

AGREEMENT FOR LEASE OF REAL PROPERTY FOR AGRICULTURAL PURPOSES

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Between: **Sacramento Regional County Sanitation District**, a county sanitation district formed pursuant to and operating under the authority of the County Sanitation District Act, commencing at Health and Safety Code section 4700

and

Lease No.: REV _____

Prepared By:

Agent Name, Real Estate Officer

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**AGREEMENT FOR LEASE OF REAL PROPERTY
FOR AGRICULTURAL PURPOSES**

THIS LEASE AGREEMENT (the "Lease") is made and entered into by and between the **SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT**, a county sanitation district formed pursuant to and operating under the authority of the County Sanitation District Act, commencing at Health and Safety Code section 4700, (hereinafter "REGIONAL SAN"), and _____ (hereinafter "LESSEE") and shall be effective upon the date REGIONAL SAN executes this Lease as set forth on the signature page hereof (the "Effective Date").

RECITALS

A. REGIONAL SAN is the owner of that certain real property situated in the County of Sacramento more particularly described in Paragraph 1.1 below, and herein referred to alternatively as either the "Leased Premises" or the "Premises"; and

B. The benefits to REGIONAL SAN may be maximized by leasing the property for agricultural use pending any determination by REGIONAL SAN to make further public use of said Premises; and

C. REGIONAL SAN solicited request for proposals to lease Premises in [Month] _____ 20___. On _____, 20___, LESSEE submitted a proposal and, as a result of the review and selection process, was awarded a contract to lease the Premises for agricultural purposes.

D. LESSEE desires to lease the Premises from REGIONAL SAN for agricultural use on the promises, terms, conditions and covenants hereinafter set forth; and

E. REGIONAL SAN is, therefore, willing to lease the Premises to LESSEE upon the promises, terms, conditions and covenants set forth hereinbelow.

AGREEMENT

NOW, THEREFORE, parties agree as follows:

**ARTICLE I
PREMISES**

1.1 LEASED PREMISES. REGIONAL SAN hereby leases to LESSEE and LESSEE hereby hires and accepts from REGIONAL SAN on the terms and conditions contained in this Lease that certain real property consisting of approximately 73 net acres, situated in the County of Sacramento, commonly known as a portion of APN 119-0131-003, located south of Sims Road and west of Franklin Boulevard in Sacramento County, CA, and more particularly described in the attached Exhibit "A".

**ARTICLE II
TERM**

2.1 TERM COMMENCEMENT. The term of this Lease (the "Term") shall commence and LESSEE's obligation to pay Rent shall accrue upon _____ (the "Commencement Date").

2.2 EXPIRATION. Unless sooner terminated as herein provided the Term shall expire and end at 12:00 o'clock midnight, local time on _____ (the "Expiration Date").

2.3 EARLY TERMINATION

A. By Lessee. Lessee shall have the option to terminate this Lease in the event of a reduction in LESSEE's rights under Subparagraph 2.5 B below, when such reduction renders the Leased Premises unsuitable for LESSEE's operations, and REGIONAL SAN does not furnish equivalent access and rights within thirty (30) days of said reduction, LESSEE may terminate this Lease by giving ninety (90) days written notice to REGIONAL SAN.

B. By Regional San. REGIONAL SAN may terminate this Lease prior to expiration of the Term in the event of LESSEE's default in the performance of any promise, term, condition or covenant required of it to be performed hereunder by giving LESSEE a minimum of thirty (30) days advance written notice.

2.4 HOLDOVER.

A. Month to Month Tenancy. If LESSEE remains in possession of the Leased Premises for sixty (60) or fewer days following the expiration or sooner termination of this Lease, such holding over shall not be deemed to constitute an extension or renewal of this Lease, but shall merely create a tenancy from month to month which either party hereto may terminate upon thirty (30) days advance written notice to the other. In the event of such holding over, LESSEE shall perform all terms, promises, conditions and covenants, required of it hereunder, and shall pay Rent to REGIONAL SAN in such amounts as may be designated by REGIONAL SAN, which in no case shall be less than that in effect immediately prior to such expiration or sooner termination of this Lease.

B. Year to Year Tenancy. Notwithstanding the above, and pursuant to California Code of Civil Procedure, Section 1161, Subsection 2 concerning tenancy upon agricultural lands, if LESSEE remains in possession of the Leased Premises for **more than** sixty (60) days following the expiration or sooner termination of this Lease, **without** any demand for possession or notice to quit being given by REGIONAL SAN, LESSEE shall be deemed to be holding by permission of REGIONAL SAN and LESSEE shall be entitled to hold under the terms of the Lease as in effect immediately prior to such expiration for another full year, and such holding for the period aforesaid shall be taken and construed as a consent on the part of LESSEE to be bound by all of the terms and conditions thereof for another year. LESSEE shall pay Rent to REGIONAL SAN in such amounts as may be designated by REGIONAL SAN, which in no case shall be less than that in effect immediately prior to such expiration or sooner termination of this Lease.

2.5 ASSIGNMENT, SUBLETTING AND REASSIGNMENT.

A. Assignment And Subletting By Lessee. LESSEE shall neither sublet the Premises, nor any part thereof, nor assign this Lease, in whole or in part, without the prior written consent of REGIONAL SAN, which consent shall not unreasonably be withheld.

B. Reassignment By Regional San. REGIONAL SAN reserves the right, at any time during the Term of this Lease, to demand and receive reassignment from LESSEE of all, or any portion of, said Premises for any purposes other than that authorized by this Lease. Any such demand by REGIONAL SAN for reassignment shall be made in writing. LESSEE hereby agrees that REGIONAL SAN's decision in the matter shall be conclusive and further agrees to make such reassignment when so requested. If any portion of said Premises is reassigned to REGIONAL SAN as provided herein, the parties hereto agree that the terms of this Lease shall remain in full force and effect with regard to the Premises not reassigned. If applicable, Rent based on acreage will be adjusted to reflect the change in acreage.

2.6 SURRENDER. LESSEE shall peaceably surrender possession of the Premises upon expiration or sooner termination of this Lease in as good order and condition as when received, excepting reasonable wear, destruction by lightning or other natural causes, or fire not caused by the acts or omissions of LESSEE, its officers, agents, employees, subcontractors, customers, invitees, or other persons doing business with LESSEE, or on the Premises with the consent of LESSEE.

2.7 REMOVAL OF PERSONAL PROPERTY UPON TERMINATION. Upon expiration or sooner termination of this Lease, LESSEE shall promptly remove all personal property not owned by REGIONAL SAN. All injury or damage to REGIONAL SAN property caused by such removal shall be repaired at LESSEE's sole cost and expense. LESSEE shall remove such personal property within thirty (30) days of such expiration or earlier termination date.

2.8 ABANDONED PERSONAL PROPERTY. Any LESSEE's personal property not removed within thirty (30) days of termination or expiration of this Lease shall be deemed abandoned property and shall thereupon become the property of REGIONAL

SAN to be used or disposed of by REGIONAL SAN without compensation to LESSEE. If REGIONAL SAN disposes of property abandoned by LESSEE within one hundred twenty (120) days after being abandoned by LESSEE, LESSEE shall compensate REGIONAL SAN for the actual costs incurred in disposing of any such abandoned property to the extent disposal costs exceed the amount realized through their disposal, provided such compensation shall not exceed \$25,000. This limitation shall not apply to any Article VIII liability.

