

2020-000515

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Calaveras County, California
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California Rangeland Trust
1225 H Street
Sacramento, CA 95814

Pages: 50

Recording Fee: \$ 327.00

Taxes: \$0.00

Clerk: mpayne Total: \$327.00



2 DOCS

SB2 (2017) Housing Tax G.C. 27388.1
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A.P.N.: SEE LEGAL DESCRIPTION

File No.: 4009-5098211 (LB)

PERPETUAL CONSERVATION EASEMENT GRANT

The undersigned Grantor(s) declare: **DOCUMENTARY TRANSFER TAX: None**
The grantee is a non-profit entity formed under the laws of the State of California and is authorized
to hold conservation easements under California Civil Code § 815 *et seq.*

Recording requested by and when
recorded please return to:

California Rangeland Trust
1225 H Street
Sacramento, CA 95814

(Space above this line reserved for Recorder's use)

APNs: 054-006-011, 054-006-014, 054-006-018,
054-006-035, 054-006-039, 054-006-040,
054-006-041, 054-006-043, 054-006-044,
053-017-007, 053-017-008, 053-017-009,
053-017-010, 053-016-012, 053-016-011,
053-015-014 and 054-003-011.

**DEED OF AGRICULTURAL CONSERVATION EASEMENT
AND VOLUNTARY AGREEMENT CREATING ENFORCEABLE RESTRICTIONS
IN PERPETUITY WITH A RIGHT OF ENFORCEMENT BY THE UNITED STATES
OF AMERICA**

This Deed of Agricultural Conservation Easement ("**Easement**") is granted on 1-15, 2020 ("**Effective Date**"), by WILLIAM A. AIROLA AND DELORIS J. AIROLA, TRUSTEES OF THE AIROLA 2015 REVOCABLE TRUST, DATED MARCH 5, 2015, AND WILLIAM A. AIROLA AND DELORIS J. AIROLA, HUSBAND AND WIFE AS JOINT TENANTS, (individually "**Landowner**", collectively as "**Landowners**", "**Party**", or "**Parties**" when also referring to Grantee), to CALIFORNIA RANGELAND TRUST, a California nonprofit public benefit corporation, having an address at 1225 H Street, Sacramento, California 95814 ("**Grantee**", "**Party**", or "**Parties**" when also referring to Landowners) and with a right of enforcement to the United States of America ("**United States**"), acting by and through the United States Department of Agriculture Natural Resources Conservation Service ("**NRCS**") on behalf of the Commodity Credit Corporation for the purposes of protecting grazing uses and related Conservation Values, as defined herein, by restoring and forever conserving the agricultural productive capacity, associated open space character and natural habitat values, and future agricultural viability of the real property over which it is granted.

RECITALS

A. Landowners are the sole owners in fee simple of that certain real property known as "Oak Canyon Ranch" located in the incorporated area of the City of Copperopolis, County of Calaveras, State of California, legally described in **Exhibit A** attached hereto and herein by reference (the "**Easement Area**"), and generally depicted in **Exhibit B** ("**Vicinity Map**") and more particularly shown in **Exhibit D** ("**Easement Area APN Map**") attached hereto and incorporated herein by reference.

B. The Easement Area encompasses approximately 3,256 acres of land and, together with a water storage reservoir and other improvements located thereon, is identified by assessor's parcel numbers 054-006-011, 054-006-014, 054-006-018, 054-006-035, 054-006-039, 054-

006-040, 054-006-041, 054-006-043, 054-006-044, 053-017-007, 053-017-008, 053-017-009, 053-017-010, 053-016-012, 053-016-011, 053-015-014 and 054-003-011. There are no existing residences or agricultural buildings on the Easement Area. The existing dam on the Easement Area is located as shown in **Exhibit C** ("**Easement Area Improvements Map**"). Except as otherwise shown in **Exhibit C**, the Easement Area is open rangeland.

- C. The Easement Area possesses agricultural productive capacity, open space, relatively natural habitat, and future agricultural viability (collectively, the "**Conservation Values**") of great importance to the Landowners, Grantee, the people of Calaveras County, and the people of the state of California and of the United States of America, the preservation of which will provide a significant public benefit. The Conservation Values are further described below:
1. **Agricultural Productive Capacity.** The Easement Area is a working landscape, including approximately 3,171 acres of rangeland, grazing land and grasslands, used for livestock grazing and wildlife habitat; and 85 acres of reservoir that serve the agricultural purposes of the Easement Area.
 2. **Open Space.** Pursuant to Calaveras County Board of Supervisors Resolution No. 03-406 dated December 15, 2003 adopting the Oak Canyon Specific Plan and Corresponding General Plan Amendments Amending the Land Use Designation of the Easement Area from Mixed Use/ Master Project Area to Specific Plan Based, which allowed the Easement Area to be zoned single family residential and projected to create approximately 2,275 home sites and associated commercial development. This Easement preserves the open space of the Easement Area by limiting the number, size, and location of residential development, and will prevent the development of industrial agriculture uses. This Easement prevents the conversion of the rangeland, grazing land and grassland to more intensive agriculture on all but 10% of the Easement Area, or 325 acres. The Easement Area is a working landscape; the preservation of the open space character is supported by several clearly delineated government conservation policies and will yield a significant public benefit.
 3. **Relatively Natural Habitat.** The Easement Area contains rangelands, grazing lands, grasslands, several ponds, several creeks, seasonal wetlands, springs, and intermittent streams or drainages with riparian vegetation that provide wildlife habitat for a variety of terrestrial and amphibious species. The preservation of this relatively natural habitat provides erosion control, flood control, and improved water quality important to fish, wildlife, and the general public.
 4. **Future Agricultural Viability.** The Easement Area's viability to sustain a productive cattle operation has been demonstrated by evidence of past and current production as well as a feasibility study conducted by the University of California Central Sierra Cooperative Extension July 26, 2016. Pursuant to Calaveras County Board of Supervisors Resolution 20181204r224 dated December 4, 2018, the General Plan of the Easement Area was amended to Natural Resource Lands, Agricultural Preserve. The preservation of the Easement Area will ensure its future agricultural viability.
 5. **Public Benefit.** The conservation of the Easement Area, subject to the terms of this Easement, will yield significant public benefit by allowing only appropriate uses and limited development compatible with the Conservation Values (including limitations on

the number, size and location of residences, the prevention of more intensive agriculture or development of large industrial agriculture facilities, all as more particularly described herein). By limiting development of the Easement Area to levels that will not adversely impact the Conservation Values, this Easement provides the following public benefits: economic benefit to Calaveras County with the retention of local jobs, local agricultural revenues, and reduction in spending on municipal services for dispersed development; important ecological significance with the protection of a relatively natural habitat and wildlife corridors; open space values that will protect the rural open space character of the general area and Calaveras County; and ecosystem services with the protection of the wildlife habitat, water resources, water quality, groundwater recharge, flood prevention, reduction of greenhouse gas emissions, and improved air quality resulting from reduced vehicle miles traveled to and from the Easement Area.

- D. The current state of the Conservation Values and other characteristics of the Easement Area, its current use and state of improvement, are documented in a Baseline Documentation Report ("**Baseline Report**") prepared by Grantee, with the cooperation of Landowners, and incorporated herein by this reference. Landowners and Grantee acknowledge that the Baseline Report is complete and accurate as of the date of this Easement. Landowners and Grantee each shall retain a duplicate original copy of the Baseline Report. The Baseline Report may be used to establish whether a change in the use or condition of the Easement Area has occurred, but its existence shall not preclude the use of other evidence to establish the condition of the Easement Area as of the date of this Easement.
- E. The Budget Act of 2014 appropriated \$130 million from the California Air Resources Board's California Climate Investment Fund, also known as the Greenhouse Gas Reduction Fund, to develop and implement the Affordable Housing and Sustainable Communities Program ("**Program**"). Beginning in FY 2015-16, 20 percent of the California Climate Investment Fund's annual proceeds go to the Program. The goal of the Program, which is administered by the Strategic Growth Council ("**Council**"), is to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development. Projects eligible for funding include the acquisition of agricultural conservation easements to protect agricultural lands that are under pressure of conversion to nonagricultural uses.
- F. On behalf of the Council and the Natural Resources Agency, the California Department of Conservation ("**Department**") administers the Sustainable Agricultural Lands Conservation Program ("**SALCP**"). SALCP supports the Program's goal by investing in the acquisition of agricultural conservation easements on properties at risk of conversion to non-agricultural uses, thereby reducing greenhouse gas emissions. These acquisitions can support a healthy agricultural economy, provide food security, encourage smart growth, and ensure agricultural lands and open space remain available.

As administrator of SALCP and on behalf of the Council, the Department has made a grant of funds to Grantee from the California Climate Investment Fund to support the acquisition of this Easement. These funds represent a substantial investment by the people of the state of California in the perpetual conservation of valuable agricultural land. The Easement Area and this Easement have met the mandatory eligibility criteria, certain selection criteria and have multiple natural resource conservation objectives identified in the 2015-16 SALCP Guidelines and Request for Grant Applications. The rights vested herein in the State of

California arise out of its statutory role in fostering the conservation of agricultural land in California and its role as fiduciary for the public investment represented by the California Climate Investment Fund.

- G. This Agricultural Conservation Easement is acquired with funds provided, in part, under the Agricultural Conservation Easement Program (“ACEP”) 16 U.S.C. Section 3865 et seq. and 7 CFR Part 1468 for the purpose of protecting grazing uses and related Conservation Values by conserving the Easement Area.
- H. Landowners grant this Easement for valuable consideration to Grantee for the purpose of assuring that the agricultural productive capacity, open space, relative natural habitat, and future agricultural viability, described in Recital C and further detailed in the Baseline Report will be conserved and maintained forever. Uses of the Easement Area that are inconsistent with this Conservation Purpose (as defined below) will be prevented or corrected. The Parties agree, however, that the current agricultural use of, and improvements to, the Easement Area are consistent with the Purpose of this Easement (as defined in Section 1 hereof).
- I. The Purpose of this Easement (as defined in Section 1 hereof) is recognized by, and the grant of this Easement will serve the following clearly delineated governmental conservation policies:
 - 1) The Farmland Protection Policy Act, P.L. 97-98, 7 U.S.C. section 4201 et seq., whose purpose is “to minimize the extent to which federal programs and policies contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses, and to assure that federal programs are administered in a manner that, to the extent practicable, will be compatible with State, unit of local government and private programs and policies to protect farmland;”
 - 2) California Civil Code at Part 2, Chapter 4, (commencing with section 815), which defines and authorizes perpetual conservation easements. The California Legislature declares in Section 815 of the California Civil Code that the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California, and further declares it to be the public policy and in the public interest of the State to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations;
 - 3) California Constitution Article XIII, Section 8, California Revenue and Taxation Code sections 421.5 and 422.5, and California Civil Code section 815.10, under which this Agricultural Conservation Easement is an enforceable restriction, requiring that the Easement Area’s tax valuation be consistent with restriction of its use for purposes of food and fiber production and conservation of natural resources;
 - 4) Section 75210 of California Public Resources Code, which lists the protection of “agricultural lands to support infill development” as a public policy objective supported by the Program to achieve the long-term goals of AB 32 (Chapter 488, Statutes of 2006) and related amendments;

- 5) Section 65041.1 of the California Government Code, which enumerates the protection of "environmental and agricultural resources by protecting, preserving, and enhancing the State's most valuable natural resources, including working landscapes such as farm, range, and forest lands" among the State's planning priorities;
 - 6) Section 10200 et seq. of the California Public Resources Code, which creates the California Farmland Conservancy Program within the Department, provides the Department authority for agricultural land protection, and informs eligibility for funding under SALCP;
 - 7) Section 51220 of the California Government Code, which declares a public interest in the preservation of agricultural lands, by providing that "agricultural lands have a definitive public value as open space" and "that the discouragement of premature and unnecessary conversion of agricultural land to urban uses is a matter of public interest";
 - 8) California Food and Agriculture Code Section 821, which states that one of the major principles of the State's agricultural policy is "to sustain the long-term productivity of the State's farms by conserving and protecting the soil, water, and air, which are agriculture's basic resources";
 - 9) The California General Plan law section 65300 et seq. and Section 65400 et seq. of the California Government Code, and the Calaveras County General Plan, as updated on December 9, 1996, which includes as one of its goals to protect farmlands designated as prime, of statewide importance, unique, or of local importance from conversion to and encroachment of non-agricultural uses;
 - 10) Resolution No. 20160614r087, approved by the Board of Supervisors of Calaveras County on the 14th day of June 2016, which expresses support for the acquisition of this Easement and finds that the acquisition is consistent with the County's General Plan and the Resolution's findings; and,
 - 11) Resolution No. 20181204o3109, approved by the Board of Supervisors of Calaveras County on December 4, 2018, which rescinded Development Agreement 2000-19 for the Oak Canyon Ranch Specific Plan, for purposes of establishing an Agriculture Preserve and Williamson Act Contract No. 354.
- J. Grantee is a California nonprofit organization within the meaning of California Civil Code section 815.3 and is a tax exempt and "qualified conservation organization" within the meaning of Sections 501(c)(3) and 170(b)(1)(A)(vi) as defined by the United States Internal Revenue Code. Grantee, as certified by a resolution of Grantee's Board of Directors, accepts the responsibility of enforcing the terms of this Easement and upholding its Conservation Purpose, as herein defined, forever.

GRANT OF AGRICULTURAL CONSERVATION EASEMENT

Now, therefore, for the reasons given, and in consideration of their mutual promises and covenants, terms, conditions and restrictions contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landowners voluntarily grant and convey to Grantee, and Grantee voluntarily accepts, a perpetual conservation easement, as defined by Section 815.1 and 815.2 of the California Civil Code and Section 10211 of the California Public Resources Code, and of the nature and character described in this Easement for the purpose described below, and agree as follows:

1. *Conservation Purpose.*

The conservation purpose ("**Conservation Purpose**" or "**Purpose**") of this Easement is to protect grazing uses and related conservation values by restoring and conserving the Easement Area and to enable the Easement Area to remain in productive agricultural use in perpetuity by preventing and correcting uses of the Easement Area prohibited by the provisions of this Easement. To the extent that the preservation of the open space character and natural resource values of the Easement Area are consistent with such use, it is within the Purpose of this Easement to protect those values.

2. *Right to Use Easement Area for Agricultural Purposes.*

Landowners retain the right to use the Easement Area for agricultural purposes, and to authorize others to use the Easement Area for agricultural purposes, in accordance with applicable law and this Easement.

