

**CALENDAR ITEM  
C55**

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S 8

06/22/17  
W 26960  
C. Hudson

**GENERAL LEASE – GRAZING USE**

**APPLICANT:**

S&M Kemp Ranch, LLC

**PROPOSED LEASE:**

*AREA, LAND TYPE, AND LOCATION:*

547 acres more or less, of sovereign land located in the Owens River Delta, near the town of Lone Pine, Inyo County.

*AUTHORIZED USE:*

Livestock grazing and installation of livestock fencing.

*LEASE TERM:*

10 years, beginning June 22, 2017.

*CONSIDERATION:*

\$846 per year, with an annual Consumer Price Index adjustment.

*SPECIFIC LEASE PROVISIONS:*

1. Liability insurance in an amount no less than \$1,000,000 per occurrence.
2. Number of animals permitted on the Lease Premises is restricted to those that can be supported by vegetation.
3. Applicant must exercise good grazing practices to avoid overgrazing by livestock.
4. In the event the City of Los Angeles Department of Water and Power or other public agency requires fencing of the lease premises, the lessee shall comply with the request and is authorized under this lease to install the required fencing. Lessee shall provide notice to the Lessor of such requirement within 30 days of construction of the required fencing. Any improvements shall be removed within 10 days of termination of the lease.

CALENDAR ITEM NO. **C55** (CONT'D)

**STAFF ANALYSIS AND RECOMMENDATION:**

**Authority:**

Public Resources Code section 6005, 6216, 6301, 6503.5, 6503, and 6505.5; California Code of Regulations, title 2, sections 2000 and 2003.

**Public Trust and State's Best Interests Analysis:**

S&M Kemp Ranch, LLC, has submitted an application for livestock grazing on sovereign land located in the Owens River Delta, near the town of Lone Pine, Inyo County. The Applicant has the right to use the land adjoining the lease premises. The Applicant currently has a grazing lease on additional adjoining land owned by the City of Los Angeles Department of Water and Power. That lease is attached for reference purposes to the proposed Commission Lease as Exhibit C.

The proposed lease does not alienate the State's fee simple interest or permanently impair public rights. The lease is limited to a 10-year term and does not grant the lessee exclusive rights to the lease premises. The lease requires the lessee to insure and indemnify the State for any liability incurred as a result of the lessee's activities hereon. The lease requires the lessee to maintain the land at no expense to the State. The lease requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

The Owens River Delta area encompasses approximately 325 acres where the river meets the upper part of Owens Lake, forming a series of wetlands and shallow pools of water. The area is characterized by dry uplands with a range of desert shrubs and grasses. There are a few large or tall Fremont cottonwood trees in the area. The climate is greatly influenced by the Sierra Nevada. Most of the area is grazed by cattle and is fenced, limiting access to recreation users. Therefore, the land may not be conducive to traditional Public Trust uses associated with water-dependent commerce, navigation, and fisheries. Based on the information known to staff, the proposed lease will not interfere with Public Trust needs and values at this location and for the foreseeable term of the lease.

The lease allows the Applicant to graze livestock and does not authorize other activities without prior authorization from the Commission. The number of animals permitted on the lease premises is restricted to those that can be supported by the forage available on this ephemeral range area taking into consideration forage reserved for necessary wildlife use. The Applicant is required to use good grazing practices to avoid overgrazing of the lease premises. Commission staff may at any time

CALENDAR ITEM NO. **C55** (CONT'D)

during the lease term make an analysis of forage conditions utilizing accepted range management practices.

For all the reasons above, Commission staff believes the issuance of this lease for livestock grazing is consistent with the common law Public Trust Doctrine and in the best interests of the State.

**OTHER PERTINENT INFORMATION:**

1. This action is consistent with Strategy 1.1 of the Commission's Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation and responsible economic use of the lands and resources under the Commission's jurisdiction.
2. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 4, Minor Alteration to Land; California Code of Regulations, title 2, section 2905, subdivision (d)(1).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300 and California Code of Regulations, title 2, section 2905.

3. This activity involves lands which have NOT been identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq.; however, the Commission has declared that all lands are significant by nature of their public ownership (as opposed to environmentally significant). Since such declaration of significance is not based upon the requirements and criteria of Public Resources Code section 6370 et seq., use classifications for such lands have not been designated. Therefore, the finding of the project's consistency with the use classification as required by California Code of Regulations, title 2, section 2954 is not applicable.

**EXHIBITS:**

- A. Land Description
- B. Site and Location Map
- C. City of Los Angeles Department of Water and Power Ranch Lease

CALENDAR ITEM NO. **C55** (CONT'D)

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 4, Minor Alteration to Land; California Code of Regulations, title 2, section 2905, subdivision (d)(1).

**PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Find that the proposed lease will not substantially interfere with the Public Trust needs and values at this location, at this time or for the foreseeable term of the lease, is consistent with the common law Public Trust Doctrine, and is in the best interests of the State.

**AUTHORIZATION:**

Authorize issuance of a General Lease – Grazing Use to S&M Kemp Ranch, LLC, beginning June 22, 2017, for a term of 10 years, for livestock grazing and installation of fencing on sovereign land in the Owens River Delta, near the town of Lone Pine, Inyo County, as described in Exhibit A and shown on Exhibit B (for reference purposes only) attached and by this reference made a part hereof; annual rent in the amount of \$846 with an annual Consumer Price Index adjustment; and liability insurance in an amount no less than \$1,000,000 per occurrence.

**EXHIBIT A**

**W 26960**

**LAND DESCRIPTION**

One parcel of State-owned sovereign land in the bed of Owens Lake in the County of Inyo, State of California, being more particularly described as follows:

COMMENCING at a point from whence Mineral Monument No. 58, a white stone monument with a metal plate cross stamped "MM #58" and designated as "Keeler", as said monument is shown on the map filed in Book 11, of Record of Surveys at page 7, Records of County of Inyo, bears North 65° 50' 46" West, 25141.40 feet to the POINT OF BEGINNING; thence along the following three (3) courses:

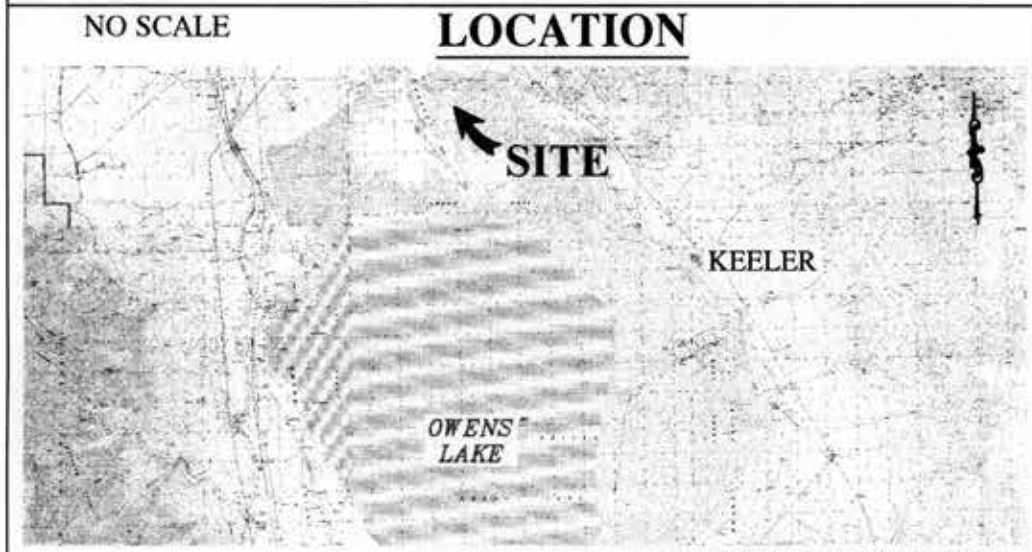
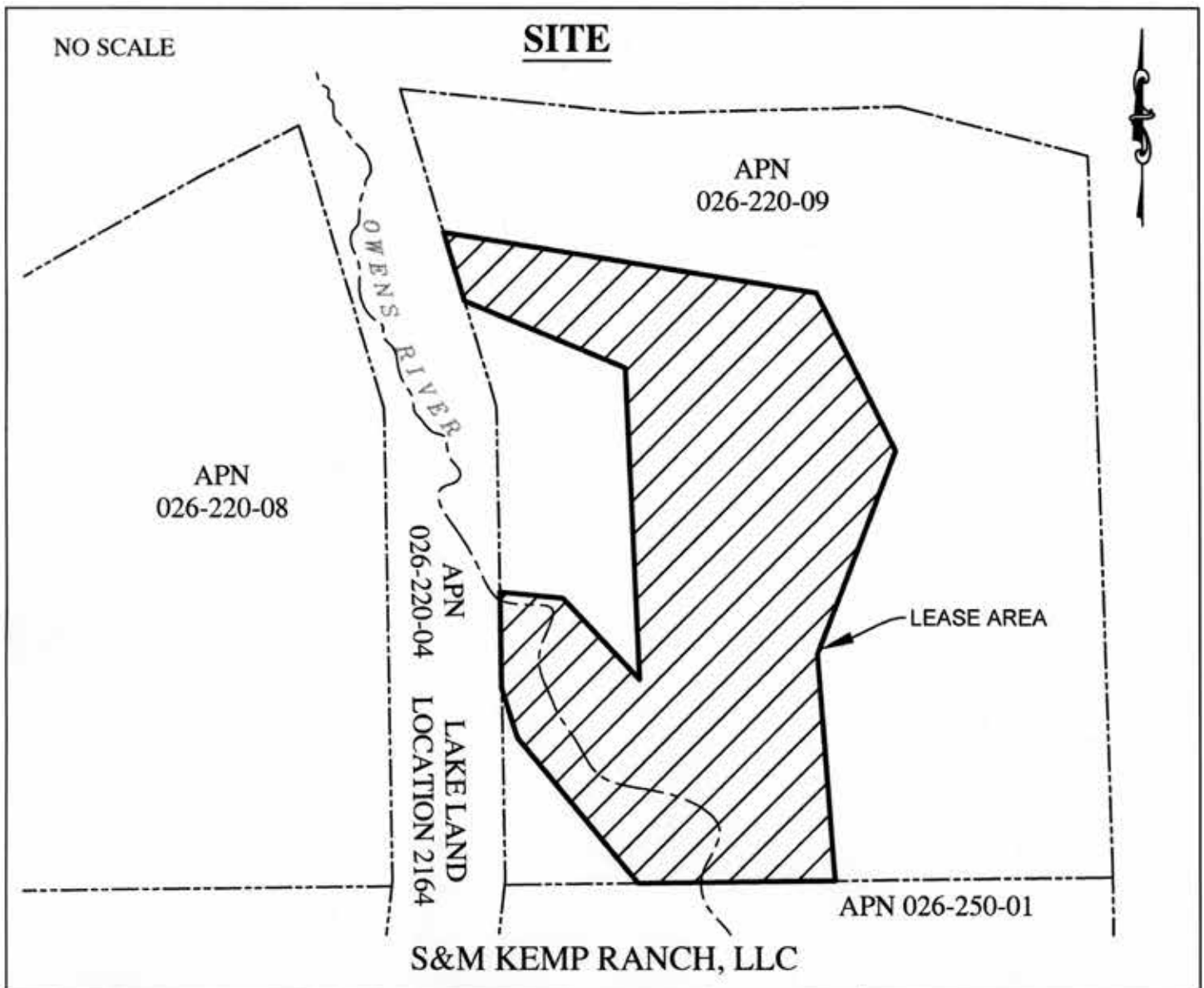
- 1) South 89° 17' 52" West, 2361.61 feet;
- 2) North 39° 55' 14" West, 2260.20 feet;
- 3) North 17° 35' 15" West, 618.15 feet to the easterly line of Lake Land Location No. 2164 as recorded in Book 23, Page 294, Official Records of said county; thence along said line North 01° 01' 28" West, 1147.41 feet; thence leaving said line South 84° 17' 28" East, 758.78 feet; thence along the following three (3) courses:
  - 1) South 43° 31' 00" East, 1335.57 feet;
  - 2) North 02° 36' 42" West, 3721.04 feet;
  - 3) North 67° 24' 10" West, 2087.15 feet to the easterly line of said Lake Land Location No. 2164; thence along said line North 16° 50' 35" West, 858.23 feet; thence leaving said line South 80° 46' 38" East, 4527.98 feet; thence along the following three (3) courses:
    - 1) South 26° 37' 58" East, 2108.45 feet;
    - 2) South 21° 05' 14" West, 2604.62 feet;
    - 3) South 04° 29' 53" East, 2705.24 feet to the POINT OF BEGINNING.

THE BEARINGS USED IN THIS DESCRIPTION ARE ON THE California Coordinate System, NAD83 (CC83 / 92), Zone 4. The coordinate values, in U.S. Survey Feet, of said Mineral Monument No. 58, also known as Triangulation Station "Keeler" are: North 2,064,076.18, Easting 6,890,187.35. All distances shown herein are grid distances in U. S. Survey Feet. To obtain ground surface distances, multiply the distances shown by 0.99977556.

**END OF DESCRIPTION**

The above description prepared 11/30/2016 by the California State Lands Commission Boundary Unit.





MAP SOURCE: USGS QUAD

**Exhibit B**  
 W 26960  
 S&M KEMP RANCH, LLC  
 APN 026-220-09  
 GENERAL LEASE -  
 GRAZING USE  
 INYO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

Exhibit C

**RANCH LEASE NO: RLI-490**

**BETWEEN**

**SCOTT T. KEMP**

**AND**

**THE CITY OF LOS ANGELES  
DEPARTMENT OF WATER AND POWER**



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**EXHIBITS**

- Exhibit A Lease Map
- Exhibit B Classification of Lands and Scheduled Rent
- Exhibit C Schedule for Land Classification, Rental Rates, and Rental Adjustment Factors
- Exhibit D Contract Insurance Requirements
- Exhibit E One-Time Assignment Policy
- Exhibit F Family Transfer Policy
- Exhibit G Lessee's Owners

**ARTICLE I. SPECIFIC TERMS AND PROVISIONS**

The Department of Water and Power of the City of Los Angeles, hereinafter Lessor or Department, and:

**SCOTT T. KEMP**

hereinafter Lessee, agree as follows:

1. **LEASED PREMISES:** Lessor leases to Lessee that certain real property consisting of 7,631 acres located in Inyo County, California, more particularly shown on *Exhibit A (Lease Map)*, attached hereto and made a part hereof.
2. **TERM:**
  - 2.1. **Term:** January 1, 2017, through December 31, 2021, shall represent the current term for use of the leased premises, unless sooner terminated as herein provided; the same being a lease for a period of five years only and no longer.
  - 2.2. **Board Limitation – Renewal:** Lessee understands and acknowledges that under Article VI, Section 606, of the Los Angeles City Charter, the Board of Water and Power Commissioners (“Board”) has authority to enter into a lease for a maximum term of five years. Said limitation does not prohibit Lessee from negotiating with Lessor for a new lease for the same property upon the expiration of this lease, but Lessor is under no obligation to renew this lease.
3. **DESIGNATED USE:**
  - 3.1. **Designated Use:** The leased premises shall be used for livestock grazing and limited residential use, as provided for herein, and for any other use shown on *Exhibit B (Classification of Lands and Scheduled Rent)*, attached hereto and made a part hereof, and for no other purpose.
  - 3.2. **Utilization of Land:**
    - 3.2.1. Except as provided in Article I, Subsection 4.5 (*Renegotiation of Rent*), no change shall be made in the designated use of the subject land or in the classification of the land as shown on *Exhibit A (Lease Map)*, *Exhibit B (Classification of Lands and Scheduled Rent)*, *Exhibit C (Schedule for Land Classification, Rental Rates, and Rental Adjustment Factors)*, attached hereto and made a part hereof, or the Grazing Management Plan (as defined in Article I, Subsection 6.1 below) on file with Lessor.
    - 3.2.2. Any federal cost sharing practices, including those sponsored under the Agricultural Conservation Program for soil building, and soil and water

conservation practices, including related wildlife conservation practices, and any range improvements, including burning and aerial spraying of fertilizers, pesticides, and herbicides, will require written approval of Lessor at least thirty (30) days before the start of any such projects or improvements.

