County of Monterey

Government Center - Board Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Meeting Agenda - Final

Tuesday, September 22, 2026
10:30 AM

Join via Zoom at https://montereycty.zoom.us/j/224397747 or in person at the address listed above

Board of Supervisors of the Monterey County Water Resources Agency

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Chair Supervisor Wendy Root Askew - District 4
Vice Chair Supervisor Kate Daniels - District 5
Supervisor Luis A. Alejo - District 1
Supervisor Glenn Church - District 2
Supervisor Chris Lopez - District 3

For information on The Ralph M. Brown Act: Open Meetings please click on the link below:

https://bit.ly/4u3JgJe

Participation in meetings

While the Board chambers remain open, members of the public may participate in Board meetings in 2 ways:

1. You may attend the meeting in person; or,

2. You may observe the live stream of the Board of Supervisors meetings at https://monterey.legistar.com/Calendar.aspx, http://www.mgtvonline.com/, www.youtube.com/c/MontereyCountyTV or https://www.facebook.com/MontereyCoInfo/

If you choose not to attend the Board of Supervisors meeting but desire to make general public comment, or comment on a specific item on the agenda, you may do so in 2 ways:

a. submit your comment via email by 5:00 p.m. on the Monday prior to the Board meeting. Please submit your comment to the Clerk of the Board at cob@countyofmonterey.gov. In an effort to assist the Clerk in identifying the agenda item relating to your public comment please indicate in the Subject Line, the meeting body (i.e. Board of Supervisors Agenda) and item number (i.e. Item No. 10). Your comment will be placed into the record at the Board meeting.

b. you may participate through ZOOM. For ZOOM participation please join by computer audio at: https://montereycty.zoom.us/j/224397747

OR to participate by phone call any of these numbers below:

+1 669 900 6833 US (San Jose)
+1 346 248 7799 US (Houston)
+1 312 626 6799 US (Chicago)
+1 929 205 6099 US (New York)
+1 253 215 8782 US
+1 301 715 8592 US

Enter this Meeting ID number: 224397747 when prompted. Please note there is no Participant Code, you will just hit # again after the recording prompts you.

You will be placed in the meeting as an attendee; when you are ready to make a public comment if joined by computer audio please Raise your Hand; and by phone please push *9 on your keypad.

PLEASE NOTE: IF THE ZOOM FEED IS DISRUPTED FROM THE MEETING'S SALINAS LOCATION, THE MEETING MAY BE PAUSED WHILE A FIX IS ATTEMPTED. THE MEETING MAY CONTINUE WITHOUT ZOOM AT THE WILL OF THE BOARD, IN CONSULTATION WITH GOVERNMENT CODE SECTION 54953.4 AND THE BOARD ACCOMPANYING POLICY, IF ZOOM IS NOT RESTORED AFTER ONE HOUR.

NOTE: All agenda titles related to numbered agenda items are live web links. Click on the title to be directed to the corresponding Board Report.

PUBLIC COMMENTS: Members of the public may address comments to the Board concerning each agenda item. The timing of public comments shall be at the discretion of the Chair.

10:30 A.M. - Call to Order

Roll Call

Additions and Corrections by Clerk

The Clerk of the Board will announce agenda corrections and proposed additions, which may be acted on by the Board as provided in Sections 54954.2 of the California Government Code.

General Public Comments

This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board of Supervisors. Board members may respond briefly to the statement made or questions posed. They may ask a question for clarification; make a referral to staff for factual information or request staff to report back to the Board at a future meeting.

Consent Calendar

1. Ratify and approve Amendment No. 3 to the Memorandum of Understanding with the Salinas Valley Basin Groundwater Sustainability Agency previously executed by the General Manager of the Monterey County Water Resources Agency to:
a. Extend the term of the MOU to June 30, 2029;
b. Revise the contact information for the Parties to the MOU;
c. Revise the description of anticipated services; and
d. Update the rate structure for the Monterey County Water Resources Agency.

Attachments: Board Report
Att1 2026-06 MOU A3 MCWRA-SVBGSA

2. a. Approve a Grazing Lease Agreement with Heartland Mark LLC in the amount of $28,672 for year one increasing annually by 2.5-percent, from November 1, 2026, through October 31, 2036, for grazing lands located at the Nacimiento 5 lease area; and
b. Authorize the General Manager of the Agency to execute the lease agreement, subject to approval as to form by the County Counsel's Office.

Attachments: Board Report
Grazing Lease - Nacimiento No. 5
2. Site Plan

Adjournment

Introduced: 8/20/2026
Version: 1

Current Status: Consent Agenda
Matter Type: BoS Agreement

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c. Revise the description of anticipated services; and
d. Update the rate structure for the Monterey County Water Resources Agency.

RECOMMENDATION:
It is recommended that the Monterey County Water Resources Agency Board of Supervisors:

Ratify and approve Amendment No. 3 previously executed by the General Manager of the Monterey County Water Resources Agency to the Memorandum of Understanding with the Salinas Valley Basin Groundwater Sustainability Agency to:
a. Extend the term of the MOU to June 30, 2029;
b. Revise the contact information for the Parties to the MOU;
c. Revise the description of anticipated services; and
d. Update the rate structure for the Monterey County Water Resources Agency.

SUMMARY/DISCUSSION:
On June 18, 2018, the Board of Supervisors of the Monterey County Water Resources Agency (MCWRA) approved a Memorandum of Understanding (MOU) between the MCWRA and the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA) for MCWRA staff to provide technical and professional assistance to the SVBGSA and its consultants during the development of Groundwater Sustainability Plans (GSPs). The MOU was amended in 2022 to adjust the MCWRA's rate schedule and update the "Notices" section. The MOU was amended a second time in 2023 to extend the term, revise the contact information of the parties to the MOU (i.e., SVBGSA and MCWRA), and revise the description of anticipated services.

