

Attachment M
[Proposed] Amendment to Agricultural
Conservation Easement Agreement
and Deed

Charles F. & Judith A. Nichols TRS
(Yanks Air Museum)
PLN120376

Recording Requested By, and
After Recording, Please Return To:

Monterey County Agricultural and
Historical Land Conservancy, Inc.
P. O. Box 1731
Salinas, CA 93902

Joseph F. Pitta
Monterey County Recorder
Recorded at the request of
County of Monterey

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AGRICULTURAL CONSERVATION EASEMENT AGREEMENT AND DEED

This Conservation Easement Agreement Deed is made this 28th day of August, 2001 by and between CHARLES F. NICHOLS and JUDITH A. NICHOLS, as Trustees of the NICHOLS FAMILY TRUST UTA dated January 17, 1991 ("Grantor"); and the MONTEREY COUNTY AGRICULTURAL AND HISTORICAL LAND CONSERVANCY, INC., a nonprofit corporation ("Grantee"), for the purpose of conserving the open space character and agricultural productivity of the subject property.

WHEREAS:

Grantor is the owner in fee simple of the farm property ("Property") legally described in **Exhibit A** ("Legal Description"), attached to and made a part of this Agreement, which consists of approximately 306 acres of land and commonly known as the "Yankee Ranch," together with improvements, located in Monterey County, California adjacent to the City of Greenfield. The existing improvements on the property are described in **Exhibit B** ("Existing Improvements"), also attached to and made a part of this Agreement. The Property is open farmland.

The agricultural and other characteristics of the Property, its current use and state of improvement, are described in a Present Conditions Report, prepared by the Grantee with the cooperation of the Grantor, and acknowledged by both to be complete and accurate as of the date of this Agreement. Both Grantor and Grantee have copies of this report. It will be used by Grantee to assure that any future changes in the use of the Property will be consistent with the terms of this Agreement. However, this report is not intended to preclude the use of other evidence to establish the present condition of the Property if there is a controversy over its use.

On November 4, 1997, the Monterey County Board of Supervisors approved a Combined Development Permit for Nichols (File SH94002) for a General Plan Amendment, Zoning Reclassification, and General Development Plan including a World War II and "Golden Era" aircraft museum, air strip, aircraft storage hangars, winery with tasting room, two gas stations, a 150-room hotel/motel, free-standing restaurant,

two fast food restaurants, retail space, amphitheater, an 80-space recreational vehicle park with caretaker unit and a lot-line adjustment and Use Permit for an air strip, aircraft museum, winery and recreational vehicle on property adjacent to the Property ("Yanks Air Museum Project"). Condition 6 of the County's approval ("Condition 6") provides that,

The property owner shall dedicate to the County of Monterey and/or an appropriate non-profit conservancy or trust as designated by the Board of Supervisors, an agricultural easement in perpetuity over the remaining 306 acres of the property, in a form approved by the Director of Planning and Building Inspection and County Counsel.

On June 24, 1997, Nichols, the California Department of Conservation ("Department") and the County of Monterey ("County") entered into an agreement regarding an Agricultural Conservation Easement amendment on the Nichols' property ("State Agreement"). The Agreement provides that,

In the event that the Yanks Air Museum project receives final approval by Monterey County Nichols will place 306 acres of land, described as Parcels 1 and 2 in Attachment A to this document, under an Agricultural Conservation Easement as set forth in Public Resources Code Section 10200, et seq. within one hundred eighty (180) days of satisfying the conditions of approval and obtaining a building permit for the Project. The "Agricultural Conservation Easement" shall be between the County as grantee and Nichols as grantor. The specific language of the Easement shall be mutually agreed upon by all parties to this Agreement, provided that such assent shall not be unreasonably withheld. The County shall by Resolution approve and accept the dedication of the Agricultural Conservation Easement. The County shall furthermore to the extent legally possible, maintain land use policies which support the long-term agricultural viability of the 306 acres during the term of the Agricultural Land Conservation Easement.

This Agricultural Easement Agreement is intended to fulfill, and fulfills, the agricultural easement requirement of the State Agreement and Condition 6.

Grantor and Grantee agree that the Agricultural Conservation Easement required by the State Agreement and Condition 6 of the Yanks Air Museum approval shall be held by the Monterey County Agricultural and Historical Land Conservancy.

Grantor intends to enter into this Agreement for the exclusive purpose of assuring that, under Grantee's stewardship, the agricultural productive capacity and open space character of the Property will be conserved and maintained, and that uses of the land that are inconsistent with these conservation purposes will be prevented or corrected. The parties agree, however, that the current agricultural use of, and improvements to, the Property are consistent with the conservation purposes of this Agreement.

The conservation purposes of this Agreement are recognized by the following clearly delineated governmental conservation policies:

Section 815.1 of the California Civil Code, which defines perpetual conservation easements;

California Constitution Article XIII, Section 8 and Revenue and Taxation Code Sections 421.5 and 422.5, under which this Agricultural Conservation Easement Agreement and Deed is an enforceable restriction, requiring that the Property's tax valuation be consistent with restriction of its use for purposes of food and fiber production and conservation of natural resources;

Grantee is a tax-exempt nonprofit organization qualified under section 501(c) 3 of the Internal Revenue Code and qualified to do business in the State of California.