2.9 RELOCATION PAYMENT. No relocation payment or assistance will be made to LESSEE by REGIONAL SAN upon termination of tenancy.

**ARTICLE III
RENT**

3.1 ANNUAL RENT. LESSEE’s obligation to pay rent shall commence on the Commencement Date. LESSEE shall pay in advance to REGIONAL SAN annual rent (the “Rent”) during the Term, per the table shown below, without demand, offset or deduction. LESSEE will make checks payable to ‘Sacramento Regional County Sanitation District’ at the office of the District Engineer of REGIONAL SAN, to the attention of the Finance Department, 10060 Goethe Road, Sacramento, California 95827, or at such other place as the REGIONAL SAN may designate in writing. The Rent shall be payable on or before each Lease Anniversary Date. "Anniversary Date" means the date which is one year after the Lease Commencement Date, and annually thereafter until Lease is terminated.

Term Years	Total Annual Rent During Term
1	
2	
3	
4	
5	

3.2 ACCORD AND SATISFACTION. No payment by LESSEE or receipt by REGIONAL SAN of a lesser amount than the Rent, fees and/or charges due from LESSEE hereunder shall be deemed to be other than on account of the Rent, fees and/or charges due, and no endorsement or statement on any check or in any letter accompanying any check or payment as Rent, fees and/or charges shall be deemed an accord and satisfaction, and REGIONAL SAN may accept such check or payment without prejudice to REGIONAL SAN’s right to recover the balance of such Rent, fees and/or charges or to pursue any other remedy provided in this Lease.

3.3 ADDITIONAL FEES, CHARGES AND RENTALS. LESSEE shall pay to REGIONAL SAN additional fees, charges and rentals in the event of any of the following:

- A. If REGIONAL SAN has paid any sum or sums, or has incurred any obligation which LESSEE has agreed to pay or reimburse REGIONAL SAN, or for which LESSEE is otherwise responsible;
- B. If REGIONAL SAN is required or elects to pay any sum or sums, or incur any obligation or expense, because of the failure, neglect or refusal of LESSEE to perform or fulfill any of the promises, terms, conditions or covenants required of LESSEE hereunder;
- C. Pursuant to any separate agreement between the parties not contained herein, but made in reference hereto; or
- D. Pursuant to any ordinance, resolution or regulation of REGIONAL SAN.

LESSEE's obligations pursuant to this Section 3.4 shall include all interest, costs, damages, and penalties in conjunction with such sums so paid or expenses so incurred by REGIONAL SAN, which may be added by REGIONAL SAN to any installment of fees, charges and Rents payable hereunder. Each and every part of such payment by REGIONAL SAN shall be recoverable by REGIONAL SAN in the same manner and with like remedies as if it were expressly set forth herein.

For all purposes under this Article III, and in any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum or sums by REGIONAL SAN for or in connection with any work done or material furnished shall be prima facie evidence against LESSEE that the amount of such payment was necessary and reasonable.

LESSEE shall pay REGIONAL SAN pursuant to this Article III within thirty (30) days following demand therefor, or within the time specified by applicable ordinance, resolution, or regulation of REGIONAL SAN.

ARTICLE IV LEASE COSTS

- 4.1 UTILITIES.** LESSEE shall be responsible, at LESSEE's sole cost and expense, for payment of all charges for electric power, water, sewer, garbage, waste removal, and any other charges in connection with the use of said Premises.
- 4.2 LESSEE PAYMENT OF OPERATING COSTS.** LESSEE shall pay all operating costs including, but not limited to, land preparation, seed, seeding fertilizer, weed control, harvesting and marketing. LESSEE shall pay all costs for the provision of water brought to or used at the Leased Premises, if any.

4.3 TAXES, POSSESSORY INTEREST, AND SPECIAL TAXATION.

- A.** LESSEE shall, at LESSEE's sole cost and expense, pay any and all taxes, assessments, and other charges of whatsoever character that may be levied or charged upon LESSEE's interest, as herein may be created; improvements; operations; or right to use of the Premises.
- B.** Under this Lease a possessory interest subject to property taxation and special taxation may be created. Pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), Part 1, Division 2, Title 5, of the Government Code, notice is hereby given that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to the payment of property or special taxes levied on such interest.

C. LESSEE's Right to Contest Taxes:

(1) LESSEE shall have the right to contest in its own name, or, to the extent reasonably necessary, in REGIONAL SAN's name, in good faith and by all appropriate proceedings, the amount, applicability, or validity of any tax assessment pertaining to the Premises and LESSEE's operations thereon.

(2) In the event LESSEE initiates such contest, REGIONAL SAN shall reasonably cooperate with LESSEE, provided that such contest will not subject any part of the Premises to forfeiture or loss; and provided, further, that if LESSEE contests any assessment made by the Assessor of County, such contest shall not be initiated in the name of REGIONAL SAN, and REGIONAL SAN shall not be obligated to cooperate therewith.

(3) If at any time payment of any tax or assessment becomes necessary to prevent any forfeiture or loss, LESSEE shall timely pay such tax or assessment to prevent such forfeiture or loss.

4.4 LICENSES AND PERMITS. LESSEE shall obtain, at LESSEE's sole cost and expense, all necessary licenses and permits required for construction of improvements or installation of equipment on the Premises, and any other licenses or permits necessary for the conduct of LESSEE's operations.

4.5 WITHOUT COST TO REGIONAL SAN. Except as otherwise expressly provided, this Lease shall be without cost to REGIONAL SAN for the maintenance and improvement of the Premises. LESSEE shall be responsible for all costs associated with performance of LESSEE's obligations under this Lease. In the event LESSEE fails to remedy a situation to the satisfaction of REGIONAL SAN, REGIONAL SAN reserves the right to correct the condition at the sole expense of LESSEE who agrees to pay such expense promptly following invoice presentation by REGIONAL SAN.

**ARTICLE V
DISCLAIMERS**

5.1 ACCEPTANCE OF LEASED PREMISES "AS IS"; DISCLAIMER. LESSEE hereby accepts the Premises "as is", in the condition existing at the Lease Commencement Date. LESSEE's taking possession of the Leased Premises shall be conclusive evidence that the condition thereof is satisfactory to LESSEE. REGIONAL SAN makes no representation or warranty that the Leased Premises are suitable for the uses to which LESSEE shall be restricted under this Lease. Further, REGIONAL SAN makes no representation or warranty of soil suitability for the growing of any vegetation that LESSEE is authorized to grow under this Lease.

5.2 WATER SUPPLY. REGIONAL SAN does not warrant the existence of water at or the water supply to the Premises. LESSEE accepts the risk and is fully aware of the condition of any water supply system serving the Leased Premises. LESSEE understands that there are existing legal restraints or may be legal constraints upon the sources of water made available to the Leased Premises and the surrounding lands. **LESSEE accepts the risk of a shortage or reduction in water supply which may arise from failures of wells, lack of legal authority to divert or deliver water and agrees hereby to waive any and all claims against REGIONAL SAN for damages, loss or reduction in harvest yield or any other nature of damage or expense which may arise from water unavailability, fluctuations, or degradation of the quality of water diverted.** LESSEE agrees to indemnify REGIONAL SAN, the County of Sacramento, their respective Boards, officers, directors, employees and authorized volunteers and agents from any such claims or costs of defense of those claims which might be made against REGIONAL SAN by third parties claiming through LESSEE or as a beneficiary of LESSEE's. As to any water supply features such as wells, pumps or other apparatus which require repair or replacement during the Term of the Lease, LESSEE may elect to repair, reconstruct, or replace any of these items or facilities at LESSEE's cost. Such repair, reconstruction, or replacement of said facilities is subject to REGIONAL SAN approval.

