

REAL PROPERTY LEASE AGREEMENT

1. Parties.

The parties to this REAL PROPERTY LEASE ("AGREEMENT") are the Monterey County Water Resources Agency ("MCWRA"), Lessor, and Heritage Ranch Owners Association ("HROA"), Lessee.

2. Property Leased.

The property subject to this Agreement is that portion of Lake Nacimiento and adjacent undeveloped real property outlined and described in Exhibit "A", as prepared by Ken Kellam, RCE 10956, dated July 20, 1988, attached hereto and incorporated herein. The property that is subject to this lease is referred to hereinafter as the "Property". The lease property is 25 acres.

3. Term of Lease.

It is intended by the parties that this lease shall be consecutive with the prior lease between the parties. Therefore, the term of this lease shall commence on July 1, 2015. The lease shall terminate on June 30, 2016.

Although not a condition of this Agreement, the parties intend to enter into a long-term Agreement regarding the Property. It is the intent of the parties that such Agreement will supersede this Agreement prior to the termination date of June 30, 2016. In the event that another Agreement of the parties is not made prior to the termination date of this Agreement then this Agreement will terminate as set forth above.

4. Rent.

For the first year of this Agreement HROA shall pay MCWRA, monthly, the sum of \$2,552.50. The payments shall commence on the first day of the month following the month this Agreement becomes fully approved and executed and shall continue to be paid on the first day of each month, thereafter. The first rent payment will, in addition to the payment for the current month, include monthly payments for any month or portion of a month between July 1, 2015 and the date monthly rental payments under this lease commence. The payment is to be made by HROA by check payable to the Monterey County Water Resources Agency, delivered in accordance with instructions by MCWRA. A five percent of the monthly rent late payment penalty will accrue on any payment not made by HROA within 15 days of the first of the month and shall be paid as part of the following month's rent payment.

Adjusted rent. At the end of each one-year pay period of the Lease Term or any one-year period on any Extended Term, the monthly base rent shall be adjusted to reflect any increase in the Cost of Living Indexes for all urban consumers for the San Francisco-

Oakland-San Jose area. The monthly base rent shall be increased at the end of each year by the percentage increase in said index in the (12) calendar month period preceding such adjustment, based on the most recent publications of the index prior to the adjustment rate.

5. Notices.

All notices, correspondence, or other written communication related to this Agreement shall be sent to the following:

HROA:

General Manager
Heritage Ranch Owners Association
3945 Heritage Road
Paso Robles, California 93446

MCWRA:

David Chardavoigne
General Manager
Monterey County Water Resources Agency
893 Blanco Circle
Salinas, CA 93901

6. Use of the Property.

Subject to the following, HROA may use the Property for mooring on HROA owned slips, day beaching and picnicking, and overflow parking.

Notwithstanding the preceding, parking shall not be allowed within twenty (20) feet of any oak tree.

The Property shall be closed between the hours of 10:00 pm and 6:00 am. No overnight parking shall be allowed during the hours the Property is closed,

No docks that are not owned by HROA shall be allowed on the Property.

All HROA Marina Rules shall apply to the Property. A copy of the HROA Marina rules is attached as Exhibit "A" and incorporated by reference.

HROA may not erect any permanent structures or improvements on the Property without the prior written consent of MCWRA. HROA shall not cut, and shall not allow the cutting, of any timber without the prior written consent of the MCWRA. HROA shall

not remove or place soil, sand, rocks or gravel to or from the subject property without the prior written consent of the MCWRA.

Any HROA member or member of the public may be ordered to leave the Property by any peace officer, Monterey County Park's employee, or MCWRA employee, for violation of any park rule, policy, County, State, or Federal law, or any provision of this Agreement. Persons ordered to leave the Property under this provision shall not be allowed to return onto the Property for a period of at least seven days. MCWRA may increase the time prior to return at its sole discretion.

7. Maintenance of Leased Property.

HROA shall operate and maintain the property in a clean and orderly manner, and in compliance with all applicable laws, ordinances and regulations, and in compliance with the governing documents of HROA. HROA shall inform MCWRA in writing within 30 days of the effective date of this Agreement of its plans for controlling and removing litter and trash and of its restroom management and maintenance policies.

MCWRA shall not have any obligation, during the term of this Agreement, to repair, restore, or maintain the subject property, except to the extent of any damage caused to the property by willful misconduct or negligent conduct of MCWRA.

8. Right to Enter.

MCWRA shall, at all times during the term of this Agreement, have the right to enter upon and inspect the property for any purpose, including, but not limited to, assuring that the obligations of HROA, including those set forth in Paragraphs 6 and 7, above, are met.

