

Attachment B

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Before the Board of Supervisors in and for the County of Monterey, State of California

Agreement No. A-12121

- a. Award a 10 year cattle lease, with an additional)
10 year renewable option, to the Big Sur Land)
Trust (BSLT);)
- b. Authorize the Chair of the Board to execute the)
lease; and)
- c. Authorize a 100% offset of lease payments in)
consideration of infrastructure improvements and)
stewardship, resource management and habitat)
restoration services provided by BSLT.....)



Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board hereby;

- a. Awarded a 10 year cattle lease, with an additional 10 year renewable option, to the Big Sur Land Trust (BSLT);
- b. Authorized the Chair of the Board to execute the lease; and
- c. Authorized a 100% offset of lease payments in consideration of infrastructure improvements and stewardship, resource management and habitat restoration services provided by BSLT.

PASSED AND ADOPTED on this 18th day of October, 2011, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, and Parker

NOES: None

ABSENT: Supervisor Potter

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on October 18, 2011.

Dated: October 24, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By *Christ A. Neal*
Deputy

**CATTLE GRAZING LEASE
COUNTY OF MONTEREY
ZONE 4 OF MARKS RANCH**

This is a Cattle Grazing Lease between the County of Monterey, hereinafter referred to as County, and the Big Sur Land Trust, hereinafter referred to as BSLT.

RECITALS

- A. County is the owner of certain property formerly known as a part of the Marks Ranch, referred to herein as the "Park", and County may acquire additional portions of Marks Ranch which would become a part of the Park as referenced herein.
- B. BSLT desires to lease a portion of the Park from County for the purpose of grazing cattle as a component of BSLT's larger Marks Ranch stewardship program.
- C. County and BSLT desire to enter into a Cattle Grazing Lease to ensure appropriate use and management of the portion of Park that is the subject of this Lease.

COVENANTS

1. The Leased premises is approximately 624 acres of grassland which is a portion of the former Marks Ranch Property obtained by County from BSLT on or about November 23, 2010, and is more specifically detailed on Exhibit A, subject to the terms of this Lease, referred to herein as the "Premises" or "Leased Premises". In the event that County acquires additional portions of Marks Ranch from BSLT then the parties agree said portions will be managed as a part of BSLT's larger Marks Ranch stewardship program and this Agreement will be amended accordingly, including without limitation (a) adding said portion to the Premises, (b) increasing Rent and offset amounts referenced in paragraph 3, and (c) increasing the maximum AUM, all in proportion to the additional acreage.
2. Term of Lease: Cancellation. The term of this Lease shall be for ten (10) years, beginning on April 1, 2011, and ending on April 1, 2021. The parties shall consider further extensions of the Lease prior to its termination in 2021 and negotiate and enter into an amendment or new lease if mutually desirable at that time.
3. Rent. In addition to compliance with the attached Exhibit B, Responsibility/Stewardship Objectives, BSLT shall pay to County the amount of \$4,700.00 (or proof of offset as provided herein) per year, payable in arrears in one lump sum payment on April 1 of every year following the year of tenancy. BSLT is permitted to offset a maximum of \$4,700.00 (100.0% of annual rent) per year in improvements, expenses and additional services (collectively "offset costs") generally as set forth in the attached Exhibit E upon providing reasonable documentation of said offset costs; County will approve such offset costs provided that said offset costs are within the reasonable range of market value taking into account all surrounding circumstances and conditions. BSLT may carry over offset costs that exceed \$4,700.00 in a year to any subsequent year, provided that in no event may BSLT claim a rebate for said excess from County.

4. a. Cancellation of Lease Due to Non-Payment of Rent. If the rent is not paid in full when due (or equivalent offset as provided herein), then at any time after the due date, while the rent or any portion thereof remains unpaid for 30 days, County may revoke this Lease, may re-enter the Premises, and may occupy the same upon giving 60 days advance notice of such revocation, re-entry of the Premises, and/or occupation of the Premises. Such action by County shall not relieve BSLT of the obligation to make all rental payments as are then due and unpaid (or to provide equivalent offset as provided herein). BSLT shall remove all livestock from the Premises by the termination date.

b. Cancellation Of Lease Due To Breach Of Lease. If BSLT fails to comply with a material term of this Lease, unless a provision of this Lease states otherwise, County shall give BSLT 30 days to cure such breach. If the breach is not cured within that time period, County may thereafter give immediate effective notice of cancellation of the Lease.

5. Joint and Several Liabilities. If more than one tenant is named in this Lease, or if there is a sublease of the tenancy, the obligation of each such Tenant or the tenant and subtenant shall be joint and several. Any Lease provision that refers to "BSLT" includes in that reference BSLT and any of its permitted assigns, agents, employees, or subtenants under a sublease.

6. Responsibility Stewardship Objectives. BSLT's activities shall be undertaken subject to the terms and conditions of this Lease and in accordance with County's land management objectives set forth in Exhibit B attached hereto and incorporated by reference. Further, it is hereby mutually agreed by and between County and BSLT that the provisions of this Lease shall be interpreted conservatively so as to ensure that public access, natural resource management, and responsibility/stewardship objectives take precedence over grazing.

7. Minimum Standards. Grazing shall be undertaken in a manner so as to control exotic plant species, enhance native plant species, remove thatch and to reduce fire danger, within the Grassland and in accordance with the Minimum Standards set forth in Exhibit C. BSLT may utilize existing livestock facilities, if any. The number of cattle grazing on the Premises during the term of the Lease shall not exceed 50 animal unit months (AUMs) per month as set forth in the Minimum Standards.

8. Use of Premises.

(a) Reasonable overnight use to facilitate working with livestock or to protect the Premises may be permitted, provided that prior written approval is obtained from the Parks Director.

(b) BSLT may not use or permit the use of any of the Premises for camping, picnicking, hunting, or overnight occupancy except as otherwise provided herein.

(c) BSLT may use the following methods of stock management on the Premises: foot; horseback; light trucks and ATV's limited to Premises for maintenance and inspection/feeding of stock. Motorized vehicles (land or air) may not be used to gather or "drive" stock without the prior written consent of the Parks Director.