Grantee possesses the qualifications required by California Civil Code section 815.3.

Grantor owns the entire fee simple interest in the Property, including the entire mineral estate, free from any and all financial liens or financial encumbrances except as provided in **Exhibit C** (Prior Encumbrances).

It is the intent of the parties to this Agricultural Conservation Easement Agreement and Deed that said Easement shall be governed by the restrictions and procedures as set forth in California Public Resources Code Section 10200 et seq.

NOW, THEREFORE, for the reasons given above, and in consideration of their mutual promises and covenants, terms, conditions and restrictions contained herein, Grantor voluntarily grants and conveys to Grantee, and Grantee voluntarily accepts, a perpetual Conservation Easement, over the property described as Parcels 1 and 2 in Exhibit A, as defined by section 815.1 of the Civil Code of California, and of the nature and character described in this Agreement, and agree as follows:

1. Purpose

The purpose of this Easement is to enable the Property to remain in productive agricultural and open space use by preventing uses of the Property, which will impair or interfere with those values. Grantor and Grantee agree that the language used herein referring to "agriculture" or "agricultural use" shall be deemed to include the planting and cultivation of crops, whether now planted in the County of Monterey or may in the future be planted, the use of pesticide, fertilizer, manures, tractors and farm working equipment, the use of necessary agricultural farm workers in order to carry out the purposes of this Agreement and the construction of farm related structures. Grantor and Grantee agree that Grantor retains the right to farm said Property in the present and into the future in a manner consistent with general farming practices and regulations governing the practice of agriculture in the County of Monterey, although the nature and type of crop and the use of pesticides, fertilizers, manures, tractors and farm

laborers may change and vary over the course of the years. The object of this Agreement is to authorize and permit Grantor, its successors in interest and assigns, to continue to farm the land in a manner consistent with crops and farm practices as they may exist or change from time to time, as long as there is reasonable or comparable agricultural use of the land.

2. Prohibited Acts

Grantor promises that it will not perform, nor knowingly allow others to perform, any act on or affecting the Property that is inconsistent with this Agreement. This Agreement authorizes Grantee to enforce these covenants in the manner described herein. However, unless otherwise specified, nothing in this Agreement shall require Grantor to take any action to restore the condition of the Property after any Act of God or other event over which it had no control. Grantor understands that nothing in this Agreement relieves it of any obligation or restriction on the use of the Property imposed by law.

3. Construction or Placement of Buildings and Other Structures

The construction or placement of buildings or other structures is allowed in accordance with subparagraphs (a) through (d) below and in accordance with the provisions of Public Resources Code Section 10262. No other buildings or structures are allowed, except when agricultural productivity is not significantly impaired. Before undertaking any construction or placement that requires permission from Grantee or the County of Monterey, Grantor shall notify Grantee and obtain prior permission from Grantee, which permission shall not be unreasonably withheld and subject to the approval of any required permits from the County of Monterey.

(a) Fences — Existing fences may be repaired and replaced, and new fences may be built anywhere on the Property for purposes of reasonable and customary management of livestock and wildlife, without any further permission of Grantee, subject to the approval of any required permits from the County of Monterey.

(b) Agricultural Structures and Improvements — New buildings, irrigation systems and other structures and improvements to be used solely for agricultural production on the property, including barns, equipment sheds, and improvements to be used for agricultural production purposes or sale of farm products, but not including any farm labor housing, may be built on the Property in accordance with Public Resources Code Section 10262(c) and, subject to the approval of any required permits from the County of Monterey, without further permission of Grantee. Other agriculture-related structures may be constructed with the permission of Grantee, subject to the approval of any required permits from the County of Monterey.

(c) Single-Family Residential Dwellings — One single-family residential dwelling may be constructed or placed on the Property in accordance with Public Resources Code Section 10262(d), and subject to the approval of any permits required by the County of Monterey, without the further permission of Grantee. Additional single-family

residences for immediate family members as defined in Government Code Section 51230.1, may be constructed with the permission of Grantee and subject to the approval of any required permits from the County of Monterey.

(d) Farm Labor Housing — Subject to the approval of any required permits from the County of Monterey, farm labor housing may be constructed or placed on the Property in accordance with Public Resources Code Section 10262(e), with the permission of Grantee. The location of any farm labor housing must be approved in writing by Grantee and the County of Monterey.