5.3 STATEMENT REGARDING A CERTIFIED ACCESS SPECIALIST.

Pursuant to California Civil Code §1938, the REGIONAL SAN states that the Premises:

- Have not undergone an inspection by a Certified Access Specialist (CASp).
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards and a disability access inspection certificate has been issued pursuant to California Civil Code §55.51 et seq.
- Have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

A Certified Access Specialist (CASp) can inspect the Premises and determine whether the Premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises.

- 5.4 ENVIRONMENTAL CONDITION.** REGIONAL SAN does not warrant the environmental condition of the Leased Premises at any time; including but not limited to the time of execution by Lessee, the Lease Commencement Date, or during the Term, of the Lease.

ARTICLE VI USE OF PREMISES

- 6.1 AGRICULTURAL PURPOSES.** LESSEE shall use the Leased Premises for Agricultural Purposes only. "Agricultural Purposes" means farming operations of grazing, plowing, tilling, planting, cultivating and harvesting on the Leased Premises, in a manner consistent with sound agricultural practices commensurate with the custom and practice within the County of Sacramento. The LESSEE shall not engage in any use of the Leased Premises other than as provided in this Lease without the prior written consent of REGIONAL SAN.

- 6.2 RESTRICTIONS.** To the extent applicable, Lessee shall comply with the guidelines specified in Exhibit "C", attached hereto and incorporated herein by this reference.

6.3 PROHIBITED ACTIVITIES.

- A. Waste and Nuisance.** LESSEE shall not commit, or permit others to commit waste or erect, permit to be erected, or allow to exist any nuisance on the Leased Premises.
- B. Trash Accumulation.** LESSEE shall not permit any trash or garbage to accumulate on or about the Leased Premises.
- C. Oil Exploration/Extraction.** LESSEE shall not explore for or extract any oil, gas or other mineral deposits from the Leased Premises.
- D. Open Air Burning.** LESSEE shall not do any burning on the Premises without the prior written permission of REGIONAL SAN. Additionally, LESSEE shall obtain the permits and authorizations required by law or ordinance when conducting any such authorized burning.

- E. Hunting.** No hunting is permitted on the Leased Premises. A violation of this covenant shall constitute a material breach of this Lease. LESSEE shall undertake reasonable effort to prevent hunting by third parties on the Leased Premises.
- F. Alterations/Improvements.** LESSEE shall not add improvements or make any alterations or changes to existing improvements without prior written approval of REGIONAL SAN unless necessity demands otherwise to preserve the Leased Property, in which case LESSEE will provide reasonable notice to REGIONAL SAN, subject to REGIONAL SAN's objection to such improvements.
- G. Water Conveyance Structures.** LESSEE is prohibited from taking any action that would have the effect of dewatering any permanent water conveyance structures within or appurtenant to the Premises. Such dewatering may negatively affect or destroy aquatic habitat for the Giant Garter Snake, a species protected pursuant to the Federal and California endangered species acts.
- H. Signs.** LESSEE shall not erect, maintain, or display any sign on the Premises without the prior written consent of REGIONAL SAN. "Sign" or "Signs" means any advertising sign, billboard, identification sign or symbol, poster, or other similar device, regardless of content.

ARTICLE VII MAINTENANCE

- 7.1 MAINTENANCE.** LESSEE shall maintain the Premises, including any improvements, in like or similar condition as existed at the beginning of the tenancy, normal wear and depreciation beyond the LESSEE's control excepted, and shall faithfully perform terms, conditions, and covenants required by this Lease. LESSEE shall care for both the Leased Premises and approaches to and appurtenances of the Leased Premises, including but not limited to, all fences, gates, wells, pumps, water control structures, culverts ditches, levees and roadways, and maintain them in the same condition as received, normal wear and tear excepted.
- 7.2 HUSBANDRY-LIKE OPERATION.** LESSEE will operate the Premises in an efficient and husbandry-like manner which is consistent with Good Farming Practices in the County of Sacramento and the State of California and which will conserve REGIONAL SAN's property. "Good Farming Practices" means those methods, actions, and activities generally performed by and consistent with sound agricultural practices commensurate with the custom and practice within the County of Sacramento and the State of California. Where the Lease authorizes the presence of farm animals, all operations incident thereto shall be carried out according to the best course of animal husbandry practiced in the County of Sacramento, subject to specific limitations enumerated in this Lease. LESSEE agrees that it will not utilize experimental farming methods upon the Leased Premises without the prior written approval of REGIONAL SAN, which may be withheld in its sole discretion.

- 7.3 WEED ABATEMENT; FIREBREAKS.** LESSEE will be responsible for weed abatement and for creating and maintaining firebreaks on the Leased Premises throughout the Term hereof. Said abatement and firebreaks shall be in accordance with all applicable Fire Code provisions and, in addition, shall conform to any requirements deemed necessary by REGIONAL SAN for adequate protection of REGIONAL SAN-owned property.
- 7.4 WATER FLOW.** LESSEE shall keep all irrigation ditches, culverts, pipes, and water return systems located within the Leased Premises clean and free of weeds, debris and other obstructions restricting flow.
- 7.5 RECYCLED WATER.** LESSEE is encouraged to use recycled water, according to its permitted uses, if it becomes available and is cost effective for use at the Leased Premises. The use of recycled water is encouraged to offset potable and irrigation water supplies and to provide environmental benefits. Further, LESSEE is responsible for complying with all applicable restrictions and all applicable recycled water quality standards for use of recycled water by LESSEE at the Premises.
- 7.6 LESSEE-CAUSED DAMAGE.** LESSEE shall notify REGIONAL SAN of any damage to REGIONAL SAN property, including REGIONAL SAN property not within the Leased Premises, caused by LESSEE, its employees or agents, and repair same in a manner and to a standard approved in advance by REGIONAL SAN.

ARTICLE VIII COMPLIANCE WITH LAWS

- 8.1 COMPLIANCE WITH LAWS.** LESSEE's use of the Leased Premises shall be in compliance with all applicable federal, state and local laws, regulations and enactments; local laws, ordinances, rules and regulations; and the requirements of any other duly authorized governmental agency. In addition, LESSEE shall comply with all applicable local, state and federal occupational safety and health acts and regulations. If any failure by LESSEE to comply with any such laws, regulations, and enactments, shall result in any fine, penalty, cost or charge being assessed, imposed or charged against REGIONAL SAN, LESSEE shall reimburse and indemnify REGIONAL SAN and County of Sacramento for any such fine, penalty, cost or charge, including without limitation attorney's fees, court costs and expenses (excepting environmental fines and penalties which shall be handled in accordance with Sections 8.4 and 8.5 below). LESSEE further agrees in the event of any such action, upon notice thereof being provided by REGIONAL SAN, to defend such action free of cost, charge or expense to REGIONAL SAN.
- 8.2 REQUIRED REPORTING.** LESSEE shall file any and all reports as required by federal, state, and local law, including but not limited to the Statement of Diversion and Use with the Division of Water Rights, California State Water Resources Control Board and report to Sacramento County Consolidated Farm Services Agency (CFSA) all information required for crops grown each season. LESSEE shall assume responsibility for and payment of any fines or penalties levied on either REGIONAL SAN or LESSEE

arising from inaccurate reporting or non-compliance. In addition, LESSEE shall assume responsibility for and payment of any future fees imposed by federal, state, or local government agencies related to regulatory requirements, including but not limited to diversion of water.