9. Fire Precautions. In addition to the use of due care, BSLT will take whatever fire prevention and control measures are required on the Premises by duly constituted authorities.

10. Clearing Land. BSLT shall not clear any portion of the land, and shall not cut any trees on the land, without first obtaining the written consent of the Parks Director.

11. Stock Management. BSLT shall not suffer or permit livestock, especially bulls, to harass or endanger humans or property. Steers are not allowed on the Premises. Livestock shall be easily identified by means of visible markings such as, but not limited to, ear tags. BSLT shall remove any aggressive or dangerous stock from the Premises, as soon as BSLT becomes aware that such animal(s) possess such tendencies. BSLT shall provide notice to the County within 48 hours of identifying the specific animal(s) and the date of removal. BSLT may place safety signage upon the Premises, subject to reasonable County approval, for the purpose of preventing the general public from approaching, feeding or handling livestock.

12. Improvements to Premises. BSLT shall make no improvements to the Premises, including, but not limited to, fences, cattle guard, stock ponds, roads, and/or habitable structures, without first obtaining prior written consent of the Parks Director; BSLT shall have the right, but not the obligation, to maintain, repair and replace said improvements in the event that they are damaged or destroyed. The improvements set forth in Exhibit E are hereby consented to and approved by County. All permanent improvements shall become the property of County upon termination of the Lease. County will not unreasonably withhold its consent to improvements for ecosystem stewardship and enhancement or as otherwise required by this Lease.

13. Fencing. BSLT shall contain all stock within the Premises by fences or suitable enclosures, or by providing riders. Where necessary to contain stock, BSLT shall build new fences where none presently exists and shall repair or upgrade existing fences. BSLT shall provide reasonable fencing around Park facilities (e.g. restrooms, picnic tables, barbecue facilities), if any, where needed to prevent stock from entering said Park facilities. BSLT shall maintain all fences in "stock tight" condition equivalent to 4 strand barbed wire fencing which allows for wildlife movement.

14. Premises Subject to Recreational Use by Monterey County Parks Department. Parks or its authorized agent may construct or maintain trails, gates, or other Park and Recreation programs allowed by County over the Premises, provided that such improvements shall not unreasonably interfere with the use of the Premises for grazing purposes, and provided further that BSLT shall not be obligated to incur any costs in connection with such improvements.

15. Water. BSLT may use such water sources as are presently available on the Premises for the watering of stock, if any. County makes no representation as to the reliability of the quality or quantity of these sources, if any. If these sources at any time are inadequate, BSLT must provide any water needed for stock at BSLT's own expense. No new wells or water system shall be constructed on the Leased Premises without obtaining the prior written consent of County; County hereby approves the water system described in Exhibit E. If BSLT completes the water system improvements set forth in Exhibit E, and such improvements are supplied by water from the existing well located on BSLT owned land, then upon the termination of this Lease BSLT agrees to grant to County an appurtenant easement to receive water from said well

in order that County may continue operating the water system improvements to water livestock, provided that:

(a) County shall pay BSLT market rate for said water supply which supply shall be metered separately and County shall pay for installation of said separate meter, and

(b) County shall pay its fair share of upkeep, maintenance, repair and replacement of said well in proportion to relative use, up to and including all such costs in the event that County is the sole user of said well; and

(c) BSLT shall have no obligation to share in the costs of upkeep, maintenance, repair and replacement of said well if BSLT is no longer using said well.

16. Overgrazing.

(a) BSLT shall not suffer or permit the overgrazing of any portion of the Premises, except with the prior written consent of the Parks Director. Overgrazing occurs when, in the opinion of the Parks Director, accessible forage has been utilized to the extent where further grazing would be detrimental to the land or vegetative resources. County shall determine whether overgrazing has occurred using any method that fairly determines the amount of forage remaining on the Premises or on any portion thereof, and taking into account all surrounding circumstances and relevant information or data which may be provided by BSLT. The decision by the Parks Director that overgrazing has occurred shall be conclusive and final. In determining whether overgrazing has occurred, the Parks Director may refer but shall not be bound, to standards set forth in University of California Publications 8092 "California Guidelines for Residual Dry Matter (RDM) Management on Coastal and Foothill Annual Rangelands", 8034 "Livestock Management During Drought", and the BSLT prepared "Marks Ranch Stewardship Grazing Management Plan (May 2010)."

(b) If the Parks Director determines that overgrazing has occurred, the Parks Director may take any or all of the following actions: the Parks Director may direct that the stock be removed from all or part of the affected Premises; may direct that the herd be reduced in number, even down to zero if necessary to protect the premises; and, if the Parks Director directs that stock be removed from a portion of the Premises, may direct that BSLT install appropriate fencing or take other protective measures needed to keep the stock off the affected portion of the Premises. BSLT shall comply promptly with any such direction by the Parks Director, and BSLT shall continue to comply with such directions and any modifications thereof, until BSLT receives written notification from the Parks Director releasing such directions.

17. No Rent Reduction During Periods of Reduced Grazing. There will be no reduction in rent during any period during which overgrazing restrictions, remedies, or protective measures have been put in force by County under paragraph 16 above. There will be no rent reduction on account of drought. It is BSLT's responsibility to insure that good range management practices are utilized at all times, including during the drought as well as during normal and wet years, so as to avoid the need for County to direct reductions in the number of animals allowed on the Premises or to direct other reductions in the use of the Premises as described in paragraph 16 above. Notwithstanding the above, if the Premises or significant

portion thereof is lost or destroyed by a *force majeure* event, such as by fire or landslide, through no fault or control of BSLT, then upon BSLT's request the rent will be reduced in proportion to the reduction in usable acreage. BSLT shall have the right, but not the obligation, to repair and replace any fencing or other improvements which may be destroyed in such event.

18. No Assignment or Subletting. BSLT shall not assign this Lease or sublet the Premises without the prior written consent of the Parks Director. BSLT proposes, and County hereby consents, to having the actual grazing and improvement activities performed on behalf of BSLT by Jim and Scott Violini ("Violini Brothers"); BSLT and said Violini Brothers shall be bound by all terms of this lease.

