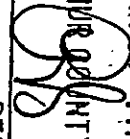


CALTHAN CATTLE COMPANY, LLC

March 17, 2022

Judge Tefteller and
Upshur County Commissioners
P. O. Box 790
Gilmer, Texas 75644

FILED
TERRI ROSS
COUNTY CLERK
2022 MAR 31 PM 3:29
UPSHUR COUNTY, TX.
BY: 
DEPUTY

Honorable Judge Tefteller and Commissioners:

Thank you for allowing me to operate your Baylor County and Throckmorton County properties for the last ten years. When I took this lease Upshur County had had many problems with its previous lessee. The County and I have worked hard to show how a successful lessor/lessee relationship is supposed to work, and the last ten years have been a success for us both.

I have operated your property these last ten years with a long term view that has improved it and generated more income for both myself and the school district. This property could be operated with a short term view by over-stocking the ranch and paying a little more today, but that is not a good, sustainable long term approach. I have kept the stocking rate at a conservative one cow-calf unit per 37 acres. This allows the native grasses to regenerate in both drought and wet years. If more cattle are added it has to be done by improving the ranch. This will always be the toughest decision for the commissioners to make when determining what is the best bid.

In our last ten year contract term, in addition to rent, I paid \$3/acre/year for a total of \$531,900 to begin improving the ranch. I rebuilt the stock tanks that were there and added new stock tanks. Most of the existing tanks had not been maintained at all prior to my lease. I removed 80% of the cactus with herbicides that had overtaken much of the ranch and have started building new fences. These projects have improved the stocking capacity and thus increased the value of your property, while allowing me to increase the bid for the next lease term.

Hunting is also a major factor in determining the value of your property. We have added to that value by having a year-round protein supplementation and nutritional program that all hunters are required to follow. This, along with limiting the number of animals harvested and annual feral hog eradication, keeps the wildlife population healthy and plentiful.

Via the enclosed lease documents, I am proposing that because of the ten year improvements I have done I can increase your annual lease payment by 21% from our amended contract in 2017 and 33% from the original 2012 agreement. I will also increase the annual amount spent on improvements by 33% to \$4/acre/ year for a total of \$354,240.00 over 5 years. I can do this by adjusting the stocking rate to one cow-calf unit per 34 acres if we get back to normal rainfall totals this spring. I am also able to increase the fee charged for hunters without

increasing the actual number of hunters, while still maintaining the longer term goals that have increased your lease payment by 33% in ten years. This increase in lease rate in ten short years shows what is possible while still being a good steward of your natural resources. If myself or another lessee intends to keep this growth and improvement, one cannot choose short term gain over longer term sustainability.

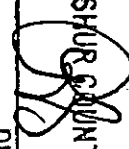
For your convenience, I have included a redlined version of the lease and memorandum showing what was changed.

Thank you again, and please feel free to contact me if you have any questions or if further explanation is needed.

Respectfully,

CALTHAN CATTLE COMPANY, LLC

By: _____
Robb Stewart, Manager

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COUNTY CLERK
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UPSHUR COUNTY, TX.
BY: 
DEPUTY