4. **Subdivision**

The subdivision or lot line adjustment of the property is prohibited, except that after the prior approval of Grantee, subdivision or lot line adjustments, if consistent with the provisions of Government Code Section 51230.2 (Subdivisions of Williamson Act Lands) and/or Government Code Section 51257 (Lot Line Adjustments of Williamson Act Lands) and subject to the Monterey County Board of Supervisors' approval and findings pursuant thereto, may be permitted for purposes that maintain, enhance or expand agricultural practices on the Property. Subdivision or lot line adjustment shall not diminish or impair viability of the Property as a farming unit, agricultural growing practices or productivity on the Property or the conservation purposes herein. Grantee shall have 90 days to reply to the request upon submittal of such request to Grantee from Grantor. During said 90 day period from the date of submittal of such request from Grantor to Grantee, and upon receipt of Grantee's reply, Grantor shall take no other steps towards subdivision or lot line adjustment unless and until Grantee approves the request or modification of the request. If no reply is received from Grantee within 90 days of Grantor's submittal of said request to Grantee, Grantee waives the right to reply to Grantor's request. Grantor shall provide notice and a copy of said request to the Director of the Department of Conservation (hereinafter, "Director"), and to the County of Monterey, at the same time that said request is submitted to Grantee by Grantor. The parties understand and agree that the Director may require no further subdivision or lot line adjustment of the property if such subdivision or lot line adjustment would diminish or impair viability of the property as a farming unit, agricultural growing practices or productivity on the Property, or the conservation purposes herein, as determined by the Director upon review of said request.

5. Development Rights

Grantor hereby grants to Grantee all development rights except as specifically reserved herein, that were previously, are now or hereafter allocated to, implied, reserved or inherent in the Property, and the parties agree that such rights are terminated and extinguished, and may not be used on or transferred to any portion of the Property as it now or hereafter may be bounded or described, or to any other property adjacent or otherwise, nor used for the purpose of calculating permissible lot yield of the Property or any other property. This Agreement shall not create any development rights.

6. Mining

Subject to the approval of any required permits from the County of Monterey and/or the Department of Conservation, Mining and Geology Board as applicable, the mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel or any other mineral substance is allowed on the Property in accordance with Public Resources Code Section 10262(a), so long as it does not significantly impair the agricultural productivity of the Property and so long as no more than three (3) acres aggregate are mined at any given time and said extraction is for on-site farm uses on the property described as Parcels 1 and 2 of Exhibit "A" only and not for commercial purposes.

7. Paving and Road Construction

Except as set forth in, or as ancillary to, the uses set forth in subparagraph 3(a) through (d) above, or except as needed on an emergency basis to protect the Property, no portion of the Property presently unpaved shall be paved or otherwise be covered with concrete, asphalt, or any other paving material, nor shall any road for access or other purposes, except as set forth herein, be constructed without the permission of Grantee, subject to the approval of any required permits from the County of Monterey.

8. Trash

The dumping or accumulation of any kind of trash or refuse, or hazardous waste on the Property, other than farm-related trash or refuse produced on the Property, is strictly prohibited. However, this shall not prevent the storage of hazardous materials related to the farming operation, agricultural products and byproducts on the Property, so long as it is done in accordance with all applicable government laws and regulations.

9. Recreational Uses

Resort structures, golf courses, nonresidential swimming pools, public or commercial airstrips and public or commercial helicopter pads are strictly prohibited on the Property. This conservation easement does not prohibit the owner, the tenant, or their agents from using farm roads for landing and take-off of airplanes, or landing helicopters on the Property, when such practices are necessary for agricultural operations on the Property. Other buildings and facilities for any other public or private recreational use may not be built on the Property without the advance written permission of Grantee and subject to the approval of any required permits from the County of Monterey. The parties understand and agree that Grantor shall have the right to use the property for special event parking purposes three (3) times per year, subject to the terms of this provision as specified below. Grantor shall provide 105 days notice to Grantee in advance of such special event. Grantors notice shall include a description of the area proposed for said special event parking use and a statement indicating how such special event parking use at that location for that special event, is not going to diminish agricultural productive capacity or operations. So long as said special event parking use meets the terms of this provision, Grantee shall provide written permission within 45 days in advance of such special event, subject to the terms as specified below.

Subject to the advance written permission of Grantee, Grantor may, during normal crop rotation, on a temporary basis, use the Property for the parking of airplanes, automobiles, or other vehicles, in conjunction with air shows or other major events at the adjacent Yanks Air Museum, so long as said parking is of a temporary nature with a maximum allowable use of the property for said parking for three (3) events per year, with a maximum duration of five (5) non-transferable days for each event, so long as such parking shall not exceed a maximum of 10% of the total acreage of the property described as Parcels 1 and 2 of Exhibit A, and so long as such parking is consistent with the provisions of Combined Development Permit SH 94002, the property may be used for said parking so long as such temporary parking does not diminish or significantly impair agricultural growing practices, agricultural productive capacity, or agricultural operations on the Property and where the Grantee finds that such parking will not impair agricultural productive capacity or operations.

The parties understand and agree that the timing, duration, location, and dust control measures pertaining to the use of the property for such parking shall be mutually agreed upon between Grantee and Grantor in advance of said parking use. Grantee shall not unreasonably withhold consent in accordance with the terms as specified above.

10. Water Rights

Grantor shall retain and reserve water rights appurtenant to the Property necessary for the maximum intensity of the present or future agricultural production on the Property.