19. Prohibition Against Involuntary Assignments. Any involuntary assignment of BSLT's interest in this Lease shall constitute a material default by BSLT under this Lease and shall give County the right to immediately terminate this Lease by giving written notice of termination to BSLT or to BSLT's successor or personal representative. For purposes of this paragraph, "involuntary assignment" shall mean any of the following:

(a) Transfer of this Lease or any interest in this Lease by will or intestate succession on BSLT's death;

(b) The appointment of a receiver, trustee, or other like official to take possession of substantially all of BSLT's assets located at the Premises or of BSLT's interest in the Lease, when possession is not restored to BSLT within 45 days;

(c) The attachment, execution, or other judicial seizure of substantially all of BSLT's personal property located at the Premises or of BSLT's interest in this Lease, when such seizure is not discharged within 30 days;

(d) The making by BSLT of any general assignment or general arrangement for the benefit of creditors;

(e) The commencement of a federal bankruptcy proceeding by or against BSLT; or

(f) The insolvency of BSLT.

20. Hold Harmless/Indemnification. BSLT shall indemnify, defend, and hold harmless the County, its officers, agents and employees from and against any and all claims, liabilities, and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorney's fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Lease, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the BSLT's performance of this Lease, unless such claims, liabilities, or losses arise out of the negligence or willful misconduct of County. "BSLT's performance" includes BSLT's action or inaction and the action or inaction of BSLT's officers, employees, agents, subleases, and subcontractors.

21. Insurance Coverage Requirements. Without limiting BSLT's duty to indemnify, BSLT shall maintain in effect throughout the term of this Lease a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broadform Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Lease, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence

Professional liability insurance, if required for the professional services being provided (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professional Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the BSLT shall, upon the expiration or earlier termination of this Lease, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Lease.

Workers' Compensation Insurance. If BSLT employs others in the performance of this Lease, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

Other Insurance Requirements and Commercial General Liability. All insurance required by this Lease shall be with a company acceptable to County and issued and executed by an admitted insurer authorized to transact Insurance business in the State of California. Unless otherwise specified by this Lease, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date BSLT completes its performance of services under this Lease.

Each liability policy shall provide that County shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for BSLT and additional insured's with respect to claims arising from each subcontractor, if any, performing work under this Lease, or be accompanied by a certificate of insurance from each subcontractor and/or each sublease showing each subcontractor/sublessee has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional Insured's with respect to liability arising out of BSLT's work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insured's shall not be called upon to contribute to a loss covered by BSLT's insurance. The required endorsement form for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement form for Automobile Additional Insured endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Lease by County, BSLT shall file certificates of insurance with County's contract administrator and County's Contracts/Purchasing Division, showing that BSLT has in effect the insurance required by this Lease. BSLT shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Lease, which shall continue in full force and effect.

BSLT shall at all times during the term of this Lease maintain in force the insurance coverage required under this Lease and shall send, without demand by County, annual certificates to County's Contract Administrator and County's Contracts/Purchasing Division. If the certificate is not received by the expiration date, County shall notify BSLT and BSLT shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by BSLT to maintain such insurance is a default of this Lease, which entitles County, at its sole discretion, to terminate this Lease immediately.

22. Right to Enter and Inspect. County and its officers, agents and employees, shall have the right at all times to enter upon the Premises to inspect the same or for other proper purposes.

23. Duties on Expiration of Lease. At the expiration or termination of this Lease, BSLT will quit the Premises, will remove all of BSLT's stock and personal property from the Premises, and will leave the Premises and all improvements thereon in good condition and repair, ordinary wear and tear excepted. As to the condition of the range, "good condition" means that the range is not overgrazed.

24. Compliance with Laws. BSLT shall comply with all laws applicable to the conduct of its operations on the Premises and to the management and disposition of all livestock grazed on the Premises. BSLT's use of the Premises is subject to all County Park rules and regulations set forth in Monterey County Code Chapter 14.12 or established by the Monterey County Parks Department or Board of Supervisors.

25. No Waste, Nuisance, or Unlawful Use. BSLT shall not commit or permit others to commit waste on the Premises. BSLT shall not maintain, commit, or permit on the Premises, the maintenance or commission of any nuisance as defined the California Civil Code Section 3479. BSLT shall not use or permit the use of the Premises for any unlawful purpose.

26. County's Lease Administrator. County's Park Director, or his designee, (herein referred to as "Parks Director") shall act as the Lease administrator for County.

27. Entire Lease. This written Lease, together with all exhibits attached hereto and incorporated by reference, is the complete and exclusive statement of the mutual understanding of the parties. This Lease supersedes and cancels all previous written and oral Leases and communications relating to the subject matter of the Lease.

28. Modifications to Lease. No modification or amendment to this Lease shall be made and no Lease pertaining to this Lease that is inconsistent with or different from the terms of this Lease shall be binding upon either party, unless such modification, amendment, or Lease is made in writing and duly signed by the parties hereto.

29. Taxable Possessory Interest. The property interest created by this Lease may be subject to property taxation and BSLT may be subject to the payment of property taxes levied on such interest. The imposition or payment of such possessory interest tax shall not give rise to an entitlement on BSLT's part to an off-set for any portion of the rent due and owing attributable to such possessory interest tax liability.

30. Notice. Notice under this contract shall be sent to the parties at the addresses as set forth below. Notice shall be deemed effective upon delivery if personally delivered, upon transmission if sent by facsimile, and on the third day after mailing.