- 3.2.3. Lessor may allow a credit against the rent payable hereunder for projects and improvements approved by Lessor that will increase the efficiency of the water use or the efficiency of the utilization of the leased premises.
- 3.2.4. Based on the availability of water and if Lessor's inspection of the land being leased hereunder indicates a necessity to reclassify said land by type or acreage to reflect the reduction in water supplied to it ("Dry Finding"), the rent payable hereunder shall also be adjusted to reflect the Dry Finding or reclassification as shown in *Exhibit C (Schedule for Land Classification, Rental Rates, and Rental Adjustment Factors)* for the various types of land classifications. Any such rental readjustment will become effective only upon prior approval by the Manager of Aqueduct.
- 3.2.5. If Lessee believes that it may be entitled to a potential Dry Finding at the end of the year, Lessee shall provide Lessor with a written request for a Dry Finding by no later than October 1 of each year ("Dry Finding Request"). Such Dry Finding Request must be submitted to Lessor along with a non-refundable fee in the amount of \$650.
  - 3.2.5.1. The Dry Finding Request fee will be increased annually by 3% on January 1, 2018, and on January 1 of each year thereafter.

#### 4. RENT:

- 4.1. Rent: The rent to be paid by Lessee for the lease term is determined each year of this lease based on three valuation components: 1) utility of the land, 2) operating structures, and 3) rental adjustments as provided for in this lease.
  - 4.1.1. The rent component for "Utility of the Land" is determined by multiplying a "Base Year Rental Rate" (originally established in 1977 for each land classification, and further described in *Exhibit C (Schedule for Land Classification, Rental Rates, and Rental Adjustment Factors)* by the acreage under use for both alfalfa and pasture uses. The resulting "Base Annual Rent" is then multiplied by an adjustment factor to appropriately index fees for market increase over time that have resulted since the base year (1977) unless otherwise modified pursuant to Article I, Subsection 4.5 (*Renegotiation of Rent*) herein:
    - 4.1.1.1. The adjustment factor for alfalfa uses shall be determined as the resulting fractional difference between the current lease year's average price for Chino Good Hay, as reported by the U.S. Department of Agriculture's Market News California Weekly between the months of March through February, over the average base year price of Chino Good Hay of the same statistics service that is representative of the base year, March 1978 through February 1979.

- 4.1.1.2. The adjustment factor for pasture uses shall be determined as the resulting fractional difference between the current lease year's average price for 100-weight beef, as reported by the U.S. Department of Agriculture, National Agricultural Statistics Service, National Beef Database between the months of November through October, over the average base year price of 100-weight beef of the same statistic service that is representative of the base year, November 1977 through October 1978.
  - 4.1.2. The rent component for "Operating Structures" is based on Lessee's residential use and operating areas (non-production) of the leased premises.
    - 4.1.2.1. Rent for residential use is \$464 per month for each Lessor-owned residential structure, and \$258 per month for each mobile home site.
    - 4.1.2.2. Rent for operating areas is the amount stated for "OPERATING STRUCTURES" in *Exhibit B (Classification of Lands and Scheduled Rent)*.
    - 4.1.2.3. The rent component for operating structures will be increased annually by 3% beginning on January 1, 2018, and on January 1 of each year thereafter.
- 4.2. Lessee shall pay to Lessor, as rent, the sum of Eight Thousand One Hundred Ninety-Five and No/100 Dollars (\$8,195) for the first one-year period of this five-year lease term.
- 4.3. On or before January 1, 2018, and on the first day of each subsequent lease year, Lessor will advise Lessee of the amount of rent due for that lease year, subject to Article I, Subsection 4.1 (*Rent*), and possible modification under Article I, Subsection 3.2 (*Utilization of Land*) and Article I, Subsection 4.5 (*Renegotiation of Rent*).
- 4.4. Rent Payment:
  - 4.4.1. Lessee agrees to pay all rent promptly when due and without deduction, offset, prior notice, or demand to the Department of Water and Power, 300 Mandich Street, Bishop, California 93514-3449. **All payments shall reference Account No. 15280.**
  - 4.4.2. Ten percent (10%) of the total annual rent due for each lease year shall be due and payable January 1, of each lease year; the balance of the total annual rent, including any additional rents and rent adjustments, shall be due and payable November 1, of each lease year.
  - 4.4.3. Lessor is not required to make any demand on Lessee for the payments, whether on the leased premises or elsewhere, unless rent adjustments are to be made in the amount due on November 1, of each year. Billing statements for any payment shall be for the convenience of Lessee and not required of Lessor.

- 4.4.4. Rent not paid when due shall bear interest from due date until paid, at the rate of 10/12<sup>th</sup> of 1% per month (10% per annum) from the date rent is due. The sum of such additional interest shall be deemed additional rent.
  - 4.4.5. If any check offered by Lessee in payment of rent or any other amount due under this agreement is returned for any reason other than that caused by Lessor's negligence, Lessee shall pay to Lessor a check return processing charge in the amount of Thirty and No/100 Dollars (\$30).
  - 4.4.6. Rent not paid when due will subject Lessee to collections and legal action, which may include the imposition of late fees, costs, legal fees, and/or interest.
- 4.5. Renegotiation of Rent: Notwithstanding any other provisions of this lease, Lessee acknowledges that, during the term of this lease, Lessor intends to contract with a professional valuation consultant to evaluate the valuation components and rental and fee schedules currently considered to determine the rent in Article I, Subsection 4.1 (*Rent*). Upon completion of this evaluation, Lessor may establish new procedures for determining rent under this lease and charge new rental rates for the remaining term of this lease.
- 4.5.1. Lessee agrees to cooperatively work with Lessor and its consultant(s) for the purposes stated herein, including, without limitation, providing Lessor and its consultant(s) with information related to Lessee's operations, production and utilization rates, and revenue and cost analysis related to this lease or Lessee's use of the leased premises, and any other pertinent information related to this lease or Lessee's use of the leased premises. Should Lessee believe such requested information is not pertinent to this lease or Lessee's use of the leased premises or is otherwise confidential, proprietary, or privileged, Lessee shall contact Lessor and submit a written objection(s) to the nature of the requested information. Lessor and Lessee shall, as soon as practicable thereafter, meet and confer to evaluate the nature of the request and work in good faith to resolve the objection(s).
  - 4.5.2. Lessor will notify Lessee in writing of any proposed changes in rent and seek Lessee's input before such changes are implemented. Implementation of new rental rates will be submitted to the Board for approval. Lessee will have an opportunity to appear and comment on any proposed rental rates submitted to the Board for approval.
  - 4.5.3. Notwithstanding the foregoing, Lessee shall pay any new rental rates and fees established by Lessor in accordance with this Subsection. Lessee acknowledges that any new rental and fee schedules may include valuation components not currently considered to determine the rent in Article I, Subsection 4.1 (*Rent*).

**5. NOTICES:**

- 5.1. Any notice to be given hereunder by either party to the other shall be in writing, and either served personally or sent by prepaid first-class mail or overnight carrier. Any such notice shall be addressed as follows:

To Lessor:

Los Angeles Department of Water and Power  
Real Estate Section  
300 Mandich Street  
Bishop, California 93514-3449

To Lessee:

Scott T. Kemp  
P.O. Drawer P  
Independence, California 93526-0448

or

Scott T. Kemp  
244 Rosedale Drive  
Independence, California 93526

- 5.2. Or to such other address as Lessor and Lessee may hereafter designate by written notice. Notice shall be deemed communicated within twenty-four (24) hours from the time of mailing if mailed as provided in this Subsection.

**6. MANAGEMENT AND ADJUSTMENTS IN GRAZING USE:**

- 6.1. Lessor acknowledges its obligation to meet the objectives of the 1997 Memorandum of Understanding between Lessor and the County of Inyo, the California Department of Fish and Game (Department of Fish and Wildlife as of 2012), the California State Lands Commission, the Sierra Club, the Owens Valley Committee, and Carla Scheidlinger ("1997 MOU"). The development of grazing management plans (collectively, the "Grazing Management Plan") to meet the 1997 MOU objectives will include measures to accomplish the goal of sustainable agriculture.
- 6.1.1. A copy of the Grazing Management Plan for the leased premises is on file with Lessor and is incorporated herein by this reference. A copy has also been provided to Lessee.
- 6.1.2. Lessee shall implement the Grazing Management Plan pursuant to the 1997 MOU for the leased premises as a condition of this lease. Lessor will work closely with Lessee to ensure the plan is properly implemented. Failure to follow the Grazing Management Plan could result in a future reduction in grazing on the leased premises or constitute grounds for the termination of this lease.
- 6.2. It is mutually agreed that, for the purpose of conducting range and wildlife studies, Lessor shall have the option to make short-term adjustments in grazing use and capacities, and may order nonuse or increased use of forage areas to maintain and protect the vegetation resource.
- 6.2.1. The amount of rent payable hereunder shall be increased or decreased on an animal unit month ("AUM") basis to reflect any requested short-term adjustments in grazing use.

**7. DOMESTIC WATER:**

- 7.1. Lessor hereby authorizes Lessee to operate existing domestic well(s) on the leased premises and to take and use water therefrom. Availability and use shall be determined solely by Lessor, all subject to the provisions of the Los Angeles City Charter and the following terms and conditions:
- 7.1.1. Any and all water used on the leased premises is for non-consumptive domestic use only.
  - 7.1.2. At no time shall water taken from the well(s) be used for irrigation purposes.
  - 7.1.3. The well(s) drilled on the leased premises shall be kept in good condition and repair by and at the sole cost and expense of Lessee, and Lessee shall take all reasonable precautions necessary to prevent any foreign matter or substance from entering well(s) and to protect and safeguard the waters therein from pollution as long as the same shall be used by Lessee.
  - 7.1.4. It shall be Lessee's responsibility to operate and maintain the existing water system, including the well(s), pump, and other appurtenant equipment, at no cost or expense to Lessor.
  - 7.1.5. Upon termination of this lease or upon any earlier abandonment of the well(s) drilled, Lessee shall, at the option of Lessor, either cap or otherwise adequately cover the top of said well to prevent access thereto or leave the well ready for Lessor's use, upon agreement with Lessor prior to the end of the lease term.
  - 7.1.6. Use of water from the well(s) drilled is permissive only, and Lessee cannot and shall not acquire any water rights whatsoever by the drilling and operation of well(s), Lessee's use or occupancy of the leased premises or the water thereon, or by reason of the operation and use of water for any purpose from the well(s) located or drilled for water supply to the leased premises.
  - 7.1.7. All water taken by Lessee from well(s) shall be accepted by Lessee in the natural untreated state and condition in which it is there found, and in taking and using such water and in making the same available for use, Lessee shall be acting entirely at its own risk, and Lessor makes no representation or warranty whatsoever, express or implied, as to the quantity, quality, fitness, potability, or continued availability of any such water.
  - 7.1.8. The power costs to pump water shall be Lessee's responsibility, in accordance with Article II, Section 13 (*Utilities*).
  - 7.1.9. Except for power costs and costs associated with any regulatory program, including compliance costs, charges for all water supplied to the leased premises from any well(s) are included in the valuation component for operating structures as set forth in Article I, Subsection 4.1 (*Rent*).



- 7.1.10. Nothing herein shall preclude the making of further arrangements from time to time by and between Lessor and Lessee with respect to the pumping and furnishing of water for use on the leased premises.
- 7.1.11. Lessee shall pump from said well(s) only such quantity of water as it may require for reasonable domestic use on the leased premises.
- 7.1.12. Water taken from the leased premises, or any well(s) thereon, shall not be transmitted for use on any other property.
- 7.1.13. Lessee shall use domestic water and construct, maintain, and operate well(s) and invest in use of domestic water at its peril

**8. WATER SUPPLY:**

- 8.1. Lessee further acknowledges and agrees that pursuant to Section 672 of the Los Angeles City Charter, any supply of water to the leased premises is subject to the paramount right of Lessor at any time to discontinue the same in whole or in part and to take or hold or distribute such water for the use of Lessor and its inhabitants. Lessee further acknowledges and agrees that there shall be no claim upon Lessor whatsoever because of any exercise of the rights acknowledged under this Subsection.
- 8.2. It is understood and agreed to by Lessee that this lease is given upon and subject to the paramount rights of Lessor with respect to all water and water rights as set forth in the reserved rights of Lessor pursuant to Article II, Section 1 (*Reservations*). The availability of water for use in connection with the leased premises by reason of this contract only, and not by virtue of any public utility duty imposed upon Lessor, and it is also conditioned upon the quantity in supply at any given time. It is the intent of Lessor, subject to its paramount responsibility to furnish water for the City of Los Angeles ("City"), to manage its water supplies to the fullest extent it deems practical, including pumping from the groundwater basin in order to provide water for leased land herein classified for irrigation. The amount and availability of water, if any, shall at all times be determined solely by Lessor. The availability of water is further dependent upon Lessor's continued right and ability to pump water from the Owens Valley Groundwater Basin, in accordance with the provisions of the Inyo/Los Angeles Long-Term Water Management Agreement, now entered as a Stipulation and Order for Judgment in Inyo Superior Court, Case No. 12908 ("Long Term Water Agreement"), which provides, in part:

"IV.A. Type E Vegetation

(Lands supplied with water.) These lands will be supplied with water and will be managed to avoid causing significant decreases and changes in vegetation from vegetation conditions which existed on such lands during the 1981-82 runoff year. Significant decreases and changes in vegetation will be determined as set forth in the management goals for the Type B, C, and D vegetation; however, conversion of cultivated land by the Department or its lessee to other irrigated uses shall not be

considered a significant decrease or change. Another primary goal is to avoid significant decreases in recreational uses and wildlife habitats that in the past have been dependent on water supplied by the Department.

The Department shall continue to provide water for Los Angeles-owned lands in Inyo County in an amount sufficient so that the water-related uses of such lands that were made during the 1981-82 runoff year can continue to be made. The Department shall continue to provide water to Los Angeles-owned lands in the Olancho/Cartago area such that the lands that have received water in the past will continue to receive water. Additionally, the Department shall provide water to any enhancement/mitigation projects added since 1981-82, unless the Inyo County Board of Supervisors and the Department agree to reduce or eliminate such water supply.

It is recognized that successive dry years could result in insufficient water to meet all needs. During periods of dry year water shortages, the Technical Group will evaluate existing conditions. A program providing for reasonable reductions in irrigation water supply for Los Angeles-owned lands in the Owens Valley and for enhancement/mitigation projects may be implemented if such a program is approved by the Inyo County Board of Supervisors and the Department, acting through the Standing Committee."

- 8.3. Lessee agrees to maintain sufficient flows downstream of creek diversions to sustain existing aquatic resources. Lessor shall decrease or cease irrigation as each creek approaches minimum in-stream flows as determined by Lessor. Lessor may require minimum flows in the creeks to improve aquatic habitats and avoid regulatory conflicts. Minimum fish flows and potentially allowing temporary passing of peak flows are possible water management needs. These water management needs will be coordinated with Lessee to minimize impacts to Lessee's operations while meeting Lessor's objectives. In all cases of conflict between Lessee's operations and Lessor's objectives, Lessor's objections shall prevail.