11. Rights Retained by Grantor

Grantor reserves to itself, its heirs, successors and assigns all rights as owners of the Property, including the right to engage in all uses of the Property that are not expressly prohibited herein and are not inconsistent with the purpose of the Conservation Easement, including the right to take such actions as they deem necessary to protect the agricultural values of the Property. These ownership rights include, but are not limited to, the right to exclude any member of the public from trespassing on the Property and the right to sell, encumber, lease, or otherwise transfer the Property to any third party without Grantee's permission. The public shall have no right of entry upon the Property and no right of physical access by the general public to any portion of the Property is conveyed by this Easement.

12. Responsibilities of Grantor and Grantee Not Affected

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

(a) Taxes — Grantor shall be solely responsible for payment of all taxes and assessments levied against the Property. If Grantee ever pays any taxes or assessments on the Property, or if Grantee pays levies on Grantor's interest in order to protect Grantee's interests in the Property, Grantor will reimburse Grantee for the same. Grantee's payment of taxes or assessments on the Property shall in no way be construed as enlarging Grantee's interest or rights in the Property or be used as a basis for any claim of adverse possession or other expanded interest or right in the Property beyond the rights and interests set forth in this Easement.

(b) Upkeep and Maintenance — Grantor shall be solely responsible for the upkeep and maintenance of the Property, to the extent it may be required by law. Grantee shall have no obligation for the upkeep or maintenance of the Property. If Grantee acts to maintain the Property in order to protect Grantee's interest in the Property, Grantor shall give written notice of said proposed action to Grantor and Grantor shall either repair the property or reimburse Grantee for the actual cost incurred by the Grantee, including reasonable overhead costs. This provision shall be deemed to apply to acts taken by Grantor or its successors and assigns and shall not apply to injury or damage to the property resulting from a force majeure, including, but not limited to major flooding or other Act of God.

(c) Liability and Indemnification

(i) Grantor shall indemnify, protect, defend and hold Grantee, their officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns harmless from and against all liabilities costs, losses, orders, liens, penalties, damages, expenses, or causes of action, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way

connected with injury or the death of any person, or physical damage to any property, or any other costs or liabilities resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, unless due to the negligence or willful misconduct of Grantee or its officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns, or arising from causes beyond the control of Grantor. Grantor is not to be held responsible or liable for unauthorized actions of others over whom Grantor has no control. Grantee shall be named as an additional insured on Grantor's general liability insurance policy.

(ii) Grantee shall indemnify, protect, defend and hold Grantor, their officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns harmless from and against all liabilities costs, losses, orders, liens, penalties, damages, expenses, or causes of action, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with injury or the death of any person, or physical damage to any property, or any other costs or liabilities resulting from any act, omission, condition, or other matter related to or occurring on or about the Property arising out of the negligence or willful misconduct of Grantee or its officers, directors, members, employees, contractors, legal representatives, agents, successors and assigns.

13. Monitoring

Grantee shall manage its responsibilities for the easement, including, but not limited to, annual monitoring, such additional monitoring as circumstances may require, record keeping, and enforcement, for the purposes of preserving the Property's agricultural productive capacity and open space character in perpetuity. Grantee shall notify Grantor after the annual monitoring visit providing Grantee with a summary of Grantor's monitoring results.

14. Enforcement

With reasonable advance written notice to Grantor, Grantee, at Grantee's risk, may enter the Property for the purpose of inspecting for violations. If Grantee finds what it believes is a violation, it may at its discretion take appropriate legal action, after first notifying Grantor in writing of Grantee's findings and giving Grantor a reasonable time to respond or correct said violation as set forth below. Except when an ongoing or imminent violation could irreversibly diminish or impair the open space character and agricultural productivity of the Property, Grantee shall give Grantor written notice of the violation and thirty (30) days to respond to the notice and/or correct the violation, before filing any legal action. If a court with jurisdiction determines that a violation may exist or has occurred, Grantee may obtain an injunction to stop it, temporarily or permanently. A court may also issue an injunction requiring Grantor to restore the Property to its condition prior to the violation. The failure of Grantee to discover a violation or to take immediate legal action shall not bar it from doing so at a later time.

Grantee shall apply damages recovered for the purpose of corrective action to the cost of undertaking any corrective action on the Property. Should the restoration of lost values be impossible, Grantee shall apply any and all damages recovered to furthering Grantee's mission, with primary emphasis on agricultural conservation easement acquisition and enforcement.

15. Transfer of Easement

If Grantee should desire to transfer the easement created by this Agreement to another private nonprofit organization, Grantee must first obtain written permission from Grantor, which permission shall not be unreasonably withheld. Grantee may transfer the easement created by this Agreement to: a) a private nonprofit organization that, at the time of transfer, is a "qualified organization" under section 815.3(a) of the Civil Code of California and has similar purposes to preserve open space and prime irreplaceable farmland, as well as agreeing to assume the terms of this Agreement and the responsibilities imposed by this Agreement; b) if no such private nonprofit organization is willing to assume the terms of this Agreement and the responsibilities imposed by this Agreement, then the easement created by this Agreement may be transferred to any public agency authorized to hold interests in real property as provided in section 815.3(b) of the Civil Code of California. Such a transfer may proceed only if the organization or agency expressly agrees to assume the terms of this Agreement and the responsibility imposed on Grantee by this Agreement.