County:

Monterey County Parks Department
P. O. Box 5249
Salinas, CA 93915
Phone: (831) 755-4895
Fax: (831) 755-4914

BSLT:

The Big Sur Land Trust
ATTN: Conservation Team
P.O. Box 4071
Monterey, CA 93942
Phone: (831) 625-5523

IN WITNESS WHEREOF, the parties execute this Cattle Grazing Lease as follows:

BSLT:
THE BIG SUR LAND TRUST

[Signature]
Signature
[Name & Title]
Name & Title

Dated: 8/15/11

COUNTY:
COUNTY OF MONTEREY

[Signature]
Signature
Chair, Board of Supervisors

Dated: 10-18-11

Approved as to form:

[Signature]
County Counsel
Dated: 9-27-11

Approved as to form:

[Signature]
Risk Manager for County
Dated: 10/6/11

EXHIBIT A

LEGAL DESCRIPTION

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

PARCEL ONE:

All that real property in the unincorporated area of the County of Monterey, State of California, and being a portion of Parcel 1 and Parcel 3 as described in that certain grant deed from Agnes K. Marks to St. John's College filed for record in the office of the county recorder of County of Monterey on May 2, 1973 in Reel 844 at page 542, and being more particularly described as follows:

Beginning at a $\frac{3}{4}$ " iron pipe with a yellow plastic plug stamped 'RCE 15310' on the southwesterly boundary of Las Palmas Ranch, Phase II, Unit XI at the corner common to parcels 16 & 17 as shown upon that certain map of Tract #1359 filed for record in the office of the county recorder of the County of Monterey on December 15, 2000 in Volume 21 of Cities and Towns at Page 26; thence running along said southwesterly boundary of Las Palmas Ranch

- (1) S. $62^{\circ}43'40''$ E., 688.31'; thence
- (2) S. $78^{\circ}30'41''$ E., 997.72'; thence
- (3) N. $80^{\circ}36'22''$ E., 2641.79'; thence
- (4) S. $50^{\circ}29'14''$ E., 3412.16', to the corner of Toro County Park numbered 'TP125' as shown upon that certain map filed for record in the office of the county recorder of the County of Monterey on October 14, 1970 in Volume 9 of Surveys at Page 115; thence leaving said boundary of Las Palmas Ranch and running along the boundary of Toro County Park
- (5) S. $39^{\circ}34'09''$ W., 4320.45'; thence
- (6) N. $88^{\circ}13'23''$ W., 2642.82'; thence
- (7) N. $47^{\circ}13'56''$ W., 1983.88'; thence
- (8) N. $11^{\circ}24'39''$ W., 1523.62'; thence leaving said boundary of Toro County Park
- (9) N. $36^{\circ}48'38''$ E., 2358.51' to a point in a wood post barbed-wire fence; thence running along said fence
- (10) N. $44^{\circ}42'41''$ W., 84.73'; thence
- (11) N. $23^{\circ}50'19''$ W., 101.03'; thence
- (12) N. $22^{\circ}20'44''$ W., 109.32'; thence leaving said wood post barbed-wire fence

- (13) N.89°52'25" W., 221.59'; thence running more or less along the top of slope
- (14) N. 69°25'41" W., 177.27'; thence
- (15) N. 50°15'15" W., 138.54'; thence
- (16) N. 63°46'47" W., 82.34'; thence
- (17) S. 74°22'01" W., 192.06'; thence
- (18) N. 13°08'38" W., 165.75' to a point in a steel picket and barbed-wire fence; thence leaving said top of slope and running along said fence
- (19) N. 78°26'45" W., 240.12' to a point of intersection of a steel picket barbed-wire fence running south-easterly and north-easterly with a wood post and barbed-wire fence running north-westerly, thence more or less running along a steel picket and barbed-wire fence
- (20) N. 24°05'34" E., 190.92' to the point of beginning.

PARCEL TWO:

A non-exclusive easement for a right of way over an existing roadway approximately 12 feet in width as shown as Exhibit C attached to the Administrative and Emergency Purposes Access Easement Deed and Agreement recorded November 23, 2010, Instrument No. 2010069108, Official Records of Monterey County.

APN: 139-012-012-000 (portion), 415-011-010-000 (portion), and 415-011-011-000

EXHIBIT B

Responsibility/Stewardship Objectives

1. Preservation of open space for recreation, scenic beauty and education, and preservation of native plants and animals, and biotic communities; all or portion of the Park, including the Premises, will be made open to the public subject to reasonable restrictions determined by County.
2. Maintenance of rich and productive grassland communities with healthy populations of rare, threatened or endangered vertebrates, significant native grass, and forb components, and minimal exotic pest plants.
3. Preservation of streambed areas, and healthy, regenerating riparian woodlands.
4. Minimization of fire hazards through vegetative fuel management and responsible livestock management.
5. Restoration of degraded vegetation and wildlife habitat.
6. Maintenance of livestock distribution over the Premises, to achieve uniform range utilization, minimize forage areas, reduce overall fire hazard, and meet responsibility stewardship objectives.

EXHIBIT C

Minimum Grazing Standards

The following conditions and requirements shall constitute the minimum resource management of Toro Park lands:

Stocking Levels and Animal Unit Equivalents (AUE). BSLT hereby agrees that this Lease provides for cattle grazing only and only on the Premises defined herein. The BSLT is solely responsible for containment of livestock. The stocking level shall be assessed in animal units per month (AUMs). The number of AUM's per month shall not exceed 50, depending on site conditions. AUM levels shall be determined in accordance with the following table:

Type/age of Animal	Animal Unit Equivalent
Brood Cow (mature female, two (2) years old and above)	1.00
Brood Cow with Calf at side (not to exceed eight (8) months old)	1.00
Bull (mature male, two (2) years old and above)	1.50
Replacement Cattle (up to 500 pounds)	0.50
Replacement Cattle (500 to 1,000 pounds)	0.75

BSLT shall report to County the number of AUE on the Premises, by field, in each of the above categories on a monthly basis or upon County's request. The report shall include the number of increases and decreases, including, but not limited to occurrence of births, when calves become replacement cattle (for AUM calculation), purchased cattle, shipped cattle (including inoculation records), and deaths since the previous report and shall include the dates of cattle purchases and shipping.

BSLT shall notify County immediately upon discovery of dead livestock. BSLT shall remove dead livestock within two (2) days of discovery or receipt of notification from County, whichever occurs first. If a carcass is not in close proximity to residential activities and bad weather or steep terrain require an environmentally unsound or physically unreasonable effort to remove, BSLT may, with the prior written approval of County bury the livestock. BSLT shall immediately report any case of infectious livestock disease to County and shall, at BSLT's sole cost and expense, take all steps required to isolate, control and eliminate any such disease.

BSLT shall provide a contact person and methodology for someone who is available 24/7 to respond within one hour of contact to address to emergency problems and issues involving the grazing, livestock, and/or the premises that are the subject of this Lease.