Amendment No. 3 to the MOU will extend the term for three years, to June 30, 2029 (Attachment 1). It will also update contact information for the SVBGSA and the MCWRA, update the rate structure for MCWRA staff to reflect Fiscal Year 2026-2027 (FY 27) rates, and revise the description of services that the MCWRA is anticipated to provide. All other terms and conditions of the MOU remain in effect and unchanged.

Amendment No. 3 to the MOU anticipates that MCWRA will bill the SVBGSA for support related to

annual reporting, development of a Seawater Intrusion Response Plan and related technical analyses, and collaborative implementation planning activities.

The MCWRA Finance and Administration Committee and Board of Directors recommended ratification and approval of Amendment No. 3 to the MOU on August 7, 2026 and August 17, 2026, respectively.

The recommended action aligns with the following goals and strategies from MCWRA's adopted strategic plan: Goal B (Plan for future water needs, carry out environmental studies, and plan new capital projects) - Strategy 2 (Collaborate with local Groundwater Sustainability Agencies (GSAs), define MCWRA's role, and implement a GSA integration plan) and Goal C (Ensure long term financial sustainability with sufficient funding to pay for Agency obligations and align expenditures and revenues) - Strategy 6 (Pursue grant funding and cost saving opportunities from all available sources, including collaborating with the GSA).

OTHER AGENCY INVOLVEMENT:
On June 11, 2026, the Board of Directors of the SVBGSA authorized the SVBGSA General Manager to execute Amendment No. 3 to the MOU.

FINANCING:
Funding for staff time to provide services pursuant to the MOU is provided by the SVBGSA, up to $125,000 for FY 27. This amount is included in the FY 27 Adopted Budget in Fund 1501. It is estimated that $50,000 will be expended during FY 27, all of which will be reimbursed by the SVBGSA per the terms of the MOU.

Prepared by: Amy Woodrow, Senior Water Resources Hydrologist, (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:
1. 2026-06 MOU A3 MCWRA-SVBGSA

Introduced: 8/20/2026
Version: 1

Current Status: Consent Agenda
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Prepared by: Amy Woodrow, Senior Water Resources Hydrologist, (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:
1. 2026-06 MOU A3 MCWRA-SVBGSA

AMENDMENT NO. 3 TO THE
MEMORANDUM OF UNDERSTANDING
BETWEEN MONTEREY COUNTY WATER RESOURCES AGENCY AND
THE SALINAS VALLEY BASIN
GROUNDWATER SUSTAINABILITY AGENCY

THIS AMENDMENT NO. 3 to the Memorandum of Understanding between the Monterey County Water Resources Agency, a political subdivision of the State of California (hereinafter, "Agency" or "WRA") and the Salinas Valley Basin Groundwater Sustainability Agency (hereinafter, "SVBGSA") is hereby entered into between the Agency and the SVBGSA (collectively, the Agency and SVBGSA are referred to as the "Parties").

WHEREAS, SVBGSA entered into a Memorandum of Understanding for Technical and Professional Assistance with the Agency on June 14, 2018 (hereinafter, "MOU"); and

WHEREAS, the Parties entered into an Amendment No. 1 to the MOU on July 12, 2022 to amend representative contact information and WRA's rate structure in Attachment B, and into Amendment No. 2 on July 18, 2023 to amend Parties' representative contact information, to revise the list of anticipated services and the length of term; and

WHEREAS, the Parties wish to amend the MOU with an update to the SVBGSA representative contact information, an updated list of anticipated services, and an update the WRA's rate structure.

NOW, THEREFORE, the Parties agree to amend the MOU as follows:

1. Amend the first paragraph of Section 1. "Effective Date and Term" to read as follows: This MOU is effective as of June 14, 2018, and unless earlier terminated as provided in this MOU, shall remain in effect until June 30, 2029. This MOU may be amended from time-to-time by mutual written agreement of the Parties.

2. Amend Subsection D.ii "Notices" of Section 7. "General Provisions" to read as follows:

To the Agency:
Amy Woodrow, Senior Hydrologist
1441 Schilling Place
Salinas, CA 93901
831.755.4860
831.424.7935 (facsimile)
woodrowa@countyofmonterey.gov

To the SVBGSA:
Piret Harmon, General Manager
P.O Box 1350
Carmel Valley, CA 93924
831.471.7518
harmonp@svbgsa.org

Copy to:
Kelly Donlon, Chief Assistant County Counsel
168 W. Alisal St., 3rd Floor
Salinas, CA 93901

Copy to:
Reed Gallogly, SVBGSA Counsel
168 W. Alisal St., 3rd Floor
Salinas, CA 93901

831.755.5366
831.755.5283 (facsimile)

831.755.5366
831.755.5283 (facsimile)

3. Add the following to Attachment A:

Anticipated activities for WRA staff to provide support services in FY 2027 include but are not limited to:

- Fulfilling data requests for Annual Reports or other SVBGSA project needs
- Contributing updates to, and reviewing, draft Annual Reports or other reports as requested
- Developing a Seawater Intrusion Response Plan and related technical analyses
- Planning work and work on collaborative activities in support of SGMA implementation and advancement of the Integrated Implementation Strategy

WRA is expected to bill SVBGSA for the work in support of the activities outlined above.

In addition, WRA staff have expressed interest in participating in the following non-billable activities managed and coordinated by SVBGSA:

- Groundwater Data Monitoring and Reporting
- Deep Aquifers Management Strategy
- Joint Technical Advisory Committee
- Basin Stakeholder Engagement and Involvement

4. Amend Attachment B – Agency Rate Structure with Attachment B (revised) – Agency Rate Structure for FY 2027.

5. All other terms and conditions of the MOU remain unchanged and in full force.

6. This Amendment No. 3 shall be attached to the MOU and incorporated therein as if fully set forth in the MOU.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment No. 3 to the MOU as of the day and year written below:

MONTEREY COUNTY WATER RESOURCES AGENCY

By: _____

General Manager

SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

By: _____

General Manager

Date: _____ Date: _____

Approved as to Form and Legality

By: _____ By: _____
MCWRA Counsel SVBGSA Counsel

Date: _____ Date: _____

Introduced: 8/12/2026 **Current Status:** Consent Agenda

Version: 1 **Matter Type:** BoS Agreement

a. Approve a Grazing Lease Agreement with Heartland Mark LLC in the amount of $28,672 for year one increasing annually by 2.5-percent, from November 1, 2026, through October 31, 2036, for grazing lands located at the Nacimiento 5 lease area; and
b. Authorize the General Manager of the Agency to execute the lease agreement, subject to approval as to form by the County Counsel's Office.

