

THE CENTRAL VALLEY FLOOD PROTECTION BOARD- March 2011

Tony Small  
Agenda Item No. 7G

**SUBJECT:**

The Board is requested to approve and delegate to the Executive Officer the authority to execute a five (5) year lease for grazing purposes, known as Lease 2010-3-RB (Lease), thereby exercising the current tenant 's (Mr. Manuel Basterrechea) option to renew for an additional five 5 year term.

**LOCATION:**

The proposed grazing lease area of 760± acres is located 1.4 miles north of the city of Colusa (see Exhibit A). The lease area, consisting of Assessor Parcel Numbers (APN) 015-070-022, -054, and -067 in Colusa County, is located within the Colusa Weir and the Colusa Bypass.

The proposed grazing lease area lies within property vested in the name of the Sacramento and San Joaquin Drainage District, acting by and through the Central Valley Flood Protection Board (Board), within portions of Section 16 and 17, Township 16 North, Range 1 West, MDB&M, in Colusa County, California, as shown on the attached maps marked Exhibit A.

**BACKGROUND:**

The current tenant, Manuel Basterrechea, has requested in writing his desire to exercise a five (5) year lease option per the terms and conditions of the current lease, 2008-3-RB, which has been on holdover since October 2008. In order to formally renew such lease, the Department of Water Resources, Real Estate Branch (REB), completed a Fair Market Value (FMV) appraisal as required by the special provision of the lease on holdover. The FMV was determined to be \$6 an acre, an increase from the original value of \$5.75. At the onset of the original lease, the acreage available was 760 acres. Due to impacts of the Colusa Weir Sediment Removal Project, the acreage available was renegotiated with Mr. Basterrechea and decreased to 230 acres. In 2009, the leasable acreage available returned to 760 acres. The current FMV appraisal reflects such change in acreage, thereby increasing the annual rental rate to \$4560. Provided approval by the Board of the 5 year option to renew, Lease 2010-3-RB will begin at the time of execution by the Board and shall expire no later than October 31, 2013, thereby limiting the renewal to the 5 year allowable renewal option.

Mr. Basterrechea has leased the property since 1995 and records indicate he has been timely with payments and flexible with DWR's required flood control needs, as confirmed by the Department of Water Resources, Sutter Maintenance Yard staff.

**REQUEST:**

For the Board to approve and delegate to the Executive Officer the authority to execute a five (5) year lease for grazing purposes, known as Lease 2010-3-RB (Lease), thereby exercising the current tenant's (Mr. Manuel Basterrechea) option to renew for an additional five 5 year term, subject to an increase of rental rate, as established by the completed FMV appraisal by REB.

**ATTACHMENTS:**

- 2008-3-RB Lease
- 2010-3-CVFPB Lease
- Subject property EXHIBIT A, 2 pages

**STAFF RECOMMENDATIONS:**

Staff recommends approval and delegation to the Executive Officer the authority to execute the five (5) year lease known as 2010-3-CVFPB, thereby exercising the current tenant 's (Manuel Basterrechea) option to renew such lease.

Project: Colusa Bypass  
Maint. Yard: Sutter  
Lease No: 2008-3-RB  
Cost Object: F0200PM08120

State of California  
The Resources Agency  
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

**LEASE**

This Lease consists of this summary and the following attached and incorporated parts:

- Section 1 Basic Provisions
- Section 2 Special Provisions Amending or Supplementing Section 1 or 3
- Section 3 Standard Provisions
- Section 4 Legal Description and/or map(s) of Lease Premises

**SECTION 1**

**BASIC PROVISIONS**

The Sacramento San Joaquin Drainage District, acting by and through The Central Valley Flood Protection Board of the State of California (3310 El Camino Avenue, Room LL-40, Sacramento, California 95821), hereinafter called STATE, for consideration specified in this Lease, does hereby lease, demise and let to:

Mr. Manuel Basterrechea  
9576 Pass Road  
Sutter, California 95982-9304

hereinafter referred to as LESSEE, those certain lands included in Section 4, hereinafter referred to as Premises, subject to the provisions, reservations, terms, covenants and conditions of this Lease.

- SIZE AND LOCATION:** 230 acres in Colusa County referred to as the Colusa Bypass.  
APN 150-070-22
- LAND USE OR PURPOSE:** Grazing
- IMPROVEMENTS:** Temporary Fencing
- TERM:** 5 grazing seasons beginning April 1, 2004 and terminating October 31, 2008.
- CONSIDERATION:** \$6 per acre, payments due by April 1 of each year
- LIABILITY INSURANCE:** \$1,000,000 combined single limit. (See Standard Provisions)

## Section 2

### SPECIAL PROVISIONS

This lease includes the following Special Provisions. In the event that any terms of the Standard Provisions and the Special Provisions are inconsistent, the Special Provisions shall prevail.

#### Purpose

1. The property subject to this lease is the Colusa Bypass with its primary function being flood control. To that end, maintenance of the Bypass so that it continues to be an efficient flood control tool is the first priority for the land. Whenever possible, The Department of Water Resources' Sutter Maintenance Yard will provide three days advance notice to the Lessee of maintenance work to be conducted within the lease area. The Lessee agrees to remove livestock and any other obstructions to maintenance activities no later than by the end of the third day after notification.

The Sutter Maintenance Yard contact is:

Joel Farias, Jr., Assistant Superintendent  
6908 Highway 20  
Sutter, California 95982  
(530) 755-0071

2. Premises shall be used by LESSEE solely for the grazing of livestock.

#### Fencing

3. LESSEE shall install a westerly temporary fence at the Colusa Weir Bridge location and an easterly temporary fence as indicated on Exhibit A. LESSEE will remove temporary fencing on November 1 of each during said term, and the LESSEE will not reinstall temporary fencing before the following April 1.
4. LESSEE shall not erect any livestock controlling fences, closer than 10 feet from the toe of the levee embankment within the Bypass.
5. LESSEE will construct and maintain any permanent fencing required, as determined by STATE, to confine livestock, other than sheep, on Premises. Any permanent improvements, including permanent fencing, will become the property of the STATE. Temporary fencing will be the property of the LESSEE.

## Term

6. This lease contains a five (5) year renewal option providing for the following:
  - a. The rental rate may be adjusted to reflect current values through an appraisal conducted by the Department of Water Resources (DWR); and
  - b. The lease acreage may be adjusted by a DWR survey to determine the actual acreage available for grazing purposes, excluding DWR spoil sites.
7. STATE may reduce the grazing period specified hereinabove by giving advance written notice or advance notice by telephone followed by written notification. Any rent paid in advance will be prorated based on the reduced grazing period as compared to the total grazing period, and a refund will be made for the prorated portion.
8. LESSEE will only graze livestock from April 1 through October 31 of each year.
9. It is understood and agreed that if sheep graze on Premises, LESSEE will ensure that said sheep will be under the care and guidance of an experienced herder 24 hours each day.

## Restriction of use

10. LESSEE may graze a maximum of 150 livestock during normal weather years. However, LESSEE will be restricted to grazing 100 livestock during drought conditions which may occur during the term of the Lease.
11. No structure, except fencing as required by STATE, shall be built or placed upon Premises without prior written permission from STATE.
12. LESSEE shall not sublet Premises or assign this Lease in whole or part.

## General

13. LESSEE agrees to pay all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE'S use of said Premises during term of this lease.
14. LESSEE shall at all times cooperate with the County Agricultural Commissioner and the State Department of Agriculture relative to the prevention, control and eradication of any pest or disease which might damage Premises or other adjacent property.
15. LESSEE shall maintain Premises in good repair and will not commit any waste upon Premises. LESSEE agrees to exercise due diligence at all times in the protection of Premises against damage or destruction by fire or other natural causes.

## Water

16. STATE does not warrant that there are water supplies on Premises nor watering systems, and it shall be the responsibility of LESSEE to provide water for its operations. LESSEE may, at its option and expense, develop and improve water systems by whatever means it may deem consistent with its use of Premises, subject to prior approval by STATE. If LESSEE drills a well or wells on premises, it is understood and agreed that at the termination of the lease, LESSEE shall have the right to remove their pumps or equipment, provided that such removal does not impair the usefulness of the well or wells in any way, and shall leave them capped and in respects in compliance with existing health and safety laws and regulations.