8.3 CHEMICALS AND OTHER SUBSTANCES. No fertilizer, pesticide, chemical or other foreign substance, except those substances (and quantities) approved by the United States Department of Agriculture, by the California Department of Food and Agriculture and by any other applicable governmental agency ("Approved Substances"), shall be stored upon or applied by LESSEE to the Premises or crops growing thereon or otherwise be used by LESSEE. The use of Approved Substances by LESSEE shall be in strict conformity with all applicable laws, rules and regulations and with the manufacturer's instructions respecting the manner and timing of application and with all legal requirements. Approved Substances used by LESSEE shall not be used in such a fashion as to impact any property other than the Leased Premises. No experimental fertilizer or chemical or genetically engineered plants shall be applied to the Leased Premises or to the crops growing thereon, except with REGIONAL SAN's prior written consent which may be withheld. LESSEE shall maintain records in accordance with sound business practices and all pertinent governmental regulations respecting the time, place, quality, quantity, kind and method of application of all such substances as may be utilized by LESSEE and shall furnish to REGIONAL SAN, upon request, true and correct copies thereof.

LESSEE shall provide to the County of Sacramento's Agricultural Commissioner at 4137 Branch Center Road, Sacramento, California 95827, all reports of the use of economic poisons as required in Sections 6624 and 6626, Title 3 Food and Agriculture, California Code of Regulation, as the same may be amended. In addition, LESSEE shall comply with applicable provisions of the Food and Agricultural Code, and Title 3 Food and Agriculture, California Code of Regulations, as amended, regulating the use of economic poisons. Failure to comply with this subsection shall constitute a material breach of the Lease by LESSEE.

LESSEE shall store all chemicals in suitable non-leak containers and place them in secure enclosed locations.

8.4 HAZARDOUS MATERIALS.

A. Lessee's Compliance with Environmental Laws. LESSEE shall at all times in all respects comply with all environmental laws and any amendments thereto affecting LESSEE's use of and operation on the Leased Premises, including all federal, state and local laws, ordinances and regulations relating to Hazardous Material. Without limiting the generality of the forgoing, reference is made to the provisions set forth in Sacramento County Code, Chapter 6.96, requiring disclosure of any Hazardous Materials used or stored on the Leased Premises, and providing to REGIONAL SAN copies of Material Safety Data Sheets (MSDS) from the manufacturer on each product. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste that is or becomes regulated by any local government authority, the State of California or

the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (1) defined as "Hazardous Waste," "Extremely Hazardous Waste" or "Restricted Hazardous Waste" under Section 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (2) defined as a "Hazardous Substance" under Section 25316 of the California Health and Safety Code, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (3) defined as a "Hazardous Material" or "Hazardous Substance" or "Hazardous Waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (4) defined as a "Hazardous Substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (5) petroleum or petroleum containing compounds; (6) asbestos; (7) listed under Article 9, or defined as Hazardous Wastes or Extremely Hazardous pursuant to Article 11, of Title 22 of the California Code of Regulations, Division 4, Chapter 20; (8) designated as a "Hazardous Waste" pursuant to Section 311 of the Federal Water Pollution control Act (33 USC Section 1317); (9) defined as "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 USC Section 6901 et seq. (42 USC Section 6903); or (10) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability act, 42 USC Section 9601 et seq. (42 USC Section 9601).

B. Indemnification By Lessee For Hazardous Materials Contamination. If LESSEE causes, or permits the use or storage of hazardous materials resulting in contamination of the Leased Premises, then LESSEE shall indemnify, defend and hold REGIONAL SAN, the County of Sacramento, their governing Boards, officers, directors, officials, employees, authorized volunteers and agents harmless from any claims, judgments, damages, penalties, fines, costs, liabilities or losses which arise during or after the Term of this Lease as a result of such contamination. This indemnification of REGIONAL SAN and the County of Sacramento by LESSEE includes, without limitation, costs incurred in connection with any reasonable investigation of site conditions or any cleanup, remedial action, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Leased Premises, excepting pre-existing conditions. In no event shall LESSEE be responsible for any contamination found on or under the Leased Premises that existed prior to LESSEE's occupancy. Without limiting the foregoing, if the presence of any Hazardous Material on the Leased Premises caused or permitted by LESSEE results in any contamination of the Leased Premises, LESSEE shall promptly take all actions at its sole expense as are necessary to render the Leased Premises in compliance with all applicable environmental laws; provided that REGIONAL SAN's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse effect on the Leased Premises.

The provisions of this section shall survive the expiration or termination of this Lease.

- C. Approval Required Regarding Hazardous Materials.** LESSEE shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Leased Premises by LESSEE, its officers, members, agents, employees, guests, contractors or invitees without the prior written consent of REGIONAL SAN. With respect to Hazardous Materials normally and routinely used in LESSEE's operations, REGIONAL SAN's approval shall be a continuing approval subject to review on such periodic basis as REGIONAL SAN determines to be appropriate.
- D. Management of Hazardous Materials.** The Leased Premises shall not be used for the storage of any hazardous materials except those incidental, normal and routine to LESSEE's use of the Leased Premises and then only in reasonable quantities and stored in accordance with all applicable laws, regulations and ordinances. LESSEE shall place approved, above ground fuel tanks on a walled concrete pad designed to contain any leakage or fuel spills. LESSEE shall make certain that during the repair or servicing of any equipment on the Leased Premises no discharge of any petroleum product is leaked to the ground. All petroleum products shall be discharged only into a leak-proof container and removed from the Premises immediately. No storage of discharged petroleum products shall be permitted upon the Lease Premises.
- E. Notices.** LESSEE shall promptly notify REGIONAL SAN and REGIONAL SAN shall promptly notify LESSEE in writing of: (1) any enforcement, cleanup, removal or governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials laws; (2) any claim made by any person against LESSEE or the Leased Premises relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claiming to result from any Hazardous Materials in or on the Leased Premises; and (3) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Leased Premises, including any complaints, notices, warning or asserted violations in connection therewith (but excluding routine manifests, records or receipts that are submitted to environmental agencies for purposes of documenting waste disposal or product receipt activities). LESSEE shall also supply to REGIONAL SAN and REGIONAL SAN shall also supply to LESSEE as promptly as possible, and in any event within ten (10) business days after the other first receives or sends the same, copies of all claims, reports, complaints, notices or warning or asserted violations relating in any way to the Leased Premises or the other's use thereof.
- F. Copies of Environmental Audits.** LESSEE may review any environmental audits performed prior to the effective date of this Lease and in REGIONAL SAN's possession at a time convenient to REGIONAL SAN in REGIONAL SAN's office. REGIONAL SAN is deemed to have disclosed to LESSEE and LESSEE is deemed to have actual knowledge of the environmental conditions of the Leased Premises.
- G. Environmental Audit on Termination.** REGIONAL SAN shall have the right to require LESSEE to conduct an environmental audit upon expiration or earlier termination of this Lease. Said audit shall be conducted at LESSEE's expense according to the procedures and by a person or entity approved by REGIONAL SAN. The results of any such audit

(including any reports, documents or test results) shall be simultaneously provided to REGIONAL SAN and LESSEE.