RECOMMENDATION:

Monterey County Water Resources Agency Board of Supervisors:
a) Approve a Grazing Lease Agreement with Heartland Mark LLC in the amount of $28,672 for year one increasing annually by 2.5-percent, from November 1, 2026, through October 31, 2036, for grazing lands located at the Nacimiento 5 lease area; and
b) Authorize the General Manager of the Agency to execute the lease agreement, subject to approval as to form by the County Counsel's Office.

SUMMARY/DISCUSSION:

The Monterey County Water Resources Agency (Agency) manages various grazing leases on Agency-owned lands surrounding Nacimiento and San Antonio Reservoirs. The Grazing Lease Program supports responsible livestock grazing while promoting watershed protection, vegetation management, wildfire fuel reduction, infrastructure stewardship, and long-term land management objectives. The program encompasses approximately 16,400 acres of Agency-owned rangelands associated with the Nacimiento and San Antonio Reservoir systems. These lands include a mix of open grazing areas, rolling rangelands, oak woodlands, road and utility access corridors, and areas containing Agency infrastructure.

The current grazing leases are set to expire on October 31, 2026. The Agency has prepared an updated Grazing Lease Agreement and is in the final phase of the bid process for five of the leases: San Antonio 1 & 2; San Antonio 3; San Antonio 4 & Nacimiento 1; Nacimiento 2; and Nacimiento 3A & 3B. Sealed bids were received followed up by live bidding on July 29, 2026. Those results were certified by the Agency Board of Supervisors on August 25, 2026.

Nacimiento Grazing Lease 5 (attachment 1) was not included in the grazing lease bid process due to negotiations with the current grazing lessee, on an adjacent property involving the County of Monterey and its existing critical public safety communications infrastructure. The non-standard Radio Site Lease Agreement between the County of Monterey and Heartland Mark, LLC, permits the County to use space at Assessor's Parcel Number 080-037-006, hereinafter referred to as the "Pinball Radio Site". A site plan showing the grazing lease and Pinball Radio Site is included in attachment 2.

The Pinball Radio Site has been a County-leased site with an agreement between the County and landowners since the year 2000. The Pinball Radio site is a critical communications facility that supports two-way radio coverage. The site has provided reliable public safety communications for more than two decades for Monterey County Parks Rangers, reservoir operations staff, and emergency responders operating in the region.

In 2022, Heartland Marks LLC purchased the property on which Pinball Radio site is located, requiring the County to negotiate a new lease agreement for the continued operation of its communications equipment. Through coordination between the County Information Technology Department (ITD), County Public Works, Facilities and Parks (PWFP) Department, and Heartland Mark, LLC, the parties negotiated a new lease agreement through October 31, 2036. The Pinball Radio Site Agreement will be under consideration by the County Board of Supervisors as a separate item.

The Pinball Radio Site Agreement recognizes the importance of maintaining a cooperative long-term relationship between the County and the property owner to ensure uninterrupted operation of this critical communications facility. Staff evaluated the operation, public safety, and land management considerations associated with the property and the determination was that a sole-source grazing lease with Heartland Mark, LLC is the Agency's best interest to support continued access to Pinball Radio Site and avoid unnecessary operational risk.

The Pinball Radio Site Agreement will allow continued operation of the radio site while avoiding the need for the County of Monterey's costly relocation or development of multiple replacement sites that would otherwise be required to achieve comparable coverage. This Pinball Radio site enables radio interoperability coverage for Monterey and San Luis Obispo Counties' first responders, emphasizing stable radio communication for Southern Monterey County.

Based on the importance of maintaining uninterrupted public safety communications, the operational relationship between the Pinball Radio Site and the adjacent grazing property, and staff's evaluation of available alternatives, the Agency recommends a sole source Grazing Lease Agreement with Heartland Mark LLC for Nacimiento Lease 5 for a ten-year term, beginning on November 1, 2026. The Grazing Lease Agreement includes updated terms and conditions that are consistent with the other five grazing leases. The Agency Board of Directors recommended approval of this sole source agreement with Heartland Mark LLC at the August 17, 2026 after various members voiced concerns related to the sole source approach.

The annual lease rate for Nacimiento Lease 5 will be $28,672 for the first year and will be subject to an annual increase of 2.5%. The grazing lease auction results from July 29, 2026, yielded an average increase over minimum bids of 62% for the remaining five leases. That average increase was applied to the minimum bid established for Nacimiento Lease 5 to develop the annual lease rate for the first year.

The leasing program is statutorily and categorically exempt from CEQA (14 Cal. Code Regs. 15301 (existing facility (including leases)) and 15261 (ongoing project).)

OTHER AGENCY INVOLVEMENT:
The County Counsel's Office has reviewed the grazing lease agreement as to form.

FINANCING:
Revenue from the Grazing Lease Program is included in the FY26-27 Recommended Budget and includes current lease rates. In addition, new lease administration fees are proposed to defray certain costs of contract compliance monitoring and enforcement.