## SECTION 3 - STANDARD PROVISIONS

1. **ACREAGE APPROXIMATE.** LESSEE has visited and inspected the Premises and it is agreed that the acreage stated or shown in exhibits is only approximate and the STATE does not hereby warrant or guarantee the actual acreage included hereunder.
2. **USE OF PREMISES.** The use of Premises is to be strictly construed and therefore excludes the existence of any structures, mobile homes or trailers, incidental to agricultural purposes which are used for business, residential, or other related purposes incidental to the growing of crops, unless authorized in Section 1 Basic Provisions. No hunting or discharge of firearms are permitted on the Premises, unless authorized in Section 2, Special Provisions. Double cropping or grazing of land will require the prior written consent of the STATE. LESSEE'S use of the Premises shall be continuous from commencement of the Lease until its expiration or termination.
3. **CROPS AND LEASE TERM.** All crops must be harvested by the end of the Lease term. Lessee waives the provisions of Section 1932 and 1933 (4) of the Civil Code of California. Multiple year crops which produce beyond the term of this Lease, are planted at the sole risk and responsibility of LESSEE and such planting does not convey any right of LESSEE or responsibility of STATE to extension of this Lease beyond the Lease expiration or termination date or any right to compensation for any multiple year crops which produce beyond the term of the Lease or after Lease termination. STATE shall not be held accountable to LESSEE for any crops harvested by STATE or third parties beyond the term of this Lease or the termination of the Lease.
4. **PAYMENT OF RENT.** Rental payment shall be submitted to STATE addressed as follows:
 

California Department of Water Resources  
ATTENTION: Cashier, Room 841  
Post Office Box 942836  
Sacramento, California 94236-0001

Such payments must be identified with the Lease Number. If rent is not paid when due, STATE may take action including terminating the Lease.
5. **UTILITIES.** LESSEE agrees to pay said rent as herein provided and to pay all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE'S use of Premises during the term of this Lease. No utilities including electricity or gas will be provided by STATE and STATE assumes no liability for the existence or nonexistence of utilities.
6. **WATER AVAILABILITY.** It is understood and agreed between the parties hereto STATE does not guarantee the availability, quality or quantity of water on the Premises.
7. **TAXES.** LESSEE agrees to pay all lawful taxes, assessments, or charges, which at any time may be levied upon interest in this agreement. It is understood that this Lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of property taxes levied on such interest.
8. **COMPLIANCE WITH LAW.** LESSEE shall, at his sole cost and expense, comply with all of the laws and requirements of all municipal, state, and federal authorities now in force, or which may be in force pertaining to the Premises and the use of the Premises as provided in the Lease. In the event that LESSEE shall be required to submit information or written reports to any such agency on or relating to any of the foregoing, LESSEE shall concurrently provide STATE with copies thereof.
9. **RIGHT TO ENTER, STATE.** During continuance in force of this Lease, there shall be and is hereby expressly reserved to STATE and to any of its agencies, contractors, agents, employees, representatives or licensees, the right at any and all times, and any and all places, to temporarily enter upon said Premises to inspect the Premises and the operations of LESSEE or for survey or other lawful STATE purposes. The STATE and its representatives may, from time to time, conduct geologic and other exploration, and construction activities, including but not limited to construction or modification of facilities. LESSEE shall, however, be entitled to seek compensation upon proof and demand for any and all damages caused to LESSEE'S interest in growing crops and LESSEE'S improvements and personal property upon the Premises by the enjoyment and exercise of such reserved rights by filing a claim with the Board of Control if agreement for such compensation cannot be otherwise reached by the parties.
10. **RIGHTS OF OTHERS.** This Lease is subject to all existing easements, servitudes, licenses and rights of way for canals, ditches, levees, roads, highways, telegraph, telephone and electric power lines, railroads, pipelines and other purposes, whether recorded or not and rights of others under any existing oil, gas and mineral Lease or Leases affecting the Premises or any portion thereof, whether recorded or not. STATE further reserves the right to grant additional public utility easements as may be necessary and LESSEE hereby consents to the granting of any such easement. The public utility will be required to reimburse LESSEE for any damages caused by the construction work on the easement area.
11. **MINERAL RIGHTS.** The exclusive right to conduct seismic and other geophysical surveys and otherwise to prospect for, drill for, produce, mine, extract and remove oil and gas upon and from the Premises, the exclusive right to drill upon, to drill through and otherwise to use the Premises to produce, mine, extract and remove water from adjacent or neighboring lands, and the exclusive right to inject in, store under, and thereafter withdraw from the Premises oil and gas, whether produced from the Premises or elsewhere, together with the right to drill and operate whatever wells, construct, install, operate, maintain and remove whatever other facilities and do whatever else may be reasonably necessary on and in the Premises for the full enjoyment and exercise of the above rights, and the unrestricted right of ingress and egress on the Premises for all such purposes, may be reserved or owned by other parties.
12. **RIGHT TO ENTER UNDER MINERAL RIGHTS.** LESSEE agrees not to interfere, in any way, with the interests of any person or persons that may presently, or in the future, hold oil, gas, or other mineral interests upon or under the Premises; nor shall LESSEE, in any way, interfere with the rights of ingress and egress of said interest holders.
13. **NO WARRANTY OF TITLE OR SUITABILITY OF THE SOIL.** STATE makes no warranty of title to the Premises. STATE does not warrant suitability of the soil for growing authorized crops, nor the absence of deleterious organisms or chemicals in the soil.
14. **CROPPING PROGRAMS AND AGREEMENTS.** LESSEE shall not, without prior written consent of STATE, enter into any soil conservation, federal farm program or cropping agreement affecting the Premises, irrespective of whether such agreement shall be proposed or submitted under or in compliance with any Federal, STATE, county or municipal law, or by private arrangement. LESSEE shall, upon written request of STATE, enter into and execute any and all such

soil conservation, Federal farm program or cropping agreements affecting the Premises. If any Federal or STATE programs regulating crop acreage or crop production are imposed during the term of this Lease, the acreage or production rights resulting from said program, as applied to the Premises, shall remain with and inure to the benefit of the STATE.

15. **FARMING PROGRAM.** LESSEE shall install any necessary field ditches, pipelines and booster pumps, perform releveling operations necessary to comply with good husbandry and generally recommended farming practices, apply such soil conditioners and fertilizers as may be desirable subject to restrictions contained in this Lease, and do whatever else is necessary to place the Premises in condition for raising crops, all in accordance with specifications approved by STATE. LESSEE shall diligently farm the Premises in a businesslike manner in accordance with generally recommended farming practices in the region. Fields shall be disced a minimum of one time after harvest of annual crops and after final harvest of multi-year crops. Upon commencement of the Lease or on or before January 1 of the first crop year of the Lease, whichever is later, and on or before January 1 of each subsequent year of the Lease term, LESSEE shall submit to STATE a plan of operations for the then current year which shall show the crop plan and date for planting each crop. If Lessee fails to submit a plan satisfactory to STATE by the date specified, STATE may terminate this Lease immediately by written notice to LESSEE. All portions of the Premises shall be used for agricultural production or cultivated during the term of the Lease.
16. **CONDITION OF PREMISES.** By entry hereunder, LESSEE accepts the Premises as being in good order, condition and repair, and agrees that on the last day of the term, or upon sooner termination of this Lease, to surrender to STATE the Premises with any appurtenances or improvements in the same condition as when received, reasonable use and wear thereof and damage by act of God, excepted.
17. **MAINTENANCE.** LESSEE shall maintain the Premises, including all irrigation and drainage ditches, in a weed free condition and in good repair, and otherwise operate the Premises during the term hereof in a businesslike manner in accordance with generally recommended farming practices in the region. LESSEE shall not cut or allow any other person to cut or carry off from the Premises any tree or wood; nor burn any stubble, grass, weeds, or any substance growing upon said land, or any part thereof, without the prior written consent of STATE; and LESSEE expressly covenants and agrees to hold STATE free and harmless from all damage caused by fire resulting from the use or operation of said lands by LESSEE or any of his servants or employees.
- Burning operations on the Premises may be restricted or prohibited by Special Conditions herein. Allowable burning operations will be carried on pursuant to local ordinances and at LESSEE'S own cost and expense.
- LESSEE agrees that in no event shall STATE be required to perform any maintenance on or make improvements, repairs or alterations to the Premises of any nature whatsoever, or to pay or reimburse LESSEE for any part of the cost thereof, and LESSEE hereby waives the provisions of Sections 1941 and 1942 of the Civil Code of California. LESSEE agrees to keep the Premises in good order and condition at LESSEE's sole cost and expense.
18. **MAINTENANCE - FACILITIES.** LESSEE agrees at LESSEE's sole cost and expense to repair and maintain in good operating condition all buildings and other structures, fences, ditches, checks, canals, culverts, irrigation levees, water wells, water pumps, pipelines, pumping plants and other irrigation facilities and other

improvements on the Premises or constructed upon the Premises by LESSEE under ALTERATION OF PREMISES clause (except LESSEE's removable improvements), whether or not damage was done by LESSEE or any of their agents or employees.