If Grantee ever ceases to exist or no longer qualifies under section 815.3 of the Civil Code, a court with jurisdiction shall transfer this easement to another qualified organization, as defined in section 815.3 of the Civil Code of California, and having similar purposes that agrees to assume the terms of this Agreement and the responsibility imposed by this Agreement. If no such private nonprofit organization is willing to assume the terms of this Agreement and the responsibilities imposed by this Agreement, then the easement created by this Agreement may be transferred to any public agency authorized to hold interests in real property as provided in section 815.3(b) of the Civil Code of California.

16. Transfer of Property Interest

The Property itself, or any interest in it, may be transferred, leased or encumbered to any third party by Grantor, without Grantee's permission, however the document of conveyance, lease or encumbrance shall expressly incorporate by reference this Conservation Easement Agreement and Deed. Failure of Grantor to do so shall not impair the validity of this easement or limit its enforceability in any way. The Grantor shall inform the Grantee or any transfer of ownership.

17. Amendment of Easement

This easement may be amended only with the written consent of Grantor and Grantee. Any such amendment shall be consistent with the purposes of this Agreement and with

the Grantee's easement amendment policies, and shall comply with section 815 et seq. of the Civil Code of California, California Public Resources Code Section 10200 et. seq., Government Code Section 51230.2 (Subdivisions of Williamson Act Lands) and/or Government Code Section 51257 (Lot Line Adjustments of Williamson Act Lands) as applicable, or any regulations promulgated thereunder.

18. Termination of Easement

Grantor and Grantee agree that the conditions on or surrounding the Property may change to the extent that the existing agricultural use of all or a portion of the Property is not feasible and that there is no other reasonable or comparable agricultural use for the land. Under these changed conditions Grantor and/or Grantee may seek termination of the easement in accordance with the provisions of Public Resources Code Section 10270 et seq.

Termination of the easement shall be governed by a judicial process, in accordance with the provisions set forth in Public Resources Code Division 10.2, Chapter 5, Termination of Agricultural Conservation Easements, Section 10270 et seq and by the laws of the State of California.

If a court of competent jurisdiction approves termination of the agricultural conservation easement, the Grantor shall repurchase the easement by paying the Grantee the value of the easement at the time of termination. The easement value will be determined as the difference, at the time of termination, between the fair market value of the unrestricted fee interest of the Property and the fair market value of the Property encumbered by this Easement. That difference shall be determined by an appraisal approved by the Grantee, the County of Monterey and the Director of the Department of Conservation or said Director's designee, and shall be conducted at Grantor's expense. An independent qualified California licensed appraiser approved by the Grantor, Grantee, and the County of Monterey shall perform the appraisal.

If all or any portion of the Property is acquired by eminent domain, or by purchase in lieu of eminent domain, Grantor shall be paid by the condemnor (or purchaser), the full value of the property less the value of the easement in accordance with Public Resources Code Section 10261(a). The Grantee shall be paid by the condemnor (or purchaser) the value of the easement at the time of condemnation. Should this easement be condemned or otherwise terminated on any portion of the Property, the balance of the Property shall remain subject to this Agricultural Conservation Easement Agreement and Deed. In this event, all relevant related documents shall be updated and re-recorded to reflect the modified easement area.

The Grantee, with prior approval of the County of Monterey, shall use the proceeds received from the termination of this easement, from eminent domain proceedings, or from a purchase in lieu of eminent domain to purchase agricultural conservation easements on other agricultural land in Monterey County. The Grantee shall have the

right to use up to 5% of the net proceeds for the value of the easement at the time of condemnation, toward the administration of said Easement.

19. Interpretation

- (a) This Agreement shall be interpreted under the laws of California, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.
- (b) References to authorities in this Agreement shall be to the statute, rule, regulation, ordinance or other legal provision that is in effect at the time this easement becomes effective.
- (c) No provision of this Agreement shall constitute governmental approval of any improvements, construction or other activities that require Grantee's written approval.

20. Perpetual Duration

The Conservation Easement created by this Agreement pursuant to Civil Code section 815.1 shall run with the land in perpetuity, subject to the termination provisions of Paragraph 18 above. Every provision of this Agreement that applies to Grantor or Grantee shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear.

No merger of title, estate or interest shall be deemed effected by any previous, contemporaneous or subsequent agreement, grant, or assignment of an interest or estate in the Property, or any portion thereof, to Grantee, or its successors or assigns, it being the express intent of the parties that this Easement not be extinguished by, or merged into, or any other interest or estate in the Property now or hereafter held by Grantee or its successors or assigns.