EXHIBIT D

Definitions

Animal Unit Equivalent:	Considered to be one mature cow, two years old above, may include calves, not to exceed eight months old, at a side or their equivalent. Abbreviation “(AUE)”.
Animal Unit Month:	One animal unit equivalent for thirty days. In the plural, a multiple of AUE X Months = Animal Units Months. Abbreviation “(AMUs)”
Carrying Capacity:	The maximum number of specific kinds and classes of animals that a graze a separate field for a specific time for optimum results.
Field:	An area enclosed and separated from other areas by fencing or other barriers.
Indigenous:	Born, growing or produced naturally in an area or region (native).
Livestock:	Domestic animals (cattle) kept or raised for use or profit.
Monitoring:	The systematic collection, analysis and interpretation of data to evaluate progress toward meeting Toro Parks Resource Management Plan goals.
Residual Dry Matter:	The amount of dried, dead plant matter left on the soil at the end of the grazing season, which is measured in pounds per acre.
Monitored Grazing:	A resource management practice where animals are moved between two or more fields based on monitoring resource conditions.
Stock Rate:	The number of specific kinds and classes of animals grazing or using a unit of land for a specified period of time.
Supplemental Feeding:	The practice of supplying concentrated or harvested feed, within restricted sites, to correct deficiencies of the range diet.

EXHIBIT E
MARKS RANCH STEWARDSHIP GRAZING PROGRAM

In May 2010, David Amme, Wildlands Vegetation Manager of the East Bay Regional Parks System developed a sustainable livestock grazing program described in the Marks Ranch Stewardship Grazing Management Plan (hereinafter “**Amme Plan**”) at the 816-acre Marks Ranch property.

In May 2007, the Big Sur Land Trust (BSLT) purchased the 816-acre Marks Ranch property in Salinas, which is adjacent to the 4900-acre Toro County Park. In November 2010, the Monterey County Parks Department (MCPD) purchased approximately 625 acres of the Marks Ranch property, adjacent to Toro Park, which includes a significant portion of viable grazing land on the entire property known as Marks Ranch.

The Marks Ranch property has been utilized as grazing land for nearly 100 years, and both BSLT and MCPD agree that a grazing program at the site offers important natural resources management benefits for the site and the associated lands in the area. After consultation with Monterey County Parks Department staff, The Big Sur Land Trust plans to employ the Amme plan as a guideline for a long-term grazing program at the site that also enables and enhances public use of the portions of the property owned by the Monterey County Parks Department.

GOALS FOR THE STEWARDSHIP GRAZING MANAGEMENT PROGRAM

The primary goal of the Amme Plan at Marks Ranch focuses on ecosystem restoration: to enhance and restore the health, diversity and productivity of native grassland plant and wildlife communities. BSLT also considers maintaining the historic use of grazing the property as an important goal.

Primary objectives for the grazing program at Marks Ranch include:

- maintaining a viable wildlife corridor by promoting diversity,
- minimizing fuel loads and wildfire potential through brush encroachment,
- enhancing the diversity and expansion of native perennial grasses and herbaceous plants,
- protecting and enhancing riparian and wetland habitat values,
- controlling invasive, non-native weed species in grassland and woodland habitat
- encouraging a sustainable livestock grazing operation compatible with public recreational uses

STEWARDSHIP GRAZING

The Marks Ranch Amme Plan is an adaptive management document under the general title of Stewardship Grazing, which employs livestock grazing practices as the primary tool to achieve its objectives. The Big Sur Land Trust plans to manage livestock grazing at the site under the general recommendations outlined in the Amme Plan.

In order to be able to effectively implement a sustainable livestock grazing program at Marks Ranch, BSLT anticipates installing infrastructure (primarily fencing, gates and water troughs) on the entire 816-acre site that delineates separate pastures as described in the Amme

plan. BSLT estimates a 2-year timeframe to install infrastructure at the site. Any new infrastructure installed at the site, including fencing and gates, will be installed after approval from the Monterey County Parks Department has been obtained.

Once the infrastructure is in place, BSLT will implement proper stocking rates (numbers) consistent with resource conservation objectives. The Amme Plan analyzed grazing productivity and capacity and provided recommendations for stocking rates for the new pastures at Marks Ranch. BSLT will work from the 3-year grazing plan described on pages 9 to 11 of the Amme Plan.

BSLT estimates that it will take a minimum of 5 years (2 for infrastructure implementation and 3 years of grazing plan implementation and monitoring) to complete the initial or startup phase of the livestock grazing program. Given the adaptive nature of the program, the first three years of monitoring the grazing program will offer critical information that will determine appropriate stocking rates and resting periods into the future.

The timeline below depicts a projection of the first 5 years of implementation of the grazing program with two years devoted to infrastructure and 3 years for rotational grazing.

ADAPTIVE MANAGEMENT AND MONITORING

The Amme Plan is a natural resource management document that requires oversight by qualified resource management professionals. Observation and monitoring are critical components to a successful grazing program. Thus, BSLT will lead the oversight, observation and monitoring of this grazing program. This information will provide the basis for regular review and adaptation of the grazing plan to meet the evolving resource conservation objectives and grazing productivity and capacity.

The goal of the monitoring program at Marks Ranch is to record vegetation change related to management timing, season and duration. The basic premise for grazing and resting grasslands is that it will gradually increase density and cover of native perennial grasses and perennial herbaceous species over the long run. Thus, once the livestock grazing program is in place, BSLT will observe and monitor and record relevant data every year. BSLT will use this data to review the grazing plan at least once a year and determine necessary changes to the annual grazing plan.

BSLT will meet with MCPD staff once each year in early fall (October/November) to review the monitoring report and review the yearly goals for the following grazing year.

TIMELINE

BSLT estimates that it will take a minimum of 5 years (2 for infrastructure implementation and 3 years of grazing plan implementation and monitoring) to complete the initial or startup phase of the livestock grazing program.

Year 1 – Obtain funding to implement grazing infrastructure as outlined in Amme Plan – May 28, 2010

- Road repair – create accessibility to effectively install infrastructure and implement grazing program
- Water lines – replace, repair and expand to backcountry in order to facilitate more dispersed and even grazing throughout entire property
- Water tank – install in Bolton House pasture in order to effectively supply water to troughs in this remote portion of the property

- Solar pump – to pump water from existing water tank to new water tank

Year 2 - Install fencing (approximately 15,000 feet) to establish three separate pastures (as identified in Amme Plan – May 28, 2010)

- Siting – location of fences will generally follow recommendation from Amme Plan. County must authorize final fence locations before fencing is installed.
- Gates – design and installation to accommodate all approved public uses.

