

AGRICULTURAL LEASE (RICE)
BASIC LEASE INFORMATION



Name of Tract: _____

Assessor Parcel Number(s): _____

Lease Date: _____ (Section 2)

Tenant: _____
("Tenant") (Section 1)

Landlord: The Natomas Basin Conservancy, a California Non-profit
Public Benefit Corporation ("**Landlord**") (Section 1)

County: _____ (Section 1)

Survey Acres: _____

Farmable Acres: _____

Lease Termination Date: _____ (Section 2)

Rent Per Acre: \$190.00 _____ (Section 3A)

First Rent Payment: \$0.00 _____ (Section 3A)

First Rent Payment Due Date: August 1 _____ (Section 3A)

Second Rent Payment: Applicable / Not Applicable (Section 3B)

Post-Harvest Deposit: Applicable / Not Applicable (Section 3E)

Crop Year: _____

Rice Base Acres: _____ (Section 4D)

Field Leveling: Applicable / Not Applicable (Section 4G)

Hunting Rights: Applicable / Not Applicable (Section 4H)

Water Reimbursement Due Date: _____ (Section 7B)

Adjacent Managed Marsh Applicable / Not Applicable (Section 7D)

Tenant's Notice Address: _____ (Section 40)

Phone: _____
Fax: _____

AGRICULTURAL LEASE (RICE)

(Tract name)

This Agricultural Lease (the "**Lease**") is executed as of the date set forth in the Basic Lease Information, by and between Landlord and Tenant.

1. Description of Premises. Landlord leases to Tenant, and Tenant hires from Landlord, on the terms and conditions set forth in this Lease, the Premises with the appurtenances (hereinafter collectively referred to as the "**Premises**") situated in the County named in the Basic Lease Information, State of California, all that certain real property described on **Exhibit A**, and generally shown on the aerial photograph titled **Exhibit B**.

2. Term. The term ("**Term**") of this Lease shall commence on the execution of this Lease by Landlord and Tenant, and shall terminate on the date set forth in the Basic Lease Information.

3. Rental.

A. Generally. Tenant shall make one payment to Landlord during the term of this Lease, due and payable no later than August 1 of each year ("**First Rent Payment**"). Except as provided in Section 3E below, each payment shall be in the amount specified in the Basic Lease Information for each acre in production during the pertinent crop season, but in no event shall any payment be less than the First Rent Payment. All rent shall be paid to Landlord, without deduction or offset, at The Natomas Basin Conservancy, 2150 River Plaza Drive, Suite 460, Sacramento, California 95833, or such other place as may be designated from time to time by Landlord.

B. Second Rent Payment. If the Second Rent Payment is marked Applicable per the Basic Lease Information, a second, nonrefundable cash rent payment ("**Second Rent Payment**") for each year shall be paid by Tenant to Landlord on or before December 1 following the applicable year. The First Rent Payment and the Second Rent Payment shall together be referred to as "**Rent**". The Second Rent Payment shall be calculated as follows:

(i) First, multiply (1) the actual rice crop yield per acre, (2) the Calrose medium grain rice crop final return value per hundredweight per acre as determined by the Farmers' Rice Cooperative for the year farmed, multiplying one to the other. The Calrose medium grain rice crop final return value, as determined by the Farmers' Rice Cooperative, will be determined by the end of October of the following year, i.e., for the 2014 year, the final return value will be determined by the end of October of 2015.

(ii) Next, multiply the product of (1) the figure calculated per (i) above, by (2) 0.20.

(iii) Next, take the figure calculated per (ii) above and subtract the Rent per Acre from the Basic Lease Information.

(iv) Finally, multiply the product of (1) the figure calculated per (iii) above and (2) the number of Farmable Acres from the Basic Lease Information applicable to the Premises.

(v) Example calculation: $80 \text{ cwt (average yield per acre)} \times \20.00 (FRC final return for Calrose medium grain) $\times 20\% = \$320.00$ then subtract $\$190.00$ (first rent paid) $= \$130.00 \times 100$ (TNBC Acres) = a second rent payment of \$13,000.00

(vi) Submit grower account statement or other TNBC pre-approved statement along with final calculations for the Second Rent Payment.

When the Term has expired and Tenant has vacated the Premises and the final determination is made of Tenant's rent obligations pursuant to this Section 3 for the year in which this Lease terminates, Tenant shall pay to Landlord by December 1 of the following year the full amount of any second Cash Rent Payment for the year in which this Lease terminates as calculated pursuant to the provisions of this Section 3. The obligation to pay this Second Rent Payment and the provisions of this Section 3B shall survive the expiration of the Lease.