21. Notices

Any notices to Grantor and Grantee required by this Agreement shall be in writing and shall be personally delivered or sent by first-class mail, to the following addresses, unless a party has been notified by the other of a change of address:

To Grantor:

Mr. Charles F. Nichols
13470 Dalewood Street
Baldwin Park, CA 91706

Copies to:

Christine P. Gianascol, Esq.
Noland Hamerly Etienne & Hoss
P. O. Box 2510
333 Salinas Street
Salinas, CA 93902-2510

To Grantee:

Monterey County Agricultural and Historical Land Conservancy, Inc.
Attention: Board President
P. O. Box 1731
Salinas, CA 93902-1731

Copies to:

Sherwood Darington, Managing Director
Monterey County Agricultural and Historical Land Conservancy, Inc.
P. O. Box 1731
Salinas, CA 93902-1731

Any notices required by this Agreement to be sent to the Department of Conservation or the County of Monterey shall be in writing and shall be personally delivered or sent by first-class mail, at the following address, unless a party has been notified by the Department or County of a change of address:

To the Director of Conservation/Department of Conservation:

Department of Conservation
Attention: Williamson Act Program
801 K Street, MS 13-71
Sacramento, CA 95814

Copies to:

Stephen E. Oliva, Senior Staff Counsel
Department of Conservation, Legal Office
801 K Street, MS 24-03
Sacramento, California 95814

To the County of Monterey:

Clerk to the Board of Supervisors
Salinas Courthouse
240 Church Street
East Wing, Room 225
Salinas, CA 93901

Copies to:

Mary Grace Perry, Deputy County Counsel
Office of the County Counsel
County of Monterey
60 West Market Street, Suite 140
Salinas, California 93901-2653

22. Severability

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

EXECUTED by the parties as of the date set forth above:

Grantor:

Charles F. Nichols
CHARLES F. NICHOLS, Trustee of the NICHOLS FAMILY TRUST UTA dated January 17, 1991

Judith A. Nichols
JUDITH A. NICHOLS, Trustee of the NICHOLS FAMILY TRUST UTA dated January 17, 1991

Grantee:

MONTEREY COUNTY AGRICULTURAL AND HISTORICAL LAND CONSERVANCY, INC.

By SEE COUNTERPART AT PAGE 15.2
Brian Rianda, President

By SEE COUNTERPART AT PAGE 15.2
Sherwood Darington, Managing Director

APPROVED:

ATTEST:

COUNTY OF MONTEREY

CLERK OF THE BOARD

By SEE COUNTERPART AT PAGE 15.3
Edith Johnsen
Chair of the Board of Supervisors

By SEE COUNTERPART AT PAGE 15.3
Deputy

STATE OF CALIFORNIA
DEPARTMENT OF CONSERVATION

Approved as to form:

By SEE COUNTERPART AT PAGE 15.3

By SEE COUNTERPART AT PAGE 15.3
Deputy County Counsel

EXECUTED by the parties as of the date set forth above:

Grantor:

SEE COUNTERPART AT PAGE 15.1
CHARLES F. NICHOLS, Trustee of the NICHOLS FAMILY TRUST UTA dated January 17, 1991

SEE COUNTERPART AT PAGE 15.1
JUDITH A. NICHOLS, Trustee of the NICHOLS FAMILY TRUST UTA dated January 17, 1991

Grantee:

MONTEREY COUNTY AGRICULTURAL AND HISTORICAL LAND CONSERVANCY, INC.

By Brian Rianda
Brian Rianda, President

By Sherwood Darington
Sherwood Darington, Managing Director

APPROVED:

ATTEST:

COUNTY OF MONTEREY

CLERK OF THE BOARD

By SEE COUNTERPART AT PAGE 15.3
Edith Johnsen
Chair of the Board of Supervisors

By SEE COUNTERPART AT PAGE 15.3
Deputy

STATE OF CALIFORNIA
DEPARTMENT OF CONSERVATION

Approved as to form:

By SEE COUNTERPART AT PAGE 15.3

By SEE COUNTERPART AT PAGE 15.3
Deputy County Counsel

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By SEE COUNTERPART AT PAGE 15.2
Brian Rianda, President

By SEE COUNTERPART AT PAGE 15.2
Sherwood Darington, Managing Director

APPROVED:

ATTEST:

COUNTY OF MONTEREY

CLERK OF THE BOARD

By *Edith Johnson*
Edith Johnson *8/28/01*
Chair of the Board of Supervisors

By *Cynthia Juarez*
Deputy

STATE OF CALIFORNIA
DEPARTMENT OF CONSERVATION

Approved as to form:

By *Stephen E. Oliva*
STEPHEN E. OLIVA

By *Mary Grace Perry*
Deputy County Counsel
8.21.2001

Acknowledgments

County of Los Angeles)
) ss.
State of California)

On 8-14-01, 2001, before me, VICKI HILTON, personally appeared CHARLES F. NICHOLS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Vicki Hilton
Notary Public (SEAL)
My commission expires:



County of Los Angeles)
) ss.
State of California)

On 8-14-01, 2001, before me, VICKI HILTON, personally appeared JUDITH A. NICHOLS, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Vicki Hilton
Notary Public (SEAL)
My commission expires:

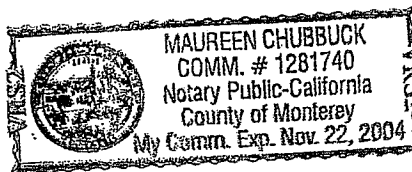


County of Monterey)
) ss.
State of California)

On 8-3, 2001, before me, MAUREEN CHUBBUCK, personally appeared BRIAN RIANDA, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Maureen Chubbuck
Notary Public (SEAL)
My commission expires:



County of Monterey)
) ss.
State of California)

On 8-3, 2001, before me, MAUREEN CHUBBUCK, personally appeared SHERWOOD DARINGTON, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Maureen Chubbuck
Notary Public (SEAL)
My commission expires:

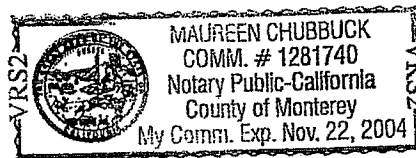


EXHIBIT A

All that real property situate in the County of Monterey, State of California, described as follows:

PARCEL 1:

CERTAIN REAL PROPERTY SITUATED IN THE RANCHO ARROYO SECO, MONTEREY COUNTY, CALIFORNIA, BEING A PORTION OF LOT 21 AS SHOWN ON THE "MAP OF SURVEY OF THE NORTHERN HALF OF ARROYO SECO RANCHO", FILED IN VOLUME 1 OF SURVEYS AT PAGE 95, RECORDS OF SAID COUNTY, BEING ALSO A PART OF THAT CERTAIN 447.27 ACRE TRACT OF LAND DESCRIBED IN DEED FROM W. G. HUDSON, ET AL, TO WILLIAM HUDSON, ET UX, DATED NOVEMBER 30, 1934 AND RECORDED IN VOLUME 417, OFFICIAL RECORDS AT PAGE 411, RECORDS OF SAID COUNTY, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF THE NORTH 1/2 OF THE RANCHO ARROYO SECO, SAID LINE ALSO BEING THE SOUTHEASTERLY LINE OF SAID LOT 21, DISTANT THEREON SOUTH 63° 04' 13" WEST, 3850.81 FEET FROM EASTERLY TERMINUS THEREOF, SAID TERMINUS BEING THE EASTERLY MOST CORNER OF SAID LOT 21 THENCE:

1. NORTH 42° 38' 00" WEST, 4324.53 FEET TO A POINT WHICH IS 40.00 FEET SOUTHEASTERLY MEASURED AT RIGHT ANGLES FROM THE NORTHWESTERLY LINE OF SAID LOT 21, THENCE PARALLEL TO AND DISTANT 40.00 FEET FROM SAID LAST MENTIONED NORTHWESTERLY LINE
2. NORTH 54° 46' 47" EAST, 1776.18 FEET, THENCE PERPENDICULAR TO
3. NORTH 35° 13' 13" WEST, 30.00 FEET TO THE BEGINNING OF A NONTANGENT CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 119.05 FEET AND AN INITIAL TANGENT BEARING OF NORTH 54° 46' 47" EAST, THENCE SAID CURVE BEING ON THE NORTHERLY BOUNDARY OF PARCEL A AS SHOWN IN VOLUME 10, RECORDS OF SURVEYS AT PAGE 15, RECORDS OF SAID COUNTY; THENCE, ALONG SAID NORTHERLY AND NORTHEASTERLY BOUNDARY OF SAID PARCEL A THE FOLLOWING SEVEN COURSES
4. EASTERLY THROUGH A CENTRAL ANGLE OF 66° 44' 37" AN ARC DISTANCE OF 138.66 FEET; THENCE, TANGENT TO SAID CURVE,
5. SOUTH 58° 28' 56" EAST, 1215.82 FEET; THENCE,
6. SOUTH 70° 13' 36" EAST, 602.05 FEET; THENCE,
7. SOUTH 81° 58' 36" EAST, 1199.68 FEET; THENCE,
8. SOUTH 69° 10' 16" EAST, 297.18 FEET; THENCE,
9. SOUTH 52° 25' 16" EAST, 604.52 FEET; THENCE,

10. SOUTH 58° 07' 53" EAST, 100.44 FEET, THENCE, LEAVING SAID BOUNDARY OF PARCEL A AND CONTINUING ALONG THE NORTHEASTERLY LINE OF SAID LOT 21,
11. SOUTH 52° 25' 16" EAST, 1521.03 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 21; THENCE, ALONG THE SOUTHEASTERLY LINE OF SAID LOT 21,
12. SOUTH 63° 04' 13" WEST, 3850.81 FEET TO THE POINT OF BEGINNING.

CONTAINING 300.90 ACRES.