Prepared by: Shaunna Murray, Deputy General Manager (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:

1. DRAFT Nacimiento 5 Grazing Lease Agreement and Exhibits
2. Site Plan

Introduced: 8/12/2026 **Current Status:** Consent Agenda

Version: 1 **Matter Type:** BoS Agreement

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OTHER AGENCY INVOLVEMENT:

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FINANCING:
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Prepared by: Shaunna Murray, Deputy General Manager (831) 755-4860

Approved by: Ara Azhderian, General Manager, (831) 755-4860

Attachments:
1. DRAFT Nacimiento 5 Grazing Lease Agreement and Exhibits
2. Site Plan

Grazing Lease

Between

Monterey County Water Resources Agency
Lessor

and

Heartland Mark, LLC
Lessee

With respect to the following property:
Nacimento 5

Effective Date
November 1, 2026

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SUMMARY OF LEASE TERMS

This is a summary ("Summary") of the principal terms and conditions of the Grazing Lease. In the event of any conflict between the information in this Summary and the specific provisions of the Grazing Lease, the Grazing Lease provisions shall control.

LESSOR:	Monterey County Water Resources Agency
LESSEE:	Heartland Mark, LLC
Grazing Lease No.:	Nacimiento 5
Acres:	1103 total acres as referenced in Exhibit C
Term:	Ten (10) year Term beginning on November 1, 2026 ("Commencement Date") and ending on October 31, 2036 ("Termination Date").
Grazing Season:	November 1st through October 31st
Permitted Use:	Cattle grazing, and authorized adjunct activities as specified in the attached Grazing Lands Management Plan
Rental Rate:	$28,672.00/year one with a 2.5% flat rate increase each following year.
Rent Payment Due:	Annual payments due on November 1st

LESSOR Contact Information:

Grazing Lease Administrator
Monterey County Water Resources Agency
1441 Schilling Pl., N. Bldg.
Salinas, CA 93901

Ph: 831.755.4860
Email: WRAleaseadmin@countyofmonterey.gov

LESSEE Contact Information:

[redacted]

Ph: [redacted]
Email: [redacted]

GRAZING LEASE AGREEMENT

This Grazing Lease Agreement ("Lease" or "Agreement") is made by and between the Monterey County Water Resources Agency, a public agency created pursuant to the Monterey County Water Resources Agency Act (Cal. Water Code, Appendix Chap. 52) ("LESSOR" or "AGENCY"), and Heartland Mark, LLC, a limited liability corporation ("LESSEE"). LESSOR and LESSEE (collectively, "Parties") agree as follows:

1. PURPOSE AND GRAZING LANDS MANAGEMENT

1.1 **Purpose.** LESSOR owns property suitable for cattle grazing and desires to manage those properties in accordance with the LESSOR's mission and vision.

1.2 **Grazing Lands Management Plan.** LESSOR has prepared a Grazing Lands Management Plan for the Premises ("GLMP"), incorporated herein as **Exhibit A (Grazing Lands Management Plan)**. LESSEE acknowledges receipt of the GLMP and agrees that the primary purpose of this Lease is to implement the objectives set forth therein.

1.3 **Start-Up Tasks.** Upon Lease Commencement Date, LESSEE shall complete any start-up tasks identified in **Exhibit B (Start-Up Tasks)** per the deadlines outlined at LESSEE's sole cost.

2. PREMISES

2.1 **Description.** LESSOR leases to LESSEE that certain real property located in the County of San Luis Obispo, situated at Nacimiento Reservoir, identified as Grazing Lease No. 5 (the "Lease Site"), consisting of approximately 1103 acres, as more particularly described in **Exhibit C (Description of Premises)**.

2.2 **Excluded Areas.** The term "Premises" excludes any land that is submerged by reservoir waters at any given time. LESSEE acknowledges that reservoir water levels are variable and fluctuate seasonally and annually, and therefore the total acreage available for use under this Agreement will correspondingly increase or decrease.

Land located above the high-water mark elevation (the "High Water Mark") shall be considered generally available for use, subject to the terms of this Agreement. The high-water mark at Nacimiento Reservoir is 800 feet and 780 feet at San Antonio. Land located below the high-water mark, up to the floodage easement elevation of 825 feet, may be

intermittently available depending on reservoir levels and shall only be used when not submerged.

3. TERM, AMENDMENT AND HOLDOVER

3.1 **Lease Term.** The term of this Lease shall be ten (10) years, commencing on November 1, 2026 ("Lease Commencement Date") and ending on October 31, 2036 ("Lease End Date"), unless earlier terminated pursuant to this Agreement.

3.2 **Amendment.** The LESSOR reserves the right to amend this Lease at any time in response to changes in applicable laws, regulations, ordinances, or policies, whether federal, state, or local, that may affect the terms and conditions of this Lease. Such amendments may also be made to reflect adjustments in building or community rules, safety procedures, or operational policies deemed necessary by the LESSOR in the course of managing the property. The LESSOR shall make such amendments to the Lease by an instrument in writing, and the LESSEE agrees to execute such amendment and comply with any such amendments. Any amendments made under this clause shall be deemed part of the Lease and shall have the same binding effect as the original terms. The LESSEE acknowledges that such changes are necessary for the continued operation, safety, and legal compliance of the property, and agrees to execute any documents required to formalize such amendments.

3.3 **Amendment Waiver.** Any waiver of any term or condition of this Lease must be in writing and signed by the LESSOR and LESSEE. A waiver of any of the terms and conditions of this Lease shall not be construed as a waiver of any other term or condition in this Lease.

3.4 **Holdover.** If LESSEE, with LESSOR's written consent, remains in possession of the Premises after the Lease Term, this Lease shall automatically be extended on a one (1) year basis. During the hold over period the annual rent shall be adjusted to reflect the last applicable annual rent plus a 2.5% increase for each holdover year, subject to termination for no cause upon thirty (30) days' written notice by either Party during the holdover period. All other terms and conditions shall remain in full force and effect.

4. RENT AND FEES

4.1 **Annual Rent.** Annual rent shall be $28,672.00

4.2 **Payment Schedule.** Rent for the first lease year is due upon execution. Thereafter, annual rent shall be paid on or before November 1st of each year.