## **9. IRRIGATION WATER:**

- 9.1. Irrigation Season is defined as the period from April 1, through September 30, of each year unless otherwise extended and agreed to in writing by the Manager of Aqueduct.
- 9.2. Any water supply delivered for irrigation of the leased premises must be utilized as follows:

- 9.2.1. Irrigation Allotments: As provided in *Exhibit B (Classification of Lands and Scheduled Rent)*, water supplies to all land classified as Type E Vegetation (lands supplied with water), Lessor shall provide irrigation water, to maintain Type E vegetation, in an amount up to, but not to exceed, 5 acre feet per acre per Irrigation Season. Lessor reserves the right to implement water conservation measures.
- 9.2.2. 3-Acre Foot Limitation; water supplies to some Enhancement/Mitigation Projects or Use Permits: Lessor will provide irrigation water to maintain Type E vegetation, in an amount up to, but not to exceed, 3 acre feet per acre per Irrigation Season or pursuant to project description. Lessor reserves the right to implement water conservation measures.
- 9.2.3. Call for Irrigation: When Lessee advises Lessor that Lessee is ready to irrigate, Lessor will provide water to Lessee as soon as possible under then existing conditions.
- 9.2.4. Condition of Ditches: Lessor may determine whether or not Lessee's ditches, pipelines, and gates are in reasonably proper condition to receive water. Lessee shall maintain all ditches, pipelines, and gates free of obstructions and in good working order.
- 9.2.5. Drainage Facilities: Every lessee shall construct, maintain, and operate adequate drainage facilities so as to prevent damage to adjacent lands.
- 9.2.6. Non Type E Vegetation: Non Type E vegetation shall not be irrigated. Only those lands classified for irrigation and shown on *Exhibit A (Lease Map)* and *Exhibit B (Classification of Lands and Scheduled Rent)* shall be irrigated. In above-normal runoff years, Lessor, at its discretion, may allow water spreading on additional lands included in this lease. If Lessee is uncertain as to which lands are classified Type E, Lessee should immediately contact the Lessor's Watermaster for clarification.

**10. STOCKWATER:** Lessor has no obligation to provide any set amount of stockwater to Lessee. At all times, only a reasonable amount of stockwater will be provided to Lessee, and the reasonableness and efficiency of the means of providing said stockwater shall be determined solely by Lessor.

- 10.1. Stockwater provided to Lessee is solely intended for the consumptive use of livestock and is not to be used for any irrigation or groundwater purposes, including, without limitation, any irrigation or groundwater recharge.
- 10.2. Lessee shall pursue and implement best practices for efficient delivery and uses of water such as the installation of new stockwater wells and implementation of other measures.
- 10.3. Lessor may install new stockwater well(s), pump(s), and other appurtenant equipment on the leased premises at its sole and absolute discretion.
- 10.4. Stockwater taken in excess of the amount determined to be reasonable will be subject to charge. Lessor hereby reserves the right to charge for stockwater used by Lessee over and above the reasonable amount. Lessor will notify Lessee that charges will apply before delivery of stockwater in excess of the amount determined to be reasonable.

- 10.5. Lessee shall be responsible at all times for operating and maintaining the stockwater system, including, without limitation, the stockwater well(s), pump(s), and other appurtenant equipment located now or in the future on the leased premises, at no cost or expense to Lessor.
- 10.6. Nothing herein shall preclude the making of further arrangements from time to time by and between Lessee and Lessor with respect to the pumping and furnishing of stockwater, and operation and maintenance of the stockwater system now or in the future on the leased premises.

## ARTICLE II. STANDARD TERMS AND PROVISIONS

### 1. RESERVATIONS:

- 1.1. This lease is subject to all existing uses, all matters of record, and to the reservations hereinafter set out.
- 1.2. There is excepted from this lease and reserved to Lessor all water and water rights, whether surface, subsurface, or of any other kind; and all water and water rights appurtenant or in anywise incident to the lands or real property leased herein, or used thereon or in connection therewith, together with the right to develop, take, transport, control, regulate, and use all such water and water rights.
- 1.3. There is also excepted and reserved to Lessor the right to use, operate, and maintain any ways, waterways, ditches, pipelines, canals, wells, and appurtenances thereto, or desirable in connection therewith, together with the right to grant easements, rights-of-way, licenses, and permits for other purposes that will not unreasonably interfere with Lessee's use of the leased premises.
- 1.4. Lessor also reserves the right, at any time during the term of this lease, to delete certain lands leased hereunder that are necessary to be used for the public benefit or operational purposes.

### 2. IMPROVEMENTS:

#### 2.1. General:

- 2.1.1. Lessee shall not build nor place any structure on the leased premises nor make any alterations or additions thereto without the prior written consent of Lessor.
- 2.1.2. In the absence of a written agreement to the contrary, and subject to the provisions in Article II, Section 17 (*Surrender of Leased Premises*), all improvements and structures on the leased premises are the property of Lessor except as detailed in this lease under Article II, Subsection 2.8 (*Inventory – Improvements and Personal Property*).

#### 2.2. Construction of Improvements:

- 2.2.1. Notwithstanding the provisions in this lease in Article II, Subsection 2.1 (*General*), Lessee is hereby expressly permitted to erect upon the leased premises structures and improvements necessary or usual for and incidental to the purposes for which the leased premises are leased. Before the commencement of construction of any such structures or improvements, or any alteration, major repair, or addition to existing structures or improvements, Lessee shall submit to Lessor, at the address to which notices to Lessor are given for approval on behalf of said Lessor, a plat showing the proposed location thereof on the leased premises, and detailed plans for the proposed structures, improvements, repair, addition, or alteration, which shall comply with all applicable state, county, and city laws, and be accompanied by evidence of approval by such state, county, or city agencies as may have jurisdiction. Approval by, or on behalf of, Lessor shall not constitute an approval with respect to the design safety or

fitness of any building, structure, or facility, for the purpose for which it may be constructed, and no liability shall devolve upon Lessor or any officer or employee by reason of such approval.

2.2.2. In the event an objection is made by Lessor, no such construction, alteration, addition, repair, or other work of improvement may proceed until and unless the objection is withdrawn in writing by Lessor. The basis of any objection is within the sole discretion of Lessor, which discretion Lessor agrees to exercise reasonably.

2.3. Notice of Construction:

2.3.1. Immediately before commencement of any construction, alteration, addition, or repair or other work of improvement, and the furnishing of any labor or materials therefor upon the leased premises, Lessee shall give written notice thereof to Lessor, and Lessor reserves the right to record and to post and maintain on or about the leased premises such notices of non-responsibility as Lessor may deem necessary.

2.3.2. Lessee agrees that it will, at all times, keep the leased premises free and clear of all mechanics' liens, and save Lessor and Indemnitees (as defined in Article II, Subsection 10 (*Lessor Held Harmless/ Indemnification*) below) free and harmless and indemnify them against all claims for labor and materials in connection with improvements, repairs, or alterations on the leased premises, and the costs of defending against such claims, including reasonable attorneys' fees.

2.3.3. In the event that any lien or levy of any nature whatsoever is filed against the leasehold interests of Lessee, Lessee shall have the right to contest the correctness or the validity of any such lien if, immediately on demand by Lessor, Lessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in California in an amount equal to one-and-one-half times the amount of the claim of lien. The bond shall meet the requirements of Civil Code Section 3143, and shall provide for the payment of any sum that the claimant may recover on the claim, together with costs of suit, if it recovers in the action.

2.3.4. Lessor shall have the right to declare this lease in default in the event the bond required hereunder has not been deposited with Lessor within ten (10) days after written notice therefor has been delivered to Lessee.

2.4. Improvements Owned by Lessee:

2.4.1. If there are any structures or improvements owned by Lessee located upon the leased premises, whether existing or hereafter placed upon the leased premises, such structures or improvements other than trees and shrubs planted by Lessee shall be and remain, in the absence of a written agreement to the contrary, the personal property of Lessee, and may be removed by Lessee at any time. It is expressly agreed and understood that any and all such structures and improvements are subject to each and every term, covenant, and condition of this lease.

2.4.2. In the event Lessee exercises its right to remove Lessee-owned improvements during the term of this lease, Lessee shall guarantee that the

leased premises, including any remaining improvements thereon whether Lessee- or Lessor-owned, shall remain in good order and repair, and that the leased premises remain suitable and functional for the purposes for which they were leased.

2.4.3. Upon the expiration of the term of this lease or sooner termination as herein provided, any structure, improvement, or other property owned by Lessee that is not removed will become the property of Lessor. Lessee constructs, invests, maintains, and operates structures, improvements, and other property at its peril. Lessee does not develop any right to own or sell any structures, improvements, or property to another person after the expiration or termination of this lease. Lessee will have no right to access or enter the leased premises after expiration or termination of this lease, unless specifically granted permission in writing by Lessor.

2.5. Habitable Structures: Whether existing or constructed upon the leased premises, any improvements designed for human habitation shall be subject to any conditions or requirements imposed by Lessor in connection with Lessee or any other person residing on a full-time or part-time basis in such improvements. Lessor shall have no liability for the maintenance or improvement to such improvements and for any claims or injuries for damage to persons or property that may result of persons residing on the leased premises.

2.5.1. Lessee shall be solely responsible for the maintenance of residential structures, mobile residential vehicles, or manufactured homes (residential structures) it constructs, or are located on the leased premises. Such residential structures may be built, allowed to be located, or maintained on the leased premises provided Lessee is in full compliance with Article II, Section 2 (*Improvements*) and the following conditions:

2.5.1.1. Provision of all of the appropriate endorsements and proof of insurance required herein.

2.5.1.2. Such residential structures have been properly permitted by the city and/or county in which they are located.

2.5.1.3. Such residential structures and surrounding areas are kept in such a condition that they are in compliance with all other state or local laws, statutes, ordinances, or regulations regarding the condition, amenities, habitability, and sanitary conditions, or any other applicable requirements.

2.5.1.4. Such residential structures and surrounding areas are maintained in such a condition so as to not create a nuisance.

2.5.1.5. Comply with all state and local fire safety standards including but not limited to those relating to defensible space requirements.

2.6. Persons Residing on the Leased Premises:

2.6.1. Other than Lessee and his/her immediate family, any use of the leased premises for residential use is restricted to the provision of housing for employees of Lessee necessary for the purposes of operation, maintenance, and security of the leased premises.

- 2.6.2. Lessor's written approval must be obtained prior to placing any employees in residence on the leased premises. Such approval may be withheld by Lessor in its sole and absolute discretion.
- 2.6.3. The employee residing on the leased premises must have an employment contract that states:
  - 2.6.3.1. The employee's right to occupy and reside on the leased premises is expressly conditioned upon employee's continued employment with Lessee.
  - 2.6.3.2. If the employment contract or this lease is terminated for any reason whatsoever, employee shall have no right to occupy the leased premises, and shall promptly vacate the leased premises, including removal of any property owned by the employee, within forty-eight (48) hours.
  - 2.6.3.3. Nothing in the employment contract shall create a landlord/tenant relationship between the employee and Lessee, or between the employee and Lessor.
  - 2.6.3.4. The employee expressly agrees and waives any right to bring claims of any nature against Lessor arising out of his/her employment or occupation of the leased premises, including any damage to any property of the employee's, or injury to the employee or any third person.
  - 2.6.3.5. The employee signs the contract, stating that he/she understands and acknowledges the terms of the contract, and agrees to be bound and to abide by them.
- 2.6.4. Lessor shall not be liable for any injury to persons or property of Lessee, or of any third party, or of Lessee's employee or employees, or the employee's family or guests or invitees, arising from or out of their employment or occupation of the leased premises. Any such claims are expressly agreed to between Lessor and Lessee, subject to Article II, Section 10 (*Lessor Held Harmless/Indemnification*).
- 2.7. Termination of Residency:
  - 2.7.1. Lessee is responsible for prosecuting any appropriate legal action to regain possession of the leased premises.
  - 2.7.2. Should any employee of Lessee refuse to vacate the leased premises upon termination of this lease or employee's employment, Lessor is not responsible for the bringing of such action.
  - 2.7.3. Should this lease terminate and Lessee fails to take action to remove any of its employees residing on the leased premises, Lessee is responsible for all attorneys' fees, costs, or other expenses incurred by Lessor in regaining possession of the leased premises. This obligation of Lessee shall survive any expiration or termination of this lease.
- 2.8. Inventory – Improvements and Personal Property: Upon execution of this lease, Lessee agrees to submit to Lessor an inventory of improvements or affixed personal



property to be used upon the leased premises, including any improvements or affixed personal property acquired from a former lessee. In the absence of an agreed upon inventory list, all improvements are the property of Lessor.

**2.9. Damage to or Destruction of Improvements:**

2.9.1. If the leased premises, including any building or buildings thereon, or any part thereof, shall at any time be destroyed or damaged by fire or other casualty so that they shall be thereby rendered unfit for occupation or use as herein provided, then, and in that event, this agreement may be terminated by either party giving 30 days' written notice of such termination, and Lessee shall immediately surrender the leased premises to Lessor, and shall pay rent only to the time of such surrender. Lessee shall have no claim against Lessor for the value of any unexpired term, or the loss of any structure, improvement, or other property, or Lessee's personal property, from any cause whatsoever. Lessee shall not be relieved of its obligation to replace/repair damaged property to the satisfaction of Lessor.

2.9.2. Lessee waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to any destruction of the leased premises.

**3. MODIFICATION OF LEASE AREA:** It is mutually agreed that land not exceeding ten percent (10%) of the total area of the leased premises may be added to or deleted from said leased premises without requiring additional action by the Board, and in all instances said changes shall become effective immediately upon written notice to Lessee. The amount of rent payable under this lease shall be increased or decreased on a pro rata basis to reflect any such addition to or deletion of lands.

**4. SIGNS:** Lessee shall not allow any permanent or temporary signs, banners, placards, or other advertising matter or devices other than usual and ordinary business signs of Lessee to be placed, attached to, or maintained on the leased premises or any part thereof, without the prior written consent of Lessor; and such business signs shall be placed, attached, and maintained in such a manner as Lessor shall prescribe.

**5. LAWS, RULES, AND REGULATIONS:**

5.1. Lessee shall comply at all times with all federal laws, state laws, common law, local ordinances, rules, regulations, orders, and governmental policies, including any and all Environmental Laws (as defined in Article II, Subsection 7.1.3 below), applicable to the use and occupancy of the leased premises and the conduct of its operations thereon. Lessee also shall comply immediately with any and all directives issued by Lessor or its authorized representatives under authority of any such law, ordinance, rule, regulation, order, or policy.

5.2. In addition to the indemnification stated in Article II, Section 10 (*Lessor Held Harmless / Indemnification*), Lessee shall indemnify and hold Lessor and Indemnitees harmless from any claims arising from or relating to Lessee's noncompliance with such laws, ordinances, rules, regulations, orders, or policies as stated above.

**6. CARE, MAINTENANCE, AND REPAIR OF LEASED PREMISES:**

**6.1. Care of Leased Premises:**

- 6.1.1. Lessee is the current tenant and has examined the leased premises, knows the condition thereof, and accepts possession thereof in its present condition relying solely on its own inspection and not on any representations that may have been made by Lessor or any of its agents.
- 6.1.2. Lessee agrees at its cost to keep the leased premises in good, clean, orderly, and sanitary condition, and shall not commit nor allow to be committed any waste, nuisance, or disposal of Hazardous Substances (as defined in Article II, Subsection 7.1.4 below) upon the leased premises. Lessee further agrees to remove from the leased premises anything placed or stored there which Lessor considers to be undesirable or unsightly.
- 6.1.3. Any restoration of or repairs to the leased premises made necessary by the installation or removal of any structure, personal property, alteration, or trade fixture owned, placed, attached, or installed by Lessee on the leased premises shall be made at Lessee's sole cost and expense.