Year 3 – Implement pasture rotation system and AUM as described in the Amme Plan figure 1, page 10. Generally, grazing will occur according to the following schedule

- Radio tower pasture rested during spring and early summer to accommodate late season grazing to manage invasive grass species medusa head:
 - Medusa Head is identified by Monterey County Agricultural commissioner and Natural Resources Conservation Services as a priority threat to agricultural lands
 - Also allows native perennial grasses in this pasture to mature and deposit seed as outline in Amme Plan page 9
- Bolton House pasture and Hayfield pasture to be grazed spring and summer

Year 4 – Implement pasture rotation system and AUM as described in Amme Plan figure 2 page 10.

- Radio Tower pasture grazed in spring and summer during peak grass production
- Bolton House Pasture grazed in late summer and winter
- Hayfield pasture grazed at peak of annual grass dispersal during mid-summer

Year 5 - Implement pasture rotation system and AUM as described in Amme Plan figure 3 page 11.

- Hayfield pasture rested during peak spring months
- Cattle rotated from Bolton House and Radio Tower appropriate to available grass resources

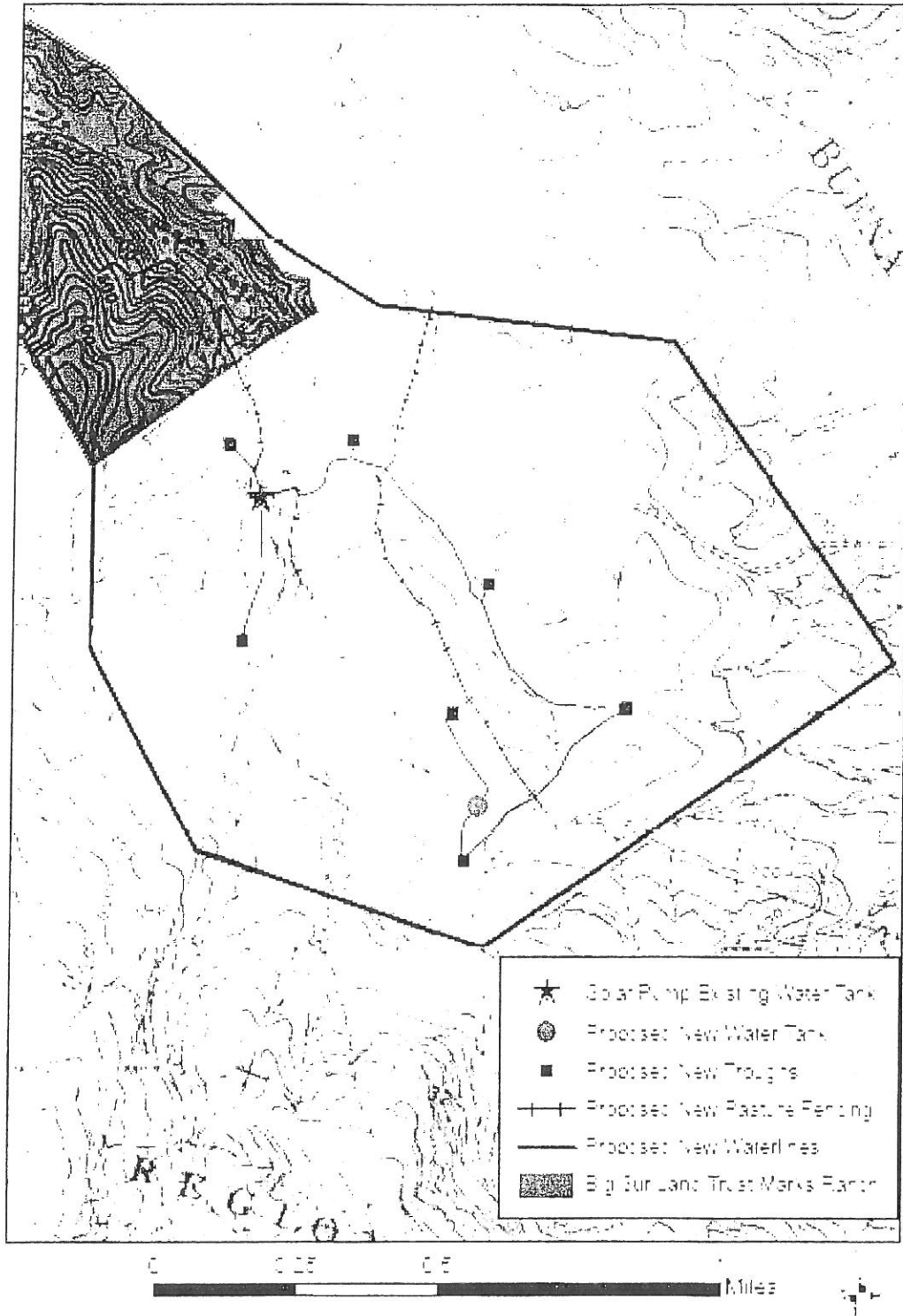
Proposed Grazing Infrastructure
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The following proposed infrastructure improvements to the property were developed from the recommendations of the Amme Plan and several field visits to the property by BSLT staff, the current ranchers at Marks Ranch and staff from the Natural Resources Conservation Service (NRCS). A detailed map of the proposed infrastructure follows this list:

- 20 acres of Medusahead control for 3 years
- Replace 3 culverts (with a diameter of 24 inches or less) along Hay Road to Chalk Rock Rd and 4 rolling dips/water bars over 1000ft plus 739 feet + 5 rolling dips/water bars