C. Fallow.

(i) Landlord's Election to Fallow: Landlord may elect to cause the field to be fallowed. Fallowing in this case means not planted to rice. If Landlord decides the Premises are to be fallowed, Landlord must provide Tenant with notice no later than March 1. If Landlord decides that the Premises are to be fallowed, Tenant shall not owe Rent for rice, however if Tenant elects to plant a crop on the Premises that is not rice and Landlord agrees, Tenant will pay a First Rent Payment of \$50.00 per acre for all crops except alfalfa, and \$100.00 per acre of alfalfa. No Second Rent Payment will be due. Lower First Rent Payments can be negotiated if Tenant elects to plant a cover crop or forage crop. If Landlord elects to cause the Premises to be fallowed and Tenant does not plant any other crop, Tenant owes no Rent. If Landlord is compelled to cause fallowing by order of the Natomas Central Mutual Water Company or similar water providers (e.g., Bureau of Reclamation) due to lack of water or the inability for any reason to deliver water to the Premises, Landlord will not be liable to Tenant for any sunk costs (e.g., already-purchased seed, fertilizer, crop protection materials, fuel, etc.) and Tenant will not be obligated to pay to Landlord Rent. All other rights and responsibilities remain in full force and effect.

(ii) Tenant's Request to Fallow: Tenant may elect to fallow, but unless this election is approved in writing by Landlord, Rent will be owed. Tenant may elect to plant crops other than rice on the Premises, but will still owe Rent unless the election to plant a crop other than rice is approved in writing by Landlord. If Landlord approves the fallowing of rice and the planting of other crops, Tenant will pay a First Rent Payment of \$50.00 per acre for all crops except alfalfa, and \$100.00 per acre for alfalfa. No Second Rent Payment will be due. Lower First Rent Payments may be requested by Tenant if Tenant elects to plant a cover crop or forage crop. All other rights and responsibilities remain in full force and effect.

D. Late Fees. If the payment of any amount due hereunder is not received by Landlord within 10 days of the due date thereof, said payment shall be in default and a late fee of 5% of the defaulted payment shall also become due and payable as additional rent. Thereafter, on the 10th day, said past due amount (not late fees) shall bear interest at the maximum rate permitted by law.

E. Post-Harvest Deposit. If the Post-Harvest Deposit is marked Applicable per the Basic Lease Information, during the first year of the term the rental amounts set forth in Section 3A shall be increased by \$15 per acre (the "**Post-Harvest Deposit**"). If, as of the termination or expiration of this Lease, Tenant has complied with its post-harvest obligation to reduce rice straw and stubble as set forth below, Landlord shall return the Post-Harvest Deposit

to Tenant. If Tenant has not so complied, Landlord shall use the Post-Harvest Deposit to conduct the required reduction of rice straw and stubble and shall have no obligation to return any of the Post-Harvest Deposit to Tenant.

F. Crop Insurance. Tenant's use of crop insurance shall not excuse Tenant's obligation to pay rent. Tenant's decision to acquire crop insurance is at Tenant's sole discretion and Landlord doesn't compel or require that Tenant secure insurance. Tenant may self-insure in its sole discretion, and any decision to carry or obtain any form of crop insurance is solely and exclusively Tenant's. Moreover, Landlord makes no claim and has no right or interest in any insurance proceeds. Landlord expects and require Tenant to fulfill its rental obligations whether or not the land is farmed, and whether or not Tenant has obtained any crop insurance. Crop insurance may include traditional insurance products, whether from the private market, governmental programs or both, and any program to which Tenant is entitled to a reimbursement or payment based on a claim of crop damage, inability to plant, grow or harvest or any similar adverse condition to which a benefit, consideration or financial requirement or financial remuneration is made. Crop insurance is not the same as the insurance referred to in Section 22 which is required to be carried by Tenant as a term of this Lease.

4. Use of Premises.

A. Permitted Use. The Premises are leased to Tenant for the planting, growing and harvesting of rice. If Tenant desires to change from such crop to another crop, any such change shall be subject to Landlord's prior written approval before planting or field prep begins. Landlord may, at its sole option, elect to terminate this Lease and release Tenant from any further liability hereunder following a request for a change in the crop, unless Tenant promptly withdraws the request for a crop change. Under no circumstances whatsoever may Tenant use the Premises for the growing of cotton, an orchard or vine crops, or use any portion of the Premises for loading, landing, take-off, storing, fueling or servicing planes, or as an airstrip without prior consent by Landlord.

