



MEMORANDUM

Date: October 6, 2006

To: The Honorable Sharon Bronson, Member
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to be "CH", is written over the printed name "C.H. Huckelberry".

Re: **Details of the County's Offer to Purchase Rosemont Ranch in 2004**

Per your request, this memorandum addresses the details of the County's offer to buy the Rosemont Ranch in 2004. It began with a meeting on October 7, 2004 with the part owner of the property, Yorum Levy, who represented Triangle Ventures. Triangle Ventures had recently acquired the property from ASARCO for about \$4 million. Mr. Levy offered to sell the property to the County for conservation purposes. In response to that meeting, I sent a letter to Mr. Levy on October 22, 2004 (letter attached) outlining a detailed offer from the County to buy Rosemont Ranch for \$10,500,000, contingent on recommendations from several committees and an appraisal. This property was not included in the 2004 bond program, because it was an inholding in the National Forest, and therefore those who developed the 2004 priorities decided it was the Forest Service's duty to acquire it, not the County's.

In order to amend the 2004 bond ordinance to add the property to the list of eligible properties to acquire, several steps were necessary. First, I recommended asking the Sonoran Desert Conservation Plan Science Technical Advisory Team (STAT) to recommend it to the County's Conservation Acquisitions Commission. Pending Conservation Acquisition Commission approval, the bond ordinance amendment would have had to go before the County's Bond Advisory Committee for approval, and then before the Board of Supervisors for approval. I anticipated that based on this schedule, we could close on the property in May or June of 2005.

Mr. Levy responded to my letter on November 2, 2004 (attached). In his response, he countered at \$11,500,000. Following this exchange of letters, staff visited the property and drafted a report detailing the biological and cultural values of the property, including information on the prior land exchange proposed by ASARCO in 1997 to facilitate mining. I forwarded this staff report to the Conservation Acquisition Commission on December 29, 2004. At the February 10, 2005 Commission meeting, the Rosemont property was on the agenda for discussion and consideration of whether the property should be sent to the Science Technical Advisory Team for a recommendation back to the Commission. Below are the notes from that meeting:

Each of the Commissioners made comments regarding the Rosemont Ranch proposal. Concerns included: whether the Commission was willing to amend the bond ordinance so soon after the election; whether the property had biological values equal to or exceeding those already identified as Habitat Protection Priorities in the bond ordinance; recreational management and public access issues with the property; the price of the property and the amount of profit for the seller; other funding options and the restrictions on staff using bond funds to research other funding options; mining claims; whether to forward to the STAT; and whether the Commission's policy to deal with non-bond proposals was sufficient. Laney Levick, President of Save the Scenic Santa Ritas, spoke at this time. Ms. Levick spoke in support of preventing mining and/or residential development of the Rosemont property, and stated that if bond funds were not available that she would be willing to assist in pursuing other creative funding options. Priscilla Robinson, member of the public, also spoke at this time. Ms. Robinson stated that much more research needed to be undertaken before an informed decision could be made with regard to this proposal. No action was taken on the Rosemont Ranch proposal.

No further action was taken by any of the County committees with regard to this proposed property acquisition. The property was sold early this year for approximately \$20 million to Augusta Resource Corporation.

CHH/dr

Attachments

c: The Honorable Chairman and Members, Pima County Board of Supervisors



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, TUCSON, AZ 85701-1317
(520) 740-8661 FAX (520) 740-8171

C. H. HUCKELBERRY
County Administrator

October 22, 2004

Yoram Levy
Triangle Venture, LLC
177 North Church Avenue
Tucson, Arizona 85701

Re: **Rosemont Ranch**

Dear Mr. Levy:

This letter is to confirm our discussion at a meeting on October 7, 2004, regarding acquisition of Rosemont Ranch and related mineral, water, and lease rights. First, let me say I very much appreciate your desire to conserve the natural, cultural and archaeological resources of Rosemont Ranch. This property has been the subject of significant public controversy in the past due to potential mining activities. The community desires and needs certainty with respect to the future of Rosemont, and your willingness to consider conservation of these assets is very much appreciated by Pima County. In fact, a portion of the Rosemont Ranch property, the Helvetia site, is on the County's 2004 bond program for acquisition and preservation as an historic mining community. Further, the balance of the Rosemont fee and lease property is almost entirely within the designated biological core area of the Multiple Species Conservation Plan of the Sonoran Desert Conservation Plan. Hence, the property carries a high biological value associated with priority conservation areas.