3. *Prohibited Uses.*

Landowners shall not perform, nor knowingly allow others to perform, any act on or affecting the Easement Area that is inconsistent with this Easement. Any use or activity that would significantly impair the Conservation Values of the Easement Area, or that would cause significant soil degradation or erosion, permanently restrict agricultural husbandry practices, except to the extent required to comply with the restrictions of this Easement, or that violates federal laws, including federal drug laws, decrease the Easement's protection for the grazing uses of the Easement Area, adversely impact the restoration or conservation of the grassland on the Easement Area, or that is otherwise inconsistent with the Conservation Purpose, is prohibited ("**Prohibited Use**"). "Husbandry practices" means agricultural activities, such as those specified in Section 3482.5(e) of the California Civil Code, conducted or maintained for commercial purposes in a manner consistent with proper and accepted customs and standards, as established and followed by similar agricultural operations in the same locality. This Easement authorizes Grantee to enforce these covenants in the manner described herein. However, unless otherwise specified, nothing in this Easement shall require Landowners to take any action to restore the condition of the Easement Area after any Act of God or other event over which Landowners had no control. Landowners understand that nothing in this Easement relieves Landowners of any obligation or restriction on the use of the Easement Area imposed by law.

The term "significantly impaired" (or any derivation thereof, as applicable) shall mean a material, adverse effect on the quality or character of the Conservation Values of the Easement Area.

4. *Permission of Grantee: Written Notice; Written Approval; Costs and Expenses.*

Where Landowners are expressly required hereunder to obtain Grantee's permission for a proposed use of the Easement Area, said permission (a) shall not be unreasonably delayed or withheld by Grantee, (b) shall be sought and given in writing, with copies of all documents to be provided to the Department and NRCS and (c) shall in all cases be obtained by Landowners prior to the undertaking of the proposed use. Grantee shall grant permission to Landowners only if Grantee, acting in Grantee's sole reasonable discretion and in good faith, determines that the proposed use is not a Prohibited Use per Section 3 above. Any notices ("**Written Notice**") or requests for approval ("**Written Approval**") from Landowners shall describe the nature, scope, design, location, timetable, and any other material aspect of the proposed activity in sufficient detail to assist Grantee to make an informed judgment as to its consistency with the Purpose of this Easement. Documents pertaining to Written Approvals and Written Notices to or from Grantee, the Department, NRCS and/or Landowners shall be sent pursuant to Section 27 below.

- (a) **Written Notice.** Except when Grantee's Written Approval is required, whenever a Written Notice is required pursuant to the terms of this Easement, Landowners shall notify Grantee in writing, with copies of all documents to be provided to the Department and NRCS, not less than thirty (30) days prior to the date Landowners intend to undertake the activity in question.
- (b) **Written Approval.** Whenever Grantee's Written Approval is required, Landowners shall notify Grantee in writing with copies of all documents to be provided to the Department and NRCS not less than sixty (60) days prior to the date Landowners intend to undertake the activity in question. Grantee shall grant or withhold its approval in writing within sixty (60) days of receipt of Landowners' written request, unless otherwise stated herein. Grantee's approval may be withheld only upon a reasonable determination by Grantee that the action, as proposed, would be inconsistent with the Purpose of this Easement.
- (c) Where "without further permission" is stated, neither Written Notice or Written Approval is required.
- (d) **Grantee's Costs and Expenses.** Landowners shall be solely responsible for bearing all reasonable costs and expenses, including reasonable attorneys' and consultants' fees and costs, of: (i) Grantee's review of any request by Landowners for Grantee's Written Approval of any development or other use of the Easement Area for which Grantee's discretionary permission, consent or approval is required under this Easement; (ii) Grantee's participation, at Landowners' request, in any regulatory proceeding for consideration of proposed development or other use of the Easement Area allowed under this Easement; (iii) Grantee's investigation of Landowners' compliance with the Easement in connection with providing any estoppel certificate required to be provided by Grantee under the provisions of Subsection 23(a) of this Easement in connection with any transfer of the Easement Area that does not require the payment of a Transfer Fee under the provisions of Subsection 23(b) of this Easement, unless such investigation

coincides with routine annual monitoring conducted by Grantee under the provisions of Section 18 of this Easement.

5. *Construction or Placement of Buildings and Other Improvements.*

Landowners may undertake construction, erection, installation, or placement of buildings, structures, or other improvements on the Easement Area only as provided in Subsections (a) through (g) below. Landowners shall provide Written Notice to Grantee prior to seeking any building or grading permit, zone change, or environmental regulatory review. Landowners shall provide Grantee with adequate information, documents and plans to enable Grantee to confirm compliance with this Easement and enable Grantee to keep its records current.

All other construction, erection, installation, or placement of buildings, structures, or other improvements on the Easement Area is prohibited. No construction, removal, repair, enlargement or replacement of any building, structure or other facility shall be allowed that would significantly impair the Conservation Values. All work must be properly permitted and must minimize soil disturbance.

The term **"Building Envelope"** or **"Building Envelopes"** includes both **"Residential Building Envelopes"** and **"Employee Housing Building Envelopes"** as identified on Exhibit C and further defined below. Prior to the commencement of any construction or alteration of the land, the boundaries and location of the Building Envelopes may be adjusted or relocated if Grantee, the Director of the Department, and the Chief of NRCS provide prior written approval of the adjusted boundaries and location under an amendment request subject to Section 24 herein. Concurrent with construction of any Residential Dwelling or Agricultural Employee Housing, as herein defined, within the Building Envelopes, Landowners shall provide Grantee a survey of the Building Envelope to be exercised for inclusion into the Baseline Report. The inclusion will be acknowledged in writing by the Landowners and the Grantee with Written Notice provided to the Department and NRCS. The surveyed Building Envelope shall not change thereafter. Any adjustment to the Building Envelopes must provide equal or greater protection of the grassland, grazing uses and related Conservation Values of the Easement Area and the Building Envelopes may not increase in size. All costs associated with the delineation of Building Envelopes shall be the responsibility of the Landowners.

For purposes of this Easement, the term "improvements" shall not refer to, and specifically excludes, crops, plants, trees, vines, or other living improvements planted for agricultural purposes.

- (a) **Agricultural Buildings.** ("**Agricultural Buildings**") include but are not limited to barns, pole barns, equipment sheds, or other facilities where agricultural production or sale of farm products grown or raised on the Easement Area is conducted. Agricultural Buildings do not include any "Residential Dwelling", "Employee Housing", or "Incidental Agricultural Facility" as identified in Subsection 5(d) below. New Agricultural Buildings or enlargements of Agricultural Buildings may occur entirely within the Building Envelopes with Written Notice. New Agricultural Buildings or enlargements of Agricultural Buildings may only be constructed outside of the Building Envelopes, with Written Approval of the Grantee, provided they are consistent with the ALE Plan and neither individually nor collectively have an adverse impact on the

grassland, grazing uses or related Conservation Values of the Easement Area.

- i. As of the Effective Date, no Agricultural Buildings exist on the Easement Area. New Agricultural Buildings or enlargements greater than Fifty Percent (50%) shall require Grantee's Written Approval. Approval from Grantee shall be granted if Landowners demonstrate that the proposed construction or enlargement supports the authorized uses of the Easement Area and does not impair the grassland or grazing uses and related Conservation Values of the Easement Area. No such structure shall exceed the impervious surface limitation set forth in Subsection 34(b).
- (b) Residential Dwellings. As of the Effective Date, no single-family buildings ("**Residential Dwellings**") are located on the Easement Area. Landowners and Grantee have identified and approved the general locations of four (4) Residential Building Envelopes of three (3) acres each, as shown in **Exhibit C**.
 - i. With Written Notice to Grantee, a maximum of six (6) new Residential Dwellings and associated ancillary improvements, including but not limited to a gazebo, office, and garage, may be built or placed on the Easement Area, so long as said Residential Dwellings and associated improvements are constructed entirely within the Residential Building Envelopes. No individual Residential Dwelling shall exceed Three Thousand (3,000) square feet of finished living area (exclusive of basement, garage, porches, and patios).
- (c) Agricultural Employee Housing. As of the Effective Date of the Easement, no "**Agricultural Employee Housing**" is located on the Easement Area. Landowners and Grantee have identified the locations of two (2) Employee Housing Envelopes of one-half (1/2) of an acre each, as shown in **Exhibit C**. Two (2) Agricultural Employee Housing buildings may be constructed, maintained and replaced only within the Agricultural Employee Housing Building Envelopes with Written Notice to the Grantee, provided that the living area of each individual Agricultural Employee Housing building shall not exceed one thousand two hundred (1,200) square feet.
- (d) Incidental Agricultural Facilities. "**Incidental Agricultural Facilities**" consist of non-building facilities, used in normal and customary ranching and farming activities to support uses or activities on the Easement Area authorized by this Easement. These include but are not limited to, cattle scales with or without roofs, corrals, holding fields, squeezes, loading chutes, equipment loading ramps, livestock watering facilities, livestock/irrigation ponds, wells, pumps, pump houses, and water distribution and irrigation facilities. Except as required in connection with a building or grading permit application, Incidental Agricultural Facilities that neither individually nor collectively significantly impair the grassland, grazing uses and related Conservation Values of the Easement Area, may be constructed, rebuilt, maintained, repaired, reasonably enlarged, or replaced anywhere on the Easement Area, provided the Incidental Agricultural Facilities are consistent with the ALE Plan, without further permission from Grantee.

Fences, Windmills, Stock Ponds and Water Troughs. Existing fences, windmills, stock ponds and water troughs may be repaired and replaced without permission of Grantee. New fences and water troughs may be built without permission of Grantee and in accordance with the Agricultural Land Easement Plan ("**ALE Plan**") for purposes of

reasonable and customary agricultural management, and for security of farm produce, livestock, equipment, and improvements on the Easement Area. Windmills, for the purposes of pumping ground water, are allowed without permission of Grantee. Notwithstanding the foregoing, no commercial wind energy development shall be allowed on the Easement Area. Fences may be constructed, repaired, and replaced within the Building Envelopes without permission of Grantee, in accordance with the ALE Plan. Stock ponds of less than 10 acres in size may be constructed on the Easement Area without permission of Grantee. Notwithstanding the foregoing, fences may be maintained and replaced and new fences installed only in accordance with the ALE Plan and consistent with grassland management requirements identified in the ALE Plan.

- (e) Utilities and Septic Systems. Wires, lines, pipes, cables or other facilities providing electrical, gas, water, sewer, communications, energy generation, or other utility services to serve the improvements authorized herein, or to transmit power generated on the Easement Area, that neither individually nor collectively significantly impair the grassland or grazing uses and related Conservation Values of the Easement Area, may be installed, maintained, repaired, removed, relocated and replaced. In addition, septic or other underground sanitary systems serving the improvements authorized herein may be installed, maintained, repaired, replaced, relocated or improved, but must be located within the Building Envelopes. With Written Approval of the Grantee, renewable power generation and transmission facilities, including but not limited to solar, wind, or any other renewable energy facilities, for agricultural and other authorized uses on the Easement Area may be constructed outside of the Building Envelopes, provided they are consistent with the ALE Plan and neither individually nor collectively have an adverse impact on the grassland, grazing uses or related Conservation Values of the Easement Area. With Written Notice to Grantee, renewable power generation and transmission facilities, including but not limited to solar, wind, or any other renewable energy facilities, for agricultural and other authorized uses on the Easement Area and/or for adjacent real property or other property owned or operated by Landowners, may be constructed within the Building Envelopes, and built and maintained within impervious surface limits, so long as such facilities do not impair the Conservation Values, are consistent with the Purpose of the Easement, and are scaled to meet the needs of the agricultural and other authorized uses on the Easement Area. The construction or installment of solar panels on the roofs of structures authorized in this Section 5 does not require permission from Grantee. The sale of excess-generated energy off the Easement Area to appropriate public utilities is authorized. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities, including wind or solar farms built outside of the Building Envelopes, and the conveyance of any rights-of-way over, under or on the Easement Area for any such purpose, are prohibited. The Parties agree that the provisions of this Subsection 5(f) restricting installation of solar energy systems are "reasonable restrictions" within the meaning of California Civil Code § 714.

- (f) Communications Facilities. Landowners may construct and operate, or authorize others to construct and operate, communication facilities such as cell towers or 911 communication towers, so long as the construction of the facilities, and access roads to facilities are located and constructed within the Building Envelopes. No communication facilities, other than telemetric equipment included in the Incidental Agricultural Facilities, or personal transmission equipment for services such as wireless internet or

broadcasted television, are allowed outside of the Building Envelopes.

- (g) Water Storage Reservoir. Landowner may operate, maintain and repair the existing water storage reservoir located on Lot 81 of the Easement Area without further permission from Grantee.

6. *No Subdivision.*

Separate conveyance of a portion of the Easement Area, or the division, subdivision, de facto subdivision, or partition of the Easement Area, whether by physical, legal, or any other process, is prohibited.

Landowners and Grantee acknowledge and understand that the Easement Area was approved by the County of Calaveras on December 18, 2001 to be developed as a 3,214-acre mixed-use development to include 2,275 residential units with a village center, commercial and retail services, a resort, two golf courses, and a new elementary school. On December 4, 2018, the Board of Supervisors of Calaveras County approved Resolution No. 20181204o3109, which rescinded this development agreement for purposes of establishing an Agricultural Preserve and Williamson Act Contract No. 354. As of the Effective Date, the Easement Area is comprised of seventeen (17) tax parcels. The Landowners will not apply for or otherwise seek recognition of additional legal parcels within the Easement Area based on certificates of compliance or any other authority.

Landowners will not sell, exchange, convert, transfer, assign, mortgage or otherwise encumber, alienate or convey any parcel or any portion thereof associated with the Easement Area, including without limitation the non-contiguous parcel designated as Lot 81, separately or apart from the Easement Area as a whole, and Landowners and their successors in interest will at all times treat all parcels of the Easement Area as a single integrated economic unit of property; provided, however, that a lease of a portion of the Easement Area for agricultural or other authorized uses (subject to this Easement) shall not be prohibited by this subsection.

Lot line adjustments within the Easement Area for maintaining, enhancing, or expanding agricultural practices or productivity on the Easement Area or for any other purpose that is consistent with the Conservation Purpose of this Easement shall require Written Notice. No lot line adjustment shall be allowed to decrease the total acreage of the Easement Area. The terms of this Easement shall remain in effect for the entire Easement Area following any lot line adjustments.

7. *Extinguishment of Development Rights.*

Landowners hereby convey to Grantee all the Easement Area's previous, current, and future development rights, except as specifically reserved in this Easement. This includes but is not limited to, development rights that have been, are, or will be allocated to, implied, reserved, appurtenant to, or inherent in the Easement Area. The Parties agree that such rights are released, terminated, and extinguished, and may not be used on or transferred by either Party to any portion of the Easement Area as it now or later may be bounded or described, or to any other property, adjacent or otherwise, or used for calculating permissible lot yield of the Easement Area or any other property. This Easement shall not create any development rights.

8. *Mining and other Surface Alterations.*

Except as explicitly provided in Subsection 8(b), the mining, removal, or extraction of soil, sand, gravel, aggregate, rock, oil, natural gas, fuel, or any other mineral substance through a surface mining, removal, or extraction method or from above a depth of 150 feet below the surface of the Easement Area is prohibited. This prohibition includes the installation of roads or pipelines for transportation of the afore-stated resources.

This section is not intended to interfere with Landowners' right to remove cobble and hardpan from farm areas to prepare the land for agricultural purposes.

