

Denver Board of Water Commissioners

Meeting Date: July 27, 2011

Board Item: V-A-4

**LEASE AGREEMENT FOR THE USE OF PINEY RIVER RANCH IN EAGLE COUNTY – THE
PINEY RIVER RANCH, LLC
AGREEMENT 13607A**

Action by Consent

Action

Information

Denver Water owns the Piney River Ranch, a property consisting of approximately 68.3 acres in Eagle County, 14 miles north of Vail. The property is part of the planned Eagle/Piney collection system. Since 2006, the property has been leased to the Hansen Development Company, LLC for recreational purposes and events such as weddings.

In 2010, the Hansen Development Company, LLC sold its business interests to Piney River Ranch LLC. With Denver Water's consent, the Hansen Development Company, LLC subleased the existing lease to Piney River Ranch, LLC until Denver Water and Piney River Ranch, LLC could negotiate a new lease.

Lease Agreement No. 13607A is a new lease specific to Piney River Ranch, LLC. It is for a term of 15 years with a \$30,000.00 annual rent schedule reflecting an independent appraisal of the property's rent potential prepared in August 2010. Per the lease, new appraisals will be performed in 2016 and 2021 to adjust the rent to reflect then-current lease values. Upon execution of the new lease, Denver Water will terminate the original lease with the Hansen Development Company, LLC, thereby automatically terminating the sublease.

RECOMMENDATION

It is recommended that the Board approve execution of the attached Lease Agreement No. 13607A, for the lease of the Piney River Ranch by Piney River Ranch, LLC.

Approvals:



Robert J. Mahoney
Director of Engineering



James S. Lochhead
CEO/Manager



Patti Wells
General Counsel