**6.2. Maintenance and Repair:**

- 6.2.1. As part of the consideration for this lease, Lessee agrees, at all times hereunder and at its own cost and expense, to keep, maintain, paint, and repair the leased premises and all improvements thereon, if there are any, whether owned by Lessor or Lessee, in as good and substantial condition and state of repair as the same now are or in such improved condition as the same may hereafter be placed. Regardless of the present condition or state of repair and regardless of the reasonableness or cause of wear, tear, or damages, Lessee shall keep and maintain, at all times hereunder and at its own cost and expense, the leased premises and all improvements and facilities thereon in as good condition and repair as may be necessary for the safety of all persons who may lawfully enter thereupon.
- 6.2.2. In addition, all fences will be maintained by Lessee unless otherwise designated in writing by Lessor. All fences will be maintained in good condition and repair as may be necessary to prevent Lessee's livestock from leaving the leased premises and entering adjacent roadways, private property, or adjacent leases. All fences necessary for implementation of the Grazing Management Plan are to be maintained by Lessee in accordance with Lessor's approved specifications.
- 6.2.3. In the absence of a written agreement to the contrary, Lessor shall not be required at any time to maintain, paint, or make repairs, improvements, alterations, or additions on or to the leased premises. Lessor reserves the right, however, at any time to perform such maintenance or make such repairs or perform such other acts on or to the leased premises as shall be by Lessor deemed necessary for the preservation of any portion thereof, or the protection of Lessor's investment therein, and the further right to remove trees, weeds, and other things which Lessor may deem to be unsightly or undesirable; but such works performed by Lessor shall constitute, in no event, a waiver of Lessee's obligation hereunder to keep

the leased premises in good repair and free from rubbish, noxious weeds, and other unsightly matter.

- 6.2.4. **Lessee waives the provisions of Civil Code Sections 1941 and 1942 with respect to Lessor's obligations for tenantability of the leased premises and Lessee's right to make repairs and deduct the expenses of such repairs from rent.**

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**LESSEE INITIALS**

- 6.2.5. Should Lessor make or perform any repairs, removals, or maintenance, or agree at the request of Lessee to perform maintenance, repairs, alterations, construction, or other works of improvement on the leased premises, Lessor may, at its option, perform such works and either bill Lessee for the entire costs of same, which Lessee agrees to pay on demand, or Lessor may, upon thirty (30) days' written notice to Lessee, increase the lease rental by an amount necessary for Lessor to recover all or part of the cost of such works, as Lessor shall determine, over the remaining term of this lease, or any lesser portion thereof as Lessor shall determine.
- 6.3. **Burn Permits:** Lessee shall not conduct any burning activities on any part of the leased premises without a burn permit first being obtained from Lessor and any other regulatory authority having jurisdiction, and Lessee, at all times and at its own cost and expense, shall do all things reasonably necessary to protect the leased premises from fire and fire hazards.

## **7. COMPLIANCE WITH ENVIRONMENTAL LAWS:**

- 7.1. **Definitions:** For purposes of this lease:

- 7.1.1. "Agricultural Chemicals" means herbicides, pesticides, and fertilizers used in the regular course of farming or ranching operations in the State of California.
- 7.1.2. "Clean-Up Actions" mean any and all actions that (a) Lessor deems reasonably necessary to address the presence of Hazardous Substances on or under the leased premises or other properties, lands, or waters, or to address the Release of Hazardous Substances on, under, or from the leased premises; (b) any federal, state, or local governmental authority requires or deems necessary to address the presence of Hazardous Substances on or under the leased premises or other properties, lands, or waters, or to address the Release of Hazardous Substances on, under, or from the leased premises; or (c) are required by any Environmental Law. Clean-Up Actions may include, without limitation, conducting evaluations, investigations, studies, assessments, and testing, as well as removing, disposing, remediating, containing, capping, encapsulating, and monitoring Hazardous Substances, both on and under the leased premises and any other properties, lands, or waters affected or potentially affected by Hazardous Substances.
- 7.1.3. "Environmental Laws" mean any and all existing or hereinafter adopted or amended federal, state, and local statutes, common law, ordinances, regulations, rules, orders, decrees, or governmental policies regulating, relating to, or imposing liability (including, but not limited to, response,

removal, and remediation costs) or standards of conduct or performance concerning the natural environment, pollution control, Hazardous Substances, or toxic, dangerous, restricted, or designated substances, wastes, or materials. Environmental Laws include, without limitation, the following federal and state laws, amendments thereto, and all regulations, rules, orders, decrees, and governmental policies promulgated thereunder: (a) the Comprehensive Environmental Response, Compensation, and Liability Act (commonly referred to as CERCLA or Superfund), 42 U.S.C. § 9601, et seq.; (b) the Resource Conservation and Recovery Act (commonly referred to as RCRA), 42 U.S.C. § 6901, et seq.; (c) the Federal Water Pollution Control Act (commonly referred to as the Clean Water Act), 33 U.S.C. § 1251, et seq.; (d) the Clean Air Act, 42 U.S.C. § 7401, et seq.; (e) the Hazardous Materials Transportation Act, 49 U.S.C. § 5101, et seq.; (f) the Toxic Substances Control Act (commonly referred to as TSCA), 15 U.S.C. § 2601, et seq.; (g) the Federal Insecticide, Fungicide, and Rodenticide Act (commonly referred to as FIFRA), 7 U.S.C. § 136, et seq.; (h) the Emergency Planning and Community Right-to-Know Act (commonly referred to as EPCRA), 42 U.S.C. § 11001, et seq.; (i) the Atomic Energy Act and Low-Level Radioactive Waste Policy Amendments Act, 42 U.S.C. § 2011, et seq.; (j) the Nuclear Waste Policy Act, 42 U.S.C. § 10101, et seq. (commonly referred to as NWPA); (k) the Porter-Cologne Water Quality Control Act, California Water Code § 13000, et seq.; (l) the Carpenter-Presley-Tanner Hazardous Substance Account Act (commonly referred to as HSAA), California Health and Safety Code § 25300, et seq.; (m) the Safe Drinking Water and Toxic Enforcement Act (commonly referred to as Proposition 65), California Health and Safety Code § 25249.5, et seq.; (n) the California Hazardous Waste Control Law, California Health and Safety Code § 25100, et seq.; (o) California's hazardous materials release response plan and inventory laws set forth in California Health and Safety Code § 25500, et seq.; and (p) California's underground storage of hazardous substances laws set forth in California Health and Safety Code § 25280, et seq.

- 7.1.4. "Hazardous Substance" means (a) any substance, product, waste, or other material of any nature that is or becomes listed, regulated, or addressed under any Environmental Law; (b) any substance, product, waste, or other material of any nature that may give rise to liability under any Environmental Law or under any other statutory or common-law tort theory; (c) any substance, product, waste, or other material that is explosive, corrosive, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous to human health or the environment and is regulated by any governmental authority (or by executive or judicial order) as a hazardous material; (d) petroleum, including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas useable for fuel, and any mixture thereof; (e) asbestos; (f) polychlorinated biphenyls; (g) urea formaldehyde foam insulation; (h) fossil fuel combustion wastes including, but not limited to, fly ash waste, bottom ash waste, slag waste, and flue gas emission control waste; (i) solid wastes resulting from the extraction and processing of ore; (j) cement kiln dust wastes; (k) lead, arsenic, mercury, chromium, and other metals; (l) volatile organic

compounds and semi-volatile organic compounds;  
(m) polycyclic/polynuclear aromatic hydrocarbons; (n) perchlorate;  
(o) radon gas; and (p) Agricultural Chemicals.

7.1.5. "Lessee's Personnel" means Lessee's officers, employees, agents, contractors, customers, guests, invitees, and sub-lessees.

7.1.6. "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into groundwater, surface water, soil, soil vapor, or air, or otherwise into the environment, as well as continuing migration through groundwater, surface water, soil, soil vapor, or air, or otherwise through the environment. The term does not include actions approved by Lessor related to the incorporation in a lawful manner of building materials into a permanent improvement to the leased premises.

7.2. Ban on Use of Hazardous Materials: Lessee will not cause or allow any Hazardous Substances to be brought, stored, manufactured, generated, blended, handled, recycled, treated, or used on or under the leased premises, or cause or allow any Hazardous Substance to be Released on, under, or from the leased premises. Lessee shall take all steps necessary to protect against acts, errors, or omissions of Lessee's Personnel, persons residing on the leased premises, and third parties that might result, directly or indirectly, in the Release of Hazardous Substances on, under, or from the leased premises, or in the presence of Hazardous Materials on or under other properties, lands, or waters.

7.3. Limited Exception for Use of Agricultural Chemicals:

7.3.1. Notwithstanding Section 7.2 (*Ban on Use of Hazardous Materials*), Lessee may bring, store, handle, and use up to 54 gallons (if liquid) or 499 pounds (if solid), in the aggregate, of Agricultural Chemicals, petroleum, or mixtures containing Agricultural Chemicals or petroleum on the leased premises if it complies with each of the following conditions:

7.3.1.1. Lessee complies with any and all Environmental Laws in transporting, storing, handling, and using the Agricultural Chemicals, petroleum, or mixtures;

7.3.1.2. The Agricultural Chemicals, petroleum, or mixtures do not pose a threat to the environment including, without limitation, the watershed, groundwater quality, or surface water quality;

7.3.1.3. The Agricultural Chemicals, petroleum, or mixtures do not pose a threat to human health;

7.3.1.4. The Agricultural Chemicals, petroleum, or mixtures do not pose a threat to other properties or lands;

7.3.1.5. The Agricultural Chemicals, petroleum, or mixtures are not classified as extremely hazardous substances under any Environmental Law including, without limitation, under Title 40 of the Code of Federal Regulations, or any amendments thereto; .  
and

- 7.3.1.6. Lessee provides a description of any and all underground or above-ground tanks on the premises for storing Agricultural Chemicals, petroleum, or mixtures, and copies of all associated permits.
- 7.3.2. For purposes of this Section, the physical state and quantity of mixtures shall be determined by the physical state of the mixture as a whole not individual components, at standard temperature and pressure.
- 7.3.3. Lessor may, at its sole discretion, ban the use of any Agricultural Chemical, petroleum, or mixtures containing Agricultural Chemicals or petroleum under this Section upon providing written notice to Lessee, if it finds that the Agricultural Chemical, petroleum, or mixture poses a threat to human health, the environment or other properties or lands.
- 7.3.4. Lessee may submit a written request to Lessor to bring, store, use, or handle Agricultural Chemicals, petroleum, or mixtures containing Agricultural Chemicals or petroleum on the leased premises in excess of 54 gallons (if liquid) or 499 pounds (if solid). The written request shall (a) specify all Agricultural Chemicals, petroleum, or mixtures currently stored, used, or handled on the premises; (b) explain the need to bring, store, use or handle additional Agricultural Chemicals, petroleum, or mixtures on the leased premises; and (c) certify that it will comply with the requirements set forth above. Lessor may grant or deny the request in its sole discretion.
- 7.4. Lessee Notice Obligations:
  - 7.4.1. Within 24 hours of discovering any Hazardous Substance on, under, or emanating from the leased premises, Lessee shall notify Lessor by contacting Lessor's Safety Coordinator at (760) 920-2701.
  - 7.4.2. Upon discovering any Hazardous Substance on, under, or emanating from the leased premises, Lessee also shall comply with the notification requirements in all applicable Environmental Laws.
  - 7.4.3. Lessee shall supply Lessor with written confirmation of any notices or reports Lessee makes orally to any governmental authority regarding the Release of Hazardous Substances on, under, or from the leased premises. Lessee also shall promptly supply Lessor with complete and legible copies of all notices, reports, correspondence, and other documents sent by Lessee to, or received by Lessee from, any governmental authority regarding any Hazardous Substance on, under, or emanating from the leased premises.
  - 7.4.4. Lessee shall promptly notify Lessor in advance of any meeting scheduled between Lessee and any governmental authority concerning a Release of Hazardous Substances or other matters governed by or regulated under Environmental Laws.
- 7.5. Lessee Clean-Up Obligations:
  - 7.5.1. If Lessee, Lessee's Personnel, or any person residing on the leased premises causes any Hazardous Substance to be Released to or emanate

from the leased premises, or to otherwise become present on or under the leased premises or other properties, lands, or waters, Lessee shall be obligated to perform all Clean-Up Actions at its sole cost and expense. Lessee, however, shall not undertake any Clean-Up Action without Lessor's prior written approval, except in cases of emergency or where immediate action is necessary to comply with Environmental Laws.

- 7.5.2. Notwithstanding the foregoing, Lessor may, at its option, perform any or all Clean-Up Actions and bill Lessee for all costs incurred (including, without limitation, all legal, engineering, consulting, permitting, and administrative costs and fees), which Lessee agrees to pay on demand, or Lessor may, upon thirty (30) days' written notice to Lessee, increase the lease rental by the amount necessary for Lessor to recover such Clean-Up Action costs over the remaining term of this lease.

7.6. Environmental Indemnification:

- 7.6.1. The parties intend for this lease to be construed as an agreement made in accordance with 42 U.S.C. § 9607(e) and California Health and Safety Code § 25364.
- 7.6.2. Lessee, on behalf of itself, and its officers, employees, agents, contractors and sub-contractors of any tier, and all persons acting or purporting to act on its behalf, and its successors, assigns, and sub-lessees further undertakes and agrees to indemnify and hold harmless Indemnitees, and at the option of Lessor, defend by counsel satisfactory to Lessor, the indemnitees from and against any and all liens, claims of lien, suits, actions, causes of action, claims, charges, costs, fees (including, without limitation, attorneys' fees and consultants' fees), assessments, liabilities, damages, demands, judgments, fines, penalties, or losses of any kind or nature whatsoever, whether known or unknown, fixed or contingent (individually and collectively, "Claims") that are incurred by or asserted against the Indemnitees as a result of or in connection with (a) Lessee's failure to perform or comply with the terms of Article II, Section 7 (*Compliance with Environmental Laws*) or its subsections; (b) Lessee's failure to comply with any Environmental Law; (c) the Release of any Hazardous Substance on, under, or from the leased premises during the term of this lease; or (d) the presence of Hazardous Substances on or under any other properties, lands, or waters as a result of Releases or other acts, errors, or omissions by Lessee, Lessee's Personnel, or persons residing on the leased premises.
- 7.6.3. Lessee's obligations under Article II, Section 7.6 (*Environmental Indemnification*) shall (a) exist regardless of any negligence on the part of Indemnitees, except for the sole negligence or willful misconduct of Lessor; (b) apply and be effective for all accidents, occurrences, and events that occur during the term of this lease that give rise to future Claims, even if the actual Claims are asserted against Lessor after this lease has expired or terminated; and (c) be in addition to any other rights or remedies that Indemnitees have under law or under other provisions of this lease.

7.7. Survival of Clean-Up and Environmental Indemnity Obligations: Article II, Sections 7.5 (*Lessee Clean-Up Obligations*) and 7.6 (*Environmental Indemnification*), their subsections, and the obligations therein, shall survive the expiration or termination of this lease.