- (a) **Third Party Mineral Rights.** If a third party owns or leases the oil, natural gas, or any other mineral substance as of the Effective Date, and such third party's interests have not been subordinated to this Easement, the Landowners must require, to the greatest extent possible, that any oil, natural gas, and mineral exploration and extraction conducted by such third party is conducted in accordance with Subsection 8(b) below.
- (b) **Surface Alterations.** Grading, blasting, filling, sod farming, earth removal, or any other activity that will disturb the soil surface or materially alter the topography, surface or subsurface water systems of the Easement Area is prohibited, except as follows:
 - (i) Dam construction in accordance with an ALE Plan to create ponds for agricultural use, fire protection, or wildlife enhancement, including enhancement through wetland restoration, enhancement or creation;
 - (ii) Maintenance and repair of the dam and spillway associated with the existing water storage reservoir located on Lot 81 of the Easement Area;
 - (iii) Erosion and sediment control pursuant to a plan approved by Grantee;
 - (iv) Soil disturbance activities required in the construction of approved buildings, structures, roads, and utilities provided that the required alteration has, if necessary, received permission in accordance with Section 4 above, and is consistent with the Conservation Purpose of this Easement;
 - (v) Maintaining roads on the Easement Area authorized by Section 9, below; provided that the location of the extraction of any materials for such purpose shall be limited to: (i) those areas shown on **Exhibit C** and described in the Baseline Report, where Landowners currently take rock for maintaining roads on the Easement Area; and (ii) such additional locations as Grantee may approve in accordance with the provisions of Subsection 4(b) of this Easement; or
 - (vi) Grazing uses, or grassland restoration and conservation activities conducted in accordance with the ALE Plan.

9. *Road Construction, Maintenance and Paving.*

- (a) **Road Construction.** New roads may be constructed on the Easement Area if they are within

the impervious surface limitation specified in Subsection 34(b), have Written Approval from Grantee, and are necessary to carry out the agricultural operations or other authorized uses on the Easement Area. New roads approved by Grantee to serve Building Envelopes authorized by the Easement are subject to the impervious surface limitations.

- (b) Road Maintenance. Roads existing as of the Effective Date and as documented in the Baseline Report, or future roads authorized by this Easement or approved by Grantee, may be maintained without Grantee permission. Notwithstanding the foregoing, existing and future roads may not be significantly widened or improved unless such widening or improvement is within the impervious surface limitation specified in Subsection 34(b), has Written Approval from Grantee, and is necessary to carry out the agricultural operations or other allowed uses on the Easement Area. For purposes of this paragraph, "improved" and "improvement" do not include standard maintenance activities such as grading, creating water bars, maintaining and repairing culverts, or application of gravel or other pervious materials.
- (c) Paving. Roads existing as of the Effective Date and as documented in the Baseline Report, or future roads authorized by this Easement or approved by Grantee, may be paved to the extent that it is within the impervious surface limitation specified in Subsection 34(b), has Written Approval from Grantee, is necessary to carry out the agricultural operations or other allowed uses on the Easement Area, and will not significantly impair the Conservation Values. No other portion of the Easement Area presently unpaved shall be paved, except for roads subject to permits for development allowed by this Easement where improvement is required as a condition of a permit. For purposes of this paragraph, "pave", "paved", and "paving" shall include covering of the soil surface with concrete, asphalt or other impervious material. However, to make roads passable, Landowners may apply to existing or future roads a reasonable amount of gravel obtained from the Easement Area or from other sources, subject to the restrictions outlined in Subsection 8(b)(v).
- (d) Unpaved Roads. Unpaved roads existing as of the Effective Date and as documented in the Baseline Report, or future roads authorized by this Easement or approved by Grantee, in accordance with Subsection 9(a) above, may be relocated as unpaved roads as required by agricultural operations, provided that abandoned roads will be returned to agricultural uses or a natural condition.

10. *Agricultural Intensification.*

"Agricultural Intensification" is the conversion of rangeland to more intensive agricultural uses such as row-crops, orchards or vineyards. This Easement prohibits the conversion of the rangeland, grazing land, and grassland to more intensive agriculture on all but 325 acres as specified in **Exhibit C**, herein referred to as the "**Agricultural Envelopes**". Concurrent with exercising Agricultural Intensification within the Agricultural Envelopes, the Landowners shall provide Grantee a survey of the Easement Area planned for Agricultural Intensification for inclusion into the Baseline Report. The inclusion will be acknowledged in writing by the Landowners and the Grantee with Written Notice provided to the Department and NRCS. The area surveyed as a portion of the Agricultural Envelopes shall not change thereafter.

Allowable agricultural uses within the Agricultural Envelopes include the cultivation of food

based crops including grapes, nuts, fruits, and olives; nonperennial forages for human or domestic animal consumption; crop seed production; or other perennial agricultural products so long as the agricultural operations are consistent with the long-term viability of the Easement Area and do not violate federal laws, including federal drug laws and allowable agricultural uses as identified for the property associated with the Easement Area. Nothing herein shall prohibit non-commercial gardening for Landowners' personal use within the Building Envelopes. Notwithstanding the foregoing, development or planting of the Agricultural Envelopes shall avoid impacts to the Conservation Values and will require Written Notice to the Grantee.

Agricultural uses (not considered agricultural intensification) authorized outside the Agricultural Envelopes are those uses that are compatible with grazing or grazing-related activities and those that restore or conserve grassland. Outside of the Agricultural Envelopes, except for grazing uses and grassland restoration and conservation, the cultivation or production of crops, nonperennial forages for human or domestic animal consumption, crop seed production, or planting of orchards, vineyards, berries, tree farms, or other perennial non-grassland agricultural product is prohibited. Agricultural uses allowed outside the Agricultural Envelopes include, but are not limited to: those practices related to the production of livestock, forage production, grazing, haying and livestock fodder production compatible with restoration and conservation of grassland, grazing uses and related conservation values provided they are conducted in a manner that is consistent with and in accordance with the ALE Plan; practices to enhance absorption and retention of soil moisture; practices to establish, enhance or restore grassland or rangeland, including use of herbicides (in accordance with Section 11); transplanting, no-till seeding, and prescribed burning; practices which promote soil stabilization and reduce erosion; practices for habitat enhancement or restoration projects for the purposes of promoting ecological improvements; and practices, including native tree planting and establishment or oak savannah and grassland management, for the purposes of sequestering carbon or enhancing wildlife habitat; provided that, in order to not significantly impair the Conservation Values, no such practice shall be allowed to increase the tree canopy cover to more than 50%.

The establishment or maintenance of a commercial feedlot is prohibited. For purposes of this Easement, "commercial feedlot" is defined as a permanently constructed confined area or facility which is used and maintained for purposes of engaging in the business of feeding livestock and which is not grazed or cropped annually. This definition shall not include the establishment, use or maintenance of corrals, holding pens or pastures. Nothing in this section shall prevent Landowners from confining livestock for discretionary seasonal feeding or from leasing grazing rights for livestock owned by others.

11. Trash, Storage, and use of Agricultural Chemicals.

The dumping or accumulation on the Easement Area of any kind of trash, refuse, sewage, vehicle bodies or parts, or Hazardous Materials, as defined in Section 28, is prohibited. Farm-related trash and refuse produced on the Easement Area may be temporarily stored on the Easement Area subject to all applicable laws. The storage of agricultural products and byproducts produced on the Easement Area, and materials reasonably required for agricultural production on the Easement Area, including Hazardous Materials, is authorized if it is done in accordance with all applicable government laws and regulations. Government approved agrichemicals, including but not limited to, herbicides, fertilizers and biocides, may

be used in the amounts and frequency necessary to accomplish reasonable agricultural purposes or the Conservation Purpose within government regulations and guidelines.

12. *Commercial Signs.*

Commercial signs (including billboards) unrelated to authorized activities conducted on the Easement Area are prohibited.

13. *Compatible Rural Enterprises.*

Landowners reserve the right to conduct the following, low impact, small group or individual, compatible rural enterprises which are ancillary and secondary to the primary agricultural activities and do not impair the Conservation Values. These include ranch tours and education, farm tours and/or stays, hunting and fishing, plein-air painting, wildlife viewing, equestrian horseback trail riding, picnics, camping (at unimproved campsites), target shooting, hiking, work experiences, educational field trips, research, and hay rides (collectively referred to as Compatible Rural Enterprises), provided that: (i) the agricultural productivity, Conservation Values, any multiple uses of the Easement Area that caused SALCP and NRCS to fund this Easement are not significantly impaired by those activities; (ii) the activities use the processed and unprocessed farm products predominantly grown or raised on the Easement Area or other properties owned by Landowners; (iii) activities that cause significant soil degradation or erosion are prohibited; (iv) the permanent parking of motor vehicles or trailer-related uses for Compatible Rural Enterprises are confined to the Building Envelopes; and (v) all structures for Compatible Rural Enterprises shall be located in the Building Envelopes.

14. *Recreational Uses; Motorized Vehicle Use Off Roadways*

Resort structures, athletic fields, golf courses, non-residential swimming pools, public or commercial airstrips, commercial equestrian facilities, public or commercial helicopter pads, motorized off-road vehicle courses, and any other non-agricultural recreational structures or facilities are prohibited on the Easement Area. Recreational structures or improvements (e.g., swimming pool, tennis court) for the personal use of Landowners and their guests are authorized only within the Building Envelopes. Landowners' family gatherings are authorized if they are consistent with the Easement's Purpose and do not significantly impair the Conservation Values. The use of motorized vehicles off roadways and outside of the Building Envelopes is prohibited, except where used for agricultural production, property maintenance and security, family gatherings, hunting, and Easement monitoring. These authorized uses shall be carried out in a manner which does not cause significant soil degradation or erosion, is consistent with the Easement's Purpose, and does not impair the Conservation Values.

Third-party uses of the reservoir located on Lot 81 of the Easement Area, pursuant to that certain Lease dated March 1, 1991 and recorded on December 5, 1991 in the Official Records of the County of Calaveras, State of California as Instrument No. 1991-18838, may continue during the remaining term of said Lease; *provided*, any amendment or renewal of said Lease shall require Grantee's Written Approval in accordance with the requirements of Section 4 above.

15. *Water Rights.*

Landowners shall retain and reserve all ground water, surface and riparian water rights, and all appropriative, prescriptive, contractual or other water rights appurtenant to, or otherwise associated with, the Easement Area as of the Effective Date, including, without limitation, the water rights specified in that certain License for Diversion and Use of Water, License No. 7135 issued by the State of California, State Water Resources Control Board, Division of Water Rights. Landowners shall not permanently transfer, encumber, lease, sell, or otherwise separate such quantity of water or water rights from title to the Easement Area itself. Permanent separation of water or water rights is prohibited. Only that quantity of water that is not necessary for present or future agricultural production on the Easement Area may be temporarily distributed. Any temporary distribution shall not impair the future agricultural use or open space character of the Easement Area. Landowners may temporarily distribute water, solely for agricultural production, on an annual basis to contiguous or noncontiguous property owned or leased by Landowners. Any other temporary distribution of water shall be restricted to use for agricultural production in Calaveras County.

16. *Rights Retained by Landowners.*

Subject to Section 7, Section 26, and the prohibitions and limitations of this Easement, all rights accruing from ownership of the Easement Area are hereby reserved to Landowners and to their respective personal representatives, heirs, successors, and assigns. This includes the right to engage in, authorize, or invite others to engage in all uses of the Easement Area that are not prohibited or limited by this Easement and are consistent with the Conservation Purpose.

Nothing contained herein shall be construed as a grant to the general public of any right to enter upon any part of the Easement Area. The following rights, in addition to all other reserved rights expressly set forth in this Easement, are acknowledged as consistent with the Conservation Purpose and are expressly reserved to the extent that they are exercised in conformance with local, state, and federal law:

- (a) The right to restore the Easement Area following damage that may be caused by fire, flood, storm, earth movements, or other acts beyond the Landowners' control.
- (b) The right to undertake conservation practices within the Easement Area which promote soil stabilization and reduce erosion in accordance with sound, generally accepted practices, including use of farming and livestock for grassland management.
- (c) The right to identify, implement, and secure funds from third parties for restoration projects for the purposes of promoting ecological improvements or enhanced management techniques, which are designed to restore and/or enhance portions of the Easement Area.
- (d) The right to identify, implement, and secure funds from third parties for purposes of establishing payments for ecosystem services, including but not limited to, carbon credits or other emissions offsets that may be created, sold, exchanged, or transferred with respect to the Easement Area.

- (e) The right to undertake prescribed burning, chipping or grinding of green waste on rangeland for the purposes of controlling weeds and underbrush to improve soils, promote safety and enhance grassland restoration.
- (f) The right to engage in any business that is conducted by, and in the home of, the person(s) residing on the Easement Area.

Nothing in this Easement relieves Landowners of any obligation or restriction on the use of the Easement Area imposed by law.

17. Responsibilities of Landowners and Grantee Not Affected.

Other than as specified herein, this Easement is not intended to impose any legal or other responsibility on Grantee, or in any way to affect any existing obligation of Landowners as owners of the Easement Area. Among other things, this shall apply to:

- (a) Taxes. Landowners shall be solely responsible for payment of all taxes and assessments levied against the Easement Area. If Grantee ever pays any taxes or assessments on the Easement Area, or if Grantee pays levies on Landowners' interest to protect Grantee's interests in the Easement Area, Landowners shall reimburse Grantee for the same. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII, Section 8 of the California Constitution and that this Easement qualifies as an enforceable restriction under the provisions of California Revenue and Taxation Code Sections 402.1(a)(8) and 423.
- (b) Upkeep and Maintenance. Landowners shall be solely responsible for the upkeep and maintenance of the Easement Area, to the fullest extent required by law. Grantee shall have no obligation for the upkeep or maintenance of the Easement Area. If Grantee acts to maintain the Easement Area to protect Grantee's interest in the Easement Area, Landowners shall reimburse Grantee for any such costs.
- (c) Liability and Indemnification.
 - (i) Landowners. In view of Grantee's negative rights, limited access to the land, and lack of active involvement in the day-to-day management activities on the Easement Area, the Landowners shall hold harmless, indemnify, and defend, with counsel of Landowners' choice, Grantee and its officers, directors, employees, contractors, legal representatives, agents, heirs, personal representatives, successors and assigns, and each of them (collectively, "**Grantee Indemnified Parties**") from and against any and all liabilities, penalties, costs, losses, damages, expenses (including, without limitation, reasonable attorneys' fees and experts' fees), causes of action, claims, demands, orders, liens or judgments (each a "**Claim**" and, collectively, "**Claims**"), arising from or in any way connected with any injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Easement Area, regardless of cause, except that this indemnification shall be inapplicable to any Claim due to the negligence or willful misconduct of Grantee or any other Grantee Indemnified Party while acting under the authority of Grantee.
 - (ii) Grantee. Grantee shall hold harmless, indemnify, and defend, with counsel of

Grantee's choice, Landowners and their respective employees, contractors, legal representatives, agents, heirs, personal representatives, successors and assigns, and each of them (collectively "**Landowners Indemnified Parties**") from and against any and all Claims arising from or in any way connected with any injury to or the death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Easement Area resulting from the negligence or willful misconduct of Grantee or any other Grantee Indemnified Party while acting under the authority of Grantee in connection with Grantee's entry on the Easement Area.