B. Management of Premises. Tenant shall not use, or permit to be used, any part of the Premises for any purpose other than as specified in Section 4A. All operations incident to this use of the Premises shall be carried on according to the best course of agricultural practices in the vicinity. On default of Tenant to use the Premises as required by this Lease, Landlord reserves the right, after having given 10 days-notice, to take necessary remedial measures at the expense of Tenant, for which Tenant shall reimburse Landlord on demand. Tenant will make diligent efforts to prevent the spread of all noxious weeds on the Premises and will take commercially reasonable measures to protect the Premises from infestations of pests. Tenant will make diligent efforts to prevent infestations of organisms that may produce disease in crops grown on the Premises during and after the term of this Lease. AS PART OF TENANT'S POST-HARVEST OBLIGATIONS IN EACH CROP YEAR AND PRIOR TO THE EXPIRATION OF THE TERM OF THIS LEASE, TENANT SHALL TAKE ALL COMMERCIALY REASONABLE STEPS TO REDUCE POST-HARVEST RICE STRAW AND STUBBLE FROM THE PREMISES, UNLESS LANDLORD INDICATES IN WRITING A PREFERENCE FOR LEAVING RICE STRAW UNTREATED. IT IS TENANT'S OBLIGATION TO MAINTAIN THE PREMISES, INCLUDING, BUT NOT LIMITED TO, WEED MANAGEMENT. WEED MANAGEMENT WILL APPLY TO THE ENTIRE PREMISES, REGARDLESS OF WHETHER THE FIELDS ARE PLANTED TO RICE OR NOT.

C. Conservation Practices. Acreage within the Premises shall not be voluntarily placed by either Landlord or Tenant under any program or conservation practices

under present or future laws or regulations without previously obtaining written consent of the other party to this Lease.

D. Crop Acreage Allotment. Landlord and Tenant acknowledge that planting and growing of the crop on the Premises may be subject to acreage limitations under allotment programs of the United States Department of Agriculture (“**USDA**”). The number of rice base acres, if any, specified in the Basic Lease Information is intended to represent the base acreage recorded with the USDA’s Farm Services Agency, and which is available to Tenant to use during the term of the Lease for participation in any USDA Farm Services Agency farm programs. The term “**base acres**” is defined as the eligibility of a certain number of land acres participating in certain USDA Farm Services Agency farm program. Landlord does not warrant or guarantee information about the Premises provided by the USDA, nor does it warrant or guarantee USDA Farm Services Agency farm programs, including any changes in such programs which may impact Tenant, including the existence of any farm program and/or any benefits that flow from it.

E. Natomas Basin Habitat Conservation Plan. Tenant acknowledges that Landlord purchased the Premises in furtherance of the Natomas Basin Habitat Conservation Plan (“**Plan**”). The goal of the Plan is to preserve, restore and enhance habitat values found within the Natomas Basin. Tenant agrees the Premises shall be managed in a manner to maximize Giant Garter Snake and/or Swainson’s Hawk compatibility, including the maintenance of rice checks, berms and other water control structures in as natural a state as practicable by limiting mowing or herbicide treatment in such a manner as to maintain prey species (e.g., mosquito fish for the giant garter snake) through appropriate management and other measures. Tenant will notify Landlord if any dead Giant Garter Snakes or Swainson’s Hawks or other covered species under the Plan, of which Landlord notifies Tenant from time to time, have been found on the Premises, although Tenant’s responsibility to properly identify such species shall be on a “best effort” basis. Tenant shall also adhere to Integrated Pest Management (“**IPM**”) practices as published in the “Integrated Pest Management for Rice, Third Edition,” by the University of California, to the fullest extent possible consistent with economical farming of the Premises. Landlord agrees to assist Tenant in complying with the terms of this Section 4E so that the management practices required under this Section 4E are compatible with economical agricultural production.

F. Use of Fertilizers, Pesticides and Other Substances. Tenant shall store, prepare, use, apply, and dispose of all fertilizers, pesticides and other sprays and chemicals (collectively, “**Substances**” each, a “**Substance**”) necessary for crop production on the Premises strictly in compliance with applicable laws, statutes, ordinances and regulations of all federal, state, county and city bodies having jurisdiction in such matters, and the manufacturer’s directions for the safe and effective use of such Substances. If Landlord becomes aware that any Substance available for use on any other crop grown on the Premises is harmful to the Giant Garter Snake or the Swainson’s Hawk, then Landlord shall have the right to prohibit the use of such identified Substance on the Premises. Tenant shall have the right to terminate the Lease if the prohibition by Landlord of the use of the Substance makes the Lease unproductive for Tenant. Prior to any termination, Tenant shall notify Landlord in writing to allow Landlord an opportunity to suggest an alternative Substance. If Landlord and Tenant cannot reach agreement within 30 days of Tenant’s initial notice, Tenant may terminate this Lease. If Tenant terminates this Lease in accordance with this provision, Landlord shall reimburse Tenant all rent paid in accordance with Section 3 for the current crop year, without interest, and this will be the sole compensation and remedy to Tenant.

G. Field Leveling. If Field Leveling is marked Applicable in the Basic Lease Information, Tenant may level the farm fields which make up the Premises for purposes of improving farm efficiency and productivity, but any and all such leveling will be at Tenant's sole expense unless Landlord agrees in writing to pay these costs. Tenant acknowledges and agrees that Tenant shall have no right to commence any leveling of the Premises without first obtaining Landlord's prior, written consent. Tenant further acknowledges and agrees that Landlord shall have the right (in Landlord's sole and absolute discretion) to withhold its consent to any requested leveling of the Premises if Landlord determines there is or may be a conflict with Landlord's implementation of the Plan. With Landlord's prior written consent, during the year in which field leveling is completed, Tenant's rent will be waived for each acre that is removed from production for field leveling.