7.8. Right of Inspection: Lessee shall permit Lessor and Lessor's agents, consultants, and employees access to the leased premises for the purpose of conducting environmental inspections and sampling during regular business hours and during other hours either by agreement of the parties or in the event of an environmental emergency. Lessee shall not restrict access to any part of the leased premises or impose conditions to access. In the event that Lessor's environmental inspection includes sampling and testing on or under the leased premises, Lessor shall use its best efforts to avoid interfering with Lessee's use of the leased premises, and upon completion of sampling and testing shall repair and restore the affected areas of the leased premises.

8. **LESSOR'S RIGHT OF ACCESS AND INSPECTION:** Lessor, through its authorized agents consultants, or employees, shall have the right at any time during reasonable business hours, in conformance with applicable provisions of the Civil Code, to enter upon the leased premises for any purpose that will not unreasonably interfere with Lessee's use herein, including, but not limited to, the purpose of inspection and repair.

9. **INSURANCE:**

9.1. Additional Insured Status Required: Lessee shall procure at its own cost and expense, and keep in effect at all times during the term of this lease, the types and amounts of insurance specified in the *Contract Insurance Requirements*, marked *Exhibit D*, attached hereto and made a part hereof. Such insurance shall not limit or qualify the liabilities and obligations of Lessee assumed under this lease.

9.2. Severability of Interests and Cross Liability Required: Each specified insurance policy, as applicable, shall contain a Severability of Interest and Cross Liability clause, and a Contractual Liability Endorsement.

9.3. Primary and Non-Contributory Insurance Required: All such insurance shall be Primary and Noncontributing with any other insurance held by Lessor where liability arises out of or results from the acts, errors, or omissions of Lessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Lessee. Any insurance carried by Lessor which may be applicable shall be deemed to be excess insurance and Lessee's insurance is primary for all purposes despite any conflicting provision in Lessee's policies to the contrary.

9.4. Proof of Insurance for Renewal or Extension Required: Within ten (10) days after the expiration date of any of the policies required on *Exhibit D (Contract Insurance Requirements)*, Lessee shall submit documentation showing that the insurance coverage has been renewed and evidence of such renewal shall be submitted to Lessor.

9.5. Submission of Acceptable Proof of Insurance and Notice of Cancellation: Lessee shall provide the Risk Manager of the Department of Water and Power of the City of Los Angeles all specified insurance and related requirements either by use of Lessor's own endorsement form(s) or by other written evidence of insurance



acceptable to the Risk Manager, but always in a form acceptable to the Risk Manager. The documents evidencing all specified coverage shall be filed with Lessor prior to Lessee beginning operations or occupying the leased premises. Said proof shall contain, at a minimum, the applicable policy number, the inclusive dates of policy coverage, the date the protection begins for Lessor, and the insurance carrier's name. Said evidence shall provide that such insurance shall not be subject to cancellation, material reduction in coverage or non-renewal except after written notice by certified mail, return receipt requested, to the Office of the Risk Manager at least thirty (30) calendar days prior to the effective date thereof. The notification shall be sent by registered mail to:

The Office of the Risk Manager  
Financial Services Division  
Room 465 – John Ferraro Building  
P.O. Box 51111  
Los Angeles, California 90051-0100.

- 9.6. Claims-Made Insurance Conditions: Should any portion of the required insurance be on a "Claims Made" policy, Lessee shall, at the policy expiration date following the lease term, provide evidence that the "Claims Made" policy has been renewed with a retroactive inception date to the original policy in affect at the onset or effective date of this lease.
- 9.7. Failure to Maintain and Provide Proof as Cause for Termination: Failure to maintain and provide acceptable evidence of the required insurance for the required period of coverage shall constitute a breach of this lease, upon which Lessor may immediately terminate or suspend this lease.
10. **LESSOR HELD HARMLESS / INDEMNIFICATION**: In addition to the requirements of Article II, Section 9 (*Insurance*) herein, Lessee acknowledges that it has inspected the leased premises, knows the condition thereof, and on behalf of itself, and its officers, employees, agents, contractors and sub-contractors of any tier, and all other persons acting or purporting to act on it behalf, and its successors, assigns and sub-lessees undertakes and agrees to indemnify and hold harmless the City of Los Angeles, Lessor, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their officers, agents, successors in interest, assigns, and/or employees (individually and collectively, "Indemnitees"), and at the option of Lessor, defend by counsel satisfactory to Lessor, the Indemnitees from and against any and all claims of lien, suits, causes of action, claims, charges, damages (including, but not limited to, indirect, consequential, and incidental), demands, judgments, civil fines, penalties, or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including but not limited to Lessee's officers, employees, sub-lessees, contractors and subcontractors of any tier, customers, invitees and agents, or other persons who enters onto the leased premises, or damage (including environmental damage) or destruction or loss of use of any property of either party hereto, or third persons in any manner arising by reason of, incident to, or connected in any manner to this agreement or to the leased premises covered under this agreement, regardless of any negligence on the part of Indemnitees, except for the sole negligence or willful misconduct of Lessor. It is the specific intent of this Section that this Indemnification shall apply and be effective for all accidents, occurrences, and/or events occurring during the term of this agreement that give rise to future claims, even if the actual claims come against the Indemnitees after the

agreement has expired or terminated. This Indemnification shall be in addition to any other rights or remedies that Indemnitees have under law or under this agreement.

**11. NONDISCRIMINATION:**

- 11.1. Lessee herein covenants by and for itself, its successors and assigns, and all persons claiming under or through it, and this lease is made and accepted upon and subject to the following condition:
- 11.2. That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, sex, religion, national origin, or ancestry in the use, occupancy, tenure, or enjoyment of the leased premises.

**12. TAXES:**

- 12.1. General: Lessee shall pay all taxes, assessments, license fees, and other charges that are levied upon the personal property and improvements owned by Lessee, if any, and used or located on the leased premises; and shall pay any other tax arising out of Lessee's operations upon the leased premises, including, but not limited to, any possessory interest tax. Such taxes shall be paid prior to any due date established by the taxing authority.
- 12.2. Special Assessments: In the event any special assessments or taxes are levied against the leased premises by a district, special district, assessment district, or any other political entity or public corporation with power to levy taxes and/or assessments, such as a watermaster service or a water district, Lessor shall pay said taxes and/or assessments, and said amounts paid by Lessor, unless Lessor shall otherwise find and determine, will be added to the basic rental at the beginning of any rental period.
- 12.3. Substitute and Additional Taxes: If at any time during the term of this lease the State of California or any political subdivision of this State, including any county, city, public corporation, district, or any other political entity or public corporation of this State, levies or assesses against Lessor a tax, fee, or excise on rents on the square footage of the leased premises on the act of entering into this lease or on the occupancy of Lessee, or levies or assesses against Lessor any other tax, fee, or excise, however described, including, without limitation, a so-called value-added tax, as a direct substitution in whole or in part for or in addition to any real property taxes, Lessee shall pay before delinquency that tax, fee, or excise. Lessee's share of any such tax, fee, or excise shall be substantially the same as Lessee's proportionate share of real property taxes as provided in this lease.
- 12.4. Possessory Interest Tax: By executing this agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest," and such property interest will be subject to property taxation. Lessee, as the party in whom the possessory interest is vested, will be subject to the payment of the property taxes levied upon such interest. Lessee herewith acknowledges that notice required by Revenue and Taxation Code Section 107.6 has been provided.

- 13. **UTILITIES**: Lessee agrees to promptly pay all charges for public utility services furnished for use on the leased premises, or any other charges accruing or payable in connection with Lessee's use and occupancy of the leased premises.

**14. ASSIGNMENTS AND SUBLEASES:**

14.1. Assignment, Sublease, Transfer, or Encumbrance of Leasehold Interest: Except as set forth in Article II, Subsection 23.2 (*Livestock Not Owned by Lessee*), Exhibit E (*One-Time Assignment*), and Exhibit F (*Family Transfer Policy*), attached hereto and made a part hereof, Lessee shall not assign, transfer, encumber, or sublease its interest in the whole or any part of this lease or in the leased premises, or permit the use or occupancy of any part of the leased premises by any other person or entity, or permit the transfer of the lease or possession of the leased premises by merger, consolidation, dissolution, or otherwise. Any assignment, transfer, encumbrance, sublease, use, or occupancy in violation of this Subsection shall be void and, at Lessor's election, shall constitute a default.

14.1.1. Lessee understands and acknowledges that all leases will be awarded in accordance with the City of Los Angeles Department of Water and Power's policies, the City of Los Angeles Charter, and other legal requirements, including, without limitation, statutory requirements pertaining to competitive bidding.

14.1.2. If Lessor believes Lessee has assigned or subleased its interest in the whole or any part of this lease or in the leased premises without Lessor's prior written consent, Lessor may request Lessee to confirm whether such assignment or sublease has actually occurred, and Lessee shall respond to such inquiry within thirty (30) days.

14.2. Involuntary Assignment:

14.2.1. No interest of Lessee in this lease shall be assignable by operation of law (including, without limitation, the transfer of this lease by testacy or intestacy). Each of the following acts shall be considered an involuntary assignment:

14.2.1.1. If Lessee is or becomes bankrupt or insolvent; makes an assignment for the benefit of creditors; institutes, or is a party to, a proceeding under the Bankruptcy Act in which Lessee is the bankrupt or debtor; or, if Lessee is a partnership or consists of more than one person or entity, if any partner of the partnership or other person or entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors;

14.2.1.2. If a writ of attachment or execution is levied on this lease; or

14.2.1.3. If, in any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the leased premises.

14.2.2. An involuntary assignment shall constitute a default by Lessee, and Lessor shall have the right to elect to terminate this lease, in which case this lease shall not be treated as an asset of Lessee. If a writ of attachment or execution is levied on this lease, Lessee shall have ten (10) days in which to cause the attachment or execution to be removed. If any involuntary proceeding in bankruptcy is brought against Lessee, or if a receiver is

appointed, Lessee shall have sixty (60) days in which to have the involuntary proceeding dismissed or the receiver removed.

**14.3. Corporation, Partnership or Limited Liability Company:**

14.3.1. If Lessee is a corporation, this lease is to the corporation as it currently exists. Any dissolution, merger, consolidation, or other reorganization of Lessee, or the sale or other transfer of stock ownership of the corporation, voluntary, involuntary, or by operation of law, shall be deemed an assignment of this lease and, therefore, at Lessor's election, shall constitute a default. This Subsection shall not apply to corporations the stock of which is traded through an exchange.

14.3.2. If Lessee is a partnership, this lease is to the partnership as it currently exists. A withdrawal or change, voluntary, involuntary, or by operation of law, of any partner, or the dissolution of the partnership shall be deemed an assignment of this lease and, therefore, at Lessor's election, shall constitute a default.

14.3.3. If Lessee is a limited liability company, this lease is to the limited liability company as it currently exists. A withdrawal or change, voluntary, involuntary, or by operation of law, of any member, or the dissolution of the limited liability company shall be deemed an assignment of this lease and, therefore, at Lessor's election, shall constitute a default.

**14.4. Lessee's Representations and Warranties:** If Lessee is a corporation, partnership or limited liability company, Lessee hereby certifies, represents, covenants, and warrants to Lessor that the following are true in all respects:

14.4.1. The signatory is specifically authorized to bind Lessee. Lessee is a duly organized and validly existing entity with full legal capacity, right, power and authority to enter into this lease and to execute and deliver and carry out and perform the obligations intended by this lease, and no other consent to do so is required.

14.4.2. Lessee has delivered true, complete and correct copies of formation documents identifying Lessee's owners (e.g., stockholders, partners, members, etc.) and their percentage ownership interest.

14.4.3. Lessee's owners and their percentage ownership interest are limited to those shown in Exhibit G (*Lessee's Owners*), attached hereto and made a part hereof.

14.4.4. If Lessee learns of any fact or condition which would cause any of the representations and warranties in this lease to not be true, including, without limitation, because of a change to Lessee's owners or their percentage ownership interest, Lessee shall immediately give written notice of such fact or condition to Lessor.

**15. DEFAULT:**

15.1. **Default Events:** In addition to those actions that may constitute a default set forth in other sections of this lease, the occurrence of the following shall constitute a default by Lessee:

- 15.1.1. Lessee fails to pay any rent due under this lease, which failure continues for a period of twenty (20) days after such payment should have been paid pursuant to the terms and conditions of this lease; or
  - 15.1.2. Lessee fails to comply with any term, provision, condition, or covenant of this lease, other than paying rent, and does not cure such failure within thirty (30) days (or within such longer period of time as may be granted by Lessor in writing) after Lessor has sent written notice to Lessee specifying such failure.
- 15.2. **Notices of Default:** Notices given under this Section shall specify the alleged default and the applicable lease provisions, and shall demand that Lessee perform the provisions of this lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the leased premises. No such notice shall be deemed a forfeiture or a termination of this lease unless Lessor so elects in the notice.
- 15.3. **Cumulative Nature of Remedies:** Lessor shall have the remedies allowed in this lease if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.
- 15.4. **Lessor's Remedies:** Upon the occurrence of a Default Event, Lessor, in addition to any other rights or remedies available to Lessor at law or in equity, shall have the right to:
  - 15.4.1. Terminate this lease and all rights of Lessee under this lease, by giving Lessee thirty (30) days written notice that this lease is terminated, in which case, Lessor may recover from Lessee the aggregate sum of:
    - 15.4.1.1. The worth at the time of award of any unpaid rent that had been earned at the time of termination;
    - 15.4.1.2. The worth at the time of award of the amount by which (A) the unpaid rent that would have been earned after termination until the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;
    - 15.4.1.3. The worth at the time of award of the amount by which (A) the unpaid rent for the balance of the term after the time of award exceeds (B) the amount of rental loss, if any, that Lessee affirmatively proves could be reasonably avoided;
    - 15.4.1.4. Any other amount necessary to compensate Lessor for all the detriment caused by Lessee's failure to perform Lessor's obligations or that, in the ordinary course of things, would be likely to result from Lessee's failure; and
    - 15.4.1.5. All other amounts in addition to or in lieu of those previously set out as may be permitted from time to time by applicable California law.
    - 15.4.1.6. As used in Subsections 15.4.1.1 and 15.4.1.2 of this Section, the "worth at the time of award" is computed by allowing interest at the rate of ten percent (10%) per annum.

- 15.4.1.7. As used in Subsection 15.4.1.3 of this Section, the "worth at the time of award" is computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).
- 15.4.1.8. As used in this Section, the term "rent" shall include the Rent described in Article I, Section 4 (*Rent*) and any and all other payments required by Lessee under this lease.
- 15.4.2. Continue this lease, and from time to time, without terminating this lease, either:
  - 15.4.2.1. Recover all rent and other amounts payable as they become due; or
  - 15.4.2.2. Re-let the leased premises or any part on behalf of Lessee on terms and at the rent that Lessor, in Lessor's sole and absolute discretion, may deem advisable, all with the right to make alterations and repairs to the leased premises, at Lessee's sole cost and expense, and apply the proceeds of re-letting to the rent and other amounts payable by Lessee. To the extent that the rent and other amounts payable by Lessee under this lease exceed the amount of the proceeds from re-letting, Lessor may recover the excess from Lessee as and when due.
- 15.4.3. Upon the occurrence of a Default Event, Lessor shall also have the right, with or without terminating this lease, to re-enter the leased premises and remove all property from the leased premises. Lessor may store the property removed from the leased premises at the cost and expense and for the account of Lessee.
- 15.4.4. None of the following remedial actions, alone or in combination, shall be construed as an election by Lessor to terminate this lease unless Lessor has in fact given Lessee written notice that this lease is terminated or unless a court of competent jurisdiction decrees termination of this lease: any act by Lessor to maintain or preserve the leased premises; any efforts by Lessor to re-let the leased premises; any re-entry, repossession, or re-letting of the leased premises by Lessor pursuant to this Section. If Lessor takes any of the previous remedial actions without terminating this lease, Lessor may nevertheless, at any later time, terminate this lease by written notice to Lessee.
- 15.4.5. If Lessor re-lets the leased premises, Lessor shall apply the revenue from the re-letting as follows: first, to the payment of any indebtedness other than rent due from Lessee to Lessor; second, to the payment of any cost of re-letting; third, to the payment of the cost of any maintenance and repairs to the leased premises; and fourth, to the payment of rent and other amounts due and unpaid under this lease. Lessor shall hold and apply the residue, if any, to payment of future amounts payable under this lease as the same may become due, and shall be entitled to retain the eventual balance with no liability to Lessee. If the revenue from re-letting during any month, after application pursuant to the previous provisions, is less than the sum of (a) Lessor's expenditures for the leased premises during that month

and (b) the amounts due from Lessee during that month, Lessee shall pay the deficiency to Lessor immediately upon demand.