- (iii) Department. In view of the Department's negative rights, limited access to the Easement Area, and lack of active involvement in the day-to-day management activities on the Easement Area, neither the Department, nor its agents and assigns, shall have responsibility for the operation of the Easement Area, monitoring of hazardous conditions on it, or the protection of Landowners, the public, or any third parties from risks relating to conditions on the Easement Area. Without limiting the foregoing, neither the Department nor its agents and assigns shall be liable to Landowners or other person or entity in connection with consents given or withheld, or in connection with any entry upon the Easement Area occurring pursuant to this Easement, or on account of any Claim, liability, damage, or expense suffered or incurred by or threatened against Landowners or any other person or entity, except as the Claim, liability, damage, or expense is the result of the negligence or willful misconduct of the Department and/or its agents and assigns.
- (iv) United States. The United States, its employees, agents, and assigns disclaim and will not be held responsible for Grantee's or Landowners' negligent acts or omissions or Grantee's or Landowners' breach of any representation, warranty, covenant, or agreements contained in this Easement, or violations of any federal, state, or local laws, including all Environmental Laws including, without limitation, those that give rise to liabilities, claims, demands, losses, expenses, damages, fines, fees, penalties, suits, proceedings, actions, costs of actions, or sanctions asserted by or on behalf of any person or governmental authority, and other liabilities (whether legal or equitable in nature and including, without limitation, court costs, and reasonable attorneys' fees and attorneys' fees on appeal) to which the United States may be subject or incur relating to the Easement Area.

Landowners must indemnify and hold harmless United States, their employees, agents, and assigns for any and all liabilities, claims, demands, losses, expenses, damages, fines, fees, penalties, suits, proceedings, actions and costs of actions, sanctions asserted by or on behalf of any person or governmental authority, and other liabilities (whether legal or equitable in nature and including, without limitation, court costs, and reasonable attorneys' fees and attorneys' fees on appeal) to which United States may be subject or incur relating to the Easement Area, which may arise from, but are not limited to, Landowners' negligent acts, omissions, or breach of any representation, warranty, covenant, agreements contained in this Easement or

violations of any federal, state, or local laws, including all Environmental Laws.

(d) Insurance.

- (i) Landowners. Landowners shall maintain an occurrence-basis commercial general liability policy insuring against bodily injury and property damage on the Easement Area in the amount of not less than One Million Dollars (\$1,000,000.00). Grantee shall be named an additional insured on the policy. The liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Grantee. Landowners waive all rights of subrogation against Grantee Indemnified Parties for recovery of damages to the extent the damages are covered by insurance maintained by Landowners pursuant to this Easement. Landowners shall furnish Grantee with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above, upon reasonable request. Such certificates shall provide for thirty (30) days Written Notice to Grantee prior to the cancellation or material change of any insurance referred to herein. Any failure of Grantee to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Grantee to identify a deficiency from evidence that is provided shall not be construed as a waiver of Landowners' obligation to maintain such insurance. The foregoing insurance requirements do not replace, waive, alter or limit the hold harmless or indemnification provisions of this Easement. Not less frequently than every 5 years, the Parties shall cooperate in determining an appropriate increase, to adjust for inflation, in the limit of the insurance coverage maintained by the Landowners. Thereafter, Landowners shall obtain and maintain in effect such increased coverage until the next such adjustment.
- (ii) Grantee. Grantee shall maintain an occurrence-basis general liability policy insuring against bodily injury and property damage on the Easement Area in the amount of not less than One Million Dollars (\$1,000,000.00). The liability insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Landowners. Grantee waives all rights of subrogation against the Landowners Indemnified Parties for recovery of damages to the extent the damages are covered by insurance maintained by Grantee pursuant to this Easement. The foregoing insurance requirements do not replace, waive, alter or limit the hold harmless or indemnification provisions of this Easement. Not less frequently than every five (5) years, the Parties shall cooperate in determining an appropriate increase, to adjust for inflation, in the limit of the insurance or self-insurance coverage maintained by Grantee. Thereafter, Grantee shall obtain and maintain in effect such increased coverage until the next such adjustment.

18. *Monitoring.*

Grantee shall manage its responsibilities as holder of this Easement to uphold the Purpose of this Easement. Grantee's responsibilities include, but are not limited to, annual monitoring, such additional monitoring as circumstances may require, record keeping, and enforcement of this Easement to preserve the Easement Area's agricultural productive capacity and open-space character in perpetuity. Failure of Grantee to carry out these responsibilities shall not impair the validity of this Easement or limit its enforceability in any way. With at least 48

hours' notice (except in the event of an emergency circumstance or prevention of a threatened breach, in which case reasonable advance notice is required based on the circumstances), Grantee shall have the right to enter upon, inspect, observe, monitor and evaluate the Easement Area to identify the current condition of, and uses and practices on, the Easement Area and to determine whether the condition, uses, and practices are consistent with this Easement.

Grantee will annually monitor compliance and provide the Department and NRCS with an annual monitoring report that documents that Grantee and Landowners are in compliance with the Easement and ALE Plan by June 30 of each year after the annual monitoring visit. At a minimum, the report should describe the method of monitoring; condition of the Easement Area (including a description of any new improvements, whether any violations were found during the period, any corrective actions taken, the resolution of any violation, and any transfer of interest in the Easement Area. Failure to do so shall not impair the validity of this Easement or limit its enforceability in any way. If the annual monitoring report is insufficient or is not provided annually, or if the United States has evidence of an unaddressed violation, as determined by the Secretary, the United States may exercise its right of inspection. For purposes of inspection and enforcement of the Easement, the ALE Plan, and the United States Cooperative Agreement with Grantee, the United States will have reasonable access to the Easement Area with 48 hours' notice to Grantee and Landowners or Landowners' representative.

19. *Enforcement.*

Grantee may take all actions that it deems necessary to ensure compliance with the terms, conditions, covenants, and Purposes of this Easement. Grantee shall have the right to prevent and correct violations of the terms, conditions, covenants, and Purposes of this Easement. If Grantee finds what it believes is a violation or potential violation, it may, at its discretion, take appropriate legal action to ensure compliance with the terms, conditions, covenants, and Purposes of this Easement and to correct violations and/or prevent the threat of violations. Except when an ongoing or imminent violation could significantly impair the agricultural productive capacity or other Conservation Values of the Easement Area, Grantee shall give Landowners Written Notice of the violation or potential violation, and thirty (30) days to correct it, before filing any legal action.

If a court with jurisdiction determines that a violation may exist, has occurred, or is about to occur, Grantee may obtain an injunction, specific performance, or any other appropriate equitable or legal remedy, including (i) money damages, including damages for the loss of the Conservation Values protected by this Easement, (ii) restoration of the Easement Area to its condition existing prior to such violation, and (iii) an award for all of Grantee's reasonable expenses incurred in stopping and correcting the violation, including but not limited to reasonable attorney's fees. The failure of Grantee to discover a violation or potential violation, or to take immediate legal action to prevent or correct a violation or potential violation known to Grantee, shall not bar Grantee from taking subsequent legal action.

Grantee's remedies described in this Section 19 shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity. Furthermore, the provisions of California Civil Code Section 815, et seq., are incorporated herein by this reference and this

Easement is made subject to all the rights and remedies set forth therein. The prevailing Party shall be entitled to recover its costs incurred in any such enforcement effort, including reasonable attorneys', consultants' and experts' fees and costs.

Without limiting Landowners' liability therefor, Grantee shall apply damages recovered to the cost of undertaking any corrective action on the Easement Area. Should the restoration of lost Conservation Values be impossible or impractical for whatever reason, Grantee shall return to the Department and the United States its proportionate share of all damages recovered. The Grantee shall apply any remaining funds to furthering its mission, with primary emphasis on agricultural conservation easement acquisition and enforcement.

In the event Grantee fails to enforce any term, condition, covenant or purpose of this Easement, as determined by the Department's Director, the Director and their successors and assigns shall have the right to enforce the Easement after giving notice to Grantee and Landowners and providing a reasonable opportunity under the circumstances for Grantee to enforce any term, condition, covenant, or purpose of the Easement. In the event that the Department's Director has reasonable cause to suspect that Grantee has failed to enforce any of the terms, conditions, covenants, or Purpose of the Easement, the Department's Director and their successors and assigns shall be entitled to exercise the same right to enter the Easement Area granted to Grantee, including the right of immediate entry in the event of an emergency or suspected emergency where the Department's Director or their successors or assigns determine that immediate entry is required to prevent, terminate, or mitigate a violation of this Easement.

Failure or refusal to exercise any rights under the terms of this Easement by Grantee in the event of a violation by Landowners of any term herein shall not constitute a waiver or forfeiture of Grantee's right to enforce any term, condition, covenant, or purpose of this Easement.

20. *Mediation.*

If a dispute arises between the Parties concerning either Party's compliance with the terms of this Easement, and Landowners agree not to proceed with the use, enterprise or activity pending resolution of the dispute, either Party may refer the dispute to mediation by request made in writing upon the other. Within forty-five (45) days of the receipt of such a request, the Parties shall select a single, trained, and impartial mediator. If the Parties are unable to agree on the selection of a single mediator, then the Parties shall, within thirty (30) days of receipt of the initial request, jointly apply to the American Arbitration Association for the appointment of a trained and impartial mediator with relevant experience in real estate and conservation easements. Mediation shall then proceed in accordance with the following guidelines:

- (a) Purpose. The purpose of the mediation is to: (i) promote discussion between the Parties; (ii) assist the Parties to develop and exchange pertinent information concerning issues in the dispute; and (iii) assist the Parties to develop proposals that will enable them to arrive at a mutually acceptable resolution of the controversy. The mediation is not intended to result in any express or de facto modification or amendment of the terms, conditions, or restrictions of this Easement.

- (b) Participation. The mediator may meet with the Parties and their counsel jointly or ex parte. The Parties agree that they will participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Representatives of the Parties with settlement authority will attend mediation sessions as requested by the mediator.
- (c) Confidentiality. All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator only with the consent of the Parties or their respective counsel. The mediator shall not be subject to subpoena by any Party. No statements made, or documents prepared for mediation sessions shall be disclosed in any subsequent proceeding or construed as an admission of a Party.
- (d) Time Period. Neither Party shall be obligated to continue the mediation process beyond a period of ninety (90) days from the date of the selection or appointment of a mediator or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in mutually agreeable resolution of the dispute.
- (e) Costs. The cost of the mediator shall be borne equally by Landowners and Grantee; the Parties shall bear their individual expenses, including attorneys' fees.
- (f) Judicial Enforcement. If the Parties are unable to agree to corrective action to address a breach or claim through the process set forth in this Section 20, the complaining Party may proceed with judicial action.
- (g) Immediate Relief. Notwithstanding the provisions of this Section 20, if at any time Grantee determines that an ongoing or imminent violation could significantly impair the Conservation Values, Grantee may proceed immediately to seek a temporary or permanent injunction to stop it.

21. *Transfer of Easement*

This Easement may only be assigned or transferred to a private nonprofit organization that, at the time of transfer, is a "qualified organization" under Section 170(h) of the United States Internal Revenue Code and meets the requirements of Section 815.3(a) of the California Civil Code and has similar purposes to preserve agricultural lands and open space. If no such private nonprofit organization exists or is willing to assume the responsibilities imposed by this Easement, then this Easement may be transferred to any public agency authorized to hold interests in real property as provided in Section 815.3(b) of the California Civil Code. Such an assignment or transfer may proceed only if the organization or agency expressly agrees to assume the responsibility imposed on Grantee by the terms of this Easement and is expressly willing and able to hold this Easement for the Purpose for which it was created. All assignment and assumption agreements transferring the Easement shall be duly recorded in Calaveras County within thirty (30) days of signature.

If Grantee should desire to assign or transfer this Easement, Grantee must obtain Written Approval from Landowners, the Department, and NRCS, which permission shall not be unreasonably withheld.

If Grantee or its successors ever ceases to exist or no longer qualifies under Section 170(h)

of the U.S. Internal Revenue Code, or applicable state law, the Department and NRCS, in consultation with Landowners, shall identify and select an appropriate private or public entity to which this Easement shall be transferred.

22. Perpetual Duration and No Merger of Title.

Pursuant to California Civil Code at Part 2, Chapter 4, (commencing with section 815), which defines and authorizes perpetual conservation easements; this Easement shall run with the land in perpetuity. Every provision of this Easement that applies to Landowners or Grantee shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear.

No merger of title, estate or interest shall be deemed effected by any previous, contemporaneous, or subsequent deed, grant, or assignment of an interest or estate in the Easement Area, or any portion thereof, to Grantee, or its successors or assigns. It is the express intent of the Parties that this Easement not be extinguished by, merged into, modified, or otherwise deemed affected by any other interest or estate in the Easement Area now or hereafter held by Grantee or its successors or assigns.

23. Transfer of the Easement Area Interest.

(a) Notification. Any time the Easement Area itself, or any interest in it, is transferred by the Landowners to any third party, the Landowners shall provide Written Notice to Grantee, the Department, and NRCS prior to the transfer of the Easement Area or interest, and the document of conveyance shall expressly incorporate by reference this Easement. In connection with a sale or transfer of the Easement Area, or portion thereof, that is not to a Related Party, as defined below, and in connection with a loan to be secured by a deed of trust encumbering any portion of the Easement Area, Grantee, upon not less than thirty (30) days Written Notice from Landowners, shall execute and deliver to Landowners an estoppel certificate in reasonable form, stating either: (1) that, to Grantee's knowledge after reasonable investigation, Landowners are not in violation of this Easement; or (2) if Landowners are in violation, the nature of the violation. As a condition precedent to Grantee's obligation to deliver such estoppel certificate in connection with a sale or transfer of the Easement Area, or loan transaction, with respect to which a Transfer Fee is not required to be paid to Grantee under the provisions of Subsection 23(b), below, Landowners shall pay Grantee's reasonable costs and expenses as provided in Subsection 4(c) of this Easement. Any document conveying a lease of the Easement Area shall expressly incorporate by reference this Easement. Failure of Landowners to do so shall not impair the validity of this Easement or limit its enforceability in any way.

(b) Transfer Fee. A transfer of the ownership of the Easement Area may result in an additional burden on the monitoring and enforcement responsibilities of Grantee; therefore, each such transfer, except for transfers described in paragraphs (i)-(vi) below, shall require the payment of a Transfer Fee to Grantee's monitoring fund in the amount of 0.4 percent (four tenths of one percent) of the sale price.

No such Transfer Fee shall be due for any of the following transfers, provided Landowners provide Written Notice of such transfers to Grantee within thirty (30) days

after the transfer, providing the name, address, and phone number of the new Related Party landowner(s), and confirming that Landowners have provided the new Related Party landowner(s) with a copy of this Easement and the Baseline Report.