19. **PROTECTION AGAINST NUISANCE AND DAMAGE.** No removal of soil or dumping of refuse by LESSEE is permitted in any area of the Premises, and LESSEE shall not commit or suffer to be committed any waste or nuisance upon the Premises including storage of abandoned and inoperable motorized equipment or vehicles; and LESSEE further agrees that they shall at all times exercise due diligence in the protection of the Premises against damage or destruction by fire or other causes.
20. **RESTRICTED ACTIVITIES.** The following activities are restricted on the Premises:
- a. As used in this Lease, the term "hazardous substance" means any product, substance, chemical material or waste, that due to its nature or quantity is potentially injurious to public health or safety, the environment, or the Premises, or is regulated or monitored under Federal or State law, including but not limited to RCRA (42 USC §§6901 et seq.), CERCLA (42 USC 9601 et seq.), SARA (42 USC §§11001 et seq.), Hazardous Waste Control Law (Health and Safety Code §§25100 et seq.), and Proposition 65 (Health and Safety Code §§25249.5 et seq.). Hazardous substances includes hydrocarbons, petroleum, and gasoline. The generation, use, storage, and transportation of hazardous substances requiring a permit from, registration with, or notice to a governmental entity is prohibited. However, LESSEE may, without STATE's consent, use any customary materials required in LESSEE's normal course of business that does not require a permit, registration, or notice provided such use does not expose the premises or nearby persons or properties to any meaningful risk of contamination or injury and is in compliance with applicable laws. LESSEE agrees to indemnify, hold and save STATE, its agencies, employees, agents, and contractors free, clear, and harmless of, from, and against any and all claims, demands or liabilities of whatever kind, character or nature which in any manner arise out or result from any use or application of any hazardous substance.
  - b. The installation or use of any above ground or below ground storage tanks is prohibited.
  - c. The accumulation, storage, treatment, or disposal of any waste material is prohibited; excepting only temporary storage, not to exceed 14 days, or non-hazardous solid refuse produced from activities on the Premises for pick up by a municipal or licensed commercial refuse service, and lawful use of sanitary sewers (if any) for domestic sewage.
  - d. The manufacturing, maintenance of equipment or vehicles, or use, installation or construction of vessels, tanks (stationary or mobile), dikes, sumps, or ponds, or any activity for which a license or permit is required from any government agency for (1) transportation, storage, treatment, or disposal of any waste, and (2) discharge of any pollutant including but not limited to discharge to air, water, or a sewer system is prohibited.
  - e. Any spill or release of a hazardous substance in the air, soil, surface water, or groundwater will be immediately reported to the STATE as well as to appropriate government agencies, and shall be promptly and fully cleaned up and the Premises (including soils and surface water and groundwater) restored to its original condition.

21. **CHEMICALS.** No poison, herbicide or pesticide other than those approved by the United States Department of Agriculture and by the California Department of Agriculture shall be applied to the Premises or crops growing thereon. STATE reserves the right to prohibit the application of a listed pesticide, fertilizer, or soil amendment to STATE property, but not without recommending an effective and suitable replacement. The use of pesticides should be minimized. Any and all of such materials and substances shall be applied in strict compliance with and only at the time or times set forth in the instructions contained on the label or furnished by the manufacturer thereof. In addition, the use of pesticide aldicarb (also known as Temik) is prohibited.

No poison, herbicide, pesticide, fertilizer or other chemical shall be placed in any well. No well shall be operated for any use unless equipped with a suitable check valve in the discharge pipe or a flap valve in the stand pipe that is approved by STATE and installed and maintained by LESSEE, at LESSEE's expense. No experimental poisons, herbicides, pesticides, fertilizers or other foreign chemical or substance shall be applied to the Premises, or the crops growing thereon, without the prior written consent of STATE. No soil sterilant or semi-sterilant shall be applied to the Premises without the prior written consent of STATE.

LESSEE agrees to keep true and correct records of the time, place and all other information and data pertaining to the quantity, kind, use and method of application of any poison, herbicide, pesticide, fertilizer or other foreign chemical or substance and to furnish to STATE true and correct copies thereof upon demand. All poisons, herbicides, pesticides, fertilizers or other foreign chemicals, or substances which LESSEE may apply to the Premises or crops growing thereon, shall be used and applied at LESSEE's sole cost and risk. LESSEE agrees to indemnify, hold and save STATE, its agencies, employees, agents, and contractors free, clear, and harmless of, from and against any and all claims, demands or liabilities of whatever kind, character or nature which in any manner arise out of or result from any use or application of any of the aforesaid substances. LESSEE shall provide STATE a copy of the County Pesticide Permit.

22. **PERFORMANCE.** In the event of the failure, neglect, or refusal of LESSEE to do or perform work, or any part thereof, or any act or thing in this Lease provided to be done and performed by LESSEE, STATE shall, at its option, have the right to do and perform the same, and LESSEE hereby covenants and agrees to pay STATE the cost thereof on demand.
23. **LABOR AND MATERIALS.** LESSEE shall, at LESSEE's own risk and expense, provide and promptly pay for all labor, farm implements, tools, seed, fuel, electrical energy and demand charges and other materials and services of whatever kind or nature that may be used for the planting, cultivating, irrigation, production and harvesting of crops on the Premises and the performance of LESSEE's other obligations under this Lease, and STATE shall not be liable for any part thereof. LESSEE shall keep the Premises free from any liens arising out of any work performed, material furnished, or obligations incurred by LESSEE.
24. **ALTERATION OF PREMISES.** No alteration to the Premises or construction of facilities or improvements thereon shall be allowed without prior written approval by the STATE except installations required and necessary to comply with generally recommended farming practices.
25. **OWNERSHIP OF FACILITIES.** Upon expiration of this Lease, or sooner termination, any and all irrigation facilities upon the Premises, including but not limited to

any wells, pumps, electric motors, pipelines, valves and water gates, but excepting portable sprinkler irrigation facilities and tail water pumps provided by LESSEE, shall become the property of STATE free of cost to STATE. Ownership and removal of facilities or improvements placed on Premises with prior written approval of STATE as provided in clause No. 24 shall be as stated in the written approval. All other facilities or improvements placed on the Premises by LESSEE which are required to comply with generally recommended farming practices shall be the property of LESSEE so long as this Lease is in effect and shall be removed by LESSEE upon termination of this Lease.

26. **PERSONAL PROPERTY.** All personal property, tools, or equipment taken onto, stored or placed on the Premises by LESSEE shall remain the property of LESSEE. Such personal property shall be removed by LESSEE, at his sole risk and expense, upon the expiration or sooner termination of this Lease. The STATE does not accept any responsibility for any damage, including, but not limited to damages caused by fire, flooding and theft, to any personal property, including any equipment, tools or machinery stored on the lease Premises.

27. **INSURANCE.** LESSEE shall furnish to the STATE a Certificate of Insurance, at the time the Lease is signed, stating that there is liability insurance presently in effect for LESSEE with bodily injury and property damage limits of not less than \$1,000,000 per occurrence. The Certificate of Insurance will provide:

- a. That the insurer will not cancel the insured's coverage without 30 days' prior written notice to the STATE.
- b. The STATE, its officers, agents, employees and servants are included as additional insureds, but only insofar as the operations under this Lease are concerned.
- c. That the STATE will not be responsible for any premiums or assessments on the policy.
- d. That the Premises included in this Lease (referenced by Lease Number) is covered by the policy.

LESSEE agrees that the bodily injury liability insurance herein provided for shall be in effect at all times during the term of this Lease. In the event said insurance coverage expires at any time or times during the term of this Lease, LESSEE agrees to provide at least thirty (30) days prior to said expiration date a new Certificate of Insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Lease, or for a period of not less than one (1) year.

New Certificates of Insurance are subject to the approval of State Department of General Services. In the event LESSEE fails to keep in effect at all times insurance coverage as herein provided, STATE may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event. The STATE will not be liable for any debts or claims that arise from the operation of this Lease.

28. **INDEMNIFICATION.** This Lease is made upon the express condition that the State of California is to be free from all liability and claims for damages by reason of any injury to any person or persons, including LESSEE, or property of any kind whatsoever and to whomsoever, including LESSEE, from any cause or causes whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease or any occupancy hereunder, except those arising out of the sole negligence of the STATE. LESSEE agrees to defend, indemnify and



save harmless the State of California from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring. LESSEE further agrees to provide necessary workers compensation insurance for all employees of LESSEE upon said Premises at LESSEE's own cost and expense.