8.5 PROTECTED NATURAL RESOURCES.

- A. Lessee's Compliance with Environmental Laws.** LESSEE shall at all times in all respects comply with all environmental laws and any amendments thereto affecting LESSEE's use of and operation on the Leased Premises, including all federal, state and local laws, ordinances and regulations relating to endangered, threatened and other sensitive species. Without limiting the generality of the foregoing, reference is made to the provisions set forth in the California Endangered Species Act (California Fish and Game Code Section 2050, et seq.); the Federal Endangered Species Act (16 U.S.C. Sections 1531 – 1543); and the Federal Migratory Bird Treaty Act (16 U.S.C. Sections 703-712).

LESSEE shall assume responsibility for and payment of any fines or penalties levied on either REGIONAL SAN or LESSEE by any applicable local, state or federal authority (hereinafter Authority) for breaches by LESSEE of the Authority's environmental regulations. LESSEE agrees to be solely liable for the payment of all fines and penalties resulting from LESSEE's breach of Authority's environmental regulations, except and in proportion to the extent caused by the negligence or willful misconduct of REGIONAL SAN.

In addition, LESSEE understands and acknowledges that, during the Term of this Lease, the environmental regulations implemented or imposed by the Authority on REGIONAL SAN and LESSEE may change and LESSEE specifically agrees to comply with any future applicable environmental regulations implemented or imposed by the Authority on REGIONAL SAN or LESSEE.

The provisions of this section shall survive the expiration or termination of this Lease.

- B. Avoidance and Minimization.** LESSEE shall at all times engage in appropriate avoidance and minimization measures to prevent the unlawful take, possession or destruction of any protected species. This includes birds-of-prey, and the take, possession or destruction of the eggs and nests of any such bird.
- C. Natural Resource Coordinator.** REGIONAL SAN's Bufferlands Natural Resource Supervisor Bryan Young will be contacted concerning any questions related to this paragraph, at 8521 Laguna Station Road, Elk Grove, CA 95758; Phone: (916) 875-9273; E-mail: YoungB@sacsewer.com. LESSEE shall not cut or remove trees/shrubs or otherwise impact wildlife habitat within or adjacent to Leased Premises without prior consent from the Natural Resource Coordinator.

- 8.6 CULTURAL RESOURCES.** If any cultural resources, such as structural features, unusual amounts of bone or shell, artifacts, human remains, or architectural remains be encountered during any activities, work shall be suspended and the County of Sacramento's Department of Planning and Environmental Review (PER) shall be

immediately notified at (916) 874-7914. At that time, PER will coordinate any necessary investigation of the find with appropriate specialists as needed. The project applicant shall be required to implement any mitigation deemed necessary for the protection of the cultural resources. In addition, pursuant to Section 5097.97 of the State Public Resources Code and Section 7050.5 of the State Health and Safety Code, in the event of the discovery of human remains, all work is to stop and the County Coroner shall be immediately notified. If the remains are determined to be Native American, guidelines of the Native American Heritage Commission shall be adhered to in the treatment and disposition of the remains.

ARTICLE IX RISK MANAGEMENT

9.1 INSURANCE; LIABILITY.

A. Insurance. Throughout the Term of this Lease, LESSEE for itself and its officers, representatives, agents, employees, subcontractors, licensees, invitees, and suppliers shall maintain in full force and effect the forms of insurance specified in Exhibit "B", attached hereto and incorporated herein by this reference.

B. No liability for loss or damage to LESSEE's equipment or structures. In the event that LESSEE's equipment or structures installed on the Premises are damaged in any way, irrespective of the cause, REGIONAL SAN shall not be liable therefor and LESSEE shall have no claim or right against REGIONAL SAN for the costs of repair or replacement. This clause is intended as a complete release of liability in favor of REGIONAL SAN, including without limitation all claims whether known or unknown, liquidated or unliquidated, contingent or absolute. LESSEE has knowledge of and understands the terms and effect of California Civil Code Section 1542, and voluntarily waives the benefit of the terms of that statute.

9.2 RISK REDUCTION. LESSEE shall neither use nor permit the use of the Premises in such a manner as to increase the rate of insurance thereon in excess of that in existence at the commencement of the Term hereof.

9.3 INDEMNIFICATION. By acceptance of this Lease, to the fullest extent permitted by law, LESSEE shall indemnify, defend (with counsel reasonably acceptable to REGIONAL SAN), and hold harmless REGIONAL SAN, the County of Sacramento, its governing Boards, officers, directors, officials, employees, and authorized volunteers and agents, (collectively "Indemnified Parties"), from and against any and all claims, demands, actions, losses, liabilities, damages, and all expenses and costs incidental thereto (collectively "Claims"), including cost of defense, settlement, arbitration, and reasonable attorneys' fees, sustained by any person or to any property in, on, or about the Leased Premises, resulting from injuries to or death of persons, including but not limited to employees of either Party hereto, and damage to or destruction of property or loss of use or reduction in value thereof, including but not limited to the property of either Party hereto, arising out of, pertaining to, or resulting from the acts or omissions of LESSEE, its officers, directors, officials, employees, volunteers, agents, contractors, invitees or

guests. LESSEE understands and agrees that its obligation to indemnify REGIONAL SAN, the County of Sacramento its governing Boards, officers, directors, officials, employees and authorized volunteers and agents, shall apply regardless of any loss, damage or cost resulting from, whether in whole or in part, any negligent act or omission, or any other negligence, concurrent or otherwise, on the part of REGIONAL SAN or any other party indemnified hereunder, except only those Claims caused by the sole negligence or willful misconduct of an Indemnified Party.

This indemnity obligation shall not be limited by the types and amounts of insurance or self-insurance maintained by the Lessee.

Nothing in this indemnity obligation shall be construed to create any duty to, any standard of care with reference to, or any liability or obligation, contractual or otherwise, to any third party.

The provisions of this indemnity obligation shall survive the expiration or termination of the Lease.

9.4 NOTICE OF CLAIMS AND SUIT.

- A.** REGIONAL SAN and LESSEE shall each give the other prompt and timely written notice of any personal injury or other accident claim for in excess of ONE THOUSAND AND NO/100ths DOLLARS (\$1,000.00), and of any lawsuit coming to its knowledge when either such claim or lawsuit arises out of or is in any way connected with the Premises or the operations of LESSEE hereunder, which in any way, directly, indirectly, contingently or otherwise, might reasonably affect the parties' relationship under this Lease.
- B.** Such notice shall be deemed prompt and timely if given within thirty (30) calendar days following the date of receipt of such claim by an officer, agent, or employee of either party, and if given within ten (10) calendar days following the date of service of process upon either party with respect to any such lawsuit.