H. Hunting Rights.

(i) Hunting Rights Retained by Landlord. If Hunting Rights is marked Not Applicable in the Basic Lease Information, all hunting rights and privileges on the Premises are reserved to Landlord and at Landlord's option may be leased for hunting purposes. Any proceeds from the hunting of the Premises are retained by Landlord and Tenant is expected to cooperate fully with Landlord's lease of the Premises for hunting and hunters. Landlord agrees that hunters licensed by Landlord to hunt on the Premises shall not damage any growing crops of Tenant or materially interfere with any other property rights of Tenant under this Lease, and Tenant agrees that Landlord, Landlord's guests, agents and hunting right tenants have the right of ingress and egress over and on existing farm roads, canal banks, ditch banks and levees on the Premises as a means of access to shooting blinds.

(ii) Hunting Rights Granted to Tenant. If Hunting Rights is marked Applicable, Tenant agrees to increase the First Rent Payment by \$7.00 per acre, in which case Tenant holds the hunting rights to the Premises subject to the terms of this Lease, including **Exhibit C**. Tenant may or may not allow hunting on the Premises, and may sublease it to others for hunting purposes. Tenant will (1) ensure that each and every hunter who accesses the Premises shall execute an indemnification of Landlord in the form provided by Landlord; (2) indemnify and hold harmless Landlord for any claims, damages or injuries which result from any such hunting access or use; (3) agrees to the terms contained in **Exhibit C**, Additional Hunting Right Terms; and (4) assumes all liability from hunting activities. In addition, Landlord retains the right to approve any and all hunters on the property at any time. Other than the deduction for water expense provided for in this Section 4.H(ii), Landlord shall not bear any water cost at the Premises.

5. Taxes. All real property taxes and the assessments from the Reclamation District 1000 shall be paid by Landlord. All personal property taxes shall be paid by Tenant.

6. Expenses. Landlord is to bear only the following expenses: the real property taxes and assessments as described in Section 5, and Landlord's portion of water costs described in Section 7. All other expenses are to be paid by Tenant.

7. Water.

A. Water. Water necessary for the irrigation of the crops during the term of this Lease may be available to Tenant from the facilities of the Natomas Central Mutual Water Company ("NCMWC"). If water is available by the NCMWC on the premises, Landlord shall pay all water charges levied against the Premises by NCMWC subject to Section 7C below. Costs and expenses arising from the operation, maintenance and repairs of necessary diversion

structures, including lift pumps, farm laterals, drains and other water works related to irrigation water systems on the Premises, shall be paid by Tenant except for drop pipes and risers which are the responsibility of Landlord if the NCMWC does not otherwise provide them. Water from the sources mentioned above shall be used only on the Premises and in the performance of Tenant's obligation under the Lease. Tenant shall not export any water to other lands. Landlord assumes no responsibility to Tenant for (i) any water shortage from the facilities mentioned above, and (ii) does not warrant the quality or quantity of the water supplied to the Premises.

B. Water Cost Payment. If the Premises is provided water by the NCMWC, the costs and expenses levied against the Premises by the NCMWC shall be paid by and allocated between Landlord and Tenant as follows: Landlord will pay all of the assessments, tolls, usage charges, maintenance fees and other levies charged to NCMWC customers, and Tenant will reimburse Landlord for 1/2 (one-half) of all such charges paid by Landlord on the Premises, not to exceed \$65.00 per acre, with such reimbursement due January 15 of the following year. Tenant's obligation to reimburse Landlord pursuant to this Section 7B for periods covered by the Term shall survive the expiration or earlier termination of the Term.

C. Groundwater Well and Other Water Sources. If the Premises contains a groundwater well, Tenant may use the well for purposes of crop irrigation. If the Premises has access to surface water sources, such as the Sacramento River, Tenant may use such facilities, provided such use is lawful and complies with all governmental regulations. Tenant shall be responsible for all costs and expenses arising from the use of these facilities.

D. Managed Marsh Water. If Adjacent Managed Marsh is marked Applicable per the Basic Lease Information, Landlord maintains a Managed Marsh habitat complex adjacent to the Premises. The water supply for the adjacent Managed Marsh may rely on the same source of water as for the rice fields on the Premises. Tenant will make best efforts to insure rice field flood-up and subsequent water level maintenance does not harm or diminish water delivery to the Managed Marsh. The cost of providing water to any Managed Marsh complex that may exist on or adjacent to the Premises will be paid by Landlord.