- 2 wildlife guzzlers
- 1 new 4,995-gallon water tank to backcountry in Hay Field Pasture (836ft elevation)
- 3 new cross fences to delineate pastures as referenced in the Amme Plan
- 8,000 feet of new water pipeline to provide water to new tank in the backcountry and replace lines
- Replace existing troughs and add new troughs as follows:
 - Hay Field= 3 total
 - 1- 4x8ft
 - 2- 2x2ft
 - Bolton House Field= 2 total
 - 1- 4x8ft
 - 1- 2x2ft
 - Radio Tower Field= 2 total
 - 1- 4x8ft
 - 1- 2x2ft
- Add solar pump to existing water tank (483ft elevation)

Exhibit E. Proposed Stewardship Grazing Infrastructure





CERTIFICATE OF LIABILITY INSURANCE

OP ID: T6

DATE (MM/DD/YYYY)

10/05/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER InterWest Insurance Services License #0B01094 330 Tres Pinos Road Suite A-1 Hollister, CA 95023 Anthony B. Bruscia		831-636-4919 831-635-9237	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: BIGSU-3	FAX (A/C, No):
INSURED Big Sur Land Trust P.O. Box 4071 Monterey, CA 93942	INSURER(S) AFFORDING COVERAGE		NAIC #	
	INSURER A: Peerless Insurance Company			24198
	INSURER B: Federal Insurance Company			20281
	INSURER C: Care West Insurance Company			10520
	INSURER D:			
	INSURER E:			
	INSURER F:			

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL. SUBR INSR. WVD.	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
GENERAL LIABILITY						
B	X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR	X	35352046	07/01/11	07/01/12	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ INCLUDED
GENL AGGREGATE LIMIT APPLIES PER X POLICY						
AUTOMOBILE LIABILITY						
A	X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS		BA8784849	07/01/11	07/01/12	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	X RCU AUTOS					
A	X NON OWNED AUTOS					
B	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DEDUCTIBLE \$ N/A		79756657	07/01/11	07/01/12	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY AND PROPRIETOR/PARTNER/EXECUTIVE OFFICIALS BENEFIT EXCLUDED (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	W11107001117	07/01/11	07/01/12	X WC STATUTORY LIMITS OTH-EP E L EACH ACCIDENT \$ 1,000,000 E L DISEASE - EA EMPLOYEE \$ 1,000,000 E L DISEASE - PROPERTY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Re: Property @ 497 Monterey Salinas - Highway, Salinas, CA 94909
Certificate Holder is named as Additional Insured- on the General Liability per endorsement, Form 80-02-2305, including Primary Wording endorsement, Form 80-02-2000 (and) Auto Liability, endorsement form: GECA 701 (01-07) on file with Company

CERTIFICATE HOLDER County of Monterey Contracts/Purchasing 168 W. Alisal St, 3rd Floor Salinas, CA 93901	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
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Liability Insurance

Endorsement

Policy Period July 01, 2011 to July 01, 2012
Effective Date July 01, 2011
Policy Number 3535-20-46-WCE
Insured Big Sur Land Trust
Name of Company Federal Insurance Company
Date Issued October 05, 2011

This Endorsement applies to the following forms:

Under Who Is An Insured, the following provision is added:

Who Is An Insured

Owners, Lessees Or Contractors

Any person or organization designated below is an insured, but they are insureds only with respect to their liability as owner, lessee or contractor arising out of your ongoing operations performed for that insured.

County of Monterey, It's Officers, Agents and
Employees
163 W. Alisal Street, 3rd Floor
Salinas, CA 93901

Re: Property # 497 Monterey Salinas-Highway, Salinas,
CA 94909

Liability Endorsement
(continued)

All other terms and conditions remain unchanged.

Authorized Representative _____



Conditions

*Duties In The Event Of
Occurrence, Offense,
Claim Or Suit
(continued)*

- F. Knowledge of an occurrence or offense by an agent or employee of the insured will not constitute knowledge by the insured, unless an officer (whether or not an employee) of any insured or an officer's designee knows about such occurrence or offense.
- G. Failure of an agent or employee of the insured, other than an officer (whether or not an employee) of any insured or an officer's designee, to notify us of an occurrence or offense that such person knows about will not affect the insurance afforded to you.
- H. If a claim or loss does not reasonably appear to involve this insurance, but it later develops into a claim or loss to which this insurance applies, the failure to report it to us will not violate this condition, provided the insured gives us immediate notice as soon as the insured is aware that this insurance may apply to such claim or loss.

Legal Action Against Us

No person or organization has a right under this insurance to:

- join us as a party or otherwise bring us into a suit seeking damages from an insured; or
- sue us on this insurance unless all of the terms and conditions of this insurance have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual:

- trial in a civil proceeding; or
- arbitration or other alternative dispute resolution proceeding;

but we will not be liable for damages that are not payable under the terms and conditions of this insurance or that are in excess of the applicable Limits Of Insurance.

Other Insurance

If other valid and collectible insurance is available to the insured for loss we would otherwise cover under this insurance, our obligations are limited as follows.

Primary Insurance

This insurance is primary except when the Excess Insurance provision described below applies.

If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in the Method of Sharing provision described below.

Excess Insurance

This insurance is excess over any other insurance, whether primary, excess, contingent or on any other basis:

- A. that is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar insurance for your work;
- B. that is insurance that applies to property damage to premises rented to you or temporarily occupied by you with permission of the owner;
- C. if the loss arises out of aircraft, autos or watercraft (to the extent not subject to the Aircraft, Autos Or Watercraft exclusion);

Big Sur Land Trust
Policy NO: 3535-20-46-WCE
July 01, 2011 to July 01, 2012
Federal Insurance Company

Conditions

(continued)

**Transfer Or Waiver Of
Rights Of Recovery
Against Others**

We will waive the right of recovery we would otherwise have had against another person or organization, for loss to which this insurance applies, provided the **insured** has waived their rights of recovery against such person or organization in a contract or agreement that is executed before such loss.

To the extent that the **insured's** rights to recover all or part of any payment made under this insurance have not been waived, those rights are transferred to us. The **insured** must do nothing after loss to impair them. At our request, the **insured** will bring suit or transfer those rights to us and help us enforce them.

This condition does not apply to **medical expenses**.