4.3 **Late Charges.** LESSEE shall pay a late charge equal to 10% of the overdue amount for any payments due from the LESSEE to LESSOR under this Lease.

4.4 **Rent Adjustment.** Rent shall increase at a flat rate of 2.5% annually, beginning in 2027, and shall increase each year thereafter.

4.5 **No Rent Reduction.** Rent shall not be reduced for any reason, including during periods of reduced or suspended grazing, including drought, overgrazing restrictions, or herd reductions, even if livestock numbers are reduced to zero.

4.6 **Lessee Fees and Expenses.** In addition, LESSEE agrees to pay, upon invoice or demand, those costs, fees and expenses provided for in **Exhibit D (Schedule of Fees and Expenses)** to this Agreement, or as may be provided for by a schedule of fees and expenses adopted by the LESSOR from time to time.

4.7 **Possessory Interest Tax.** LESSEE is solely responsible for any possessory interest taxes for lands located in Monterey County. Failure to pay such taxes constitutes a breach of this Agreement.

4.8 **Rent Payments.** Rent payments to LESSOR shall be submitted to:

Monterey County Water Resources Agency
c/o Grazing Lease Administrator/Finance
1441 Schilling Place
Salinas, CA 93901

5. USE OF PREMISES

5.1 **Special Conditions.** Any special conditions related to the Premises are described in **Exhibit E (Special Conditions of Premises)**.

5.2 **Permitted Use.** The Premises shall be used solely for cattle grazing, as outlined in the GLMP in accordance with this Agreement. Any other use is prohibited unless expressly authorized in writing by the LESSOR.

5.3 **Prohibited Uses.** Except as expressly authorized, the following uses are prohibited: camping, sport hunting, boating, fishing, construction, land clearing, timber cutting, storage or release of hazardous substances, discharge of firearms, and any illegal, unlawful, wasteful, or nuisance activities without written approval as outlined in the GLMP.

LESSEE must notify and provide any related documentation to the LESSOR of any communications or actions by or with any local, state, or federal law enforcement agency or authority pertaining to operations on the premises or any illegal activities that may have occurred on LESSOR property.

5.4 **Depredation Permit.** Predator control activities require prior written approval from LESSOR by contacting the Grazing Lease Administrator, and full compliance with state and federal laws. Depredation permits from the California Department of Fish and Wildlife are required for any hunting on the property under California Fish and Wildlife Code § 4181 *et seq*. and 14 Cal. Code Reg. § 401(a) *et seq*.

Only LESSEES listed on the lease will be approved to hold a depredation permit. Depredation cannot occur during high recreational times, Federal holidays and/or County of Monterey, Public Works Facilities Parks Department special events.

If granted, LESSEE must submit proof of a valid depredation permit from the California Department of Fish and Wildlife to LESSOR. No hunting shall take place on the property prior to filing verification of a validly issued depredation permit.

6. ENTRY AND ACCESS

6.1 **Entry by LESSOR**. LESSOR and authorized public officials may enter the Premises at reasonable times for inspection, patrol, or lawful purposes.

6.2 **Entry by peace officers and LESSOR employees**. LESSEE agrees that LESSOR, its employees, County of Monterey or County of San Luis Obispo employees, and any local, state, or federal peace officer may enter the Premises at any time to routinely inspect or patrol the property, investigate any crime, or for any other lawful purpose.

6.3 **Unauthorized Access.** LESSEE shall notify LESSOR of any unauthorized access observed as soon as practicable.

7. GRAZING AND RESOURCE MANAGEMENT

7.1 **Stock Management.** LESSEE shall prevent overgrazing or undergrazing and manage livestock in accordance with this Agreement. LESSOR's determination of overgrazing or undergrazing shall be final. LESSEE shall remove any aggressive or dangerous cattle from the premises, as soon as LESSEE learns or has reason to believe that those cattle possess such tendencies.

7.2 **Over-grazing Remedies.** Upon determination of overgrazing, LESSOR may require herd reduction, removal of stock, or installation of protective fencing. LESSEE shall comply promptly.

7.3 **Undergrazing Remedies.** Upon determination of undergrazing, LESSOR may require LESSEE to implement reasonable corrective actions, which may include adjustments to stocking levels, grazing timing, or pasture management practices.

7.4 **Rangeland Courses.** LESSOR may require LESSEE to complete LESSOR approved courses such as Rangeland Management, Soil Erosion Standards and Control, Fuel Management and/or Water Quality Protection courses.

7.5 **Water Quality Protection** Grazing activities shall be conducted in accordance with the GLMP and in a manner that protects reservoir water quality. Without limitation, LESSEE shall comply with all conservation measures applicable to riparian areas and lands located at or below the High-Water mark identified in Section 2.2, including reduced stocking rates, seasonal or temporary exclusions, and the installation and maintenance of fencing or other protective measures where required by LESSOR.

7.6 **Use of reservoir water.** LESSEE is authorized to use water properly conveyed from the reservoir for the purpose of watering livestock, subject to the following limitations: water will be used only for the livestock authorized by this Agreement. In using reservoir water, LESSEE shall comply with the GLMP.

7.7 **Surveys and Inspections.** LESSOR and its agents, employees, and contractors may enter the Premises at any reasonable time to conduct inspections, surveys, monitoring, or studies related to resource management, including but not limited to vegetation, wildlife, sensitive or endangered species, habitat conditions, and water quality.

LESSOR shall make reasonable efforts to minimize interference with LESSEE's operations.

7.8 **Protection of Sensitive Resources.** LESSOR reserves the right, at its sole discretion, to identify and require temporary and/or permanent protection of sensitive natural resources on the Premises, including but not limited to habitat, vegetation, and environmentally sensitive areas.

LESSEE shall comply with any restrictions, management measures, or access limitations established by LESSOR to protect such resources. LESSEE may receive a prorated rent credit up to the total annual rent amount for significant impacts to grazing activities, depending on the size and duration of time of the impact.