ARTICLE X GENERAL CONDITIONS

10.1 REGIONAL SAN'S ENTRY. REGIONAL SAN reserves the right, without limitation and without liability to LESSEE, to enter the Premises throughout the Term of this Lease, for any lawful purpose, including but not limited to, inspection, surveying, testing, hole boring, and any purpose not substantially interfering with LESSEE's use. Such entry may be performed by REGIONAL SAN's officers, agents, and employees or those authorized by REGIONAL SAN and the purpose may include determining whether LESSEE is complying with LESSEE's obligations under this Lease.

10.2 NOTICES.

- A. Designation of Location.** Any notice, demand, request, consent, or approval that either party hereto may or is required to give the other, shall be in writing, and shall be either personally delivered or sent by first class mail in a postpaid envelope, addressed as follows:

To REGIONAL SAN:
County of Sacramento
Real Estate Division
Attn: Asset Management Section
3711 Branch Center Road
Sacramento, CA 95827

To LESSEE:

with copy to:
REGIONAL SAN
Bufferlands Management Office
Attn: Bryan Young
8521 Laguna Station Road
Elk Grove, CA 95758-9550
Youngb@sacsewer.com

- B. Change of Location.** Either party hereto shall have the right by giving notice to the other, to change the address at which it will receive such communications. Such communications shall be deemed received upon delivery, if personally delivered, or on the fifth (5th) day following deposit in the mail, if sent by mail.

10.3 SUBORDINATION TO OIL AND GAS LEASE AND/OR PRODUCTION. It is agreed that any oil or gas leases covering any part of the Premises, or any such leases hereafter made by REGIONAL SAN for the purpose of drilling for, storing or transporting oil, gas or other hydrocarbon substances and the rights and privileges granted under said lease or leases shall take priority over this Lease, and nothing contained in this Lease shall operate or be constructed to interfere with any such lease or leases for the aforesaid purposes, provided however, that LESSEE shall be reimbursed for his pro rata share for damages to growing crops, if any. LESSEE's authorized use of the Premises shall not interfere with any rights under any oil or gas lease between REGIONAL SAN and other parties with respect to the Premises.

10.4 CONSERVATION EASEMENT. The Leased Premises may be encumbered by a conservation easement as the same is authorized and provided for in California Civil Code Section 815 et seq. The provisions of any such conservation easement are incorporated herein by this reference, and are binding upon the tenant.

10.5 TITLE TO THE PREMISES. Fee title to the Premises is and shall remain vested in REGIONAL SAN. Nothing contained in this Lease and no action or inaction by REGIONAL SAN shall be deemed or construed that REGIONAL SAN has granted to LESSEE any right, power or permission to do any act or to make any agreement which may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of REGIONAL SAN in the Premises.

- 10.6 TITLE TO LEASEHOLD IMPROVEMENTS.** Title to all existing buildings or other improvements, and any additions, improvements or alterations by LESSEE upon the Premises shall, upon expiration or sooner termination of this Lease, vest in REGIONAL SAN without further consideration to LESSEE.
- 10.7 SUCCESSORS AND ASSIGNS.** The provisions of this Lease shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, and personal representatives of the parties hereto.
- 10.8 NONWAIVER OF RIGHTS.** No waiver of default by either party hereto of any of the terms, promises, covenants, or conditions hereof to be performed, kept, and observed by the other party shall be construed as, or shall operate as, a waiver of any subsequent default of any of the terms, promises, covenants, or conditions herein contained, to be performed, kept, and observed by such other party.
- 10.9 FORCE MAJEURE.** Neither REGIONAL SAN nor LESSEE shall be deemed to be in breach of this Lease if either is prevented from performing any of its obligations hereunder by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of a public enemy, act of a superior governmental authority, weather conditions, rebellion, riot, sabotage, or any other circumstance for which it is not responsible, or which is not within its control.
- 10.10 DAMAGE OR DESTRUCTION.** If destruction, total or partial, occurs during the Term of this Lease, this Lease may be terminated by either party by giving a thirty (30) days advance written notice to the other. If major repairs to the Premises are required or needed during the Term of this Lease, REGIONAL SAN may elect to terminate this Lease rather than make the repairs to the Premises.
- 10.11 TIME OF THE ESSENCE.** Time is of the essence in the performance of this Lease.
- 10.12 CREDIT REPORTING.** The Lessee understands and acknowledges if the Lessee fails to fulfill the terms of their obligations within this Lease Agreement, a negative credit report reflecting the Lessee's credit may be submitted to a credit-reporting agency.
- 10.13 CONSTRUCTION AND VENUE.** This Lease shall be interpreted and enforced in accordance with the statutory and decisional law of the State of California. In the event of a dispute between the parties as to the language of this Lease or the construction or meaning of any term hereof, this Lease shall be deemed to have been drafted by the parties in equal parts so that no presumption or inferences concerning its terms or interpretation may be construed against any part to this Lease. Any litigation filed or arbitration sought by LESSEE or REGIONAL SAN against the other regarding the terms of this Lease, performance of a party's obligations under this Lease, or any other reason related in any way to this Lease, shall be filed in a federal or state court of competent jurisdiction located in Sacramento, California.

- 10.14 ATTORNEY'S FEES AND COSTS.** Any party may bring a suit or proceeding to enforce or require performance of the terms of this Lease, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.
- 10.15 RESTRICTIONS AND REGULATIONS.** This Lease, and the rights herein granted, shall be subject to any and all applicable federal, state and local rules, regulations, orders and restrictions which are now in force or which may hereafter be adopted by any duly authorized governmental agency with respect to LESSEE's operation.
- 10.16 INDEPENDENT CONTRACTOR.** LESSEE is not an employee or agent of REGIONAL SAN by reason of this Lease, or otherwise. LESSEE is an independent contractor, and as between REGIONAL SAN and LESSEE, LESSEE shall be solely responsible for its acts and omissions arising from or relating to its operations or activities.
- 10.17 NEGATION OF PARTNERSHIP.** Nothing in this Lease shall be construed to render REGIONAL SAN in any way or for any purpose, a partner, joint venturer, or associate in any relationship with LESSEE, other than that of landlord and tenant, nor shall this Lease be construed to authorize either REGIONAL SAN or LESSEE to act as agent for the other.
- 10.18 AUTHORITY OF DISTRICT ENGINEER.** REGIONAL SAN's District Engineer shall administer this Lease on behalf of REGIONAL SAN. Unless otherwise provided herein or required by applicable law, the District Engineer shall be vested with all rights, powers, and duties of REGIONAL SAN hereunder. With respect to matters hereunder subject to the approval, satisfaction, or discretion of REGIONAL SAN or the District Engineer, the decision of the District Engineer in such matters shall be final.
- 10.19 LESSEE'S AUTHORITY FOR AGREEMENT.** LESSEE warrants and represents that LESSEE has the right, power, and legal capacity to enter into and perform its obligations under this Lease, and no additional approvals or consents of any person or entity are necessary in connection therewith. The execution, delivery, and performance of this Lease by the undersigned LESSEE has been duly authorized by all necessary corporate or other applicable action, and this Lease constitutes a legal, valid, and binding obligation of LESSEE, enforceable in accordance with its terms.
- 10.20 EXECUTION OF AGREEMENT.** Submission of this document by REGIONAL SAN for review, examination or execution by LESSEE does not constitute a reservation of an option to lease the Leased Premises or any other REGIONAL SAN-owned property, and this document shall not be effective as a lease agreement, or otherwise, unless and until approved by REGIONAL SAN's Board of Directors or executed by the officer authorized by said Board.
- 10.21 SUPERSEDES.** This Lease supersedes and cancels any and all oral negotiations or previously executed agreements between the parties hereto pertaining to the herein described Premises.