E. Irrigated Lands Regulatory Program. Landlord is a member of the Placer, Nevada, South Sutter, North Sacramento (PNSSNS) Subwatershed Group. A member of the PNSSNS must notify a non-member owner or operator that Landlord's parcel has been enrolled in the Irrigated Lands Regulatory Program (ILRP). The general orders can be found at the following link on the Internet:

http://www.swrcb.ca.gov/centralvalley/board_decisions/adopted_orders/general_orders/r5-2014-0030.pdf. It is Tenant's responsibility to fully comply with Irrigated Lands Regulatory Program. Failure to comply will result, at Landlord's option, in termination of this Lease and immediate reimbursement of damage claims by Tenant to Landlord resulting from Tenant's failure to comply.

_____ Tenant's Initials

F. Fallow. Should Tenant decide to fallow Premises (with Landlord's consent), and Tenant does not use any water from the Natomas Central Mutual Water Company or any groundwater wells that may be available to the Premises, Tenant shall not be obligated to pay water usage charges. Landlord will pay all of the assessment, tolls, maintenance fees and other levies charged by Natomas Central Mutual Water Company or for any groundwater well-associated costs, if applicable. Fallowing of acreage does not relieve Tenant of other responsibilities included in this Lease.

8. Utilities. Tenant shall pay for all gas, heat, light, power, telephone service, sewer and for all other services supplied to the Premises.

9. Disclaimer of Warranty – Soil Suitability. Landlord makes no warranty of the soil's suitability for growing the crops Tenant is authorized to grow under this Lease.

10. Lease Subject to Existing Rights of Others. This Lease is subject to: (a) all existing easements, servitudes, licenses and rights-of-way for canals, ditches, levees, roads, highways and telegraph, telephone and electric power lines, railroads, pipelines and other purposes, whether recorded or not; and (b) the rights of other lessees under any existing or future oil, gas and mineral lease or leases affecting the entire or a portion of the Premises, whether recorded or not and whether active or not. Tenant shall have no right to royalties paid for any such oil, gas and mineral leases.

11. Abandonment. Tenant shall not vacate or abandon the Premises at any time during the term; if Tenant does abandon, vacate or surrender the Premises, or if Tenant is dispossessed by process of law or otherwise, personal property belonging to Tenant and left on the Premises shall be kept for a reasonable time by Landlord, but in no event longer than 15 days after Landlord gives Tenant notice to remove that property from the Premises, after which time, if it has not been reclaimed by Tenant, it may be treated by Landlord as abandoned.

12. Holding Over. Any holding over after expiration of the term of this Lease, with the consent of Landlord, shall be treated as a tenancy from month to month, with each rent payment payable in an amount equal to two times the total annual rent, prorated on a monthly basis, and payable on the first day of every month, and shall otherwise be on the terms and conditions specified in this Lease, as far as applicable.

13. Entry by Landlord. Tenant shall permit Landlord, and Landlord's agents and assigns, at all reasonable times, to enter the Premises, and to use the roads established on the Premises now or in the future, for the purposes of inspection, compliance with the terms of this Lease, exercise of all rights under this Lease, posting notices and all other lawful purposes. Tenant shall supply Landlord, and Landlord's agents and assigns, with keys and other instruments necessary to effect entry on the Premises. Tenant shall make and keep pertinent records of all operations and conduct under this Lease and shall make them available to Landlord, and Landlord's agents and assigns, at all reasonable times for inspection.

14. Condition of Premises. By entry under this Lease, Tenant accepts the Premises in their present condition; and Tenant agrees, on the last day of the term or on sooner termination of this Lease, to surrender the Premises and the appurtenances to Landlord in the same condition as when received, reasonable use, wear and damage by fire, act of God or the elements excepted, and to remove all of Tenant's property from the Premises.

15. Waste. Tenant shall not commit, or permit others to commit, on the Premises waste, or a nuisance, or any other act that could disturb the quiet enjoyment of Landlord or any other tenant of Landlord on adjacent property. Tenant will pick up and dispose of minor litter and debris found on the Premises on a periodic basis. If Tenant finds larger debris, deposits or hazardous debris on the Premises, Tenant should contact Landlord to arrange for removal and clearance of such debris.

16. Oil, Gas and Mineral Rights. All rights in all minerals, oil, gas and other hydrocarbons located on or under the Premises are reserved to Landlord and are excepted from

the property covered by the terms of this Lease. Tenant expressly grants to Landlord, and to any and all lessees of these oil, gas and mineral rights, and to Landlord's agents and Licensees, a right of entry and a right-of-way for ingress and egress in and to, over and on the Premises during the term of this Lease for the exploration, drilling and mining of minerals, oil, gas and other hydrocarbons on the Premises; provided that Landlord shall reimburse Tenant for any damages that Tenant sustains as a result of any interference with the agricultural operations conducted on the Premises under the terms of this Lease arising from exploration, drilling or mining operations.

17. Maintenance. Tenant shall care for both the Premises and the approaches to the Premises, including, but not limited to, all fences, canals, wells, ditches and roadways, and maintain them in the same order and condition in which received, ordinary wear and tear excepted.