8. LESSEE IMPROVEMENTS

Lease Improvement: "Lease Improvements" mean any alteration, addition, or installation that materially changes or enhances the Premises beyond routine maintenance or repair, including but not limited to new structures, facilities, or infrastructure.

8.1 **Approval Required.** All Lease improvements, including new fencing and water systems, require prior written approval from LESSOR. Request for improvements shall be submitted by LESSEE as set forth in **Exhibit F (Request for Improvement)**.

LESSOR reserves the right to initiate and complete improvement projects.

Under no circumstances may Lease improvements be removed after installation or construction.

LESSEE shall not offset or deduct any repair costs from rent except as approved by LESSOR.

8.2 **Reimbursement.** Only Lease improvements expressly approved in advance by LESSOR may be eligible for limited reimbursement as set forth in **Exhibit F (Request for Improvement)**.

8.3 **Notice of Completion.** Within 30 days or completion of approved Lease improvements, LESSEE shall provide LESSOR with a Notice of Completion.

8.4 **Compliance with Laws**: LESSEE represents and warrants to LESSOR that any construction performed by, for or on behalf of LESSEE, and LESSEE's current and proposed uses, and the operation of the Premises are in full compliance with applicable building and seismic codes,

environmental, zoning and land use laws, and other applicable local, state and federal laws, regulations and ordinances. LESSEE agrees to defend and indemnify LESSOR for any responsibility for any code violations or other deviations from applicable local, state and federal laws, regulations and ordinances related to LESSEE's use, operations or construction.

9. MAINTENANCE, REPAIR AND INSPECTIONS

Maintenance and Repair: "Maintenance" means routine, recurring activities necessary to keep existing improvements in their current condition and function. "Repair" means work performed to restore an existing improvement to its original condition or functionality without materially altering its design, capacity, or useful life.

9.1 **Maintenance.** LESSEE shall maintain the Premises in a safe, clean, and orderly condition. LESSEE shall promptly notify LESSOR of any damage or conditions requiring repair beyond routine maintenance or affecting public safety, reservoir operations, or natural resources. LESSOR reserves the right to initiate and complete repair and maintenance projects.

9.2 **Fence Maintenance.** LESSEE shall maintain all fences in a stock-tight condition and complete repairs to contain livestock and protect recreational areas as outlined in the GLMP.

9.3 **Reservoir Fencing.** LESSEE shall provide temporary fencing extending into the reservoir and shall comply with LESSOR requirements, including removal prior to inundation and marking for public safety. Any fencing in the water at any level must be identified by buoys, visible for a distance of 200 feet to anyone on the reservoir.

9.4 **Repair.** All non-routine or structural repairs require prior written approval from LESSOR and must be requested in accordance with **Exhibit G (Request for Repair)**. LESSOR retains sole discretion to approve or deny such requests.

In emergencies posing an immediate threat to public safety, property, or natural resources, LESSEE may take reasonable temporary measures to mitigate the threat, provided LESSOR is notified as soon as practicable, but no later than twenty-four (24) hours after such action.

LESSEE shall not offset or deduct any repair costs from rent except as expressly approved by LESSOR.

9.5 **Reimbursement.** Only repairs expressly approved in advance by LESSOR may be eligible for limited reimbursement as set forth in **Exhibit G (Request for Repair)**.

9.6 **Annual Inspection.** LESSOR reserves the right to conduct annual inspections to verify compliance.

10. PUBLIC WORKS LAWS

Under Section 1720.2 of the California Labor Code, any construction contract to improve property owned or leased by the LESSOR may be considered a "public work" if certain conditions are met. If applicable, LESSEE shall comply with provisions of law governing public works including, without limitation, Labor Code sections 1773, 1773.2, 1773.3, 1773.8, 1775 (payment of prevailing wages), 1776 (payroll records), and 1777.5 (employment of apprentices), all as amended from time to time.

11. INSURANCE AND INDEMNIFICATION

11.1 **Insurance.** LESSEE shall, at its sole cost and expense and at all times during the term of this Agreement, maintain insurance covering its use and occupancy of the Premises. Such insurance shall include Commercial General Liability insurance, written on an occurrence form, with limits of not less than $3,000,000 per occurrence and $5,000,000 aggregate, and Automobile Liability insurance covering all owned, non-owned, and hired vehicles with a combined single limit of not less than $1,000,000 per occurrence. LESSEE shall also maintain coverage sufficient to protect against damage to LESSOR's property arising from LESSEE's activities, with limits of not less than $250,000 unless otherwise approved by LESSOR's Risk Management Division.

All policies shall be issued by insurers authorized to do business in the State of California and having a current A.M. Best rating of not less than A-:VII, and shall name LESSOR, the County of Monterey, and their officers, agents, and employees as additional insureds. Such insurance shall be primary and non-contributory and shall provide at least thirty (30) days' prior written notice of cancellation, non-renewal, or material change (or shall provide such notice in accordance with the policy provisions). LESSEE shall provide certificates of insurance and required endorsements to LESSOR prior to commencement of this Agreement, annually thereafter, and upon request, and shall comply with any additional insurance requirements reasonably established by LESSOR's Risk Management Division.

11.2 **Indemnification.** To the fullest extent permitted by law, LESSEE shall indemnify, defend, and hold harmless LESSOR, the County of Monterey, and their officers, agents, and employees from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including reasonable attorneys' fees and court costs, arising out of or in any way connected with LESSEE's use or occupancy of the Premises, the performance of this Agreement, or the acts or omissions of LESSEE and its officers, employees, agents, contractors, or invitees. This obligation includes, without limitation, claims involving bodily injury, death, property damage, or environmental contamination, including those arising from fires, vehicles or equipment, or the release of fuel or hazardous materials. This obligation shall not apply to the extent such claims arise from the sole negligence or willful misconduct of LESSOR or the County of Monterey.

