

## **LEASE AGREEMENT**

This Lease Agreement ("Lease") is hereby entered into by and between the Bolinas Community Public Utility District ("BCPUD" or "Lessor") and Alethea Patton, Jack Mansfield (aka Eat Dog), Lee Dodd and Melissa Wood (collectively, "Lessees"), effective October 15, 2008.

WHEREAS, BCPUD is the owner of land and improvements commonly known as the BCPUD's "Sewer Pond Property", APN 193-030-38, and numbered as 101 Mesa Road, Bolinas, California.

WHEREAS, the Sewer Pond Property is held in trust of the people of Bolinas and any contractual obligation BCPUD enters into involving use of the Sewer Pond Property is to be expressly for the purpose of enhancing the quality of life in the community and meeting the goals expressed in the Bolinas Community Plan.

WHEREAS, the BCPUD desires to lease to the Lessees and the Lessees desire to lease for agricultural purposes from the BCPUD for the term, at the rental and upon the covenants, conditions and provisions herein set forth, the following area within the Sewer Pond Property:

Approximately three (3) acres of property located due east of the BCPUD's lower seepage point as designated on the attached site plan (attached hereto as Exhibit A), which site is a portion of the three-acre property previously leased by the BCPUD to Jimmy Friedrich for agricultural purposes (The foregoing property shall be referred to hereafter in this Lease as "the Leased Premises.")

THEREFORE, in consideration of the mutual promises herein set forth and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, BCPUD and Lessees agree as follows:

**1. Term.**

A. BCPUD hereby leases the Leased Premises to the Lessees, and the Lessees hereby lease the same from BCPUD, for a term beginning October 15, 2008 and ending October 14, 2013 (the "Term"), unless earlier terminated as provided in this Lease Agreement.

B. The Lessees shall have the option to renew the Lease for one extended term of five years ("Renewal Term"), which term shall also be subject to earlier termination as provided in this Lease Agreement. The Lessees shall exercise such renewal option, if at all, by giving written notice to the BCPUD not less than ninety (90) days prior to the expiration of the Term. The Renewal Term shall be upon the same covenants, conditions and provisions as provided in this Lease Agreement.

**2. Rental.**

A. The Lessees shall pay to the BCPUD during the Term cash rental of \$100.00 (One Hundred Dollars) per year, payable in one annual installment on October 15<sup>th</sup> of each year during the Term and made payable to the BCPUD at 270 Elm Road, Bolinas.

B. The rental for any Renewal Term shall be determined at the time of renewal.

**3. Lessee Use and Responsibilities.**

A. Use.

a. Lessees' use of the Leased Premises shall be limited to animal husbandry and agriculture, specifically:

(i) the raising of dairy goats. With regard to herd size, Lessees shall use best management practices and limit herd size to a size compatible with long-term sustainable carrying capacity of the land;

(ii) the establishment of a temporary herd of goats (the "Brush Herd") for the purpose of fire prevention and control, brush clearing and non-native invasive plant management;

(iii) the raising of bees;

(iv) the cultivation of forage, fodder and medicinal crops for animal consumption;

(v) the cultivation of fruit trees and dry crops such as potatoes, *provided that* any crop intended for human consumption must be located at least 200 feet from the closest wastewater treatment sprinkler head *and* such crops may only be irrigated by water obtained via an on-site rainwater catchment system or from a potable water supply;

(vi) the installation of such facilities (at Lessees' sole expense) necessary to the animal husbandry and agricultural activities described above, such as: a milking shed; animal housing; rainwater catchment and storage; hay and grain storage; fencing and cross-fencing.

b. Lessees are also permitted to keep up to three (3) trained livestock guardian dogs on the Leased Premises.

c. Under no circumstances shall the goats, guardian dog(s), agricultural crops, or any facilities to be installed by Lessees be located or allowed onto any portion of the Sewer Pond Property that is not the Leased