- (i) Any transfer to a Related Party by one or more Landowner. The term "Related Party" is defined as, and only includes, a spouse (including legally-recognized domestic partner), issue, sibling, ancestor, or adopted child (if the adoption occurs before the child reaches the age of majority) of one or more landowners or a lineal descendant of a brother, sister, uncle, or aunt of one or more Landowners, or a combination thereof; or
- (ii) Any transfer into a revocable inter vivos trust or irrevocable trust for the benefit of the Landowners, the Landowners' heirs, successors or assigns (provided that each successor, heir or assign is a Related Party) or from such trust to the original Landowners thereof; or
- (iii) A transfer of a security interest in the Easement Area to a *bona fide* lender; or
- (iv) A sale, transfer, other conveyance or exchange to, between, or among any entity which controls, is controlled by, or is under common control of the Landowners. For purposes of this paragraph, "control" means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of an entity or possession of the right to vote more than fifty percent (50%) of the voting interest in the ordinary direction of the entity's affairs; or
- (v) A lease, license, or easement for a total term, including any options to renew or extend, not exceeding thirty-five (35) years; or
- (vi) Any transfer that does not result in a "change of ownership" as defined in California Revenue and Taxation Code section 60 *et seq.*

24. Amendment of Easement.

This Easement may be amended only with the Written Approval of Landowners, Grantee, the Department's Director, and the United States, by and through the Chief of NRCS. Grantee must provide Written Notice to the Department's Director and the Chief of NRCS of any proposed amendment(s). Any such amendment shall be consistent with the Purpose of this Easement and with Grantee's easement amendment policies, and shall comply with all applicable laws, including Section 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section, and with Section 815 *et seq.* of the California Civil Code, and the California Farmland Conservancy Program Act as codified in Section 10200 *et seq.* of the California Public Resources Code, and any regulations promulgated thereunder. No amendment shall diminish or affect the perpetual duration or the Purpose of this Easement, nor the status or rights of Grantee under the terms of this Easement. Any purported amendment that is recorded without the prior approval of the United States or the Department is null and void.

This Easement and any amendment to it shall be recorded in the official records of Calaveras County. Copies of any amendments to this Easement shall be provided to the Department and NRCS within thirty (30) days of recordation.

25. *Extinguishment, Termination, and Eminent Domain*

- (a) Waiver of Right to Request Administrative Termination. It is the intention of the Parties that the Conservation Purpose of this Easement shall be carried out forever as provided in Section 10211 of the California Public Resources Code, and Section 815 *et seq.* of the California Civil Code. Accordingly, Landowners hereby waive, on behalf of Landowners and Landowners' successors and assigns, all rights at law or in equity to request a termination of this Easement pursuant to Public Resources Code sections 10270 *et seq.*
- (b) Extinguishment or Termination. If circumstances arise in the future that render the Purpose of this Easement impossible to accomplish, this Easement may be terminated or extinguished, whether in whole or in part, on the initiative of Grantee or Landowners, but only by judicial proceedings in a court of competent jurisdiction. Grantee shall give Written Notice to the Department and the United States of any prospective termination or extinguishment of this Easement not less than sixty (60) business days before initiating such proceedings. The Department and the United States may intervene in any such judicial proceedings to protect or retain this Easement. Due to the federal interest in this Easement, the United States must review and approve any proposed extinguishment, termination, or condemnation action that may affect its federal interest in the Easement Area.

No inaction or silence by Grantee shall be construed as abandonment of the Easement. So long as the Purpose of this Easement remains possible to accomplish, the fact that the Easement Area is not in agricultural use, or that agricultural use is no longer possible, is not reason for termination or extinguishment of this Easement. Other than pursuant to eminent domain, or purchase in lieu of eminent domain to acquire an interest in the Easement Area necessary for a public use, no other voluntary or involuntary sale, exchange, conversion, transfer, assignment, lease, mortgage or other encumbrance, alienation or conveyance of any kind of all or part of the Easement Area, or of any interest in it, shall limit, terminate, or extinguish the provisions of this Easement.

Compensation of Grantee, the Department, and the United States on account of judicial termination or extinguishment shall proceed as follows. The terminated or extinguished Easement Value shall be determined in accordance with Subsection 25(c), and Grantee shall be entitled to receive from Landowners the entire value of the Easement to the extent terminated or extinguished. Until such entitlement is paid to Grantee in full, the amount of that entitlement shall be a first priority lien on the Easement Area with the same seniority as this Easement. That entitlement shall be paid to Grantee from the proceeds of all sales, exchanges, or involuntary conversions of all or any portion of the Easement Area subsequent to such termination or extinguishment until paid in full. Upon receipt by Grantee of any such entitlement payments, those payments shall be allocated between Grantee, the Department, and the United States proportionately to the contribution each made to the purchase of this Easement. Those proportionate shares are 0.0% Grantee, 75% Department, and 25% the United States. This Easement shall not be deemed terminated or extinguished until full payment is received by the Department, the United States, and Grantee. Grantee shall use any proceeds it receives pursuant to this paragraph in a manner consistent with the Purpose of this Easement.

(c) The grant of this Easement gives rise to a property right immediately vested in Grantee. For the purpose of determining the Easement Value and the amount to be paid to Grantee, the Department, and the United States upon termination, extinguishment, condemnation or acquisition for a necessary public use of the Easement or any interest therein, and for the purpose of allocating proceeds from a sale or other disposition of the Easement Area at the time of termination of the Easement and Grantee's property right therein, the following shall apply:

(i) **Easement Percentage and Value.** The Easement Percentage ("**Easement Percentage**") is hereby defined and established as the ratio of the Easement Value, as of the Effective Date, to the value of the Easement Area unencumbered by the Easement, as of the Effective Date. The Easement Area's value shall exclude any amounts attributable to improvements on the Easement Area. Landowners and Grantee agree that the ratio of the Easement Value to the property value unencumbered by the Easement is 68.27% (\$6,670,000.00 easement value/\$9,770,000.00 unencumbered value). Such ratio is a fraction, the numerator of which is the Easement Value, and the denominator, which is the Easement Area Value unencumbered by the Easement as determined by an appraisal of the Easement Area approved by the Department and the United States prior to funding the acquisition of this Easement. This Easement Percentage shall remain constant.

The Parties stipulate and agree that the Easement shall have a fair market value determined as the greater of:

1. The fair market value of the Easement Area, excluding the value of the improvements on the Easement Area, as though unencumbered by this Easement, at the time of the proposed termination, as determined by an appraisal prepared by a qualified appraiser acceptable to the Landowners, Grantee, Department, and the United States, multiplied by the Easement Percentage; or
2. The Easement Value at the time of the proposed termination as determined by a qualified appraiser mutually acceptable to the Landowners, Grantee, Department, and the United States.

(ii) **Appraisal Standard.** The appraiser shall follow the appraisal instructions jointly agreed to by Landowners, Grantee, Department and the United States. The appraisal shall include a before and after analysis to assign value. Appraisals shall conform to the Uniform Standards of Professional Appraisal Practices.

(iii) If Landowners have initiated termination of the Easement through a judicial proceeding, Landowners shall pay the cost of the appraisal, and the appraisal is subject to approval by the Grantee, Department, and the United States.

(iv) Nothing herein shall prevent Landowners, Grantee, the Department, or the United States from having an appraisal prepared at their/its own expense.

(d) **Eminent Domain.** If Landowners receive notice, formal or informal, that any public, corporate, or other authority intends to exercise or has threatened to exercise its power of

eminent domain as to the Easement Area or any portion thereof or any interest therein, Landowners shall promptly, and in any event, not more than fifteen (15) business days after receipt of such notice, give Written Notice to Grantee, the Department, and the United States of such receipt together with a copy of any and all communications (including, without limitation, electronic transmissions) related to such prospective eminent domain proceedings. Landowners shall thereafter promptly provide to Grantee, the Department, and the United States copies of all further communications related to such proceedings and cooperate with Grantee, the Department, and the United States in responding to such proceedings.

- (e) Compensation. Should all or part of the Easement Area or any interest in it be proposed for acquisition for a necessary public use by a public, corporate, or other authority with the power of eminent domain ("**Acquiring Entity**"), Landowners and Grantee shall join in appropriate actions to recover the full value of the proposed acquisition and all incidental or direct damages resulting from the proposed acquisition as well as all other payments to which they may be entitled by law ("**Compensation**"). The Compensation of such proceeding of Landowners and Grantee shall be divided in accordance with the proportionate values of Landowners' and Grantee's interests as specified in Subsection 25(c), unless otherwise provided by applicable law. The Acquiring Entity shall pay Compensation directly to Landowners and Grantee.

If Grantee receives any Compensation or proceeds whether by agreement, by court order or otherwise for a taking by eminent domain or by purchase in lieu of eminent domain of all or any portion of this Easement, those proceeds shall be allocated among Grantee, the Department, and the United States proportionately to the contribution each made to the purchase of this Easement according to the following percentages: 0% Grantee, 75% the Department, and 25% to the United States. Grantee shall use any proceeds it receives pursuant to this paragraph in a manner consistent with the Purpose of this Easement.

This Easement shall not be deemed terminated, extinguished, or otherwise affected until Grantee, the Department, and the United States have received full payment.

- (f) Limitation on Eminent Domain. Additionally, acquisition of the Easement through the power of eminent domain shall follow the process outlined in Section 10261 of the California Public Resources Code, the eminent domain laws of the State of California, including Section 1240.510 or Section 1240.610 of the Code of Civil Procedure, federal law, and this Easement. The Easement Area may not be taken by eminent domain or in lieu of eminent domain if the planned use is more than seven (7) years in the future (California Code of Civil Procedure section 1240.220). Purchase in lieu of condemnation, or settlement of an eminent domain proceeding, shall occur pursuant to applicable laws and procedures, including but not limited to California Government Code sections 7267.1 and 7267.2, and shall require approval of Grantee, the Department's Director, and Chief of NRCS. Grantee, the Department, and NRCS shall have an opportunity to accompany the appraiser for the Acquiring Entity when the appraiser goes on the Easement Area with Landowners. Should this Easement be condemned or otherwise terminated on any portion of the Easement Area, the balance of the Easement Area shall remain subject to this Easement and reimbursement shall be pro-rated. In this event, all relevant related documents shall be updated and re-recorded by Grantee to reflect the modified easement area. Encumbrances junior to this Easement shall remain

subordinate to the Easement as amended.

- (g) If Grantee obtains payment on a claim under a title insurance policy insuring this Easement, payment shall be distributed as set forth in Subsection 25(c).

26. Interpretation.

- (a) This Easement shall be interpreted under the laws of the State of California, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to the Conservation Purpose of the Easement.
- (b) References to specific authorities in this Easement shall be to the statute, rule, regulation, ordinance, or other legal provision that is in effect as of the Effective Date of this Easement.
- (c) No provision of this Easement shall constitute governmental approval of any improvements, construction or other activities that may be authorized under this Easement.

27. Notices.

Any notice, demand, request, consent, approval, or other communication to Landowners and Grantee required by this Easement shall be in writing and shall be personally delivered or sent by First-Class Mail. Notice shall be deemed effective upon delivery in the case of personal delivery or by first class mail, three (3) days after deposit into First-Class Mail. An electronic copy of each written communication by one Party to the other Party shall be delivered by electronic mail, in a "PDF" file attachment, transmitted on or before the effective date of the delivery of the paper form of the communication. Unless a Party has been notified by the other of a change of address, the following addresses shall be used for notices to the Landowners and Grantee:

To Landowners:

William A. Airola And Deloris J. Airola,
Trustees of The Airola 2015 Revocable Trust,
Dated March 5, 2015
Attn: William Airola
6896 Red Hill Road
Angles Camp, CA 95222
airolabeef@gmail.com

William A. Airola And Deloris J. Airola,
Husband and Wife As Joint
Tenants
Attn: William Airola
6896 Red Hill Road
Angles Camp, CA 95222
airolabeef@gmail.com

To Grantee:

California Rangeland Trust
Attn: Conservation Director
1225 H Street
Sacramento, CA 95814-1910

Any notices required by this Easement to be sent to the Department or NRCS shall be in

writing and shall be personally delivered or sent by First-Class Mail, at the following address, unless a Party has been notified by the Department of a change of address:

To the Department of Conservation:

Department of Conservation
801 K Street, MS 14-01
Sacramento, CA 95814
Attn: Sustainable Agricultural Lands Conservation Program

To NRCS or the United States:

Natural Resources Conservation Service:
Attn: Easement Program Specialist
430 G Street, Room 4164
Davis, CA 95616

28. *Landowners' Environmental Warranty*

- (a) Nothing in this Easement shall be construed as giving rise to any right or ability in Grantee, the Department, or NRCS to exercise physical or management control over the day-to-day operations of the Easement Area, or any of Landowners' activities on the Easement Area, or otherwise to become an "owner" or "operator" with respect to the Easement Area as those words are defined and used in environmental laws, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or any corresponding state and local statute or ordinance.
- (b) Each Landowner, with respect to the portion(s) of the Easement Area in which that Landowner has an ownership interest, warrants that they are in compliance with, and will remain in compliance with, all applicable Environmental Laws. Each Landowner warrants that there are no notices by any governmental authority of any violation or alleged violation of, noncompliance or alleged noncompliance with, or any liability under, any Environmental Law relating to the operations or conditions of the Easement Area. Each Landowner further warrants that none of them has actual knowledge of an undisclosed release or threatened release of Hazardous Materials, as such substances and wastes are defined by applicable federal and state law.

Furthermore, each Landowner warrants that the information, if any, disclosed to Grantee, the Department, and United States regarding any past violations or non-compliance with Environmental Laws and associated remedial actions, or any past releases of Hazardous Materials and any associated remedial actions is complete and accurate.

Moreover, each Landowner, with respect to the portion(s) of the Easement Area in which that Landowner has an ownership interest, hereby promises to hold harmless and indemnify Grantee, the Department, and the United States against all litigation, claims, demands, penalties and damages, including reasonable attorneys' fees, arising from or connected with the release or threatened release of any Hazardous Materials on, at, beneath or from the Easement Area, or arising from or connected with a violation of any

Environmental Laws by Landowners or any other prior owner of the Easement Area. Landowners' indemnification obligation will not be affected by any authorizations provided by Grantee or the United States to Landowners with respect to the Easement Area or any restoration activities carried out by Grantee at the Easement Area; provided, however, that Grantee will be responsible for any Hazardous Materials contributed on the Easement Area after the Effective Date of this Easement by Grantee.