29. **DEBTS AND CLAIMS - STATE NOT LIABLE.** The STATE shall not be liable for any debts or claims that arise from the operation of this Lease.

30. **STATE NOT LIABLE FOR WATER DAMAGE.** Neither STATE nor any of its employees, agents, representative or assigns shall be liable for any injury or damage sustained by LESSEE, or by others acting under him, on account of the seepage of water into or overflow of water upon the Premises from neighboring lands, any canal, ditch, river stream or other watercourse or reservoir, whether above or underground, or from any other source, whether caused whole or in part by irrigation, by the construction, maintenance, operation or failure of canals, dams, embankments, levees, spillways or other irrigation, water storage or flood control works, or in any other manner. This shall not preclude LESSEE from filing a claim with the State Board of Control.

31. **NO SUBLETTING.** LESSEE shall not, without the prior written consent of STATE, sublet or permit grazing of the Premises in whole or in part, nor assign this Lease or any interest herein.

32. **NOTICES.** All notices herein provided to be given or which may be given by either party to the other shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified, postage prepaid and addressed to such party at its address set forth in Section 1 of this Lease. The address to which notices may be mailed as aforesaid to either party, may be changed by written notice given by subject party to the other, as hereinbefore provided; but nothing herein contained shall preclude the giving of any such notice by personal service.

33. **INDEPENDENT CAPACITY.** LESSEE and any and all agents and employees of LESSEE shall act in an independent capacity and not as officers or employees of STATE. Nothing herein contained shall be construed as constituting the parties herein as partners.

34. **NONDISCRIMINATION.** LESSEE agrees that they will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, national origin, sex, age, or physical handicap. LESSEE agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, national origin, sex, age or physical handicap. (See Government Code Sections 12920-12994 for further details.)

35. **TERMINATION.** STATE may terminate this Lease in whole or in part at any time during the term hereof by giving LESSEE notice in writing at least 90 days prior to the date when any such termination shall become effective. If, prior to the time for harvesting, STATE should terminate this Lease, STATE agrees to reimburse LESSEE for all reasonable and/or actual costs expended by LESSEE pursuant to this Lease in the production of that portion of the crop affected by any such termination. If termination is made due to default, STATE shall not be liable for any reimbursements to LESSEE. STATE shall not be liable for loss of anticipated profits. LESSEE agrees to maintain an accurate record of all expenditures for labor and materials made in connection with his cultivation of, or capital improvements to, the Premises in

order that STATE may verify the amount of reimbursement to be made to LESSEE. LESSEE shall support all such expenditures with appropriate, receipted, written vouchers.

36. **DEFAULT AND REMEDIES.** LESSEE agrees that he will keep, perform, and observe all the covenants, conditions and provisions of this Lease on his part. In addition to any other rights and remedies available to STATE should LESSEE fail to keep, perform, and observe any covenant, condition or provision of this Lease and such failure shall continue for a period of three (3) days, after thirty (30) days' written notice thereof given by STATE to LESSEE, STATE may at its option by further written notice to LESSEE do any one or more of the following:

a. Re-enter the Premises, remove all persons and property, and repossess and enjoy such Premises;

b. Terminate this Lease and LESSEE's right of possession of the Premises. Such termination shall be effective upon STATE's giving written notice and upon receipt of such notice LESSEE shall immediately surrender possession of the Premises to STATE;

c. Maintain this Lease in full force and effect and recover any rental, royalty, or other consideration as it becomes due without terminating LESSEE's right of possession regardless of whether LESSEE shall have abandoned the Premises; and/or

d. Exercise any other right or remedy which STATE may have at law or equity.

If STATE incurs any expense, including reasonable attorneys' fees, in connection with any actions or proceeding instituted by reason of any default or alleged default of LESSEE, and should STATE prevail in such action or proceeding, STATE shall be entitled to recover said reasonable expenses from LESSEE. STATE shall be deemed the prevailing party if (a) judgment is entered in favor of STATE or (b) prior to trial or judgment, LESSEE pays all or any portion of the rent and charges claimed by STATE, eliminates the condition(s), ceases the act, or otherwise cures the omission(s) claimed by STATE to constitute a default by LESSEE hereunder.

37. **SUCCESSORS TO LEASE.** The terms of this Lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

State of California  
The Resources Agency  
CENTRAL VALLEY FLOOD PROTECTION BOARD

LEASE NO. ~~2007-1-RB~~ <sup>UP</sup>  
2008-3-RB

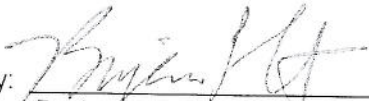
This Lease shall become effective only when fully approved and executed on behalf of the State of California and a duly executed copy has been delivered to LESSEE. The submission of this Lease by STATE, its agent or representative for examination by LESSEE does not constitute an option or offer to lease the Premises upon the terms and conditions contained herein, or a reservation of the Premises in favor of LESSEE. LESSEE'S submission of an executed copy of this Lease to STATE shall constitute an offer to STATE to lease the Premises on the terms and conditions set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date hereafter affixed.

LESSEE

THE SACRAMENTO AND SAN JOAQUIN  
DRAINAGE DISTRICT, acting by and through  
the Central Valley Flood Protection Board of the  
State of California

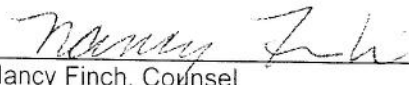
  
Mr. Manuel Basterrechea

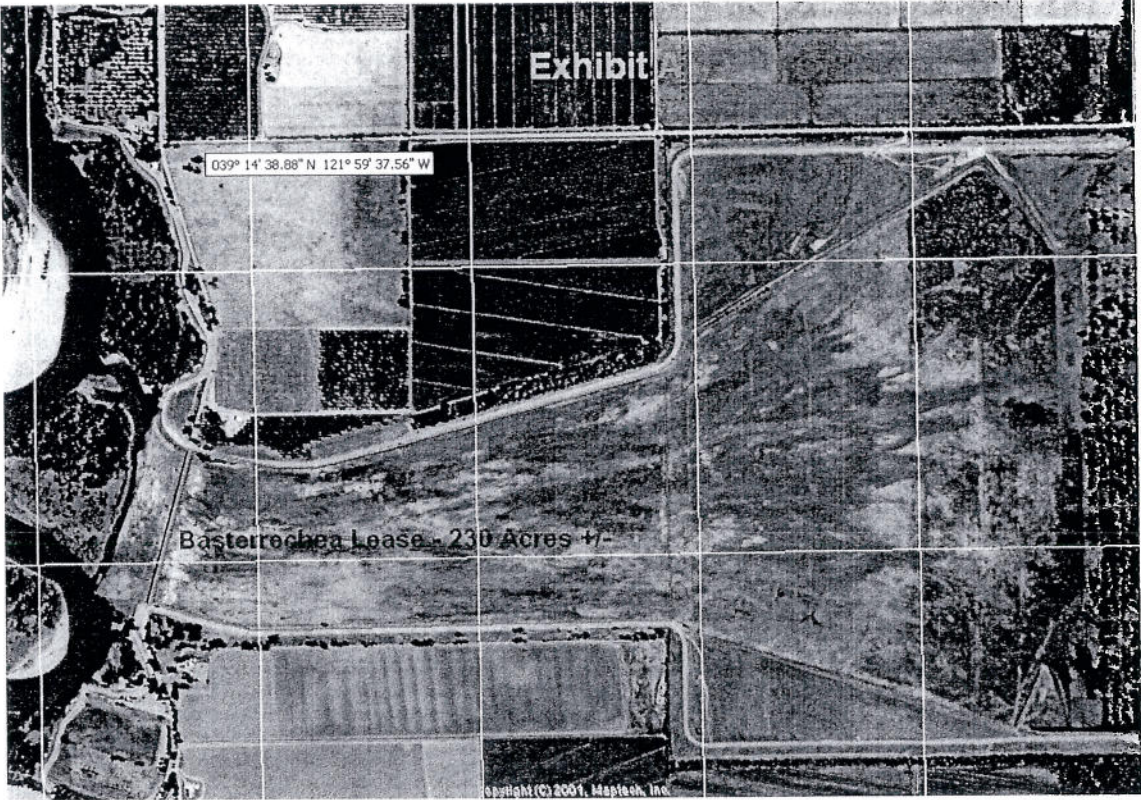
By:   
Benjamin F. Carter, President

Date: \_\_\_\_\_

By:   
Maureen Doherty, Secretary

Approved as to legal form and sufficiency

By:   
Nancy Finch, Counsel



Project: Colusa Bypass  
Maint. Yard: Sutter  
Lease No: 2010-3-CVFPB  
Cost Object: AGB11FWLR035

State of California  
California Natural Resources Agency  
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

**LEASE**

This Lease consists of this summary and the following attached and incorporated parts:

- Section 1 Basic Provisions
- Section 2 Special Provisions Amending or Supplementing Section 1 or 3
- Section 3 Standard Provisions
- Section 4 Legal Description and/or map(s) of Lease Premises

**SECTION 1**

**BASIC PROVISIONS**

THE SACRAMENTO AND SAN JOAQUIN DRAINAGE DISTRICT, acting by and through The Central Valley Flood Protection Board of the State of California, hereinafter called STATE, for consideration specified in this Lease, does hereby lease, demise and let to:

Mr. Manuel Basterrechea  
9576 Pass Road  
Sutter, California 95982-9304

hereinafter referred to as LESSEE, those certain lands included in Section 4, hereinafter referred to as Premises, subject to the provisions, reservations, terms, covenants and conditions of this Lease.