County of Monterey, It's Officers, Agents and
Employees
168 W. Alisal Street, 3rd Floor
Salinas, CA 93901

Re: Property @ 497 Monterey Salinas-Highway, Salinas,
CA 94909

COMMERCIAL AUTO GOLD ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

SECTION II – LIABILITY COVERAGE

A. COVERAGE

1. WHO IS AN INSURED

The following is added:

- d. Any organization, other than a partnership or joint venture, over which you maintain ownership or a majority interest on the effective date of this Coverage Form, if there is no similar Insurance available to that organization.
- e. Any organization you newly acquire or form other than a partnership or joint venture, and over which you maintain ownership of a majority interest. However, coverage under this provision does not apply:
 - (1) If there is similar insurance or a self-insured retention plan available to that organization; or
 - (2) To "bodily injury" or "property damage" that occurred before you acquired or formed the organization.
- f. Any volunteer or employee of yours while using a covered "auto" you do not own, hire or borrow in your business or your personal affairs. Insurance provided by this endorsement is excess over any other insurance available to any volunteer or employee.
- g. Any person, organization, trustee, estate or governmental entity with respect to the operation, maintenance or use of a covered "auto" by an insured, if:
 - (1) You are obligated to add that person, organization, trustee, estate or governmental entity as an additional insured to this policy by:
 - (a) an expressed provision of an "insured contract", or written agreement; or
 - (b) an expressed condition of a written permit issued to you by a governmental or public authority.
 - (2) The "bodily injury" or "property damage" is caused by an "accident" which takes place after:
 - (a) You executed the "insured contract" or written agreement; or
 - (b) the permit has been issued to you.

2. COVERAGE EXTENSIONS

a. Supplementary Payments.

Subparagraphs (2) and (4) are amended as follows:

- (2) Up to \$2500 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the "Insured" at our request, including actual loss of earning up to \$500 a day because of time off from work.

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SECTION III – PHYSICAL DAMAGE COVERAGE

A. COVERAGE

The following is added:

5. Hired Auto Physical Damage

- a. Any "auto" you lease, hire, rent or borrow from someone other than your employees or partners or members of their household is a covered "auto" for each of your physical damage coverages.
- b. The most we will pay for "loss" in any one "accident" is the smallest of:
 - (1) \$50,000
 - (2) The actual cash value of the damaged or stolen property as of the time of the "loss"; or
 - (3) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.If you are liable for the "accident", we will also pay up to \$500 per "accident" for the actual loss of use to the owner of the covered "auto".
- c. Our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by an amount that is equal to the amount of the largest deductible shown for any owned "auto" for that coverage. However, any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.
- d. For this coverage, the insurance provided is primary for any covered "auto" you hire without a driver and excess over any other collectible insurance for any covered "auto" that you hire with a driver.

6. Rental Reimbursement Coverage

We will pay up to \$75 per day for up to 30 days, for rental reimbursement expenses incurred by you for the rental of an "auto" because of "loss" to a covered "auto". Rental Reimbursement will be based on the rental of a comparable vehicle, which in many cases may be substantially less than \$75 per day, and will only be allowed for a period of time it should take to repair or replace the vehicle with reasonable speed and similar quality, up to a maximum of 30 days. We will also pay up to \$500 for reasonable and necessary expenses incurred by you to remove and replace your materials and equipment from the covered "auto".

If "loss" results from the total theft of a covered "auto" of the private passenger type, we will pay under this coverage only that amount of your rental reimbursement expenses which is not already provided under paragraph 4. **Coverage Extension.**

7. Lease Gap Coverage

If a long-term leased "auto" is a covered "auto" and the lessor is named as an Additional Insured – Lessor. In the event of a total loss, we will pay your additional legal obligation to the lessor for any difference between the actual cash value of the "auto" at the time of the loss and the "outstanding balance" of the lease.

"Outstanding balance" means the amount you owe on the lease at the time of loss less any amounts representing taxes; overdue payments; penalties, interest or charges resulting from overdue payments; additional mileage charges; excess wear and tear charges; and lease termination fees.

B. EXCLUSIONS

The following is added to Paragraph 3

The exclusion for "loss" caused by or resulting from mechanical or electrical breakdown does not apply to the accidental discharge of an airbag.

Paragraph 4 is replaced with the following:

4. We will not pay for "loss" to any of the following:
 - a. Tapes, records, disks or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
 - b. Equipment designed or used for the detection or location of radar.
 - c. Any electronic equipment that receives or transmits audio, visual or data signals.

Exclusion 4.c does not apply to:

- (1) Electronic equipment that receives or transmits audio, visual or data signals, whether or not designed solely for the reproduction of sound, if the equipment is permanently installed in the covered "auto" at the time of the "loss" and such equipment is designed to be solely operated by use of the power from the "auto's" electrical system, in or upon the covered "auto"; or
- (2) Any other electronic equipment that is:
 - (a) Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system; or
 - (b) An integral part of the same unit housing any sound reproducing equipment described in (1) above and permanently installed in the opening of the dash or console of the covered "auto" normally used by the manufacturer for installation of a radio.

D. DEDUCTIBLE

The following is added: No deductible applies to glass damage if the glass is repaired rather than replaced.

SECTION IV. BUSINESS AUTO CONDITIONS

A. LOSS CONDITIONS

Item 2.a. and b. are replaced with:

2. Duties in The Event of Accident, Claim, Suit, or Loss

- a. You must promptly notify us. Your duty to promptly notify us is effective when any of your executive officers, partners, members, or legal representatives is aware of the accident, claim, "suit", or loss. Knowledge of an accident, claim, "suit", or loss, by other employee(s) does not imply you also have such knowledge.
- b. To the extent possible, notice to us should include:
 - (1) How, when and where the accident or loss took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the accident or loss.

The following is added to 5.

We waive any right of recovery we may have against any additional insured under **Coverage A. 1. Who Is An Insured** g., but only as respects loss arising out of the operation, maintenance or use of a covered "auto" pursuant to the provisions of the "insured contract", written agreement, or permit.

B. GENERAL CONDITIONS

9. Is added

9. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

Your unintentional failure to disclose any hazards existing at the effective date of your policy will not prejudice the coverage afforded. However, we have the right to collect additional premium for any such hazard.

COMMON POLICY CONDITIONS

2.b. Is replaced by the following:

- b. 60 days before the effective date of cancellation if we cancel for any other reason.

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