18. Alterations. Tenant shall not make, or permit to be made, alterations to the Premises, without first obtaining Landlord's written consent, which may be granted or withheld in Landlord's sole and absolute discretion. Additions to, or alterations of, the Premises, except for Tenant's trade fixtures, shall become at once a part of the Premises, at the time of attachment and belong to Landlord. Tenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant.

19. Compliance with Law. Tenant, at Tenant's sole cost and expense, shall comply with all requirements of all governmental authorities, in force either now or in the future, affecting the Premises, and shall faithfully observe in Tenant's use of the Premises all laws, rules and regulations of these authorities, in force either now or in the future. The judgment of a court of competent jurisdiction, or Tenant's admission in an action or a proceeding, whether Landlord be a party to it or not, that Tenant has violated any law, rule or regulation in Tenant's use of the Premises shall be considered conclusive evidence of that fact as between Landlord and Tenant. If Tenant fails to comply with any such law, regulation or rule, Landlord reserves the right to take necessary remedial measures at Tenant's expense, for which Tenant agrees to reimburse Landlord on demand.

20. Condemnation. If the Premises shall be taken or condemned in whole or in substantial part for public purposes, this Lease shall, at the option of either party, forthwith cease and terminate and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease or otherwise, except for moving expenses, if any, designated for Tenant. Tenant shall have the right to pursue a separate claim against the condemning authority for Tenant's personal property and fixtures, unexpired or market value of the Lease, moving expense, and loss of business.

21. Nonliability of Landlord for Damages. Tenant agrees to indemnify, protect, defend and hold Landlord harmless from all liability and claims for damages arising directly or indirectly from any injury from any cause to any person, including Tenant or any employees of Tenant, or to property of any kind belonging to anyone, including Tenant or any employees of Tenant, while in, upon or in any way connected with the Premises, including the flooding of county roads or neighboring lands because of improper or inadequate drainage or escaping irrigation waters, during the term or any extension of this Lease, or any occupancy under this Lease.

22. Insurance. Tenant further agrees to maintain during the term of this Lease at Tenant's expense commercial general liability policy of insurance with a company licensed in the

State of California. The limits of liability under this insurance are to be for amounts not less than \$1,000,000.00 single limit, \$2,000,000.00 general aggregate. All insurance shall be written on an occurrence basis, and shall name Landlord as an additional insured. Tenant shall provide evidence of the insurance to Landlord showing Landlord as an additional insured. Landlord shall receive written notice no less than 30 days' prior to any cancellation of the insurance. Tenant agrees that if Tenant does not keep insurance in force, Landlord may obtain the necessary insurance and pay the premium. Tenant shall repay the premium within 10 days of Landlord's written demand. Tenant further agrees to maintain during the term of this Lease at Tenant's sole expense proper and adequate worker's compensation insurance as required by law.

23. Events of Default. The occurrence of any one or more of the following events shall constitute a default hereunder by Tenant:

- A. The abandonment of the Premises by Tenant.
- B. The failure by Tenant to make any payment of rent or additional rent or any other payment required to be made by Tenant hereunder, as and when due.
- C. The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant.
- D. (i) The making by Tenant of any general assignment for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within 30 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within 30 days.
- E. The falling of the Property without Landlord's consent.

24. Remedies of Landlord on Default. If Tenant breaches this Lease, Landlord shall have, in addition to other rights or remedies, the right of reentry, after having given five days' notice, and the right to take possession of all crops, harvested or unharvested, and to remove all persons and property from the Premises; Landlord may store the property removed in a public warehouse or elsewhere at Tenant's expense and for Tenant's account. Landlord, at Landlord's election, shall become the owner of all crops of which Landlord has so taken possession, without being obligated to compensate Tenant for them, except as provided in subsection 24(iii) below.

If Landlord elects to reenter, as provided above, or to take possession under legal proceedings or under any notice provided for by law, Landlord may (i) terminate this Lease, or (ii) from time to time, without terminating this Lease, relet the entire or any part of the Premises for such terms (which may extend beyond the term of this Lease) and at such rentals and other conditions as Landlord, in Landlord's sole discretion, deems advisable, or (iii) pursue the remedy in Civil Code section 1951.4 and continue this Lease in effect without terminating the Lease and recover the rent as it becomes due. Landlord also has the right to make alterations and repairs to the Premises.

On each reletting either Subsection A or B shall apply:

A. Tenant shall be immediately liable for payment to Landlord of (i) Landlord's expenses of reletting and making alterations and repairs, (ii) the amount by which the rent specified in this Lease for the period of the reletting (up to but not beyond the term of this Lease) exceeds the amount agreed to by the new tenant to be paid as rent for the Premises, and (iii) all other indebtedness due under the Lease; or

B. At Landlord's option, rents received by Landlord from reletting shall be applied: first, to the payment of any indebtedness, except rent, due under this Lease from Tenant to Landlord; second, to the payment of expenses of reletting and of alterations and repairs; and third, to the payment of rent due under the Lease and unpaid, with the residue, if any, being held by Landlord and applied in payment of future rent as it becomes due and payable under the Lease.