**SIZE AND LOCATION:** 760± acres in Colusa County referred to as the Colusa Bypass.  
APN's 015-070-022, -054, -067, as depicted in Exhibit A & B attached

**LAND USE OR PURPOSE:** Grazing

**IMPROVEMENTS:** Temporary fencing

**TERM:** 5 grazing seasons beginning April 1, 2009 and terminating October 31, 2013

**CONSIDERATION:** \$6 per acre, payments due April 1 of each year

**LIABILITY INSURANCE:** \$1,000,000 combined single limit. (See Standard Provisions)

## SECTION 2

### SPECIAL PROVISIONS

This Lease includes the following Special Provisions. In the event that any terms of the Standard Provisions and the Special Provisions are inconsistent, the Special Provisions shall prevail.

#### Purpose

1. The property subject to this lease is the Colusa Bypass with its primary function being flood control. Maintenance of the Bypass is the first priority for the land so it will continue to be an efficient flood control tool. Whenever possible the Department of Water Resources' (DWR) Sutter Maintenance Yard (SMY) will provide three (3) days advance notice to the LESSEE before conducting maintenance work within the Premises. The LESSEE agrees to remove livestock or any other obstructions to maintenance activities no later than by the end of the third day after notification.

The SMY contact is:

Department of Water Resources  
Sutter Maintenance Yard  
Attention: Joel Farias, Jr., Assistant Superintendent  
6908 Highway 20  
Sutter, California 95982  
(530) 755-0071

2. Premises shall be used by LESSEE solely for the grazing of livestock.

#### Fencing

3. LESSEE shall install a westerly temporary fence at the Colusa Weir Bridge location and an easterly temporary fence as indicated on Exhibit A. LESSEE will remove temporary fencing on November 1 of each during said term, and the LESSEE will not reinstall temporary fencing before the following April 1.
4. LESSEE shall not erect any livestock controlling fences, closer than 10 feet from the toe of the embankment within the Bypass.
5. LESSEE will construct and maintain any permanent fencing required, as determined by the STATE, to confine livestock, other than sheep, on Premises. Any permanent improvements, including permanent fencing, will become the property of the STATE. Temporary fencing will be the property of the LESSEE.
6. STATE may reduce the grazing period specified hereinabove by giving advance written notice or advance notice by telephone followed by written notification. Any rent paid in advance will be prorated based on the reduced grazing period as compared to the total grazing period, and a refund will be made for the prorated portion.

7. LESSEE will only graze livestock from April 1 through October 31 of each year.
8. It is understood and agreed that if sheep graze on Premises, LESSEE will ensure that said sheep will under the care and guidance of an experienced herder 24 hours each day.

### **Restriction of Use**

9. LESSEE may graze a maximum of 150 livestock during normal weather years. However, Lessee will be restricted to grazing 100 livestock during drought conditions which may occur during the term of the Lease.
10. No structure, except fencing as required by STATE, shall be built or placed upon Premises without prior written permission from STATE.
11. LESSEE shall not sublet Premises or assign this Lease in whole or part.

### **General**

12. LESSEE agrees to pay all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE'S use of said Premises during term of this lease.
13. LESSEE shall at all times cooperate with the County Agricultural Commissioner and the State Department of Agriculture relative to the prevention, control and eradication of any pest or disease which might damage Premises or other adjacent property.
14. LESSEE shall maintain Premises in good repair and will not commit any waste upon Premises. LESSEE agrees to exercise due diligence at all times in the protection of Premises against damage or destruction by fire or other natural causes.

### **Water**

15. STATE does not warrant that there are water supplies on Premises nor watering systems, and it shall be the responsibility of LESSEE to provide water for its operations. LESSEE may, at its option and expense, develop and improve water systems by whatever means it may deem consistent with its use of Premises, subject to prior approval by STATE. If LESSEE drills a well(s) on premises, it is understood and agreed that at the termination of the lease, LESSEE shall have the right to remove their pumps or equipment, provided that such removal does not impair the usefulness of the well(s) in any way, and shall leave them capped and in respects compliant with existing health and safety laws and regulations.

## SECTION 3 - STANDARD PROVISIONS

1. **ACREAGE APPROXIMATE.** LESSEE has visited and inspected the Premises and it is agreed that the acreage stated or shown in exhibits is only approximate and the STATE does not hereby warrant or guarantee the actual acreage included hereunder.
2. **USE OF PREMISES.** The use of Premises is to be strictly construed and therefore excludes the existence of any structures, mobile homes or trailers, incidental to agricultural purposes which are used for business, residential, or other incidental purposes, unless authorized in Section 1 Basic Provisions. No hunting or discharge of firearms are permitted on the Premises, unless authorized in Section 2 Special Provisions.

The use of silage or maintaining a feed lot operation is specifically prohibited. The planting and harvesting of hay or any other agricultural crop is also specifically prohibited, except with the express permission of the STATE.

3. **PAYMENT OF RENT.** Rental payment shall be submitted to STATE addressed as follows:

California Department of Water Resources  
ATTENTION: Cashier, Room 841  
Post Office Box 942836  
Sacramento, California 94236-0001

Such payments must be identified with Parcel Number and Lease Number. If rent is not paid when due, STATE may take action including terminating the Lease.

4. **UTILITIES.** LESSEE agrees to pay said rent as herein provided and to pay all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE'S use of Premises during the term of this Lease. No utilities including electricity or gas will be provided by STATE and STATE assumes no liability for the existence or nonexistence of utilities.
5. **WATER AVAILABILITY.** It is understood and agreed between the parties hereto STATE does not guarantee the availability, quality or quantity of water on the Premises.
6. **TAXES.** LESSEE agrees to pay all lawful taxes, assessments, or charges which at any time may be levied upon interest in this Lease. It is understood that this Lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of property taxes levied on such interest.
7. **LIVESTOCK DISEASE-FREE/ANIMAL LOSS.** All livestock brought or kept upon the premises shall be free from disease. LESSEE agrees immediately to bury or remove any livestock which may die or be killed on said premises. LESSEE is responsible for animal loss.
8. **GRAZING PRACTICES.** LESSEE shall exercise good grazing practices to avoid overgrazing of the Premises. The number of animals permitted on the Premises is restricted to that which can be supported by available forage and water, taking into consideration forage and water reserved for necessary wildlife use. The actual capacity may vary over the term of this Lease due to climatic conditions or other natural phenomena.

STATE may, at any time, make an analysis of forage conditions, utilizing accepted range management techniques. Such analysis will indicate overgrazed or undergrazed conditions and may include a

determination of forage levels, at various times, during the yearly grazing period. STATE shall have the right to require LESSEE to move cattle to or from any area within the Premises, where an overgrazing or undergrazing situation may exist, for a period of time consistent with the analysis. If supplemental feeding is utilized, distribution of feed will be such that livestock are not concentrated so as to cause damage to vegetation and soil.

At the commencement of the Lease term, information will be supplied to STATE, by LESSEE, concerning the size and character of the herd. This information will be updated upon request by STATE and whenever significant change occurs in the herd.

9. **FENCING.** LESSEE shall at his sole cost and expense, provide and maintain in good repair at all times, boundary fences to prevent trespass of livestock to adjacent property. STATE does not warrant the existence of required fences in and around the Premises. Such fences, corrals, and cross fences that are now installed may not be the property of STATE and STATE does not warrant their availability for LESSEE'S use. LESSEE may, with prior approval of STATE, at LESSEE'S sole cost and expense, provide other fencing not inconsistent with STATE use of adjoining lands. Such other fences so installed by LESSEE shall remain the property of LESSEE and shall be removed by LESSEE upon termination of this Lease, or with prior approval of STATE, such fences may remain in place, and shall become the property of STATE upon termination of this Lease.