10.22 HEADINGS. The headings of the articles and sections of this Lease are inserted only as matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Lease, and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

10.23 INTERPRETATION OF AGREEMENT. It is agreed and acknowledged by the parties hereto that the provisions of this Lease have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to seek revision of the provisions of this Lease and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing and interpreting this Lease.

10.24 COUNTERPARTS. This Lease may be executed in duplicate counterparts. The Lease shall be deemed executed when it has been signed by both parties.

Signatures scanned and transmitted electronically shall be deemed original signatures for purposes of this Lease, with such scanned signatures having the same legal effect as original signatures. This Lease may be executed through the use of an electronic signature and will be binding on each party as if it were physically executed.

10.25 ENTIRE AGREEMENT. This Lease, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written, are merged herein. This Lease may be amended only by written instrument duly executed by the parties hereto.

Remainder of page left blank

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed as of the day and year first above written.

REGIONAL SAN:

LESSEE:

SACRAMENTO REGIONAL COUNTY
SANITATION DISTRICT, a county
sanitation district formed pursuant to and
operating under the authority of the County
Sanitation District Act, commencing at Health
and Safety Code Section 4700

Date: _____

BY: _____
Name, Title

BY: _____
District Engineer
Under delegated authority by:
Resolution No.: SR-2900
Dated: October 11, 2017

REVIEWED AND APPROVED
BY REGIONAL SAN COUNSEL:

BY: _____
District Counsel

APPROVED AS TO TERMS AND
CONDITIONS:

EXHIBIT "A"
LEASED PREMISES

THE PREMISES ARE OUTLINED AND CONTAIN APPROXIMATELY
73 NET ACRES ON A PORTION OF APN 119-0131-003

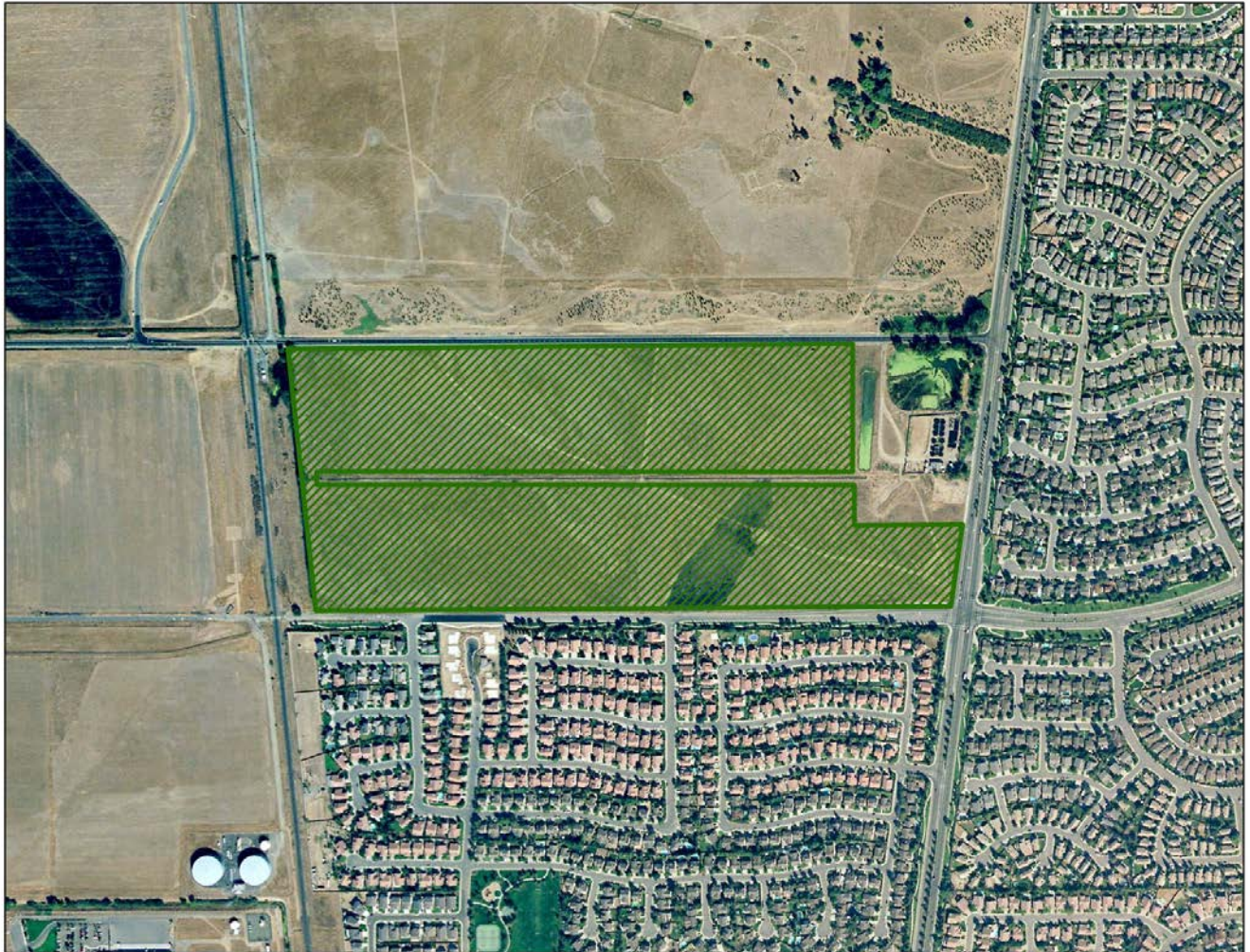


EXHIBIT "B"
INSURANCE REQUIREMENTS

Without limiting LESSEE's indemnification, LESSEE shall procure and maintain for the duration of the Lease insurance against claims for injuries to persons or damages to property that may arise from or in connection with the use hereunder by LESSEE, his agents, representatives or employees. REGIONAL SAN shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of REGIONAL SAN's Risk Management Office the insurance provisions in these requirements do not provide adequate protection for REGIONAL SAN and for members of the public, REGIONAL SAN may require LESSEE to obtain insurance sufficient in coverage, form and amount to provide adequate protection. REGIONAL SAN's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

Verification of Coverage

LESSEE shall furnish REGIONAL SAN with certificates evidencing coverage required below. Copies of required endorsements must be attached to provided certificates. REGIONAL SAN Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of REGIONAL SAN and the general public are adequately protected. All certificates or evidences of self-insurance are to be received and approved by REGIONAL SAN before performance commences. REGIONAL SAN reserves the right to require that LESSEE provide complete, certified copies of any policy of insurance offered in compliance with these specifications. As an alternative to insurance certificates, LESSEE's insurer may voluntarily provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by these specifications.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. GENERAL LIABILITY: Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, and Personal & Advertising Injury, without exclusions or limitations unless approved by REGIONAL SAN Risk Management Office.
2. AUTOMOBILE LIABILITY: Insurance Services Office's Commercial Automobile Liability coverage form CA 0001, auto coverage symbol "1" (any auto). If there are no owned or leased vehicles, symbols "8" and "9" for non-owned and hired autos shall apply. Personal automobile insurance shall apply if vehicles are privately owned.
3. WORKERS' COMPENSATION: Statutory requirements of the State of California and Employer's Liability Insurance.