- 15.4.6. After the occurrence of a Default Event, Lessor, in addition to or in lieu of exercising other remedies, may, but without any obligation to do so, cure the breach underlying the Default Event for the account and at the cost and expense of Lessee. However, Lessor must by prior written notice first allow Lessee a reasonable opportunity to cure, except in cases of emergency, where Lessor may proceed without prior notice to Lessee. Lessee shall, upon demand, immediately reimburse Lessor for all costs and expenses, including costs of settlements, defense, court costs, and attorney fees that Lessor may incur in the course of any cure.
- 15.4.7. No security or guaranty for the performance of Lessee's obligations that Lessor may now or later hold shall in any way constitute a bar or defense to any action initiated by Lessor or unlawful detainer or for the recovery of the leased premises, for enforcement of any obligation of Lessee, or for the recovery of damages caused by a breach of this lease by Lessee or by a Default Event.
- 15.4.8. Except where this is inconsistent with or contrary to any provisions of this lease, no right or remedy conferred upon or reserved to either party is intended to be exclusive of any other right or remedy, or any right or remedy given now or later existing at law or in equity or by statute. Except to the extent that either party may have otherwise agreed in writing, no waiver by a party of any violation or nonperformance by the other party of any obligations, agreements, or covenants under this lease shall be deemed to be a waiver of any subsequent violation or nonperformance of the same or any other covenant, agreement, or obligation, nor shall any forbearance by either party to exercise a remedy for any violation or nonperformance by the other party be deemed a waiver by that party of the rights or remedies with respect to that violation or nonperformance.
- 15.5. Cross Default: A material breach of the terms of any other lease, license, permit, or contract held by Lessee with Lessor shall constitute a material breach of the terms of this lease, and shall give Lessor the right to terminate this lease for cause in accordance with the procedures set forth in Section 16 (*Termination by Parties*).

## **16. TERMINATION BY PARTIES:**

- 16.1. This lease may be terminated by Lessor by giving Lessee not less than thirty (30) days' advance written notice of such termination; but, for reasons other than nonpayment of rent, such right of termination shall be exercised by Lessor only when Lessee is in default with respect to the terms, conditions, or covenants of this lease, or in the event the Board determines that the operations of Lessor or the public interest require such termination.
- 16.2. If Lessor terminates this lease prior to the end of the term because Lessee has breached the term of the lease or abandoned the property, Lessor may terminate this lease and retain all rights under California Civil Code §1951.2 to recover all statutory damages allowed thereunder, including the right to recover the worth, at the time of an award by the Court, the amount of which the unpaid rent for the balance of the

term after the time of the award, or for any shorter period of time, that exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

**17. SURRENDER OF LEASED PREMISES:**

- 17.1. Upon the expiration of the term of this lease or sooner termination as herein provided, Lessor has the right to discontinue leasing the leased premises and has no obligation to Lessee to renew, extend, transfer, or re-lease the leased premises. If this right is exercised by Lessor, Lessee shall vacate the leased premises and shall peaceably surrender the same.
- 17.2. Under Lessor's right to discontinue leasing the leased premises, Lessee is obliged to, and shall remove any and all Lessee-owned or sub-lessee-owned works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, and other personal property located in or upon the leased premises, and except for trees and shrubs and Lessor-owned improvements, if any, Lessee shall leave the leased premises in a level, graded condition. Lessor may waive the obligation to remove and restore, in writing, upon prior written request therefor by Lessee. If the obligation is waived, Lessee shall quit and surrender possession of the leased premises to Lessor in at least as good and usable condition as the same are required to be maintained under the provisions Article II, Subsection 6.1 (*Care of Leased Premises*) and Subsection 6.2 (*Maintenance and Repair*). In this event, Lessor shall acquire title to any and all works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, and other personal property located in or upon the leased premises and remaining there upon the expiration or any termination of this lease, and Lessee agrees that title to same shall and by this agreement does vest in Lessor, and that Lessee shall thereafter have no rights whatsoever in any such works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, or personal property left on the leased premises.
- 17.3. Should Lessee fail to remove any Lessee-owned or sub-lessee-owned works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, or other personal property, or fail to request Lessor's waiver of removal, Lessor can elect to retain or dispose of, in any manner, any such works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, or personal property that Lessee does not remove from the leased premises on expiration or termination of the term as allowed or required by this lease by giving thirty (30) days' written notice to Lessee. Title to any such works, improvements, structures, alterations, trade fixtures, appurtenances, furniture, or personal property that Lessor elects to retain or dispose of on expiration of the 30-day period shall vest in Lessor. Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposal of any such property. Lessee shall be liable to Lessor for Lessor's costs for storing, removing, or disposing of any such property of Lessee or sub-lessees.

- 18. HOLDING OVER:** If Lessee shall hold over after expiration or other termination of this lease, whether with the apparent consent or without the consent of Lessor, such shall not constitute a renewal or extension of this lease, nor a month-to-month tenancy but only a tenancy at will with liability for reasonable rent, and in all other respects on the same terms and conditions as are herein provided. The term "reasonable rent" as used in this Section



shall be no less than 125% of the total yearly rents, taxes, and assessments provided for elsewhere in this lease, per month, and said reasonable rent during the holdover period shall be paid, in advance, on the first day of each month as provided for elsewhere in the lease.

19. **SUCCESSORS IN INTEREST:** This lease shall inure to the benefit of and be binding upon the parties hereto and any heirs, successors, executors, administrators, and assigns, as fully and to the same extent specifically mentioned in each instance, and every term, covenant, condition, stipulation, and agreement contained in this lease shall extend to and bind any heir, successor, executor, administrator, and assign, all of whom shall be jointly and severally liable hereunder.
20. **RECORDING:** Neither this lease nor a memorandum thereof shall be recorded without Lessor's consent in writing.
21. **WAIVER:**
- 21.1. No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair such a right or remedy or be construed as a waiver.
- 21.2. The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.
- 21.3. No act or conduct of Lessor, including, without limitation, the acceptance of the keys to the leased premises, shall constitute an acceptance of the surrender of the leased premises by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall constitute acceptance of the surrender of the leased premises and accomplish a termination of the lease.
- 21.4. Lessor's consent or approval of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent act by Lessee.
- 21.5. Any waiver by Lessor of any default shall not be a waiver of any other default concerning the same or any other provision of the lease.
22. **ATTORNEYS' FEES AND COSTS:** Lessee agrees to pay to Lessor all costs and expenses, including attorneys' fees, in a reasonable sum incurred in enforcing any and all of the terms, covenants, agreements, and conditions of this lease, or in any litigation or negotiation in which Lessor shall, without its fault, become involved through or on account of this lease and in any action brought by Lessor to recover any money due and unpaid hereunder, or to recover possession of the leased premises, whether such action proceed to judgment or not. Lessee is advised that pursuant to the provisions of Section 1717 of the Civil Code, it may, as the prevailing party in an action between Lessor and Lessee, be entitled to an award of reasonable attorney's fees as a result of this Section.
23. **MISCELLANEOUS ADDITIONAL CONDITIONS:**
- 23.1. Fence in Livestock: It is the responsibility of Lessee to prevent Lessee's livestock from leaving the leased premises and entering adjacent roadways, private property, or other let premises.

- 23.2. Livestock Not Owned by Lessee: Livestock not owned by Lessee shall not be placed on the leased premises without the prior written consent of the Lessor. It is understood that Lessee has full responsibility for livestock not owned by Lessee kept on the leased premises, including any liability resulting from this action.
- 23.3. Tule Elk: Lessee shall comply with the provisions of the existing State of California Department of Fish and Wildlife Tule Elk Management Plan, and shall cooperate in the protection of the tule elk.
- 23.4. Public Access, Hunting and Fishing: Lessee and Lessor agree that in order to permit Lessor-approved multiple use of its lands in Inyo County, Lessee will keep at least seventy-five percent (75%) of the leased premises, excluding alfalfa and irrigated pastures, open for hunting and fishing, but such activity shall be subject to the provisions of the Fish and Game Code of the State of California.
- 23.4.1. All riparian corridors located within the leased premises shall be open to the public for pedestrian access at all times. Equal access for hunting and fishing shall be provided to the general public without charge.
- 23.4.2. Any areas proposed to be closed to public access require written permission from Lessor prior to any such action. No signs limiting public access, hunting or fishing shall be posted without Lessors prior written permission which shall be granted at Lessor's sole discretion. In order to close or place signs limiting access, hunting or fishing on any portion of the leased premises, Lessee shall submit to Lessor's Real Estate section, a written request within six (6) months of the commencement of this lease. Said request shall include 1) a map clearly identifying the residential or operational portion of the leased premises to be restricted from public access, 2) the location, design and specifications of the proposed signage, and 3) the location of walk-through gates for public access if the area to be restricted from the public is adjacent to a riparian corridor.
- 23.4.3. Lessor and Lessee will work in good faith to allow reasonable closures of areas for operational purposes, safety, privacy, and other similar reasons. Further, temporary closures for similar or environmental reasons can be granted through the above described process.
- 23.5. Overnight Camping: Overnight camping shall not be permitted on the leased premises and Lessee agrees to take all reasonable measures to discourage and prevent overnight camping.
- 23.6. Trees and Other Natural Resources: Lessee shall not remove or permit to be removed any trees, topsoil, gravel, cinders, minerals, or any other natural resources from the leased premises without prior written approval from Lessor.
- 23.7. Wood and Bee Permits:
- 23.7.1. Any wood gathering, wood cutting, or beekeeping by Lessee or any other person, shall require a valid permit issued by Lessor. Persons cutting or gathering wood shall have a valid wood permit on his or her person. Beekeeping sites shall be posted with a valid site permit as required by the Apiary Site Permit.

23.7.2. Cutting of trees during the months of November through April, or the cutting of live trees at any time, requires the prior written approval from Lessor and will be authorized by Lessor only if Lessor, at its sole and absolute discretion, deems such activity is necessary.

## 24. CITY OF LOS ANGELES ORDINANCE-MANDATED PROVISIONS

- 24.1. Non-Discrimination: During the term of this lease, Lessee shall not discriminate in its employment practices against any employee or applicant for employment because of race, religion, national origin, ancestry, sex, sexual orientation, age disability, marital status, domestic partner status, or medical condition. Any subleases shall contain a like nondiscrimination clause. The applicable provisions of Executive Order No. 11246 of September 24, 1965; Part 60-741 of 41 CFR pertaining to handicapped workers, including 60-741.4 Affirmative Action Clause; and Sections 10.8 to 10.13 of the Los Angeles Administrative Code pertaining to nondiscrimination in employment in the performance of City contracts are incorporated herein by reference and made a part hereof as if they were fully set forth herein.
- 24.2. Affirmative Action Plan: Lessee shall have, as per Los Angeles Administrative Code Section 10.8.4, an Affirmative Action Plan on file with the Director of Corporate Purchasing Services. Lessee's Plan shall be submitted on Lessor's form, available from the Director of Corporate Purchasing Services.
- 24.3. Child Support Assignment Orders: Lessee shall comply with Section 10.10, of the Los Angeles Administrative Code. Lessor requires all lessees and sublessees entering into a contract with Lessor to comply with all reporting requirements and court-ordered wage earning assignments.
- 24.4. Service Contractor Worker Retention Ordinance and Living Wage Ordinance: Under provisions of Section 10.36 et seq., and Section 10.37 et seq. of the Los Angeles Administrative Code, all employers (except where specifically exempted) under contracts primarily for the furnishing of services to or for Lessor and that involve an expenditure in excess of \$25,000 and a contract term of at least three months; leases; use permits, licenses; or, certain recipients of Lessor financial assistance, shall comply with all applicable provisions of the Ordinances. Lessor shall have the authority, under appropriate circumstances, to terminate the contract and otherwise pursue legal remedies that may be available, if Lessor determines that the subject contractor or financial recipient violated the provisions of the referenced Code Section.
- 24.5. Equal Benefits Ordinance: This lease is subject to Section 10.8.2.1 of the Los Angeles Administrative Code related to equal benefits to employees. Lessee agrees to comply with the provisions of Section 10.8.2.1.
- 24.6. Slavery Disclosure Ordinance: This lease is subject to the applicable provisions of the Slavery Disclosure Ordinance (SDO) Section 10.41, et seq., of the Los Angeles Administrative Code. Unless otherwise exempt in accordance with the provisions of this Ordinance, Lessee certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of the Los Angeles Administrative Code, Lessor has the authority, under appropriate circumstances, to

terminate this lease and otherwise pursue legal remedies that may be available to Lessor if Lessor determines that Lessee failed to fully and accurately complete the SDO affidavit or otherwise violated any provision of the SDO.

24.7. Prevailing Wages:

- 24.7.1. To the extent applicable Lessee shall pay or cause to be paid to all workers employed in connection with the construction of the improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to City public work contracts, including without limitation Sections 1770-1780 of the California Labor Code.
- 24.7.2. If federal funds were at any time used in the acquisition of this land or will be used in connection with the construction of any improvements, Lessee shall comply with or cause its general contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages will be required, all works shall be paid at the higher of the two wages.
- 24.7.3. Prior to the commencement of construction, and as soon as practicable in accordance with the applicable Schedule of Performance, Lessee shall contact the City to schedule a preconstruction orientation meeting with Lessee and with the general contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the construction of the improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of Lessee's compliance with this Section.
- 24.7.4. Lessee shall monitor and enforce any applicable prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that Lessee fails to monitor or enforce these requirements against any contractor or subcontractor, Lessee shall be liable for the full amount of any underpayment of wages, plus costs and attorney's fees, as if Lessee was the actual employer, and the City or the State Department of Industrial Relations may withhold monies owed to Lessee, may impose penalties on Lessee in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare Lessee in default of this lease and thereafter pursue any of the remedies available under this lease.
- 24.7.5. Lessee agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this lease.

24.7.6. Lessee shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the Indemnitees against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Lessee, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the leased premises. This indemnity shall apply whether occurring during the term of this lease and any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this lease.

**25. GENERAL PROVISIONS:**

- 25.1. Time is expressly declared to be the essence of each and every term, covenant, condition, and provision of this lease.
- 25.2. The captions of the articles of this lease are for convenience only, and are not part of this lease, and do not in any way limit or amplify the terms or provisions of this lease.
- 25.3. Unless the context shall otherwise require, words herein used in the masculine gender shall include the feminine and neuter, and the singular number shall include the plural and the plural singular.
- 25.4. All provisions of this lease, whether covenants or conditions, on the part of Lessee shall be deemed to be both covenants and conditions.
- 25.5. If any term, covenant, condition, or provision of this lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

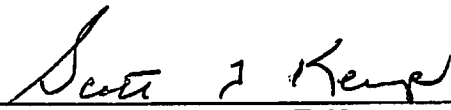
**26. LESSOR'S CONSENT:** In each instance herein where the City's, Board's, or Lessor's approval or consent is required before Lessee may act, such approval or consent may be withheld in Lessor's sole and absolute discretion.