HROA agrees that MCWRA employees, Monterey County Park's employees, and any County, State, or Federal peace officer may enter the Property at any time to routinely patrol the property, investigate any crime, or for any other lawful purpose.

9. Invasive Species Inspection and Control Measures

HROA shall continue to work with both San Luis Obispo and Monterey Counties to protect Lake Nacimiento from the spread of invasive species. To that end, HROA has established and will continue to implement an Invasive Mussel Inspection Plan which is attached hereto as Exhibit C and incorporated by reference.

10. Insurance.

HROA shall, at all times during the term of this Agreement, maintain general liability insurance of at least \$2,000,000 per occurrence or if HROA requires aggregate no less than \$5,000,000 and property damage insurance of at least \$250,000. HROA

must also carry Auto liability of \$1,000,000 combined single limit. Such insurance shall name the MCWRA as an additional insured and is expressly intended to provide MCWRA with protection from third party property damage and bodily injury claims, and

damage to MCWRA property, arising out of the use of the property. HROA shall provide proof of such insurance to the MCWRA upon MCWRA's request.

11. Indemnification.

HROA shall indemnify, defend, and hold harmless the MCWRA, the County of Monterey, their 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 attorneys' fees) occurring or resulting from the following:

boats or other water vehicles sinking in the lake;

boats or other water vehicles catching fire on the lake or on shore; and

oil, gasoline, other fuel or contaminant, or any hazardous material spill or contamination on land or in the lake.

In addition, HROA shall indemnify, defend, and hold harmless the MCWRA, the County of Monterey, their 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 attorneys' 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 Agreement, 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 HROA's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of the MCWRA. HROA's performance" includes HROA's action or inaction and the action or inaction of HROA's officers, employees, agents and subcontractors.

12. Condition of the Leased Property.

HROA acknowledges that it has inspected the subject property and knows its condition and further acknowledges that the MCWRA has not, and does not, make any representation or warranty regarding the condition of the subject property.

At the termination of HROA's tenancy HROA shall remove any personal property from the property and, to the greatest extent practical, return the property to the MCWRA in the same condition as exists at the effective date of this Agreement.

13. No Assignment.

HROA has no right to assign this Agreement to any party or entity, or in any manner sublease, transfer, or in any manner encumber, the subject property, without the prior written consent of the MCWRA.

14. Default Remedies.

In the event that HROA defaults under any provision of this Agreement the MCWRA may, if such default is not cured within 30 days following written notice given by the MCWRA to HROA, elect to terminate this Agreement. Such termination is

effective upon the expiration of the 30 day cure period and a written "notice" of election to terminate" being served upon HROA by the MCWRA.

Such election to terminate in no way absolves HROA from any obligations under this Agreement, including the payment of any rent then owing, or the obligation to return the property in substantially similar condition to that at the effective date of this Agreement.

15. Disputes.

In the event that any problem or issue arises with respect to the implementation or interpretation of the Agreement, the parties mutually agree to meet at the request of either of them to discuss and resolve the issue. In such event, the General Manager of HROA will meet with the General Manager of MCWRA or his/her designee to reach a mutually satisfactory and reasonable conclusion.

If the parties cannot resolve the dispute pursuant to the preceding paragraph above, the Parties agree to mediate any disagreements in good faith. Should either Party determine the dispute cannot be resolved in mediation, it is agreed that the dispute may be resolved in a court of law competent to hear the matter.

16. Miscellaneous Matters.

This Agreement shall be construed in accordance with the laws of the State of California.

The captions of this Agreement are for identification purposes and shall not influence the interpretation of this Agreement.

This Agreement reflects the entire Agreement of the parties and shall not be modified except by subsequent written Agreement duly executed by authorized representatives of the parties.

Time is of the essence regarding each provision of this Agreement.

The unenforceability, illegality, or invalidity of any provision of this Agreement shall not render the remainder of the Agreement unenforceable, illegal, or invalid.

The parties agree that they have been afforded an opportunity to have this Agreement reviewed by counsel of their choice. In interpreting this Agreement there shall be no presumption based upon the authorship of this Agreement.

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By signing this Agreement below, the signatories represent that they have obtained the necessary approval of the governing board of the party and that they are authorized to sign this Agreement on its behalf, and thereby bind the party to this Agreement.

Dated:

Dated:

Monterey County Water Resources Agency

Heritage Ranch Owners Association
[form of business entity]

By _____

By _____

LESSOR

By _____

LESSEE

Attachments

- A. Lease Property Description
- B. HROA Marina Rules
- C. Mussel Inspection Plan