EXHIBIT B
Insurance Requirements
Page Two

Minimum Scope of Insurance (Con't)

4. UMBRELLA or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Automobile Liability, Employers' Liability, and any other liability coverage designated under the Minimum Scope of Insurance.
5. Property Insurance, written on a "risk of loss" basis for structures on Leased Premises to LESSEE.

Minimum Limits of Insurance

LESSEE shall maintain limits no less than:

1. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate:	\$2,000,000
Products Comp/Op Aggregate:	\$2,000,000
Personal & Adv. Injury:	\$1,000,000
Each Occurrence:	\$1,000,000
Fire Damage:	\$ 100,000

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project).

2. Automobile Liability: Corporate/business owned vehicles including non-owned and hired, \$1,000,000 Combined Single Limit. Privately owned vehicles, \$250,000 per person, \$500,000 each accident, \$100,000 property damage.
3. Workers' Compensation: Statutory.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Property Insurance: Replacement cost value on building and tenant's improvements and betterments

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by REGIONAL SAN.

EXHIBIT B
Insurance Requirements
Page Three

Other Insurance Provisions

The insurance policies required in this Lease are to contain, or be endorsed to contain, as applicable, the following provisions:

1. **ADDITIONAL INSURED STATUS:** REGIONAL SAN, the County of Sacramento, its governing Boards, officers, directors, officials, employees, and authorized volunteers and agents are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of LESSEE; products and completed operations of LESSEE; premises owned, occupied or used by LESSEE; or automobiles owned, leased, hired or borrowed by LESSEE. The coverage shall contain no endorsed limitations on the scope of protection afforded to REGIONAL SAN, the County of Sacramento, its governing Boards, officers, directors, officials, employees, and authorized agents and volunteers. Applicable to General Liability and Auto Liability Policies.
2. **PRIMARY INSURANCE:** For any claims related to this Lease, LESSEE's insurance coverage shall be endorsed to be primary insurance as respects the REGIONAL SAN, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by REGIONAL SAN, the County of Sacramento, its governing Boards, officers, directors, officials, employees, and authorized agents and volunteers shall be excess of LESSEE's insurance and shall not contribute with it. Applicable to General Liability and Auto Liability policies.
3. **FAILURE TO COMPLY:** Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to REGIONAL SAN, the County of Sacramento, its governing Boards, officers, directors, officials, employees, and authorized agents and volunteers. Applies to policies in which REGIONAL SAN is named as an additional insured.
4. **SEVERABILITY OF INTEREST:** LESSEE's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Applicable to General Liability and Auto Liability policies.
5. **MAINTENANCE OF INSURANCE COVERAGE:** : LESSEE shall maintain all insurance coverages in place at all times and provide REGIONAL SAN with evidence of each policy's renewal within ten (10) days of its anniversary date. Each insurance policy required by this clause shall state that coverage shall not be canceled by either party, reduced in coverage, or reduced in limits, except after thirty (30) days' written notice for cancellation or sixty (60) days' written notice for non-renewal has been given to REGIONAL SAN. For non-payment of premium 10 days' prior written notice of cancellation by mail is required. Applicable to all policies.

EXHIBIT "B"

EXHIBIT B
Insurance Requirements
Page Four

Other Insurance Provisions (Con't)

6. **WORKERS' COMPENSATION WAIVER OF SUBROGATION:** The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against REGIONAL SAN, County of Sacramento, its Governing Boards, officers, directors, officials, employees, authorized agents and volunteers, which might arise by reason of payment under such policy in connection with performance under this Lease by LESSEE.
7. **PROPERTY WAIVER OF SUBROGATION:** Course of construction policies shall contain the following provisions:
 - A. REGIONAL SAN shall be named as loss payee.
 - B. The insurer shall waive all rights of subrogation against REGIONAL SAN.
8. **CIVIL CODE PROVISION:** Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.
9. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-: VII. REGIONAL SAN Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the REGIONAL SAN and the general public are adequately protected.
10. **SUBCONTRACTORS:** LESSEE shall require all subcontractors to maintain adequate insurance.

EXHIBIT “C” RESTRICTIONS

Agricultural Restrictions

Grazing Period: December 15 to June 15
Harvest Period: No harvesting will be allowed between March 15 and May 15
Stocking Rate: 1 animal unit per 4 acres (see table below)
Other Conditions:

- By December 1st of each calendar year a grazing/farming plan for that year must be submitted and approved by REGIONAL SAN. Plans shall include: stocking rates, fencing requirements, irrigation schedules, supplemental feeding schedules, watering rotation schedules, cultivation, seeding, and harvest proposals.
- All seed mixes used must be approved by Regional San prior to seeding.
- All pesticide applications used on the grazing site must be approved by Regional San prior to use.
- Placement of supplemental feed, including salt and mineral blocks, must be rotated and distributed in a manner that will limit excessive soil compaction.
- Lessee, at Lessee’s expense, will ensure grazing animals are contained sufficiently at all times.
- All fencing, including temporary, must be approved by Regional San and Regional San will notify lessee of temporary and or permanent fencing approved in areas that may impact Lessee’s operation.
- Lessee will maintain and repair all equipment used to provide water and other necessities to grazing animals.
- Irrigated pasture or crops will not be permitted without prior approval by REGIONAL SAN.
- Lessee will monitor the pasture to minimize compaction and damage by grazing animals especially in wet areas.
- Deviation from specified grazing period, stocking rate and other conditions must be approved by REGIONAL SAN
- All harvesting equipment used after May 15 and prior to July 15 shall incorporate wildlife friendly devices such as flushing bars, or similar devices designed to prevent take of nesting birds.

EXHIBIT “C”
Agricultural Restrictions
Page Two

- Fields shall be harvested from the inside outward, to allow routes of dispersion for wildlife.
- Lessee shall delay harvesting whenever feasible to minimize hen and nest destruction.
- Non-cropped fields shall be planted with cover crops or left in a condition that will allow vegetation to readily reestablish.
- It will be the responsibility of the lessee to ensure the necessary components for irrigating are present and in working condition.
- Deep ripping of agriculture site is not permitted.
- Deviation from specified tilling period, harvest period and other conditions must be approved by REGIONAL SAN

Animal Unit Values (University of California Division of Agricultural Sciences and Natural Resources)		
<u>Animal Type</u>		<u>AU</u>
Beef cows, steers over 2 years		1.00
Yearlings 1 to 2 years, average		0.75
Calves 3 months to 1 year	0.50	
Dairy cows		1.25
Dairy heifers 1 to 2 years	0.70	
Dairy calves 3 months to 1 year		0.40
Mature horse		1.20
Sheep		0.20
Goat		0.17