If Tenant has been credited with rent to be received by reletting under the option in Subsection A, above, and the rent is not promptly paid to Landlord by the new tenant; or if the rentals received from reletting under the option in Subsection B, above, during any month are less than that to be paid during that month by Tenant under the Lease, Tenant shall pay the deficiency to Landlord. This deficiency shall be calculated and paid monthly.

No reentry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless written notice of such an intention is given to Tenant or the Lease is declared to be terminated by a court of competent jurisdiction. Even though the reletting was without termination by Landlord, Landlord may at any future time elect to terminate the Lease for the previous breach by Tenant. If Landlord terminates the Lease for a breach in addition to any other remedy Landlord may have, Landlord may recover from Tenant all damages Landlord incurs by reason of the breach, including both the cost of recovering the Premises and the worth, at the time of termination, of the excess of the amount of rent and charges equivalent to rent specified in this Lease, for the remainder of the stated term, over the then-reasonable rental value of the Premises for the remainder of the term. All of these amounts shall be immediately due from Tenant to Landlord.

All of these rights shall be concurrent and cumulative and are in addition to, and not in derogation of, all other rights and remedies available to Landlord.

Nothing contained in this Lease, and no security or guarantee of the Tenant that Landlord holds now or in the future under the Lease, shall in any way constitute a bar or defense to an action by Landlord in unlawful detainer or for recovery of the Premises.

25. Governing Law. This Lease shall be governed by and construed pursuant to the laws of the State of California.

26. Attorneys' Fees on Default. In any action or proceeding by either party to enforce this Lease or any provision thereof, the prevailing party shall be entitled to all costs incurred and to reasonable attorneys' fees.

27. Action of Receiver. If a receiver is appointed to take possession of the Premises, or to collect the rents or profits derived from the Premises, or both, the receiver may conduct the business of Tenant then being carried on the Premises and to take possession of and use any personal property belonging to Tenant and used in such business to conduct the business on the Premises. Neither the application for the appointment of the receiver, nor the appointment of the receiver, shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant.

28. Surrender of Lease not Merger. The voluntary or other surrender by Tenant, or a mutual cancellation, of this Lease shall not work a merger, and shall, at Landlord's option, terminate all existing subleases and subtenancies, or may, at Landlord's option, operate as an assignment to Landlord of any or all subleases or subtenancies.

29. Assignment or Subletting. Tenant shall not assign this Lease, or any rights under it, and shall not sublet the entire or any part of the Premises, or any right or privilege appurtenant to the Premises, or permit any other person (the agents and servants of Tenant excepted) to occupy or use the entire or any portion of the Premises, without first obtaining Landlord's written consent; provided that Landlord shall not unreasonably withhold consent to assignment, sublease of use or possession of the Premises. A consent to the assignment, subletting, occupation or use by another person is not a consent to a future assignment, subletting, occupation or use by another person. An assignment or a subletting without Landlord's consent shall be void, and shall, at Landlord's option, terminate this Lease. No interest of Tenant in this Lease shall be assignable by operation of law without Landlord's written consent.

30. Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

31. Crop Mortgages. All crop mortgages, encumbrances or liens given or suffered by Tenant on the crops grown on the Premises shall be for terms or periods not extending beyond the term of the Lease. All liens created by Tenant must be satisfied of record by Tenant before the end of the term. If a mortgage or lien creates a lien on Landlord's title, Tenant shall pay all reasonable costs and expenses, including attorneys' fees, required for the removal of the lien or mortgage, either before or after termination of the Lease.

32. Waiver. The waiver by Landlord of a breach of any term, covenant or condition contained in this Lease shall not be treated as a waiver of such term, covenant or condition, or as a waiver of a future breach of the same or any other term, covenant or condition contained in this Lease. The acceptance of rent by Landlord shall not be treated as a waiver of a previous breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of a previous breach at the time of acceptance of rent.

33. Representations of Authority. Tenant represents and warrants that it is authorized to do business under the laws of the State of California. Tenant further represents and warrants that it has the right and authority to enter into and perform its obligations under this Lease and under all collateral agreements to be entered into by it in furtherance of the provisions hereof without the consent or approval of any other entity or person and make these representations knowing that the other party will rely thereon.