Premises without the prior written consent of the BCPUD. Lessees, and each of them, hereby acknowledge and agree that they will take all necessary action to contain the goats and guardian dog(s) on the Leased Premises via the installation of secure fencing and other appropriate facilities. The installation of all such facilities must be preapproved in writing by the BCPUD's General Manager in the form of an addendum to this Lease Agreement; provided, however, that temporary fencing may be erected by Lessees to confine the goats to specific sections of the Leased Premises subject to verbal approval by the BCPUD General Manager or Chief Operator. Any change in the foregoing approved use of the Leased Premises must be preapproved in writing by the BCPUD in the form of an addendum to this Lease Agreement.

d. Lessees, and each of them, shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may later be in force, regarding their use of the Leased Premises.

e. Notwithstanding the foregoing, Lessees shall not use the Leased Premises for the purposes of storing, manufacturing or selling and explosives, flammables or other inherently dangerous substance, chemical, thing or device.

**B. Responsibilities.**

a. Lessees shall maintain the Leased Premises in a tidy and sanitary condition.

b. If so requested by the BCPUD, prior to the termination of this Lease Agreement the Lessees shall return the Leased Premises to its prior condition and remove all facilities installed by them at Lessee's sole expense.

c. Each Lessee who will operate a motor vehicle on the Leased Premises warrants and represents that he or she is a duly licensed driver by the State of California and that he or she has and will maintain during the term of this Lease (and any Renewal Term) valid vehicle insurance policies. Subject to the foregoing sentence, Lessees shall be considered to have "authorized vehicles" and shall be entitled to access the Leased Premises periodically by vehicle to deliver materials and supplies.

**4. Sublease and Assignment.**

The Lessees shall not sublease all or any part of the Leased Premises, or assign this Lease Agreement in whole or in part to any other person or entity without BCPUD's prior written consent.

**5. Repairs.**

During the Term and any Renewal Term, the Lessees shall promptly make, at Lessee's sole expense, all necessary repairs to the Leased Premises and any facilities thereupon and shall maintain the Leased Premises in a good and safe condition. Repairs for which Lessees are responsible shall include, but not be limited to, such items as routine repairs of fencing, animal enclosure facilities, and other parts of the Leased Premises damaged or worn through normal occupancy and use.

**6. Alterations and Improvements.**

No substantial alteration to the Leased Premises other than the installation of such facilities as are described in Section 3, above, shall be made by the Lessees without the prior written consent of the BCPUD. Lessees, at Lessees' sole expense, shall have the right following receipt of BCPUD's written consent, to make reasonable additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Lessees may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Lessees at the commencement of the Term or placed or installed on the Leased Premises by Lessees thereafter, shall remain Lessees' property free and clear of any claim by BCPUD. Lessees shall have the right to remove the same at any time during the Term of this Lease (and any Renewal Term), provided that any and all damage to the Leased Premises caused by such removal shall be repaired by Lessees at Lessees' sole expense. Prior to the commencement of any substantial alteration or improvement, Lessees will provide BCPUD at least five (5) days written notice.

**7. Insurance.**

A. Lessees are aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Lessees will comply at all times during the Term (and any Renewal Term) with such provisions in connection with their use of the Leased Premises.

B. At all times during the Term and any Renewal Term, Lessees shall maintain (and shall provide the BCPUD a copy thereof) general liability insurance with a limit of no less than Three Hundred Thousand Dollars (\$300,000) per occurrence for bodily injury, personal injury and property damage.

C. Lessee's general liability insurance policy shall contain, or shall be endorsed to contain, the following provisions:

a. BCPUD, its directors, officers, employees and authorized volunteers, are to be given insured status and the coverage shall contain no special limitations on the scope of protection afforded to BCPUD, its directors, officers, employees or authorized volunteers.



b. For any claims relating to this Lease, Lessee's insurance shall be primary insurance as respects BCPUD, its directors, officers, employees or authorized volunteers. Any insurance, self insurance or other coverage maintained by BCPUD, its directors, officers, employees or authorized volunteers shall not contribute to it.

c. Any failure of Lessees to comply with reporting or other provisions of the insurance policy, including breaches of warranties, shall not affect the coverage provided to BCPUD, its directors, officers, employees, or authorized volunteers.

d. Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

e. Lessee's insurance policy shall state or be endorsed to state that coverage shall not be canceled by the insurance carrier or Lessees, except after thirty (30) days (10 days for non-payment of premium) prior written notice has been hand-delivered to BCPUD.