**27. SUPERSEDURE:** This lease, upon becoming effective, shall supersede and annul any and all permits, leases, or Ranch Leases heretofore made or issued for the leased premises between Lessor and Lessee, and any such permits, leases, or Ranch Leases shall hereafter be void and of no effect except as to any rentals, royalties, or fees which may have accrued thereunder.

**28. ENTIRE UNDERSTANDING:** Except as otherwise allowed and created pursuant to the terms of this lease, this lease contains the entire understanding of the parties, and Lessee, by accepting the same, acknowledges that there is no other written or oral understanding between the parties in respect to the leased premises or the rights and obligations of the parties hereto. No modification, amendment, or alteration of this lease shall be valid unless it is in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have themselves, or through their duly authorized officers, caused this lease to be executed as of the day and year herein below written.

The signature(s) affixed hereto of Lessee hereby warrants that he/she/they is/are authorized to do so and have the legal authority to bind the person or entity which they represent and on whose behalf they have executed this lease. The signature(s) certifies/certify that Lessee has read and does understand each and every paragraph contained in this lease and agrees to abide by and be bound by same.


Date 11/29/16 By   
Scott T. Kemp

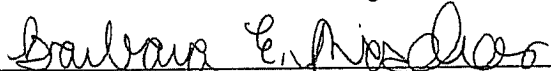
P.O. Drawer P  
Independence, CA 93526-0448

LESSEE

IN WITNESS WHEREOF, the parties hereto have themselves, or through their duly authorized officers, caused this lease to be executed as of the day and year herein below written.

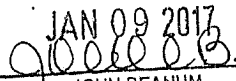
DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES BY  
BOARD OF WATER AND POWER COMMISSIONERS

Date 3.7.17 By   
DAVID H. WRIGHT  
General Manager

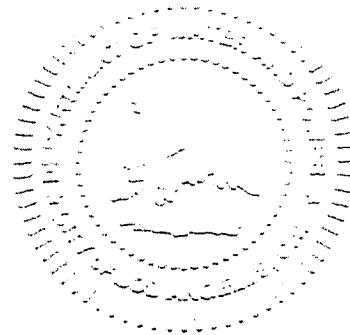
Date 3.7.17 And   
BARBARA E. MOSCHOS  
Secretary

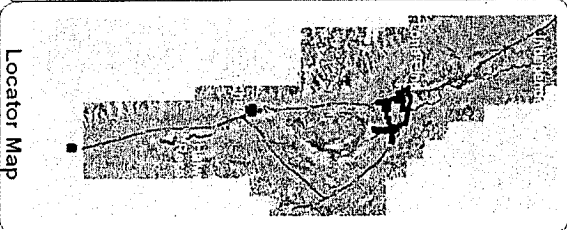
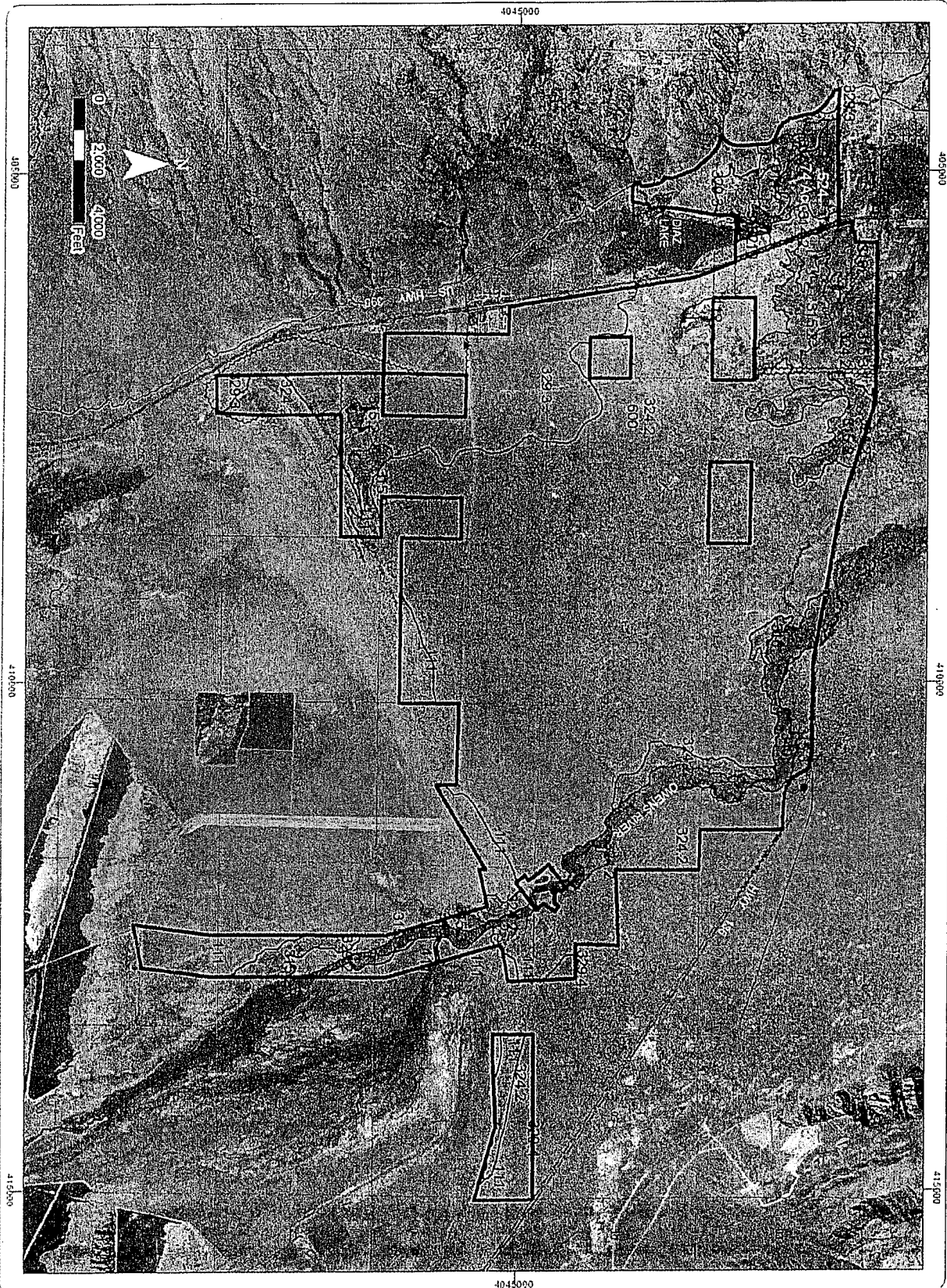
LESSOR

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

BY   
JAN 09 2017  
JOHN BEANUM  
DEPUTY CITY ATTORNEY

APPROVED BY RES. 017153  
FEB 21 2017



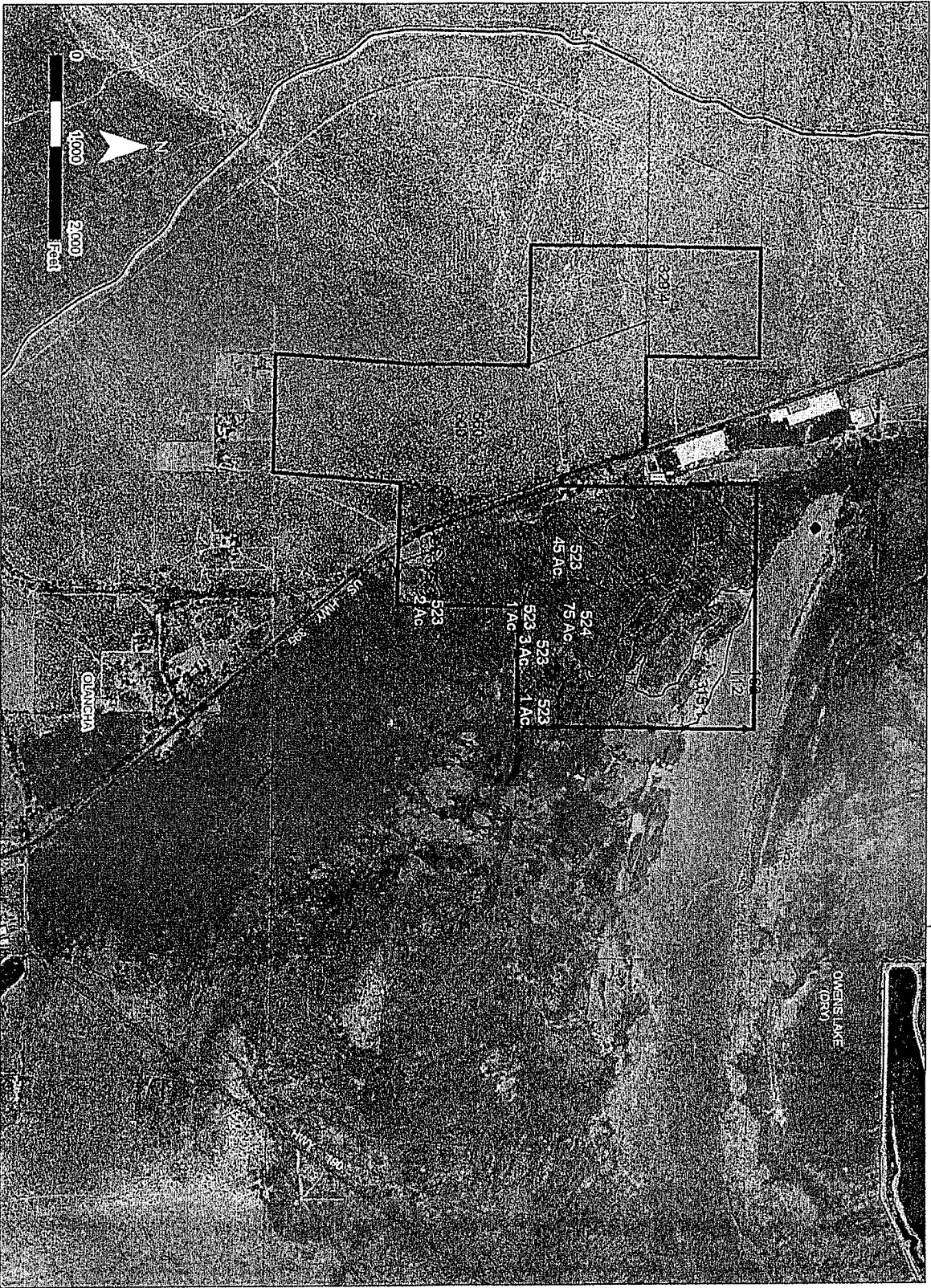


**Scott Kemp**  
**Lease RL-490**  
**Page 1 of 3**  
**AREA: 7.631 Ac**

Parcel ID	Area (Ac)	Notes
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EXHIBIT A

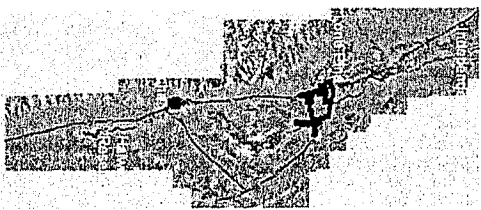




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Locator Map



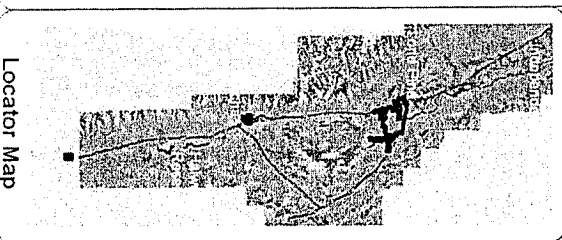
**Legend**

● Camp  
▲ Well  
♦ Watering  
○ Well (dry)  
— Pipe  
— Stream  
— Road  
— Boundary

**Land Description**

509	Recreation
510	Recreation
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Scott Kemp  
Lease RLI-490  
Page 2 of 3  
AREA: 7.631 Ac



**Scott Kemp**  
 Lease RL-490  
 Page 3 of 3  
 AREA: 7.631 Ac

**Legend**

326	Forest	327	Water
327	Forest	328	Water
328	Forest	329	Water
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399	Forest	400	Water

EXHIBIT A

EXHIBIT B

RLI- 490 LESSEE - SCOTT KEMP

TYPE OF USE - BEEF

RLI- 490

EFFECTIVE DATE - JAN. 01, 2017

ACCOUNT NO - 15280

EXPIRATION DATE - DEC. 31, 2017

BEEF INCREMENT FACTOR - 2.26

BILLING DATE - JAN. 01, 2017

ALFALFA INCREMENT FACTOR - 2.8

LAND DESCRIPTION		ACRES				RENT
520	IRRIGATED PASTURE		AUM/AC	AUM	RENT/AUM	
523	PASTURE	52	3	156	3.9	608
524	PASTURE	149	1.5	224	3.9	874
	PASTURE TOTALS	201		380		1482
DRY GRAZING COVER TYPE			AC/AUM	AUM	RENT/AUM	
340	RIPARIAN VEGETATION	144	2	72	3.5	252
316	RUSH/SALTGRASS MEADOW	149	0.75	199	3.5	697
317	TULE MARSH COMPLEX	24	1.5	16	3.5	56
315.3	SALTGRASS/SACATON MEADOW	199	2	100	3	300
315.2	SALTGRASS/SACATON MEADOW	238	2.5	95	3	285
315.1	SALTGRASS/SACATON MEADOW	14	4	4	3	12
314.1	RABBIT/NEV. SALT BUSH/SALTGRASS	8	5	2	2.5	5
314.2	RABBIT/NEV. SALT BUSH/SALTGRASS	113	9	13	2.5	33
324.2	GREASEWOOD/SALT BUSH	4705	8	588	2.5	1470
329.2	SEMI-DESERT SHRUBLANDS/+GRASS	40	15	3	2	6
329.3	SEMI-DESERT SHRUBLANDS/-GRASS	826	20	41	2	82
329.4	SEMI-DESERT SHRUBLANDS	410	40	10	2	20
330.3	SAGE/RABBIT BRUSH	4	20	0	2	0
560	ABANDONED LAND	82	20	4	2	8
111	DRY LAKES	388	0	0	0	0
112	BARREN PONDS	14	0	0	0	0
160	SLICKS	8	0	0	0	0
210	LAKES, PONDS, RESERVOIRS	4	0	0	0	0
600	URBAN AND INDUSTRIAL AREAS	58	0	0	0	0
	DRY GRAZING TOTALS	7428		1147		3226
	PASTURE & DRY GRAZING SUB-TOTALS	7629		1527		4708
	ELK USE ON PASTURE & DRY GRAZING			360		-1110
	TOTAL WITH INCREMENT (x 2.26)					8131
	SUB - TOTALS	7629		1527		8131
	OPERATING STRUCTURES	2				64
	TOTALS	7631		1527		8195
	10% DEPOSIT DUE ON JAN. 01, 2017					-820
	BALANCE DUE ON NOV. 01					7375

EXHIBIT C

**SCHEDULE FOR LAND CLASSIFICATION, RENTAL RATES, AND RENTAL ADJUSTMENT FACTORS  
FOR RANCH LEASES OF THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES**

January 1, 2017

**SECTION 1:** BASE YEAR RENTAL RATES PER ACRE AND PER ANIMAL UNIT MONTH (AUM) FOR EACH TYPE AND CLASS OF IRRIGATED LAND TO BE USED IN DETERMINING THE TOTAL BASE ANNUAL RENT AS SPECIFIED IN THE RENT PARAGRAPH OF THE RANCH LEASE.