- (c) "Environmental Law" or "Environmental Laws" means any and all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, guidelines, policies, or requirements of any governmental authority regulating or imposing standards of liability or standards of conduct (including common law) concerning air, water, solid waste, Hazardous Materials, worker and community right-to-know, hazard communication, noise, radioactive material, resource protection, subdivision, inland wetlands and watercourses, health protection, and similar environmental health, safety, building and land use as may now or at any time hereafter be in effect.
- (d) "Hazardous Materials" means any petroleum, petroleum products, fuel oil, waste oils, explosives, reactive materials, ignitable materials, corrosive materials, hazardous chemicals, hazardous wastes, hazardous substances, extremely hazardous substances, toxic substances, toxic chemicals, radioactive materials, infectious materials, and any other element, compound, mixture, solution or substance that may pose a present or potential hazard to human health or the environment or any other material defined and regulated by Environmental Laws.
- (e) If at any time after the Effective Date of this Easement there occurs a release, discharge or other incident in, on, or about the Easement Area of any substance now or hereafter defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulation, or requirement as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful or threatening to human health or the environment, Landowners agree to take any steps that are required of Landowners with respect thereto under federal, state, or local law necessary to ensure its containment and remediation, including any cleanup.

29. Landowners' Title Warranty; No Prior Conservation Easements.

Each Landowner represents and warrants, with respect to the portion(s) of the Easement Area in which that Landowner has an ownership interest, that Landowner owns a fee simple interest in the Easement Area, including the mineral estate except as otherwise identified in **Exhibit A** of this Easement, and hereby promises to defend this Easement against all claims that may be made against it, including, without limitation: (i) any claim made pursuant to that certain off-record Land Exchange Agreement dated March 24, 2008, as amended by that certain First Amendment to Land Exchange Agreement dated November 24, 2009, and any further amendment thereof, which Land Exchange Agreement is referenced in the Memorandum of Agreement dated November 16, 2010 and recorded on November 17, 2010 as Instrument No. 2010-14270 of the Official Records of Calaveras County, State of California; and (ii) any claim by Plaintiff in Case No. 17CV42757, Superior Court of the State of California for the County of Calaveras, that Plaintiff has any interest in the Easement Area other than an access easement over that certain existing road identified in Exhibit D to provide ingress to and egress from Little John Road, a public road, to Plaintiff's real property

located adjacent to the western boundary of the Easement Area. All financial liens or financial encumbrances (other than statutory liens for taxes and other assessments) with priority over this Easement existing as of the Effective Date of this Easement have been subordinated to this Easement. All authorized encumbrances are identified in **Exhibit E ("Approved Encumbrances")** attached hereto and incorporated herein by reference. Each Landowner, with respect to the portion(s) of the Easement Area in which that Landowner has an ownership interest, further represents and warrants that the Easement Area is not subject to any other conservation easement whatsoever.

30. Granting Subsequent Easements, Interests in Land, or Use Restrictions.

With Written Approval of Grantee pursuant to Section 4, Landowners may grant subsequent easements, including conservation easements, access/utility easements and licenses as may be necessary for the uses allowed under this Easement, interests in land, or use restrictions on the Easement Area. Under no circumstances shall Grantee approve the granting of subsequent easements, interests in land, or use restrictions that might significantly impair the Conservation Values and/or the Conservation Purpose of the Easement. The granting or modification of easements for utilities and roads is prohibited when the utility or road will significantly impair the Conservation Values of the Easement as determined by Grantee in consultation with the Department's Director and the Chief of NRCS. Grantee's Written Approval shall be obtained at least thirty (30) days in advance of the Landowners' execution of any proposed subsequent easement, interests in land, or use restriction on the Easement Area, and such subsequent easements, interests in land, and use restrictions shall refer to, and be subordinate to, this Easement. Grantee shall notify the Department and NRCS immediately upon receipt of request by Landowners to grant a subsequent easement, interest in land, or use restriction on the Easement Area, and provide copies of associated documents to the Department and NRCS upon request. Grantee shall notify the Department and NRCS if it approves the grant of any subsequent easement, interest in land, or use restriction on the Easement Area.

31. No Public Dedication or Public Access.

Nothing contained in this Easement shall be deemed to be a dedication of any portion of the Easement Area for use by the general public. This instrument does not convey a general right of access to the public.

32. Severability.

If any term, provision, covenant, condition, or restriction of this Easement is held by a court of competent jurisdiction to be unlawful, invalid, void, unenforceable, or not effective, the remainder of this Easement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

33. Joint and Several Liability.

At any time that more than one person or entity owns a fee interest including without limitation any undivided fee interest in a parcel included in whole or in part within the Easement Area, each such person or entity shall be jointly and severally liable with each other person or entity having an ownership interest in such parcel for all the obligations of

Landowners under this Easement with respect to such parcel.

34. *Terms required by the United States.*

Notwithstanding anything to the contrary contained in this Easement, the following terms required by the United States shall apply:

- (a) **Agricultural Land Easement Plan.** As required by 16 U.S.C. Section 3865a, agricultural production and related uses of the Easement Area are subject to an ALE Plan that promotes the long-term viability of the land to meet the Easement's Purpose. The ALE Plan and any revisions thereto must be approved by Landowners, Grantee, and NRCS. Landowners agree the use of the Easement Area will be subject to the ALE Plan on the Easement Area. The ALE Plan is incorporated by reference and must not include any provisions inconsistent with the Conservation Purpose of this Easement. Grantee and Landowners agree to update the ALE Plan in the event the agricultural uses or ownership of the protected Easement Area change. A copy of the current ALE Plan is kept on file with Grantee.

Grantee must take all reasonable steps to secure compliance with the ALE Plan. In the event of substantial or ongoing noncompliance with the ALE Plan or the requirement to update the ALE Plan, NRCS may notify Grantee. NRCS will give Grantee and Landowners a reasonable amount of time, not to exceed 180 days, to take corrective action. If Grantee fails to enforce the terms of the Easement, including, but not limited to compliance with the ALE Plan, the United States may exercise its right of enforcement.

- (b) **Limitation on Impervious Surfaces.** Impervious surfaces will not exceed two (2) percent of the Easement Area, excluding NRCS-approved conservation practices. Impervious surfaces are defined as material that does not allow water to percolate into the soil on the Easement Area, including, but not limited to, buildings with or without flooring, the surface area of any solar panels located on the Easement Area, paved areas, and any other surfaces that are covered by asphalt, concrete, or roofs. This limitation does not include public roads, or other roads owned and controlled by parties with rights superior to those rights conveyed to Grantee by this Easement.
- (c) **Commercial or Industrial Uses.** Except as expressly authorized in the Easement, industrial or commercial activities on the Easement Area are prohibited.
- (d) **Grassland Uses of the Easement Area.** Landowners are allowed to graze, hay, harvest for hay and non-crop seed production, mow, construct fire breaks, conduct fire pre-suppression and rehabilitation activities, and conduct common grazing practices, including cultural practices, consistent with the provisions and Conservation Purpose of this Easement. The term "common grazing practices" means those practices customary to the region where the Easement Area is located related to livestock grazing, forage management, and maintenance of infrastructure required to conduct livestock grazing on the Easement Area. Landowners must not hay, mow, or harvest for seed during certain nesting seasons for birds whose populations are in significant decline as identified in the ALE Plan. Determinations of nesting seasons for birds whose populations are in significant decline and the areas of the Easement Area affected by this restriction will be

set forth within the ALE Plan for the protected Easement Area that has been approved by Landowners, Grantee, and NRCS.

- (e) **Forest Management and Timber Harvest.** Forest management and timber harvesting, while not an anticipated use of the Easement Area, is allowed, provided it is carried out to the extent practicable, in accordance with current, generally accepted best management practices for the sites, soils, and terrain of the Easement Area. In addition, if the Easement Area contains 40 contiguous acres of forest or 20 percent of the Easement Area is forestland, then forest management and timber harvesting must be performed in accordance with a written forest management plan. The forest management plan must be prepared by a professional resource manager, in consultation with Grantee. A forest management plan will not be required for the following allowed noncommercial activities: (i) cutting of trees for the construction of allowed roads, utilities, buildings, and structures on the Easement Area, (ii) cutting of trees for trail clearing, (iii) cutting of trees for domestic use as firewood or for other domestic uses by Landowners, (iv) removal of trees posing an imminent hazard to the health or safety of persons or livestock, or (v) removal of invasive species.
- (f) **United States Right of Enforcement.** Pursuant to 16 U.S.C. Section 3865 et seq., the United States is granted the right of enforcement that it may exercise only if the terms of the Easement are not enforced by the holder of the Easement. The Secretary of the United States Department of Agriculture (the Secretary) or his or her assigns, on behalf of the United States, may exercise this right of enforcement under any authority available under state or federal law if Grantee, or its successors or assigns, fails to enforce any of the terms of this Easement, as determined in the sole discretion of the Secretary.

In the event the United States exercises this right of enforcement, it is entitled to recover any and all administrative and legal costs associated with any enforcement or remedial action related to the enforcement of this Easement from Landowners, including, but not limited to, attorney's fees and expenses related to Landowners' violations. In the event the United States exercises this right of enforcement, it is entitled to recover any and all administrative and legal costs associated with any enforcement of this Easement from Grantee, including, but not limited to, attorney's fees and expenses related to Grantee's violations or failure to enforce the Easement against the Landowners up to the amount of the United States contribution to the purchase of the Easement.

In the event of an emergency, the United States may enter the Easement Area to prevent, terminate, or mitigate a potential or unaddressed violation of these restrictions and will give notice to Grantee and Landowners or Landowners' representative at the earliest practicable time.

35. *Entire Agreement.*

This Easement, including the attached exhibits and the Baseline Report, is the final and complete expression of the agreement between the Parties with respect to the subject matter contained herein. All prior or contemporaneous agreements with respect to this subject matter, written or oral, are merged into and superseded by this written instrument.

The exhibits attached to and included in this Easement are:

Exhibit A - Legal Description of the Easement Area

Exhibit B - Vicinity Map

Exhibit C - Easement Area Improvements Map

Exhibit D - Easement Area APN Map

Exhibit E - Approved Encumbrances

36. Acceptance.

As attested by the signature of its chief executive officer affixed hereto, as authorized by Grantee's Board of Directors, in exchange for consideration, Grantee hereby accepts without reservation the rights and responsibilities conveyed by this Deed of Agricultural Conservation Easement.

To Have and To Hold, this Deed of Agricultural Conservation Easement unto Grantee, its successors and assigns, forever.

In Witness Whereof, Landowners and Grantee, intending to legally bind themselves, have set their hands on the Effective Date.

LANDOWNERS:

GRANTEE:

By: William A. Airola
 William A. Airola, Trustee, of The
 Airola 2015 Revocable Trust, Dated
 March 5, 2015

Date: 1/6/2020

By: Deloris J. Airola
 Deloris J. Airola, Trustee, of The
 Airola 2015 Revocable Trust, Dated
 March 5, 2015

Date: 1/6/2020

By: William A. Airola
 William A. Airola, Husband as Joint
 Tenant

Date: 1/6/2020

By: Deloris J. Airola
 Deloris J. Airola, Wife as Joint Tenant

Date: 1/6/2020

CALIFORNIA RANGELAND TRUST,
 a California nonprofit public benefit
 corporation

By: _____
 Nita C. Vail,
 Chief Executive Officer

Date: _____

LANDOWNERS:

GRANTEE:

By: _____
 William A. Airola, Trustee, of The
 Airola 2015 Revocable Trust, Dated
 March 5, 2015

Date: _____

By: _____
 Deloris J. Airola, Trustee, of The
 Airola 2015 Revocable Trust, Dated
 March 5, 2015

Date: _____

By: _____
 William A. Airola, Husband as Joint
 Tenant

Date: _____

By: _____
 Deloris J. Airola, Wife as Joint Tenant

Date: _____

CALIFORNIA RANGELAND TRUST,
 a California nonprofit public benefit
 corporation

By: *Nita C. Vail*
 Nita C. Vail,
 Chief Executive Officer

Date: *Jan 6, 2020*

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identify of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Calaveras

January 6, 2020, before me, KENNETH D. AIROLA, notary public, personally appeared WILLIAM A. AIROLA and DELORIS J. AIROLA who proved to me on the basis of satisfactory evidence to be the person(s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Kenneth D. Airola (Seal)



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of SACRAMENTO

On JAN 6, 2020 before me, JON F. CARTWRIGHT, personally appeared NITA C. DAI, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature [Signature]

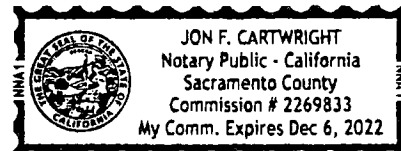


Exhibit A
(Legal Description of the Easement Area)

Real property in the unincorporated area of the Calaveras County, California, described as follows:

PARCEL ONE: (APN'S: 053-015-014; 053-016-011; 053-016-012; 054-006-011; 054-006-014; 054-006-018; 054-006-035; 054-006-039; 054-006-040; 054-006-043 and Portion of APN'S: 054-006-041 & 054-006-044)

A PORTION OF THE "FLOWER RANCH" COMPRISING PORTIONS OF SECTIONS 3, 4, 9, 10, 15 AND 16, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LOTS 1, 2, 3, 4, 8, 10, 11, AND 12, AS SAID LOTS ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT OF PORTIONS OF THE FLOWER RANCH, FILED FOR RECORD ON OCTOBER 14, 1988 IN BOOK 15 OF RECORD OF SURVEYS, AT PAGE 117 AND 117A, CALAVERAS COUNTY RECORDS, AND

LOTS 13 THROUGH 34 INCLUSIVE, AS SAID LOTS ARE SHOWN ON THAT CERTAIN RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT OF PORTIONS OF THE FLOWER RANCH, FILED FOR RECORD ON JUNE 8, 1989 IN BOOK 15 OF RECORD OF SURVEYS, AT PAGES 171-171C, CALAVERAS COUNTY RECORDS; AND

THE SOUTH HALF OF SECTION 16, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M.,

EXCEPTING THEREFROM ALL THAT PORTION LYING WITHIN LOT 34 AS SAID LOT IS SHOWN ON THAT CERTAIN RECORD OF SURVEY LAST ABOVE REFERENCED.

ALSO EXCEPTING THEREFROM THAT CERTAIN TRACT OF LAND DESCRIBED IN THE DEED TO THE COUNTY OF CALAVERAS RECORDED AUGUST 7, 2002 AS DOCUMENT NO. 2002-15388, CALAVERAS COUNTY RECORDS. ALSO EXCEPTING THEREFROM THOSE CERTAIN TRACTS OF LAND DESCRIBED IN THE DEED TO EDWARD A. RICH, ET UX, RECORDED AUGUST 6, 2002 AS DOCUMENT NO. 2002-15272, CALAVERAS COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION OF SAID LAND AS DESCRIBED AND DELINEATED IN THE DEED TO BRET HARTE UNION HIGH SCHOOL DISTRICT, RECORDED MAY 6, 2011 AS DOCUMENT NO. 2011-5148 CALAVERAS COUNTY RECORDS.