**8. Utilities.**

Lessees shall pay for all utilities and/or services supplied to the Leased Premises.

**9. Signs.**

Subject to the BCPUD's prior written consent, Lessees may place signs on the Leased Premises as permitted by applicable zoning ordinances and at locations selected by Lessees. BCPUD may refuse consent to any proposed signage that is in BCPUD's opinion inconsistent with or inappropriate to the Leased Premises. BCPUD shall assist and cooperate with Lessees in obtaining any necessary permission from governmental authorities for Lessees to place or construct such signs. Lessees shall repair all damage to the Leased Premises resulting from the removal of signs installed by Lessees.

**10. Right of Entry.**

BCPUD shall have the right to enter the Leased Premises at reasonable hours to inspect the same, make repairs or conduct the business of BCPUD, provided BCPUD shall not thereby unreasonably interfere with Lessees' activities on the Leased Premises.

**11. Parking.**

During the Term (and any Renewal Term), Lessees shall have the non-exclusive use in common with BCPUD, of the non-reserved automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by BCPUD. BCPUD reserves the right to designate parking area outside the lab

building or in reasonable proximity thereto, for Lessees and Lessees' agents and employees.

**12. Damage/Destruction.**

If the Leased Premises or any part thereof is so damaged by fire, casualty or structural defects such that the same cannot be used for Lessees' purposes, then Lessees shall have the right within sixty (60) days following damage to elect by written notice to BCPUD to terminate this Lease Agreement as of the date of such damage. In the event of minor damage, casualty or structural defect to any part of the Leased Premises, if such damage, casualty or structural defect does not render the Leased Premises unusable for Lessees' purposes, Lessees shall promptly repair such damage at its own expense. In making the repairs called for in this paragraph, BCPUD shall not be liable for any delays resulting from strikes, government restrictions, inability to obtain necessary materials or labor or other matters which are beyond reasonable control of BCPUD. Lessees shall be relieved from paying rent and other charges during any portion of the Lease Term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Lessees' purposes. The provisions of this paragraph are intended to be broad and include not only the foregoing, but also any occurrence which is beyond Lessees' reasonable control and which renders the Leased Premises inoperable or unfit for occupancy or use, in whole or in part, for Lessees' purposes.

**13. Default.**

If Lessees should default in the payment of rent when due to BCPUD as herein provided of and if said default shall continue for fifteen (15) days after written notice thereof has been given to Lessees by BCPUD, then BCPUD may declare the Term of this Lease ended and terminated by giving Lessees written notice of such intention, and if possession of the Leased Premises is not surrendered, BCPUD may reenter said premises. BCPUD shall have, in addition to the remedy herein provided, any other right or remedy available to BCPUD on account of any Lessee default, either in law or equity. BCPUD shall use reasonable efforts to mitigate its damages.

**14. Indemnification.**

To the fullest extent permitted by law Lessees, and each of them, shall indemnify, defend and hold harmless BCPUD, its directors, officers, employees and/or authorized volunteers, and each of them, from and against:

A. Any and all claims, demands, causes of action, damages, costs, expenses (including attorneys' fees), penalties, losses or liabilities, in law or in equity, of every kind or nature whatsoever including, but not limited to, injury to or death of any person, including the BCPUD, or Lessees or their respective directors, officers, employees or authorized volunteers, and damages to or destruction of property of any person, including but not limited to, the BCPUD or Lessees or their respective directors, officers, employees,



or authorized volunteers, arising out of or in any manner directly or indirectly connected with the Lessees' use of the Leased Premises; and

B. Any and all claims, demands, causes of action, damages, costs, expenses (including attorneys' fees), penalties, losses or liabilities, in law or equity, of every kind or nature whatsoever, including, but not limited to, injury to or death of any person, including the BCPUD or Lessees or their respective directors, officers, employees or authorized volunteers, and damages to or destruction of property of any person, including but not limited to, the BCPUD or Lessees or their respective directors, officers, employees, or authorized volunteers, arising out of or in any manner directly or indirectly resulting from or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of the Lessees.