	ALFALFA			PASTURE			
	CLASS 511 \$/ac	CLASS 512 \$/ac	CLASS 513 \$/ac	CLASS 521 AUM/ac	CLASS 522 AUM/ac	CLASS 523 AUM/ac	CLASS 524 AUM/ac
1. Normal year.	65.00	45.00	25.00	7.00	4.50	3.00	1.50
2. Year originally planted and each year reseeded	45.00	30.00	17.00				
3. Dry year rates *							
a. First year dry	15.00	15.00	15.00	2.50	2.25	1.50	0.75
b. Second consecutive year dry	6.00	6.00	6.00	1.00	0.75	0.75	0.75
c. Third consecutive and subsequent consecutive years dry	2.00	2.00	2.00	0.50	0.50	0.50	0.50
4. First year irrigated after one year dry	45.00	30.00	17.00	7.00 **	4.50	3.00	1.50
5. First year irrigated after two consecutive years dry	32.50	22.50	12.50	7.00 **	2.25	1.50	0.75
6. First year irrigated after three or more consecutive years dry	22.50	15.00	8.50				

\* The application of dry year rates for pasture land under No. 3 above shall be subject to a field classification which shall determine the actual grazing carrying capacity (AUMs) to be applied thereto under condition Nos. 3.a, 3.b, or 3.c, and shall apply only where irrigation supply is controlled by the Department. Normal water supply resulting from sub-irrigation or other natural water sources independent of spreading operations of the Department shall result in classification under No. 1 above according to grade of pasture land.

\*\* The AUM rate specified under Nos. 4 and 5 above for Class 521 pasture land shall apply only if the land has been reseeded following the dry period; if not so reseeded, the rates for such Class 521 pasture land, after being dry and on being restored to normal water supply, shall be:

First year restored. 1.00 AUM/ac

Second year restored 7.00 AUM/ac

**ALFALFA LAND:** Upon being restored to normal water supply after a period of being dry, a field classification of the land shall be made to determine whether the land shall be classified as Class 511, 512, or 513, and priced according to Nos. 1 or 2 above. In no case shall the price be less than that provided for the first year following a period of being dry, as specified under Nos. 4, 5, or 6 above.

**SECTION 2:** RENTAL FOR PASTURE OR ALFALFA LANDS SHALL BE COMPUTED BY MULTIPLYING THE BASE RENT, OR ADJUSTED BASE RENT FOR SUCH LANDS, BY THE APPROPRIATE INCREMENT ADJUSTMENT FACTOR AS FOLLOWS:

**PASTURE LANDS:** The ratio of the average annual market price of beef cattle per hundredweight for the past 12 months ending October 31 to the average annual market price of beef cattle per hundredweight for the base year.

The base year is November 1977 through October 1978, and the average annual market price for beef cattle for the base year was \$46.05 per cwt.

Applicable data shall be as reported and published in the U.S. Department of Agriculture, National Agricultural Statistics Service, National Beef Database.

**ALFALFA LANDS:** The ratio of the average annual market price of alfalfa per ton for the past 12 months ending in February to the average annual market price of alfalfa per ton for the base year.

The base year is March 1978 through February 1979, and the average market price for alfalfa for the base year was \$72.37 per ton. Applicable data shall be as reported and published in the *Livestock & Grain Market News*, published weekly by the U.S. Department of Agriculture, and shall be based on the Dealer Selling Price, delivered to customers for the Chino Valley/Los Angeles area for U.S. No. 2 Leafy Alfalfa.



EXHIBIT D

CONTRACT INSURANCE REQUIRMENTS -- DEPARTMENT OF WATER AND POWER  
For Contractors, Service Providers, Vendors, and Tenants

Agreement/Activity/Operation:	livestock grazing and limited residential use
Reference/Agreement:	Ranch Lease RLI-490
Term of Agreement:	Five years
Contract Administrator and Phone:	Elsa Jimenez/Bishop/Ext 30201
Buyer and Phone Number:	M. Salazar 3/8/16

Contract-required types and amounts of insurance as indicated below by checkmark are the minimum which must be maintained. All limits are Combined Single Limit (Bodily Injury/Property Damage) unless otherwise indicated. Firm 30 day Notice of Cancellation required by Receipted Delivery.

PER OCCURRENCE LIMITS

(✓) WORKERS' COMPENSATION (Stat. Limits)/Employer's Liability: (\$1,000,000.00)

- Broad Form All States Endorsement
- Jones Act (Maritime Employment)
- Waiver of Subrogation
- Other: \_\_\_\_\_
- US L&H (Longshore and Harbor Workers)
- Outer Continental Shelf
- Black Lung (Coal Mine Health and Safety)
- Other: \_\_\_\_\_

(✓) AUTOMOBILE LIABILITY: (\$1,000,000.00)

- Owned Autos
- Hired Autos
- Contractual Liability
- MCS-90 (US DOT)
- Waiver of Subrogation
- Any Auto
- Non-Owned Auto
- Additional Insured
- Trucker's Form
- Other: \_\_\_\_\_

(✓) GENERAL LIABILITY: ( ) Limit Specific to Project ( ) Per Project Aggregate (\$3,000,000.00)

- Broad Form Property Damage
- Premises and Operations
- Fire Legal Liability
- Corporal Punishment
- Watercraft Liability
- Waiver of Subrogation
- Marine Contractors Liability
- Contractual Liability
- Products/Completed Ops.
- Garagekeepers Legal Liab.
- Collapse/Underground
- Pollution
- Airport Premises
- Other: \_\_\_\_\_
- Personal Injury
- Independent Contractors
- Child Abuse/Molestation
- Explosion Hazard
- Addition Insured Status
- Hangarkeepers Legal Liab.
- Other: \_\_\_\_\_

( ) PROFESSIONAL LIABILITY: ( ) ( )

- Contractual Liability
- Additional Insured
- Waiver of Subrogation
- Vicarious Liability Endt.
- 3 Year Discovery Tail
- Other: \_\_\_\_\_

( ) AIRCRAFT LIABILITY: ( ) ( )

- Passenger Per Seat Liability
- Pollution
- Contractual Liability
- Additional Insured
- Hull Waiver of Subrogation
- Other: \_\_\_\_\_

(✓) PROPERTY DAMAGE: (✓) Loss Payable Status (AOIMA) ( ) ( )

- Replacement Value
- All Risk Form
- Builder's Risk: \$ \_\_\_\_\_
- Transportation Floater: \$ \_\_\_\_\_
- Actual Cash Value
- Named Perils Form
- Boiler and Machinery
- Contractors Equipment: \$ \_\_\_\_\_
- Agreed Amount
- Earthquake: \_\_\_\_\_
- Flood: \_\_\_\_\_

( ) Loss of Rental Income: ( ) ( )

- Scheduled Locations/Propt.
- Other: \_\_\_\_\_
- Other: \_\_\_\_\_

( ) WATERCRAFT: ( ) ( )

- Protection and Indemnity
- Waiver of Subrogation
- Pollution
- Other: Loss Payee AOIMA
- Additional Insured
- Other: \_\_\_\_\_

( ) POLLUTION: ( ) ( )

- Incipient/Long-Term
- Waiver of Subrogation
- Sudden and Accidental
- Contractor's Pollution
- Additional Insured
- Other: \_\_\_\_\_

( ) CRIME: ( ) Joint Loss Payable Status ( ) ( )

- Fidelity Bond
- Employee Dishonesty
- Computer Fraud
- Other: \_\_\_\_\_
- Financial Institution Bond
- In Transit Coverage
- Commercial Crime
- Other: \_\_\_\_\_
- Additional Insured
- Loss of Monies/Securities
- Wire Transfer Fraud
- Forgery/Alteration of Docs.

( ) ASBESTOS LIABILITY: ( ) Additional Insured ( ) ( )

## EXHIBIT E

### ONE-TIME ASSIGNMENT POLICY

The Los Angeles Department of Water and Power (LADWP) must award, renew, and transfer all contracts, including ranch leases (Ranch Lease), in accordance with the Los Angeles City Charter and Administrative Code, which require contracts be awarded pursuant to open and competitive bidding procedures or submission of proposals, unless an exemption applies. As the largest private property owner in Inyo County, LADWP's longstanding practice has been to allow lessees of City of Los Angeles (City) property located in Inyo County to transfer their Ranch Lease as part of the sale of their business operated on City property, as long as no consideration is given or paid for Ranch Lease. This One-Time Assignment Policy is intended to provide lessees of City property located in Inyo County with a one-time opportunity to transfer their Ranch Lease to qualifying third-parties. Once a lessee exercises its one-time assignment right, the new lessee will not have any further right to assign Ranch Lease, unless such assignment qualifies as a family transfer under LADWP's Family Transfer Policy.

The Charles Brown Act (California Government Code Section 50300-50308) (CBA) requires LADWP to grant current lessees, who have enjoyed tenancy for two (2) of the past three (3) years, an opportunity to lease City property at a reasonable charge when LADWP awards or renews leases for property within Inyo County. CBA permits LADWP "upon a finding that the public interest will be furthered and with the approval of the legislative body, the board or officer having charge of real property belonging to [LADWP] may sell or lease the property without advertising or calling for bids." LADWP is utilizing the "public interest" exception to implement the One-Time Assignment Policy affecting Ranch Leases in Inyo County.

#### I. One-Time Assignment

Subject to the prior written consent of LADWP, lessee shall have a one-time right to assign its Ranch Lease for City property located in Inyo County to:

- 1) Any entity directly or indirectly controlled by, in control of, or under common control with lessee;
- 2) Any person or entity that acquires all or part of lessee or that is acquired in whole or in part by lessee;
- 3) Any entity that results from the merger, consolidation or other reorganization of lessee, or the sale or other transfer of stock ownership of lessee;
- 4) Any entity that results from the change (excluding the withdrawal) of any partner or member of lessee; or
- 5) Any person or entity that purchases all of lessee's assets located at, or the business conducted by lessee, on and from, City property.

Any such assignee shall not have the same one-time assignment right as lessee under this One-Time Assignment Policy.

## II. Requirements

If lessee desires to assign its Ranch Lease, lessee shall provide LADWP with:

- 1) Written notice requesting LADWP's consent to the assignment, which request shall include the name and affiliation with lessee (if any) of the assignee; and
- 2) A copy of the purchase/sale agreement, which shall include a detailed list of the assets that comprise the sales price; and
- 3) Documentation evidencing that no consideration has or will be given or paid for the Ranch Lease; and
- 4) A copy of the escrow instructions pertaining to the transaction; and
- 5) Information relevant to LADWP's determination as to the financial and operational responsibility and appropriateness of the proposed assignee, including but not limited to the intended use and/or required modification of City Property, if any, together with a fee of \$500 as consideration for LADWP's considering and processing said request; and
- 6) Such other or additional information and documentation as may be reasonably requested by LADWP.
- 7) No later than fourteen (14) days after lessee accepts an offer to purchase, written notice, documentation, and fee shall be delivered to:

Los Angeles Department of Water and Power  
Attention Real Estate Section  
300 Mandich Street  
Bishop, CA 93514

If LADWP consents to such assignment, lessee and the assignee shall enter into a written assignment and assumption agreement, in a form approved by LADWP. Consent as herein referenced shall be at the sole and absolute discretion of LADWP. Consent to such assignment shall not be deemed to be consent to any subsequent assignment of Ranch Lease or lessee's interest in City property.

If lessee exercises the one-time assignment right provided for in this One-Time Assignment Policy, then the assignee shall not have the same right as lessee, or any subsequent right, under this One-Time Assignment Policy to assign Ranch Lease, including after any award, extension or renewal of Ranch Lease.

**LADWP reserves the right to withhold consent to any request for assignment if LADWP determines, in its sole and absolute discretion, that the assignee is unacceptable.**



## EXHIBIT F

### FAMILY TRANSFER POLICY

The Los Angeles Department of Water and Power's (LADWP) must award, renew, and transfer all contracts, ranch leases (Ranch Lease), in accordance with the Los Angeles City Charter and Administrative Code, which require contracts be awarded pursuant to open and competitive bidding procedures or submission of proposals, unless an exemption applies. As the largest private property owner in Inyo County, LADWP's longstanding practice has been to allow lessees to transfer their Ranch Lease to family members in order to assure lessees of permanency in their respective tenures and to promote investment in the local community. This Family Transfer Policy is intended to provide lessees of City property located in Inyo County with the opportunity to transfer Ranch Leases to qualifying family members. Once a lessee exercises a family transfer, the new lessee will have the same right to assign Ranch Lease under the Family Transfer Policy.

The Charles Brown Act (California Government Code Section 50300-50308) (CBA) requires LADWP to grant current lessees, who have enjoyed tenancy for two (2) of the past three (3) years, an opportunity to lease City property at a reasonable charge when LADWP awards or renews leases for property within Inyo County. CBA permits LADWP "upon a finding that the public interest will be furthered and with the approval of the legislative body, the board or officer having charge of real property belonging to [LADWP] may sell or lease the property without advertising or calling for bids." LADWP is utilizing the "public interest" exception to implement the One-Time Assignment Policy affecting Ranch Lease in Inyo County.

#### **I. Family Transfer**

Subject to the prior written consent of LADWP, individual lessees (i.e., persons)<sup>1</sup> shall have the right to assign their Ranch Lease for City property located in Inyo County to the following family members, without having to exercise the one-time assignment right under the One-Time Assignment Policy:

1. Between parents and children
2. From grandparents to grandchildren
3. Between spouses

Assignments among persons other than those identified above will not qualify as a family transfer and will constitute lessee's exercise of the one-time assignment right under the One-Time Assignment Policy.

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<sup>1</sup> Individual owners (i.e., shareholders, members, or partners of record as of the date of Board of Water and Power approval of this Family Transfer Policy) of entity lessees shall also have the right to transfer their ownership interests in said entity lessees to qualifying family members, without having to exercise the one-time assignment right under the One-Time Assignment Policy.

## II. Requirements

If lessee desires to assign its Ranch Lease, lessee shall provide LADWP with:

- 1) Written notice requesting LADWP's consent to the assignment, which request shall include the name and relationship with lessee of the assignee, and documentation to support qualifying family member status; and
- 2) Information relevant to LADWP's determination as to the financial and operational responsibility and appropriateness of the proposed assignee, including but not limited to the intended use and/or required modification of City Property, if any; and
- 3) Such other or additional information and documentation as may be reasonably requested by LADWP.
- 4) The written notice and required documentation shall be delivered to:

Los Angeles Department of Water and Power  
Attention Real Estate Section  
300 Mandich Street  
Bishop, CA 93514

If LADWP consents to such assignment, lessee and the assignee shall enter into a written assignment and assumption agreement, in a form approved by LADWP. Consent as herein referenced shall be at the sole and absolute discretion of LADWP. Consent to such assignment shall not be deemed to be consent to any subsequent assignment of Ranch Lease or lessee's interest in City property.

If lessee exercises the family transfer right provided for in this Family Transfer Policy, then the assignee shall have the same right to assign Ranch Lease under the Family Transfer Policy.

**LADWP reserves the right to withhold consent to any request for assignment if LADWP determines, in its sole and absolute discretion, that the assignee is unacceptable.**

**EXHIBIT G**

**Lessee's Owners**

- Individual(s)**
- Corporation**
- Partnership**
- Limited Liability Company**

	<b>Name</b>	<b>% Owned</b>
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		