Unfortunately, Rosemont Ranch was not designated as a habitat protection priority in the 2004 bond issue. I believe this primarily occurred because of a lack of focus on private in-holdings within the Coronado National Forest. A very large percentage of Rosemont Ranch is a private in-holding and was probably overlooked for designation as a habitat protection priority in the 2004 bond issue because of such.

Pima County has established a series of processes and mechanisms to ensure that the properties acquired through the 2004 bond issue are the highest value conservation lands. This process will have to be followed in the acquisition of Rosemont Ranch. Because almost all of the property lies within the biological core as established by the Science Technical

Advisory Team to the Sonoran Desert Conservation Plan, we will ask this body to recommend to the Conservation Acquisition Commission that Rosemont Ranch be included as a habitat protection priority, eligible for the expenditure of 2004 bonds established for this purpose. Further, the property will require inclusion, if recommended by the Conservation Acquisition Commission, in the bond ordinance, which requires a recommendation from the Bond Advisory Committee and ultimately approval by the Board of Supervisors. I believe that this property is of such importance for acquisition from both a biological resources perspective, as well as from its values associated with historic and cultural preservation, not to mention the community controversy associated with mining that these approvals are achievable. Based on and assuming said approvals, I am prepared to provide you with the following offer to purchase Rosemont Ranch:

- A. Approximately 2,725 fee acres of fee land will be acquired by Pima County for an amount of \$10,500,000.
- B. This will leave approximately 235 acres around the improved ranch property of Rosemont Camp to continue in your ownership, subject only to the limitations of being divided not more than five times, with the smallest property being not less than 36 acres, and that conservation easements limiting development on the individual parcels to no more than a home site and supporting facilities for ranch operations be entered into by the owner.
- C. All water rights associated with the entire property will be conveyed to Pima County.
- D. All mineral rights associated with the fee simple properties will be conveyed to Pima County.
- E. Unpatented mining claims of approximately 10,000 acres for which claim fees are paid on an annual basis will be reserved for Pima County, with the intent of having the unpatented mining claims extinguished and the area withdrawn from mining through Congressional action. Payment of any annual claim assessments will be subject to negotiation.
- F. Grazing leases on approximately 18,000 acres of the Rosemont Ranch that may include both state and federal lands will be retained by the Triangle Venture Partnership for a period of not less than the present term of said leases and will be applied for a period of 25 years.
- G. In consideration of the payment referenced in Item A above, the partnership will continue to manage and operate an agricultural ranching operation on Rosemont Ranch in a manner consistent with conservation ranching principles, subject to an agreed-upon management plan between Pima County and the Partnership. The management agreement shall oblige the Partnership to manage, secure, maintain and operate the ranch so that the federal and state grazing leases are retained.

Yoram Levy
Rosemont Ranch
October 22, 2004
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Given the process requirements of review by the Science Technical Advisory Team of the Sonoran Desert Conservation Plan, the Conservation Acquisition Commission, the Pima County Bond Advisory Committee and Board of Supervisors, it is likely that actual acquisition closing on any transaction will not take place until May or June of 2005.

I very much appreciate the opportunity to discuss this matter with you. I hope that this letter accurately summarizes the verbal offer made at our October 7 meeting. I would appreciate hearing from you at your earliest convenience regarding this proposal.

Sincerely,



C.H. Huckelberry
County Administrator

CHH/jj

TRIANGLE VENTURES, LLC
70 West Cushing Street
Tucson, Arizona 85701

November 2, 2004

C.H. Huckelberry
Pima County Administrator
130 West Congress, 10th Floor
Tucson, Arizona 85701-1317

Re: Proposed Acquisition by Pima County of Portion of Rosemont Ranch

Dear Mr. Huckelberry:

We have your letter dated October 22, 2004. We appreciate your interest in the Rosemont Ranch, we and our affiliates look forward to working with you to arrive at terms for a proposed acquisition by Pima County.