12. TERMINATION AND DEFAULT

12.1 **Termination for Cause.** LESSOR may terminate this Lease during the Lease term for any default as described in Sections 12.4 and 12.7 below.

12.2 **Termination Without Cause.** LESSOR reserves the right to terminate this Lease during the Lease term without cause with a sixty (60) day written notice.

12.3 **Destruction of property.** If the Premises is completely damaged by fire or other natural disaster, such that LESSOR determines that LESSEE must vacate the Premises, either party may terminate this Lease immediately by giving notice to the other party. Damages and/or destruction caused by LESSEE may be recovered by LESSOR.

12.4 **Default**. If any of the following events occur, each such event shall constitute a material breach of this Lease, and LESSOR may, at LESSOR's option, exercise any or all rights available to a LESSOR under the laws of the State of California:

a. A default in the payment of rent or other obligation when such default continues for a period of thirty (30) days after written notice from LESSOR to LESSEE of such default; or

b. LESSEE fails to faithfully perform or observe any other covenant or undertaking required under this Lease and such failure continues for a period of thirty (30) days after written notice thereof from LESSOR to LESSEE of such default or, if such default is not reasonably curable within such thirty (30) day period, LESSEE fails to commence to cure such default within such thirty (30) day period and thereafter fails to diligently pursue such cure to completion; or

c. LESSEE is adjudicated bankrupt; or
d. LESSEE'S lease interest is sold under execution of judgment.

12.5 **Notice of default.** Notice of default is sufficient if it is in writing, identifies the act, omission, or condition that constitutes the default, and is served upon LESSEE in the manner provided by this Lease for the giving of notice.

12.6 **Remedies.** If LESSEE fails to cure a prospective default within the time frames outlined above, if any, LESSOR shall have the option to cure the default, if curable, or to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. Should LESSOR elect to cure the default itself, all reasonable costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by LESSEE to LESSOR, as additional rent, within thirty (30) days of receipt of LESSOR'S invoice for said costs.

12.7 **Termination following notice to cure.** In the event that LESSEE defaults under any provision of this Agreement the LESSOR may, if such default is not cured within 30 days following written notice given by the LESSOR to LESSEE, 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 LESSEE by the LESSOR.

Such election to terminate in no way absolves LESSEE 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.

13. ASSIGNMENT AND SUBLETTING

LESSEE 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 LESSOR.

14. GENERAL PROVISIONS

14.1 **Time Limit and Prior Tenancy.** It shall be the LESSOR’s responsibility to remove any prior LESSEE on the Premises at LESSOR’s sole cost and expense.

14.2 **Mechanic's Liens.** LESSEE shall keep the Premises free from any liens arising out of any work performed by, materials furnished to, or obligations incurred by such LESSEE or on its behalf.

14.3 **Waiver:** The waiver by LESSOR or LESSEE of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition of this agreement.

14.4 **Quiet possession:** LESSEE shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Premises, without suit, trouble or hindrance from LESSOR any person claiming under LESSOR, subject to the terms of this Lease.

15. MISCELLANEOUS PROVISIONS

15.1 **Time is of the Essence.** Time is of the essence as to each and every provision of this Lease.

15.2 **Binding Effect.** Subject to any provision hereof restricting assignment or subletting by LESSEE, this Lease shall bind the parties, their personal representatives, successors, and assigns.

15.3 **Invalidity.** The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

15.4 **Authority.** Any individual executing this lease on behalf of LESSEE or LESSOR represents and warrants hereby that he or she has the requisite authority to enter into this Lease on behalf of such party and to bind the party to the terms and conditions of this Lease.
15.5 **Interpretation of Conflicting Provisions.** In the event of any conflict or inconsistency between the provisions of this Lease and the provisions of any addendum or exhibit attached hereto, the provisions of this Lease shall prevail and control.

15.6 **Integration:** This Lease, including the exhibits and addenda, represents the entire agreement between LESSEE and LESSOR with respect to the subject matter of this Lease and shall supersede all prior negotiations, representations or agreements, either written or oral, between LESSEE and LESSOR as of the effective date of this Lease, which is the date that LESSOR signs this Lease.

15.7 **Successors and Assigns.** This Lease and the rights, privileges, duties, and obligations of LESSEE and LESSOR under this lease, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successor, representatives, assigns, and heirs.

15.8 **Headings.** The headings in this lease are for convenience only and shall not be used to interpret the terms of this Lease.

15.9 **Governing Law.** This Lease shall be governed by and interpreted under the laws of the State of California.

15.10 **Construction of Lease.** LESSEE and LESSOR agree that each party has fully participated in the review and revision of this Lease and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this lease or any amendment to this Lease. 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.

15.11 **Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Lease.

15.12 **Consent to Use Electronic Signatures.** The Parties to this Lease consent to the use of electronic signatures via DocuSign to execute this Lease. The Parties understand and agree that the legality of electronic signatures is governed by state and federal law, 15 U.S.C Section 7001 et seq.; California Government Code Section 16.5; and, California Civil Code Section 1633.1 et. seq. Pursuant to said state and federal law as may be amended from time to time, the Parties to this Lease hereby authenticate and execute this Lease, and any and all Exhibits to this Lease, with their respective electronic signatures, including any and all scanned signatures in portable document format (PDF) which may be delivered by mail, E-Mail, or Facsimile.

15.13 **Disputes; consultations by parties.** 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 LESSEE will meet with the General Manager of LESSOR 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.

15.14 **LESSOR's Lease Administrator.** LESSOR's General Manager or designee shall act as the Lease Administrator for LESSOR.

16. NOTICES

16.1 **Written notices**: All notices, correspondence, and other written communications required or permitted under this Lease shall be deemed effective when provided in writing, whether transmitted electronically via email, personally delivered, or deposited in the United States mail, sent certified with postage prepaid and properly addressed.