As deemed necessary, STATE may from time to time require LESSEE to provide fencing, gates, cattleguards and pedestrian access ways, to protect riparian and other sensitive areas as well as developed sites used by the general public. The fences shall be of a type specified by STATE and installed in locations to be designated by STATE. Within 30 days of notification by STATE, LESSEE shall submit plan for such work, together with an estimate of expected material and labor costs. Upon approval by STATE, LESSEE shall install the fencing in an expeditious manner. Upon completion of the work, LESSEE shall present to STATE invoices, paid bills or other records of payment, for actual labor and material costs. Upon acceptance of the work by STATE, and submission of invoices and records, LESSEE shall be given a rental credit in the amount of the actual labor and material cost, not to exceed the approved estimate. The STATE shall not require work to be performed the total value of which exceeds six months' rental payments in any one calendar year, unless mutually agreed to by STATE and LESSEE.

10. **COMPLIANCE WITH LAW.** LESSEE shall, at his sole cost and expense, comply with all of the laws and requirements of all municipal, county, State, and Federal authorities now in force, or which may hereafter be in force pertaining to the Premises and the use of the Premises as provided in this Lease.
11. **CONDITION OF PREMISES.** By entry hereunder, LESSEE accepts the Premises as being in good order, condition and repair, and agrees that on the last day of the term, or upon sooner termination of this Lease, to surrender up to STATE the Premises with any appurtenances or improvements in the same condition as when received, reasonable use and wear thereof and damage by act of God, excepted.

12. **MAINTENANCE.** LESSEE shall maintain the Premises, including all irrigation and drainage ditches, in weed free condition and in good repair, and otherwise operate the Premises during the term hereof in a businesslike manner. LESSEE shall also provide all labor, material and equipment necessary to comply with legal requirements, local ordinances or instructions by STATE, in the control and eradication of Tansy-Ragwort or other noxious weeds. Any weed burning operations on the Premises will be carried on pursuant to local ordinances and at LESSEE's own cost and expense.

LESSEE agrees, at his sole cost and expense, to repair and to maintain in good operating condition all fencing, corrals, watering facilities, barns, or other improvements existing on the Premises.

LESSEE agrees that in no event shall STATE be required to perform any maintenance on or make repairs or alterations to the Premises of any nature whatsoever. LESSEE agrees to keep the Premises in good order and condition at his sole cost and expense. LESSEE does hereby waive all rights to make repairs at the expense of STATE as provided in Sections 1941 and 1942 of the Civil Code.

13. **PROTECTION AGAINST NUISANCE AND DAMAGE.** No removal of soil or dumping of refuse by LESSEE is permitted in any area of the Premises, and LESSEE shall not commit or suffer to be committed any waste or nuisance upon the Premises including storage of abandoned and inoperable motorized equipment or vehicles; and LESSEE agrees not to cut or remove any trees or brush thereon except as approved in writing by STATE; and LESSEE further agrees that he shall at all times exercise due diligence in the protection of the Premises against damage or destruction by fire or other causes.
14. **ALTERATION OF PREMISES.** No alteration to the Premises including surface topography or construction of facilities or improvements thereon shall be allowed without prior written approval by the STATE except installations required and necessary to comply with generally recommended farming practices.
15. **PERFORMANCE.** In the event of the failure, neglect, or refusal of LESSEE to do or perform work, or any part thereof, or any act or thing in this Lease provided for by law to be done and performed by LESSEE, STATE shall, at its option, have the right to do and perform the same, and LESSEE hereby covenants and agrees to pay STATE the cost thereof on demand.
16. **RIGHT TO ENTER, STATE.** During continuance in force of this Lease, there shall be and is hereby expressly reserved to STATE and to any of its agencies, contractors, agents, employees, representatives or licensees, the right at any and all times, and any and all places, to temporarily enter upon said Premises to inspect the Premises and the operations of LESSEE or for survey or other lawful STATE purposes.
17. **RIGHTS OF OTHERS.** This Lease is subject to all existing easements, servitudes, licenses and rights of way for canals, ditches, levees, roads, highways, telegraph, telephone and electric power lines, railroads, pipelines and other purposes, whether recorded or not and rights of others under any existing oil, gas and mineral Lease or Leases affecting the Premises or any portion thereof, whether recorded or not. STATE further reserves the right to grant additional public utility easements as may be necessary and LESSEE hereby consents to the granting of any such easement. The public utility will be required to reimburse LESSEE for any damages caused by the construction work on the

easement area.

18. **RIGHT TO ENTER UNDER MINERAL RIGHTS.** LESSEE agrees not to interfere, in any way, with the interests of any person or persons that may presently, or in the future, hold oil, gas, or other mineral interests upon or under said Leased Premises; nor shall LESSEE, in any way, interfere with the rights of ingress and egress of said interest holders.
19. **INDEMNIFICATION.** This Lease is made upon the express condition that the State of California is to be free from all liability and claims for damages by reason of any injury to any person or persons, including LESSEE, or property of any kind whatsoever and to whomsoever belonging, including LESSEE, from any cause or causes whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease or any occupancy hereunder, except those arising out of the sole negligence of the STATE. LESSEE agrees to defend, indemnify and save harmless the State of California from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring. LESSEE further agrees to provide necessary workers compensation insurance for all employees of LESSEE upon Premises at LESSEE's own cost and expense.
20. **INSURANCE.** LESSEE shall furnish to the STATE a Certificate of Insurance at the time the Lease is signed, stating that there is liability insurance presently in effect for LESSEE with bodily injury and property damage limits of not less than \$1,000,000 per occurrence. The Certificate of Insurance will provide:
- That the insurer will not cancel the insured's coverage without 30 days' prior written notice to the STATE.
  - That the STATE, its officers, agents, employees and servants are included as additional insureds, but only insofar as the operations under this Lease are concerned.
  - That the STATE will not be responsible for any premiums or assessments on the policy.
  - That Premises included in this Lease (referenced by Lease Number) is covered by the policy.
- LESSEE agrees that the bodily injury liability insurance herein provided for shall be in effect at all times during the term of this Lease. In the event said insurance coverage expires at any time or times during the term of this Lease, LESSEE agrees to provide at least thirty (30) days prior to said expiration date, a new Certificate of Insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Lease, or for a period of not less than one (1) year. New Certificates of Insurance are subject to the approval of the State Department of General Services. In the event LESSEE fails to keep in effect at all times insurance coverage as herein provided, STATE may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event.
21. **DEBTS AND CLAIMS - STATE NOT LIABLE.** The STATE shall not be liable for any debts or claims that arise from the operation of this Lease.
22. **NOTICES.** All notices herein provided to be given or which may be given by either party to the other shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified, postage prepaid and addressed to such party at its address set forth in Section 1 of this Lease. The address to which notices may be mailed, as aforesaid to either



- party, may be changed by written notice given by subject party to the other, as hereinbefore provided; but nothing contained shall preclude the giving of any such notice by
23. **NO SUBLETTING.** LESSEE shall not, without previous consent in writing of STATE, sublet the Premises in whole or in part, nor assign this Lease or any interest herein.
  24. **TERMINATION.** STATE may terminate this Lease in whole or in part at any time during the term hereof by giving LESSEE notice in writing at least 30 days prior to the date when any such termination shall become effective. In the event of any such termination, in whole or in part, STATE shall reimburse LESSEE for the unearned portion of any prepaid rent. Any such refund shall be based on the premise that the rent payable under the Lease is identical as to all portions of the land. In the event of a partial termination, all rentals payable thereafter shall be reduced in accordance with the proportionate amounts of land remaining under the Lease.
  25. **HOLDOVER.** Any holding over after expiration of the term of this Lease with the consent of STATE, expressed or implied, shall be deemed to be a tenancy only from month to month, rent to be paid monthly pro rata to the rate set forth herein. Said month-to-month tenancy shall be subject otherwise to all the terms and conditions of this Lease so far as applicable.
  26. **ACTION FOR BREACH - ATTORNEYS' FEES.** If action be brought by the STATE for recovery of any rent due under the provisions hereof or for any breach hereof, or for the recovery of possession of Premises, or to protect any rights given to the STATE against LESSEE, prevailing party shall be entitled to attorneys' fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of payment or the costs of said action.
  27. **INDEPENDENT CAPACITY.** LESSEE and any and all agents and employees of LESSEE shall act in an independent capacity and not as officers or employees of STATE. Nothing herein contained shall be construed as constituting the parties herein as partners.
  28. **NONDISCRIMINATION.** LESSEE agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, or national origin, sex, age or physical handicap. LESSEE agrees to take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, ancestry, national origin, sex, age, or physical handicap. (See California Government Code - Sections 12920-12994 for further details.)
  29. **PERSONAL PROPERTY.** All personal property, tools, or equipment taken onto, stored, or placed on the Premises by LESSEE shall remain the property of LESSEE. Such personal property shall be removed by LESSEE, at his sole risk and expense, upon the expiration or sooner termination of this Lease. The STATE does not accept any responsibility for any damage, including, but not limited to damages caused by fire, flooding and theft, to any personal property, including any equipment, tools or machinery stored on the lease Premises.
  30. **HAZARDOUS SUBSTANCES.** LESSEE agrees that it will comply with all laws, either Federal, State, or local, existing during the term of this Lease pertaining to the use, storage, transportation and disposal of any hazardous substance as that term is defined in such applicable law. In the event the STATE or any of its

personal service.

