day of <sup>June</sup> ~~May~~, 2014 by Katherine Miller, as Manager of Santa Fe County, a political subdivision of the State of New Mexico.



Ambra Garcia  
Notary Public  
My Commission Expires: 8/1/17

LOS ALAMOS NATIONAL BANK

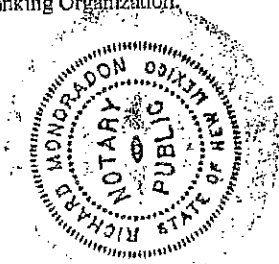
By: Malvin Romero  
Its: Loan Workout Specialist

Date: 5/30/2014

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

This instrument was acknowledged before me this 30<sup>th</sup> day of May, 2014 by Malvin Romero as Loan Workout Specialist of Los Alamos National Bank, a National Banking Organization.

SEAL



Richard Mondragon  
Notary Public  
My Commission Expires: 6/7/14

SFC CLERK RECORDED 07/02/2014

EXHIBIT A

Description of Hagerman Well Tract Property

A tract of land situate within the exterior boundaries of CIENEGUILLA GRANT within projected Section 17, T.16N., R.8E., N.M.P.M., Santa Fe County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Northwest corner of said tract, whence Meander Corner No. 9 in the West boundary of the CIENEGUILLA GRANT bears S.36°34'45" W., 5092.48 feet distant; running thence S.89°51'33" E., 280.0 feet to the Northeast corner; thence S.0°18'11" W., 410.0 feet to the Southeast corner; thence N.89°51'33" W., 280.0 feet to the Southwest corner; thence N.0°18'11" E., 410.0 feet to the Northwest corner and place of beginning.

Containing 2.597 acres, more or less.

SFC CLERK RECORDED 07/02/2014



COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

WELL SHARING AGREEMENT  
PAGES: 12

I Hereby Certify That This Instrument Was Filed for  
Record On The 2ND Day Of July, 2014 at 01:29:28 PM  
And Was Duly Recorded as Instrument # 1740658  
Of The Records Of Santa Fe County

Witness My Hand And Seal Of Office  
Geraldine Salazar  
Deputy County Clerk, Santa Fe, NM

**EXHIBIT B**

**Notices of Termination**

(three documents/six pages, attached)

SFC CLERK RECORDED 07/02/2014



Notice of Termination

**Well Sharing and Use Agreement  
(Santa Fe Horse Park)**

The Well Sharing and Use Agreement dated April 24, 2001 between Santa Fe County and Santa Fe Horse Park, LLC, which was recorded on January 23, 2002 in Book 2056 Pages 059-065, Santa Fe County records, is hereby terminated.

**SANTA FE COUNTY**

By: Katherine Miller  
Katherine Miller, Manager

Date: July 1, 2014

**APPROVED as to form:**

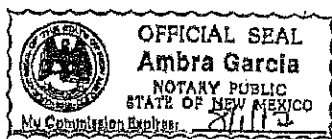
By: Gregory S. Shaffer  
Santa Fe County Attorney

Date: 6-27-14

**STATE OF NEW MEXICO  
COUNTY OF SANTA FE**

This instrument was acknowledged before me this 1 day of July, 2014 by Katherine Miller, as Manager of Santa Fe County, a political subdivision of the State of New Mexico.

SEAL



Ambra Garcia  
Notary Public  
My Commission Expires: 8/1/17

**LOS ALAMOS NATIONAL BANK,**  
assignee of Santa Fe Horse Park, LLC as to the above agreement

By: Ann Workout Specialist  
Its: Ann Workout Specialist

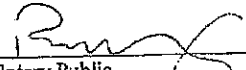
Date: 5/30/2014

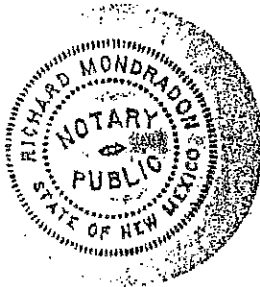
SFC CLERK RECORDED 07/02/2014

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

This instrument was acknowledged before me this 30<sup>th</sup> day of May, 2014 by  
Melvin Romero, as Loan Workout Specialist of Los  
Alamos National Bank, a National Banking Organization.

SEAL

  
Notary Public  
My Commission Expires 6/7/14



SFC CLERK RECORDED 07/02/2014