PARCEL TWO: (APN'S: 053-017-007; 053-017-008; 053-017-009 and 053-017-010)

ALL THOSE PORTIONS OF SECTIONS 20, 21 AND 28, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., DESIGNATED AS "REMAINDER PARCEL" ON THAT CERTAIN MAP FILED IN BOOK 15 OF RECORD OF SURVEYS, PAGE 171, CALAVERAS COUNTY RECORDS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A) SECTION 21, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., EXCEPTING THEREFROM ALL THOSE PORTIONS THEREOF DESCRIBED IN THE DEED TO WILLIAM E. RODDEN, RECORDED OCTOBER 19, 1955 IN BOOK 95 OF OFFICIAL RECORDS, AT PAGE 419 AND IN DEED TO PATRICIA FLOWER WINSTON, TRUSTEE, RECORDED SEPTEMBER 11, 1972 IN BOOK 345 OFFICIAL RECORDS AT PAGE 292 CALAVERAS COUNTY RECORDS.

B) THOSE TWO PARCELS OF LAND CONVEYED TO PATRICIA FLOWER WINSTON, TRUSTEE BY

DEED RECORDED IN BOOK 345 OF OFFICIAL RECORDS, AT PAGE 292, DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 20, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., DESCRIBED AS BEGINNING AT THE QUARTER SECTION CORNER ON THE EAST BOUNDARY OF SAID SECTION 20, AND RUNNING, THENCE SOUTH 7 CHAINS AND 27 LINKS; THENCE, NORTH 28° 50' WEST, 8 CHAINS AND 30 LINKS; THENCE EAST 4 CHAINS TO THE POINT OF BEGINNING.

BEGINNING AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SECTION 20 TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., THENCE, NORTH ALONG THE SECTION LINE 320 FEET; THENCE EAST 500 FEET TO THE SECTION LINE; AND THENCE ALONG SAID SECTION LINE 320 FEET TO THE POINT OF BEGINNING.

C) SECTION 28, TOWNSHIP 1 NORTH, RANGE 12 EAST, M.D.B.&M., EXCEPTING THEREFROM LOT 1, LOT 2 AND THAT PORTION THE OF DESCRIBED AS "PARCEL ONE" OF THE DEED TO WILLIAM RODDEN, RECORDED OCTOBER 19, 1955 IN BOOK 95 PAGE 419 OF CALAVERAS COUNTY OFFICIAL RECORDS.

PARCEL THREE: (Portion of APN'S: 054-006-041 and 054-006-044)

PORTIONS OF LOTS 6 AND 7, AS THE SAME ARE SHOWN AND DELINEATED ON THAT CERTAIN "RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT" FILED FOR RECORD ON OCTOBER 14, 1988 IN BOOK 15 OF RECORD OF SURVEYS, AT PAGE 117, ET SEQ., DOCUMENT NO. 88013993, IN THE OFFICE OF THE CALAVERAS COUNTY RECORDER, STATE OF CALIFORNIA, HEREINAFTER REFERRED AS RECORD OF SURVEY 15-117 AND A PORTION OF PARCEL 2, AS SAME IS SHOWN AND DELINEATED ON THAT CERTAIN "PARCEL MAP FOR LOT LINE ADJUSTMENT" FILED FOR RECORD ON NOVEMBER 9, 1999 IN BOOK 10 OF PARCEL MAPS AT PAGE 27, ET SEQ., DOCUMENT NO. 1999-17381, IN THE OFFICE OF THE CALAVERAS COUNTY RECORDER, STATE OF CALIFORNIA, HEREINAFTER REFERRED AS PARCEL MAP 10-27, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID LOT C, A POINT SHOWN ON THAT CERTAIN "RECORD OF SURVEY FOR LOT LINE ADJUSTMENT" FILED FOR RECORD ON AUGUST 6, 2002, IN BOOK 20 OF RECORD OF SURVEYS AT PAGE 14, ET SEQ., DOCUMENT NO. 2002-15271, IN THE OFFICE OF THE CALAVERAS COUNTY RECORDER, HEREINAFTER REFERRED TO AS RECORD OF SURVEY 20-14, SAID CORNER MONUMENTED BY A ¾ INCH REBAR, TAGGED LS 4626 THENCE, WITH BEARING AND DISTANCES BASED ON SAID RECORD OF SURVEY 20.14, NORTH 31° 40' 00" WEST 63.21 FEET, TO THE TRUE POINT OF BEGINNING; A POINT LOCATED ON THE WEST LINE OF SAID LOT 7; THENCE, FROM SAID POINT OF BEGINNING, THE SEVENTEEN (17) COURSES:

ALONG SAID WEST LINE OF SAID LOT 7 (1) NORTH 40° 29' 36" WEST 782.11 FEET, (2) ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 170.00 FEET, THROUGH A CENTRAL ANGLE OF 54° 21' 49" AND A DISTANCE OF 161.30 FEET, (3) NORTH 13° 52' 13" EAST 125.60 FEET, (4) ALONG A TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 510.00 FEET, THROUGH A CENTRAL ANGLE OF 45° 02' 25" AND A DISTANCE OF 400.91 FEET, TO A POINT OF REVERSING CURVATURE (5) ALONG A REVERSING, TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 1811.30 FEET, THROUGH A CENTRAL OF 08° 06' 14" AND A DISTANCE OF 256.19 FEET, AND (6) NORTH 23° 03' 58" WEST 104.00 FEET, TO THE SOUTHWEST CORNER OF SAID LOT 6; THENCE, ALONG THE WEST LINE OF SAID LOT 6, (7) CONTINUING, NORTH 23° 03' 58" WEST 479.98 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL 2; THENCE ALONG THE WEST LINE OF SAID PARCEL 2, (8) ALONG A TANGENT CURVE TO THE RIGHT, HAVING A RADIUS OF 660.00 FEET; THROUGH A CENTRAL ANGLE OF 14° 52' 20" AND A DISTANCE OF 171.32 FEET; AND (9) NORTH 08° 11' 38" WEST 75.64 FEET, TO A POINT MONUMENTED BY A

¾ INCH REBAR TAGGED LS 4626 FROM WHICH THE MOST WESTERLY CORNER OF SAID PARCEL 2 BEARS ALONG SAID WEST LINE, NORTH 08° 11' 38" EAST 513.63 FEET; THENCE (10) ALONG THE WEST LINE OF LOT A, AS SAME IS SHOWN AND DELINEATED ON SAID RECORD OF SURVEY 20-14 SOUTH 21° 00' 00" EAST 270.09 FEET, TO THE SOUTHWEST CORNER OF SAID LOT A, MONUMENTED BY A SIMILAR TAGGED REBAR; THENCE ALONG THE WEST LINE OF LOT B, AS SAME IS SHOWN AND DELINEATED ON SAID RECORD OF SURVEY 20-14, (11) CONTINUING, SOUTH 21° 00' 00" EAST 170.90 FEET, TO A SIMILAR TAGGED REBAR (12) SOUTH 22° 00' 00" EAST 266.61 FEET, TO A SIMILAR TAGGED REBAR AND (13) SOUTH 30° 30' 00" EAST 50.67 FEET TO THE SOUTHWEST CORNER OF LOT B, MONUMENTED BY A SIMILAR TAGGED REBAR; THENCE, ALONG THE WEST LINE OF LOT C, AS SAME IS SHOWN AND DELINEATED ON SAID RECORD OF SURVEY 20-14, (14) CONTINUING SOUTH 30° 30' 00" EAST 514.68 FEET, TO A SIMILAR TAGGED REBAR (15) SOUTH 08° 50' 00" EAST 617.50 FEET, TO A SIMILAR TAGGED REBAR, (16) SOUTH 35° 20' 00" EAST, 332.76 FEET, TO A SIMILAR TAGGED REBAR AND (17) SOUTH 31° 40' 00" EAST, 271.34 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL FOUR: (Portion of APN 054-006-044)

A PORTION OF LOT 9, AS SAME IS SHOWN AND DELINEATED ON SAID RECORD OF SURVEY 15-117, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF LOT D, MONUMENTED BY A ¾ INCH REBAR, TAGGED LS 4626, AS SAME IS SHOWN ON SAID RECORD OF SURVEY 20-14, THENCE WITH BEARINGS AND DISTANCES BASED ON SAID RECORD OF SURVEY 20-14, ALONG THE WEST LINE OF SAID LOT D, NORTH 09° 00' 00" WEST 399.24 FEET, TO THE TRUE POINT OF BEGINNING, A POINT ON THE WEST LINE OF SAID LOT 9, AS SHOWN ON SAID RECORD OF SURVEY 15-117, BEING A POINT ON A 250.00 RADIUS CURVE FROM WHICH A RADIAL LINE BEARS NORTH 39° 06' 38" EAST, MONUMENTED BY A SIMILAR TAGGED REBAR; THENCE FROM SAID POINT OF BEGINNING, THE FOLLOWING FOUR (4) COURSES:

ALONG THE WEST LINE OF SAID LOT 9 (1) ALONG SAID 250.00 FOOT CURVE, A CURVE NORTHERLY, TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 37° 16' 22" AND A DISTANCE OF 162.63 FEET, AND (2) TANGENT, NORTH 13° 37' 00" WEST, 540.59 FEET; THENCE ALONG THE WEST LINE OF SAID LOT D, (3) SOUTH 31° 40' 00" EAST 489.54 FEET TO A SIMILAR TAGGED REBAR AND (4) SOUTH 10° 20' 00" WEST 247.88 FEET, TO THE POINT OF BEGINNING, CONTAINING 1.28 ACRES MORE OR LESS.

EXCEPTING THEREFROM THAT CERTAIN TRACT OF LAND DESCRIBED IN THE DEED TO THE COUNTY OF CALAVERAS RECORDED AUGUST 7, 2002 AS DOCUMENT NO. 2002-15388, CALAVERAS COUNTY RECORDS.

ALSO EXCEPTING THEREFROM THOSE CERTAIN TRACTS OF LAND DESCRIBED IN THE DEED TO EDWARD A. RICH, ET UX, RECORDED AUGUST 6, 2002 AS DOCUMENT NO. 2002-15272, CALAVERAS COUNTY RECORDS.

THE ABOVE DESCRIBED PROPERTY IS INCLUDED IN APN 054-006-044.

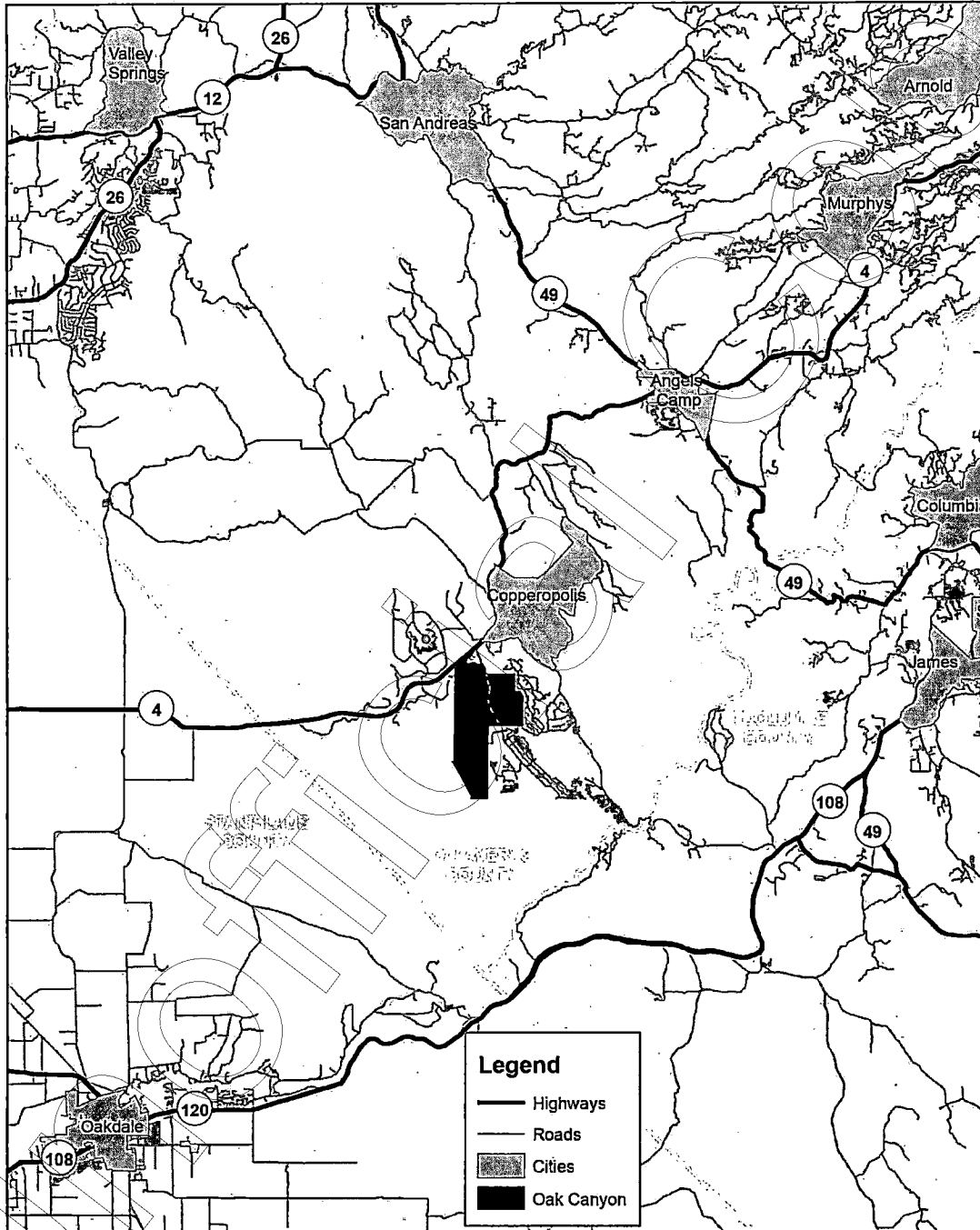
PARCEL SIX: (APN: 054-003-011)

LOT 81, AS SAID LOT IS SHOWN ON THAT CERTAIN MAP ENTITLED "DIAMOND XX TRACT NO. 188", RECORDED MAY 6, 1968 IN BOOK 3 OF SUBDIVISION MAPS, PAGE 17, CALAVERAS COUNTY RECORDS, AND BEING THE SAME PREMISES AS DESCRIBED IN THAT CERTAIN DEED FROM ROBERT B. PARKS AND AGNES PARKS TO GEORGE S. WRIGHT, RECORDED IN CALAVERAS COUNTY OFFICIAL RECORDS, IN BOOK 41 OF DEEDS, PAGE 32; PROVIDED, HOWEVER, THAT THE REAL PROPERTY THEREIN DESCRIBED IS ALL INCORPORATED AND CONTAINED IN SAID LOT 81, IS CO-

EXTENSIVE THEREWITH AND DOES NOT EXTEND BEYOND THE BOUNDARIES OF LOT 81.