affiliates, successors, principals, employees, or agents should incur any liability, cost or expense, including attorneys' fees and costs, as a result of LESSEE's illegal or alleged illegal use, storage, transportation or disposal of any hazardous substance, including any petroleum derivative, LESSEE shall indemnify, defend and hold harmless any of these individuals against such liability. Where LESSEE is found to be in breach of this provision due to the issuance of a government order directing LESSEE to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by LESSEE or any person acting under LESSEE's direction, control and authority, LESSEE shall be responsible for all costs and expenses of complying with such order including any and all expenses imposed on or incurred by STATE in connection with or response to such government order. In the event a government order is issued naming LESSEE or LESSEE incurs any liability, during or after the term of the Lease, in connection with contamination which preexisted LESSEE's obligations and occupancy under this Lease or which were not caused by LESSEE, STATE shall hold harmless, indemnify, and defend LESSEE in connection therewith and shall be solely responsible as between LESSEE and STATE for all efforts and expenses thereof.

31. **SUCCESSORS TO LEASE.** The terms of this Lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

**State of California  
California Natural Resources Agency  
CENTRAL VALLEY FLOOD PROTECTION BOARD**

**LEASE NO. 2010-3-CVFPB**

This Lease shall become effective only when fully approved and executed on behalf of the State of California and a duly executed copy has been delivered to LESSEE. The submission of this Lease by STATE, its agent or representative for examination by LESSEE does not constitute an option or offer to lease the Premises upon the terms and conditions contained herein, or a reservation of the Premises in favor of LESSEE. LESSEE'S submission of an executed copy of this Lease to STATE shall constitute an offer to STATE to lease the Premises on the terms and conditions set forth herein.

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THE SACRAMENTO AND SAN JOAQUIN  
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\_\_\_\_\_  
Mr. Manuel Basterrechea