34. Anti-Harassment and Anti-Discrimination Policy. The Landlord is committed to establishing and maintaining a workplace that is free from unlawful harassment and discrimination. As required by law, the Landlord has developed an "Anti-Harassment and Anti-Discrimination Policy" which is applicable to all independent contractors and that is available on request. Tenant shall be responsible for informing all of its employees, representatives, contractors, and/or agents who will be entering and performing work on the Premises about this policy. In the event Tenant acquires information to suggest that this policy is being violated,

Tenant shall promptly notify Landlord. All employees, applicants, and independent contractors (“**workers**”) of The Natomas Basin Conservancy (“**TNBC**”) are to be treated with respect and dignity. TNBC is committed to providing a work environment free of unlawful harassment and discrimination. TNBC policy prohibits all harassment and discrimination because of sex, gender, race, religious creed, color, national origin or ancestry, genetic condition, physical or mental disability, medical condition, including AIDS, marital status, age, sexual orientation or any other basis protected by federal, state or local law or ordinance or regulation. All such harassment or discrimination is unlawful. TNBC’s Anti-Harassment and Anti-Discrimination policy applies to all persons involved with the operation of TNBC and prohibits unlawful harassment or discrimination by any worker of TNBC. Tenant agrees to comply with the TNBC Anti-Harassment and Anti-Discrimination Policy in Tenant’s operations on the Premises and with regard to any of TNBC’s employees, agents, contractors or subcontractors on or about the Premises.

Tenant’s Initials

35. Headings. The section headings of this Lease are not part of this Lease and shall have no effect upon the construction or interpretation of any part thereof.

36. Time. Time is of the essence with respect to the performance of every provision of this Lease in which time or performance is a factor.

37. Prior Agreements; Amendments. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest.

38. Separability. Any provision of this Lease which shall prove to be invalid, void or illegal in no way affects, impairs or invalidates any other provision hereof, and such other provisions shall remain in full force and effect.

39. Recording. Neither this Lease nor a memorandum thereof shall be recorded by Tenant without Landlord’s prior written permission.

40. Notices. Any notice to be given to either party by the other shall be in writing and shall be served either personally or by registered or certified mail addressed to Tenant as shown in the Basic Lease Information and to Landlord as follows:

Landlord: The Natomas Basin Conservancy
 Attn: Executive Director
 2150 River Plaza Dr., Suite 460
 Sacramento, CA 95833
 Telephone: (916) 649-3331
 Facsimile: (916) 649-3322

41. Legal Effect. All covenants of Tenant contained in this Lease are expressly made conditions. All Tenant parties to this Lease shall be jointly and severally liable under it.

42. Exhibits. All exhibits to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached, provided they have been signed or initialed by the parties. Reference to "**this Lease**" includes matters incorporated by reference.

TENANT:

Date signed: _____
_____ (Signature)

Print Name: _____

—AND—

LANDLORD:

THE NATOMAS BASIN CONSERVANCY,
a California Non-profit Public Benefit Corporation

Date signed: _____

By: _____

Name: John R. Roberts

Its: Executive Director

EXHIBIT A

Legal Description of Premises

EXHIBIT B

Aerial Photograph of Premises

EXHIBIT C

Additional Hunting Right Terms

1. Use of Premises for Hunting.

A. Permitted Invitees. The Premises may be used by Tenant for the purpose of providing limited game bird hunting opportunities for him/herself or subleasing the rights to others who agree to be bound by these terms contained in this Lease ("Permitted Invitees"). Under no circumstances may Tenant or Permitted Invitees conduct hunting activities on or near public roadways or the Natomas Cross Canal, as applicable. Tenant shall provide a copy of any such hunting rights sublease to Landlord no less than 5 days before the start of the applicable hunting season for each sublease.

B. Limitations on Use. Tenant's use of the Premises for hunting purposes, and any sublease related to such use, shall be limited to the State-approved official hunting season. Landlord shall have use of the Premises at all times for all purposes that Landlord deems necessary or desirable, provided Landlord shall not allow the Premises to be used for hunting purposes by any person or persons other than Tenant and the Permitted Invitees. The Premises, and the improvements which have been constructed on portions of the Premises, shall be maintained in a clean and orderly condition and repair by Tenant.

C. Terms and Conditions. Tenant will include as his/her Permitted Invitees only licensed and responsible hunters. All hunting activities allowed on the Premises shall comply with the rules and regulations established from time to time by the California Department of Fish and Wildlife, and include the retrieval of all shotgun shells; retrieval of dead or wounded game birds; contacting Landlord's office prior to hunting for notification purposes; avoiding rutting up Premises by motor vehicles and securing all locked gates used to access the Premises.

D. Tenant to Monitor. Tenant shall be responsible, during the applicable hunting season, to periodically monitor the Premises for any unauthorized use of the Premises by hunters Tenant is not affiliated with, or are a part of this Lease or otherwise should not have access to the Premises. If Tenant discovers any such unauthorized use, Tenant shall take whatever safe and appropriate action is necessary to resolve the unauthorized use. Tenant and Landlord understand that any such action taken by Tenant may be limited to contacting law enforcement authorities. Following any such incident, Tenant shall notify Landlord of the incident and the action taken by Tenant to resolve the matter.

E. Habitat Conservation Plans. Tenant agrees, and shall inform any and all Permitted Invitees that the Premises are subject to the Natomas Basin Habitat Conservation Plan or the Metro Air Park Habitat Conservation Plan, and hunters' ability to hunt on the Premises is subject to these Plans.

Tenant Initials