Lessees shall defend, at Lessees' own cost, expense and risk, any and all such aforesaid suits, actions, or other legal proceedings of every kind that may be brought or instituted against the BCPUD or its directors, officers, employees, or authorized volunteers. Lessees shall pay and satisfy any judgment, award or decree that may be rendered against the BCPUD or its directors, officers, employees, or authorized volunteers, in any and all such suits, actions, or other legal proceedings.

#### **15. Termination.**

Notwithstanding any other provision of this Lease Agreement, BCPUD shall be entitled to terminate this Lease Agreement or any use permitted under Section 3, above, upon thirty (30) days written notice in the event: (1) it is required or advised to do so by any federal, state or other public agency with due authority over the operations of the district or by its insurance authority, ACWA/JPIA and/or (2) the BCPUD determines in good faith that the Lessees' use of the Leased Premises has or will create unacceptable operational difficulties for the BCPUD's wastewater facility and/or (3) the BCPUD determines in good faith that the Lessees' use of the Leased Premises creates a nuisance or otherwise poses a public health or safety risk to BCPUD staff or the public, and/or (4) Lessees fail to comply with any of the material terms of this Lease Agreement or any of Lessees' material obligations hereunder. Any notification of early termination of this Lease Agreement by the BCPUD may be protested by Lessees for a final determination to the BCPUD Board of Directors.

#### **16. Notices.**

Any notices required or permitted under this Lease Agreement may be given by personal delivery to an authorized representative of the recipient or by certified or registered United States mail. In the case of the Lessees, notices shall be addressed to:

Alethea Patton  
P.O. Box 452  
Bollinas, California 94924

In the case of the BPCUD, notices shall be addressed to:

Bolinas Community Public Utility District  
P.O. Box 390  
Bolinas, California 94924  
Attn: General Manager

Notice shall be presumed to be received three (3) business days after deposit in the mail, postage prepaid, or upon the date of delivery, if personally given.

**17. Governing Law.**

This Lease Agreement is executed and shall be performed in Marin County, California. It shall be governed by and construed in accordance with the laws of the State of California.

**18. Legal Actions.**

Any action relating to this Lease Agreement, including all disputes between the parties, shall be instituted and prosecuted in a court of competent jurisdiction in the State of California. Each party hereby appoints the individual listed opposite its name to act as its initial agent for service of process relating to any such action.

DISTRICT: Jennifer Blackman  
General Manager  
Bolinas Community Public Utility District  
270 Elm Road  
Bolinas, California 94924  
(415) 868-1224

LESSEES: Alethea Patton  
P.O. Box 452  
Bolinas, California 94924  
(415) 868- 2531

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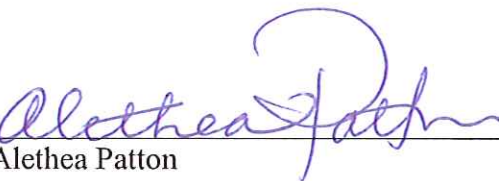


IN WITNESS WHEREOF, the parties hereto have signed this Lease Agreement as of the day and year first above written.

BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT:

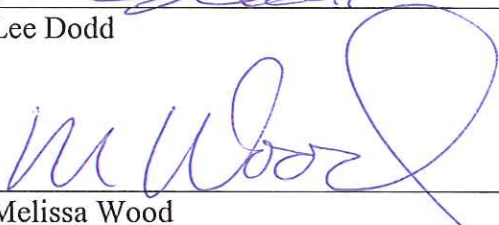
BY:   
Jennifer Blackman, General Manager

LESSEES:

BY:   
Alethea Patton

BY:   
Jack Mansfield

BY:   
Lee Dodd

BY:   
Melissa Wood