PARCEL 2:

CERTAIN REAL PROPERTY SITUATED IN THE RANCHO ARROYO SECO, MONTEREY COUNTY, CALIFORNIA, BEING A PART OF LOTS 20 AND 21, AS SHOWN ON "MAP OF SURVEY OF THE NORTHERN HALF OF ARROYO SECO RANCHO", FILED IN VOLUME 1 OF SURVEYS AT PAGE 95, RECORDS OF SAID COUNTY, BEING ALSO A PART OF THAT CERTAIN 447.27 ACRE TRACT OF LAND DESCRIBED IN DEED FROM W. G. HUDSON, ET AL, TO WILLIAM HANSEN ET UX, DATED NOVEMBER 30, 1934 AND RECORDED IN VOLUME 417, OFFICIAL RECORDS AT PAGE 411, RECORDS OF SAID COUNTY, SAID PART BEING PARTICULARLY DESCRIBED AS FOLLOWS:

1. SOUTH 35° 13' 13" EAST, 30.00 FEET; THENCE PARALLEL TO AND DISTANT 40.00 FEET, SOUTHERLY MEASURED AT RIGHT ANGLES, FROM THE NORTHWESTERLY LINE OF SAID LOT 21,
2. SOUTH 54° 46' 47" EAST, 1726.18 FEET; THENCE,
3. NORTH 42° 38' 00" WEST, 311.12 FEET TO A POINT IN THE NORTHERLY LINE OF AFOREMENTIONED PARCEL A; THENCE ALONG SAID NORTHERLY LINE,
4. NORTH 59° 32' 22" EAST, 671.83 FEET; THENCE,
5. NORTH 82° 54' 03" EAST, 472.38 FEET; THENCE,
6. NORTH 54° 47' 24" EAST, 680.19 FEET TO THE POINT OF BEGINNING.

CONTAINING 5.99 ACRES

EXHIBIT B
(Existing Improvements)

Existing Ranch roads.

Existing underground and above ground irrigation system.

EXHIBIT C
(Prior Encumbrances)

At the date hereof exceptions to coverage in addition to the printed exceptions and exclusions contained in said policy form would be as follows:

1. **GENERAL AND SPECIAL COUNTY TAXES** for fiscal year 2001-2002, including special district levies and any user's fees, a lien not yet due or payable.
2. **THE LIEN OF SUPPLEMENTAL TAXES**, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
3. **A NON-EXCLUSIVE EASEMENT** for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Coast Valleys Gas and Electric Company, a corporation
Purpose: Pole lines
Recorded: October 29, 1926 in Book 97 of Official Records, at page 29
Affects: The easterly boundary

4. **WAIVER OF CLAIM** for damages by reason of the location, construction, landscaping or maintenance of a highway, and matters incidental thereto, as contained in the Deed

To: The State of California
Recorded: March 23, 1940 in Volume 659 of Official Records, at page 206.
Affects: Parcel 1

5. **A NON-EXCLUSIVE EASEMENT** for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Pacific Gas and Electric Company, a California corporation
Purpose: Polelines
Recorded: April 1, 1940 in Volume 659 of Official Records, at page 319
Affects: The westerly boundary

6. The fact that the ownership of said land does not include any rights of ingress or egress to or from State Highway 101; said rights having been relinquished by Deed

From: William Hansen, et ux
To: The Stat. of California
Recorded: November 25, 1955 in Book 1662 of Official Records, at page 298.

EXHIBIT C

11. **A NON-EXCLUSIVE EASEMENT** for the purpose shown below and rights incidental thereto as set forth in a document

Granted to: Pacific Gas and Electric Company, a California corporation
Purpose: Polelines
Recorded: October 24, 1960 in Book 2092 of Official Records, at page 553
Affects: Parcel 1

12. **TERMS AND PROVISIONS**

Disclosed By: Land Conservation Contract
Executed By: County of Monterey
And Between: Paul Masson, Inc., a corporation
Recorded: February 26, 1971 in Reel 689 of Official Records, at page 677.
(Affects this and other property)

In connection herewith we note:

TERMS AND PROVISIONS

Disclosed By: Land Conservation Contract
Executed By: County of Monterey,
a political subdivision of the State of California
And Between: Charles F. Nichols, et al
Recorded: February 1, 1994 in Reel 3061 of Official Records, at page 762.

13. **A NON-EXCLUSIVE EASEMENT** for the purpose shown below and rights incidental thereto as reserved in a document and upon the terms and provisions referred to therein

Purpose: Road right of way 10 feet in width
Recorded: July 19, 1971 in Reel 715 of Official Records, at page 321
Affects: Parcel 2

14. **TERMS AND PROVISIONS**

Disclosed By: Runway Protection Zone (RPZ) Approach Area and Approach Surface Easement
Executed By: Everett Borzini and Lena T. Borzini Trustee, or Successor Trustee, under The E. & L. Borzini Family Trust, dated October 22, 1990
And Between: Charles F. Nichols and Judith A. Nichols, Trustees under The Nichols Family Trust (Restated January, 1991) made by Charles F. Nichols and Judith A. Nichols, husband and wife, as Trustors/Grantors under date of January 17, 1991
Recorded: August 18, 1998 as Recorder's Series No. 9855010 and re-recorded September 15, 1998 as Recorder's Series No. 9862146.
Affects: Parcel 4

NOTE: There are no conveyances affecting said land, recorded within two (2) years of the date of this report.

END OF DOCUMENT