Here are the terms on which we would be willing to move forward to develop a definitive agreement. The lettering below corresponds to the lettering in your letter.

A. Purchase Price.

The purchase price will be \$11,500,000.

B. Retained Property.

We will retain the 200 acres constituting the Rosemont Ranch site. At closing, we will agree to restrict future subdivision of that property to no more than six lots, of which up to five may be used for home sites and the sixth for common area. Each home site lot will contain at least thirty acres, except that the lots may be smaller if the balance of the property is used for common area. Each home site may have a guest house and other outbuildings such as barns and tackrooms, but no more than ten acres of each lot may be disturbed by improvements. In any event, archaeological resources will be taken into consideration in determining sites for improvements.

We may also elect to retain the 35 acre parcel known as the Rosemont Junction Campsite. If we retain that parcel, it will be subject to the same development restrictions as the 200 acre parcel, except that it will not be subdivided. If we do not elect to retain the 35 acre parcel, it will be conveyed to Pima County subject to non-exclusive easements for access and utilities for the 200 acres, and we will retain fee title to or an exclusive easement for up to two well sites and wells for the benefit of the 200 acre parcel along with whatever water rights may be necessary to operate those wells..

C. Water rights.

We will transfer to Pima County all water rights pertaining to property conveyed to the County (other than as mentioned above regarding the Rosemont Junction Campsite). Pima County will make the water rights and/or water available to us, through a mutually acceptable mechanism, for the grazing and management operations described below, and will permit us to drill wells and develop stockponds where needed for grazing at locations determined in coordination with Pima County.

D. Mineral rights.

All mineral rights associated with the fee properties conveyed to Pima County will be transferred to Pima County.

E. Unpatented mining claims.

All unpatented mining claims will be assigned to Pima County with the intent that such claims will be extinguished and removed from availability for mining activity through Congressional action. Until the claims are extinguished, we will pay the annual assessment fees required to maintain the claims out of the \$500,000 fund we will make available for the management of the property being acquired by Pima County as described below.

F. Grazing leases.

We will pursue renewals of existing state and federal grazing leases for at least twenty-five years as long as they remain available and there is no material increase in pricing other than adjustments for inflation. Pima County will lease to us the portion of the purchased property that is east of gunsite pass for grazing in connection with our other grazing at Rosemont Ranch for as long as we have federal or state grazing leases. If under state law Pima County (and not us) would be eligible for the state grazing leases because of adjacency requirements, Pima County will sublease to us for grazing or make other arrangements with us to enable us to graze the state lease land.

G. Management.

Pima County will put together an outline for a management program for the purchased property. We will manage the property for Pima County for a period of time to be determined, and we will be reimbursed by Pima County for the costs we incur on a quarterly or semi-annual basis, except that we will make pay for management expenses and annual unpatented mining claim assessments up to an aggregate of \$500,000 from a fund set aside at closing for those purposes. Other than that fund, we will not be obligated to incur any liability or unreimbursed expense. Pima County will designate a liaison for matters relating to management of the property, and we and the liaison will meet at least annually to plan and coordinate management activities. As part of the

November 2, 2004

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management of the property, Pima County will work with us to identify and designate sites to be made available for youth outdoor/camping programs, equestrian club activities, a desert scientific/conservation institute, and a telephone tower to serve an area that is currently underserved.

Other Issues

We will need Pima County's cooperation to obtain the abandonment or termination of the easement and any right of way for Road 4058 within the 200 acre retained parcel.

Please let us know if these terms would be acceptable to Pima County so we can move beyond this non-binding expression of interest to develop a definitive agreement.

We understand that the approval of several boards and committees will be needed before Pima County can commit to acquire the property. Please provide us with a detailed schedule for how you see those processes working (e.g., required notice and study periods) so we can establish together a process and timeline for those approvals.

Sincerely,

Triangle Ventures, LLC

By Yoram Levy