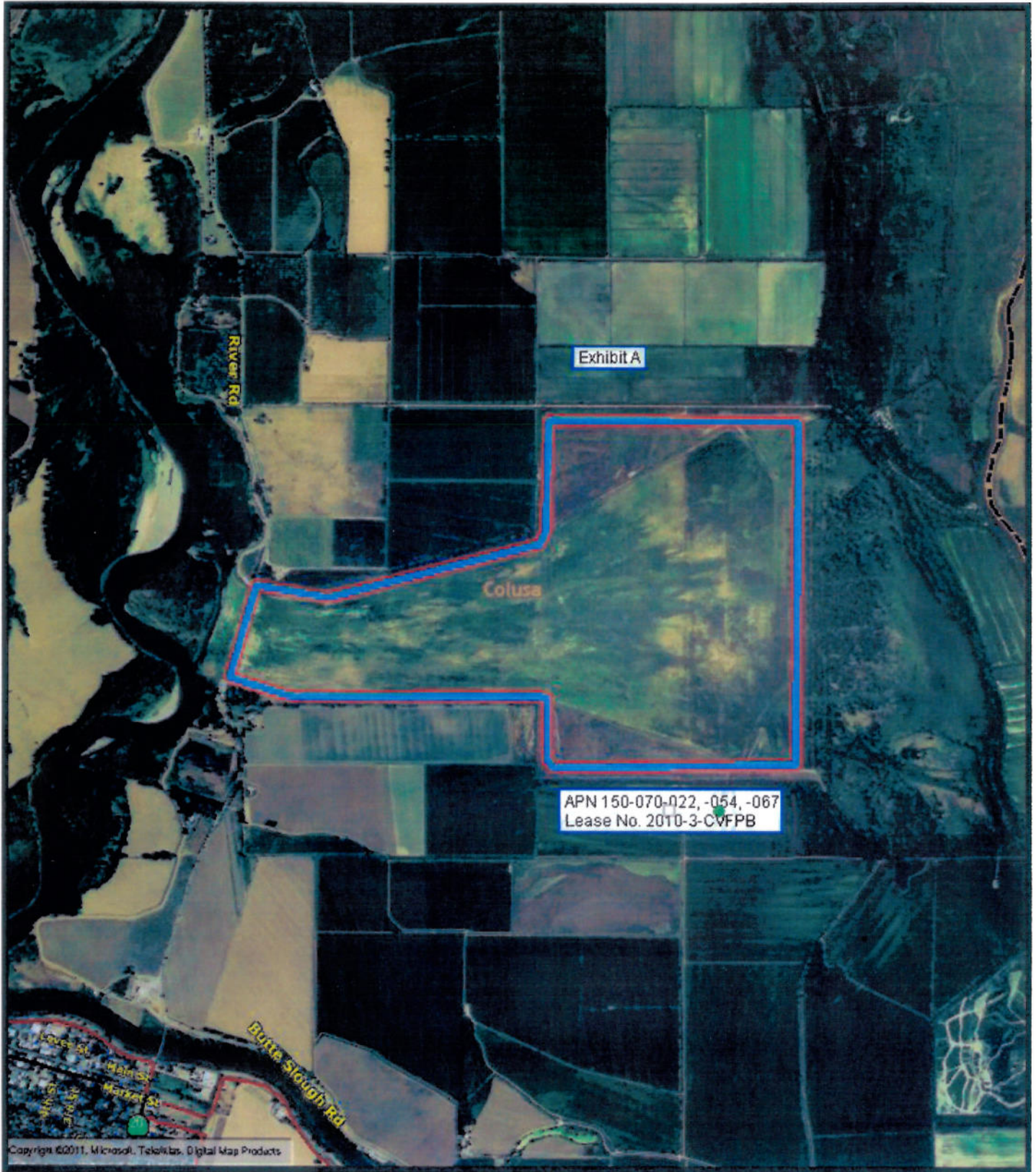
By: \_\_\_\_\_

Date: Jan. 15, 2011

By: \_\_\_\_\_

Approved as to legal form and sufficiency

By: \_\_\_\_\_



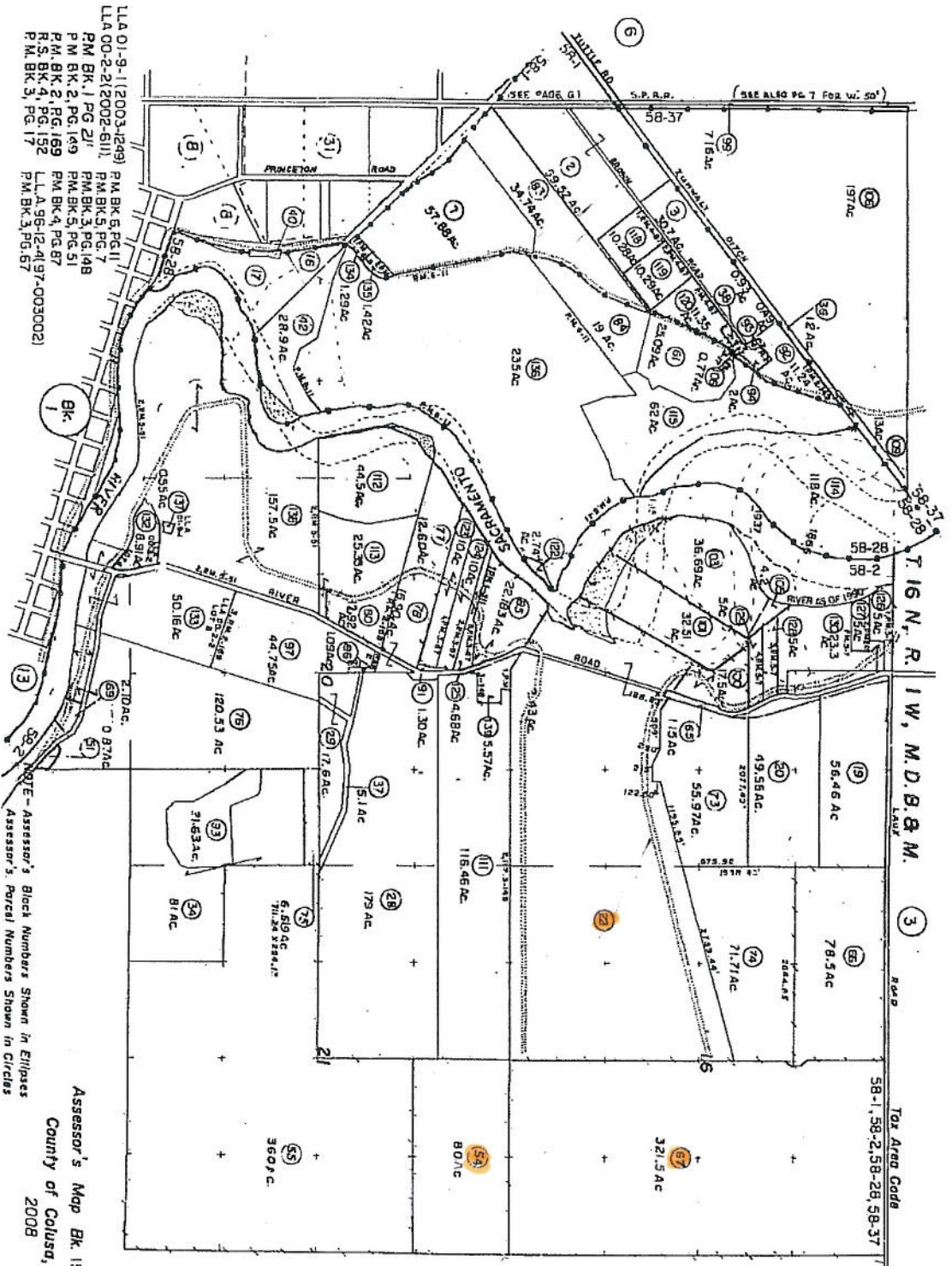
**DIGITAL MAP**  
PRODUCTS

**Exhibit A**  
**Lease No. 2010-3-CVFPB**



2265 ft  
**LandVision**

# Exhibit B



LLA 01-9-1 (2003-1249) P.M. BK. 5 PG. 11  
 LLA 00-2-2 (2002-611) P.M. BK. 5 PG. 7  
 P.M. BK. 1 PG. 21 P.M. BK. 3 PG. 14B  
 P.M. BK. 2 PG. 149 P.M. BK. 5 PG. 51  
 P.M. BK. 2 PG. 189 P.M. BK. 4 PG. 87  
 P.M. BK. 3 PG. 192 LLA 98-12-4 (97-003002)  
 P.M. BK. 3 PG. 67

NOTE - Assessor's Block Numbers Shown in Ellipses  
 Assessor's Parcel Numbers Shown in Circles

Assessor's Map Bk. 15 Pg. 7  
 County of Colusa, Calif.  
 2008



15-07

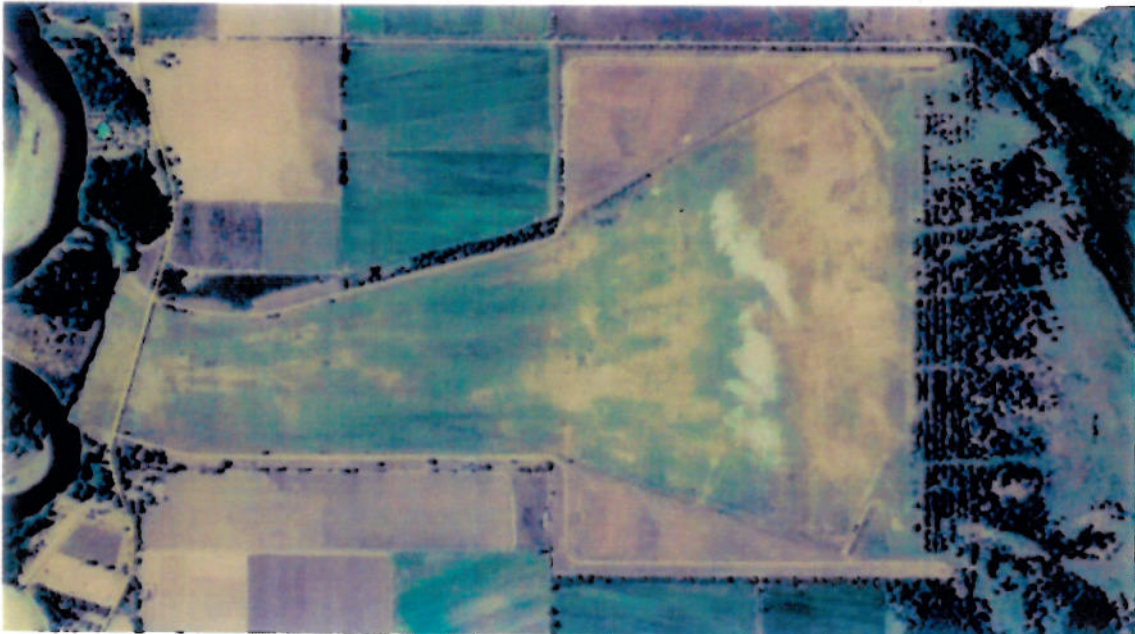
Tox Area Code  
 58-1, 58-2, 58-28, 58-37

## Exhibit A

DWR APNs 150-070-022, -054, -067



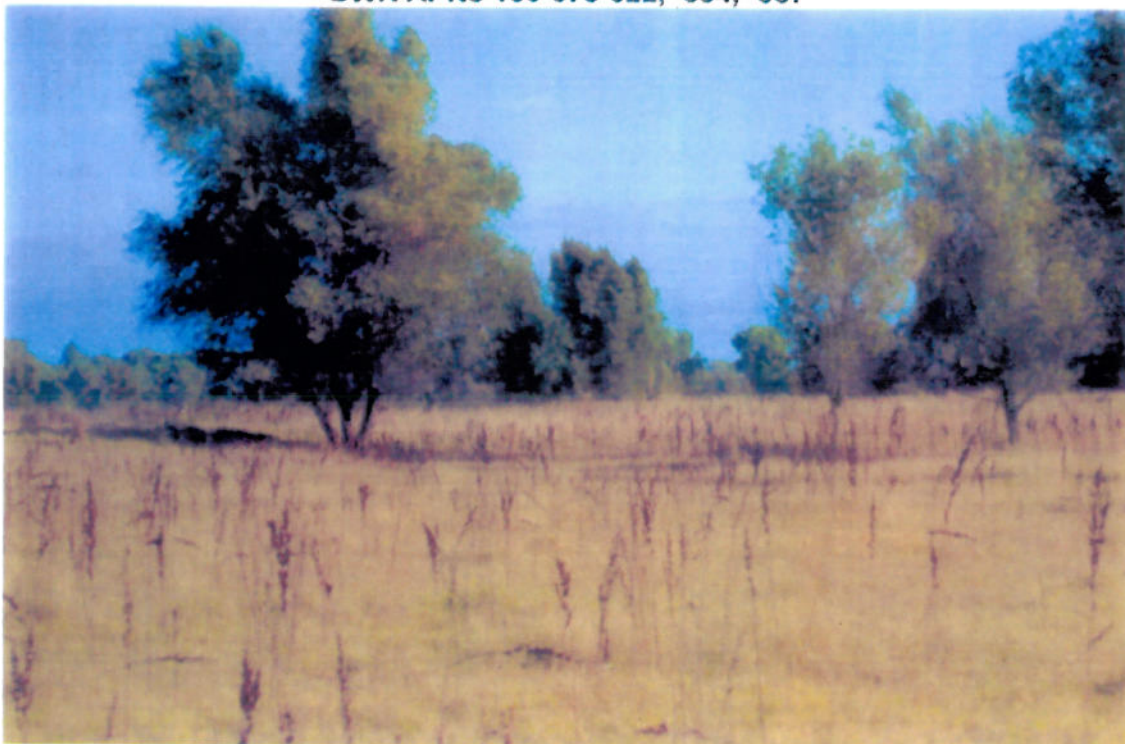
Looking at western portion of the property with Star Thistle and other weeds.



Aerial of subject property.

## Exhibit A

**Subject Property**  
DWR APNs 150-070-022, -054, -067



Subject looking eastern part of the property.



Close-up of Pasture grasses