EXCEPTING THEREFROM ALL MINERAL-BEARING ORE, ROCK AND DEPOSITS CONTAINED BENEATH THE SURFACE OF THE ABOVE DESCRIBED REAL PROPERTY, WITH THE SOLE, EXCLUSIVE AND PERPETUAL RIGHT TO MINE, DEVELOP, EXTRACT AND REMOVE THE SAME PROVIDED, HOWEVER, THAT SAID MINING, EXTRACTING AND REMOVING OF SAID ORE, ROCK AND MINERAL DEPOSITS SHALL BE DONE THROUGH SHAFTS, DRIFTS OR TUNNELS RUN FROM ADJACENT LANDS, AND THAT ALL SAID MINING, DEVELOPING AND EXTRACTING OF ORE, ROCK AND MINERAL DEPOSITS SHALL BE CARRIED ON AT SUCH A DEPTH AS NOT TO INTERFERE WITH THE USE OF SAID REAL PROPERTY OF RESERVOIR PURPOSES, AS RESERVED IN THAT DECREE RECORDED FEBRUARY 6, 1973 IN BOOK 353 OF OFFICIAL RECORDS, PAGE 380, CALAVERAS COUNTY RECORDS.

Exhibit B
(Easement Area Vicinity Map)



Oak Canyon Ranch

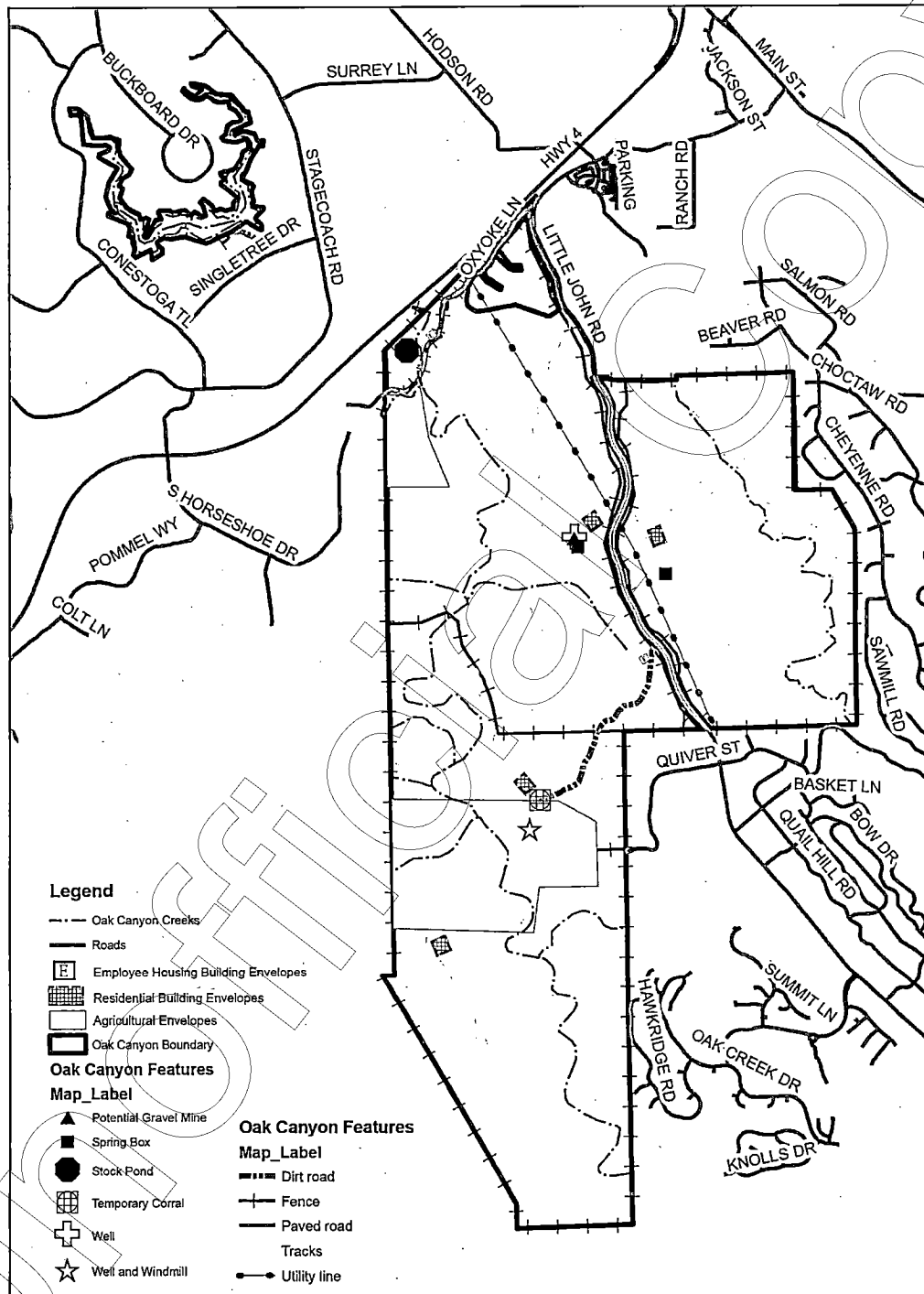


0 2.5 5 10 Mile

CALIFORNIA
RANGELAND

Map Created By Nancy Lemos

Exhibit C (Easement Area Improvements Map)



Oak Canyon Ranch
Exhibit C: Building Envelopes and
Existing Improvements Map

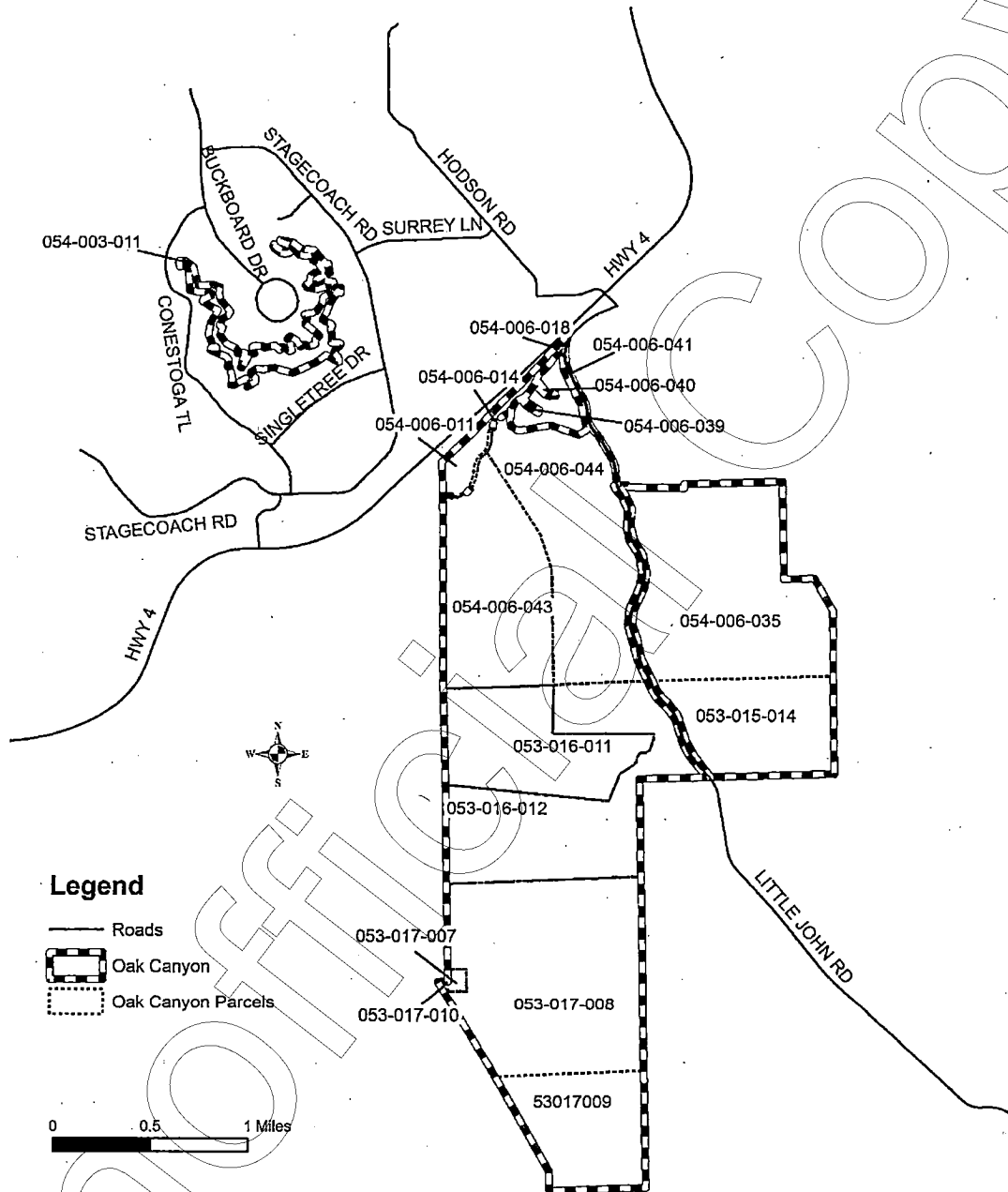


0 0.25 0.5 1 Miles

CALIFORNIA
RANGELAND
CENTER

Map Created By Nancy Lemos
Date: June 13, 2019

Exhibit D (Easement Area APN Map)



Oak Canyon Ranch

CALIFORNIA
RANGELAND
Part

Map Created By Nancy Lemos
Date: June 13, 2019

**Sources: Calaveras County GIS, CALTRANS GIS, CRT In-House Files

Exhibit E
(Approved Encumbrances)

The Approved Encumbrances consist of liens for non-delinquent real property taxes and assessments, and the following-listed exceptions taken from that certain Title Commitment, Order No. 4009-5098211, dated May 24, 2019, issued by First American Title Company.

1. Intentionally Omitted
2. General and special taxes and assessments for the fiscal year 2019-2020, a lien not yet due or payable.
3. Intentionally Omitted
4. Intentionally Omitted
5. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
6. Intentionally Omitted

(Affects APN's: 053-015-014, 053-016-011, 053-016-012, 054-006-011, 054-006-035, 054-006-043, 054-006-044, 053-017-008, 053-017-009 AND 054-003-011)
7. Water rights, claims or title to water, whether or not shown by the public records.
8. Any claim that any portion of the land is below the ordinary high-water mark where it was located prior to any artificial or avulsive changes in the location of the shoreline or riverbank.
9. Any rights, interests, or easements in favor of the public, which exist or are claimed to exist over any portion of said land covered by water, including a public right of access to the water.
10. Any claim that any portion of the land is or was formerly tidelands or submerged lands.
11. Intentionally Omitted

The Following Matters Affect Parcels One through Four:

12. An easement for ditch purposes and incidental purposes in the document recorded September 9, 1887 in Book 14 of Deeds, Page 551.
13. Abutter's rights of ingress and egress to or from State Hwy 4 have been relinquished in the document recorded September 23, 1969 in Book 285, Page 6 of Official Records.
14. The Terms, Provisions and Easement(s) contained in the document entitled "Easement Agreement" recorded October 16, 1990 as Instrument No. 1990-17262 of Official Records.

15. An easement shown or dedicated on the Map as referred to in the legal description
For: Road and public utility easement and incidental purposes.
16. The terms and provisions contained in the document entitled "Memorandum of Understanding" recorded June 9, 1997 as Instrument No. 1997-6750 of Official Records.
17. The Terms, Provisions and Easement(s) contained in the document entitled "Grant of Easement" recorded April 22, 1999 as Instrument No. 1999-6173 of Official Records.
18. The terms and provisions contained in the document entitled "Agreement for Funding and Construction" recorded June 6, 2000 as Instrument No. 2000-6882 of Official Records.
19. An easement for construction, operation, maintenance and use of telecommunication facilities and incidental purposes, recorded December 5, 2000 as Instrument No. 2000-16656 of Official Records.

In Favor of: Calaveras Telephone Company

Affects: A strip of land 15 feet in width and approximately 5200 feet long

The matters contained in an instrument entitled "First Amendment to Deed of Easement and Easement Agreement dated June 2, 2005 by and between Oak Canyon Ranch LLC, a Delaware Limited Liability Company and Calaveras Telephone Company, a California Corporation upon the terms and conditions and covenants, thereon provided, recorded August 8, 2005 as Inst. No. 2005-17873, Calaveras County Records.

The effect of document entitled "Utility Easement and Agreement", recorded April 2, 2019 as Instrument No. 2019-003777 of Official Records.

Said document replaces supersedes and rescinds the above easement and amendment.

20. An easement for right of entry and incidental purposes in the document recorded August 31, 2001 as Instrument No. 2001-15573 of Official Records.
21. The terms and provisions contained in the document entitled "Settlement Agreement by and between Oak Canyon Ranch LLC, Tuolumne County and Calaveras County" recorded February 23, 2005 as Instrument No. 2005-3660 of Official Records.
22. An easement for electrical facilities, ingress and egress and incidental purposes, recorded June 4, 2007 as Instrument No. 2007-8099 of Official Records.

In Favor of: Pacific Gas and Electric Company

Affects: Portion of APN 054-006-015 and 054-006-018

23. Intentionally Omitted

24. Notice of pendency of action recorded October 26, 2018 as Instrument No. 2018-012036 of Official Records.

Court: Superior Court of The State of California in and for The County of Calaveras

Case No.: 17CV42757

Plaintiff: Sheldon Toso

Defendant: William A. Airola and Deloris J. Airola, trustees of the Airola 2015 Revocable Trust, Dated March 5, 2015; Gabriel Esquivel and Celia Esquivel, trustees of the Esquivel Trust dated March 30, 1993; Thomas Grange Lum, Trevor Walter Lum And Kimberly Ruth Lum; And Does 1-10, Inclusive

Purpose: Real Property

25. The terms and provisions contained in the document entitled "Ordinance No. 20181204o3109 Rescinding Ordinance 2771 approving Development Agreement of OCR Specific Plan) For William A. And Deloris J. Airola, Project No. 2018-032" recorded December 11, 2018 as Instrument No. 2018-013633 of Official Records.

26. Terms, provisions, covenants, restrictions and conditions contained in a document executed pursuant to the California Land Conservation Act of 1965 (Williamson Act) and recorded December 11, 2018 as Instrument No. 2018-013635 of Official Records.

27. Terms, provisions, covenants, restrictions and conditions contained in a document executed pursuant to the California Land Conservation Act of 1965 (Williamson Act) and recorded December 11, 2018 as Instrument No. 2018-013636 of Official Records.

28. The Terms, Provisions and Easement(s) contained in the document entitled "Utility Easement and Agreement" recorded April 02, 2019 as Instrument No. 2019-003777 of Official Records.

29. Any easements and/or servitudes affecting easement parcel(s) Five herein described.

30. Rights of the public in and to that portion of the land lying within any Road, Street, Alley or Highway.

The Following Matters Affect Parcel Six:

31. The following matters shown or disclosed by the filed or recorded map referred to in the legal description: Various Notes and Recitals

32. A lease dated March 01, 1991, executed by Huntington Beach Company as lessor and Boise Cascade Corporation as lessee, recorded December 05, 1991 as Instrument No. 1991-18838 of

Official Records.

Defects, liens, encumbrances or other matters affecting the leasehold estate, whether or not shown by the public records.

33. The Terms, Provisions and Easement(s) contained in the document entitled "Grant of Easement" recorded April 22, 1999 as Instrument No. 1999-6173 of Official Records.

34. Intentionally Omitted