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

LESSEE:
Heartland Mark, LLC
[redacted]
Email: [redacted]

LESSOR:
Grazing Lease Administrator
Monterey County Water Resources Agency
1441 Schilling Pl., N. Bldg.
Salinas, CA 93901
Email: WRAleaseadmin@countyofmonterey.gov

16.3 **Emergency contact:** in the event of an emergency, LESSEE shall contact the LESSOR's emergency contact which will be provided upon lease execution and updated as necessary.

17. EXHIBIT LIST

Exhibit A (Grazing Lease Management Plan)
Exhibit B (Start-up Tasks)
Exhibit C (Description of Premises)
Exhibit D (Schedule of Fees and Expenses)
Exhibit E (Special Conditions of Premises)
Exhibit F (Request for Improvement)
Exhibit G (Request for Repair)

IN WITNESS WHEREOF, the parties have executed this Lease as of the date last written below.

LESSOR:
Monterey County Water Resources Agency

By:_____
Ara Azhderian, General Manager

Date:_____

LESSEE:
Heartland Mark, LLC

By:_____

Name: Wendy Hughes_____

Date:_____

Approved as to Form:
County Counsel

By:_____
Chief Assistant County Counsel

Date:_____

Approved as to Fiscal Provisions:

By:_____
County Auditor/Controller

Date:_____

By: _____
Administrative Office

Date: _____

Exhibit A
Grazing Land Management Plan - GLMP

This Grazing Lands Management Plan ("GLMP") establishes the minimum standards and expectations of the LESSOR for the responsible use, maintenance, and stewardship of LESSOR-owned lands leased for livestock grazing. The purpose of this GLMP is to provide clear guidance to all LESSEEs regarding the following required practices and procedures:

Cattle Grazing Definition.
The controlled use and management of cattle for the consumption of forage and vegetation within a designated area.

Prohibited Uses.
Camping: including any overnight occupancy, lighting of any campfires, events or other activities associated with camping, including but not limited to erecting of tents, parking of recreational vehicles, trailers, or other temporary structures.

Sport Hunting: hunting for sport is strictly prohibited on the property at all times.

Boating: including but not limited to installation of any ramp, dock, slip, or other such boating launch or mooring structures on the reservoir.

Fishing: unless LESSEE is given prior written approval from the LESSOR, no fishing is permitted in the reservoir from the Premises.

Clearing land: LESSEE shall not clear any portion of the land and shall not cut any standing trees on the land, without first obtaining the written approval from LESSOR.

Timber Cutting: LESSEE may only cut and remove dead fallen wood on AGENCY lands under the lease agreement, for the purpose of improving grazing and to reduce fuel levels for fire concerns. The cut wood is for personal use only and not for sale or trade. If LESSEEs are in need of labor assistance to cut wood they may request approval from the AGENCY prior to removal of any wood. All stumps, limbs and branches shall be stacked in a pile when cutting is complete.

Fire Season Limitations: LESSEE shall only cut and remove wood when fire season is over and

no fire concerns are present. The use of a CAL FIRE legal burn permit can be requested by LESSEE to the AGENCY first for approval prior to the issuance of a CAL FIRE burn permit for use on AGENCY lands.

Firearms: the discharge or shooting of any firearm, including but not limited to rifles, handguns, pistols, crossbows, or other projectile weaponry are not permitted on the premises at any time, for any purpose, except as approved in writing by LESSOR.

Trespass: LESSEE must report to the LESSOR any trespass or encroachment onto LESSOR property by an adjoining or neighbouring property owner as soon as LESSEE becomes aware of such activity.

No waste, nuisance, or unlawful use: Lessee shall not commit or permit others to commit waste on the premises. Lessee shall not maintain, commit, or permit the maintenance or commission of any nuisance on the Premises.

Water Quality Protection.
Grazing activities shall be managed to protect reservoir water quality, soil stability, and vegetation health. LESSEE shall adjust stocking rates, timing, and livestock distribution in response to forage conditions, weather, and fluctuating reservoir levels. Lands above the high-water mark (800 feet at Nacimiento Reservoir; 780 feet at San Antonio) are generally available for grazing, while lands below the high-water mark are variable, sensitive, and subject to reduced stocking, seasonal restrictions, or exclusion as directed by LESSOR. Livestock shall be removed from such areas when conditions warrant.

LESSEE shall limit livestock access to shoreline and riparian areas as necessary to prevent erosion, bank destabilization, and sediment or nutrient delivery to the reservoir, including through the use of fencing, herding, or other management practices.

LESSEE shall monitor site conditions and modify operations as needed to prevent water quality degradation. LESSOR may require additional or adaptive management measures, including exclusion areas, to protect reservoir resources.

Use of Reservoir Water.
Use of reservoir water for livestock shall be conducted in a manner that protects water quality, shoreline stability, and overall reservoir resources. Such use must be reasonable and shall avoid or minimize conditions that could degrade water quality, including excessive bank

disturbance, erosion, sedimentation, or concentration of livestock in sensitive shoreline areas. Livestock access shall be limited to designated or approved access points, if any, and managed to reduce impacts to reservoir shoreline and adjacent upland areas, particularly during periods of low water levels or when soils are saturated and more susceptible to damage.

Use of Other Water Sources.
If LESSEE has access to other water sources, that originate off of the Premises, then LESSEE must obtain written approval from LESSOR prior to the use of any external water source.

Standards for fencing.
Standards for installation, inspection, repair, and ongoing maintenance of all perimeter and interior fencing to ensure livestock containment, protection of LESSOR property, and prevention of trespass, shall be followed by LESSEE. The standards include:

Barbwire fencing: Shall be 4 strands barbed wire, bottom wire will be barb-free for animal safety. T-posts that are 1.33 pounds per foot by 6 feet tall shall be placed every 12 feet and driven 24 inches into the ground. Metal brace posts shall be constructed of 2-7/8-inch diameter pipe and must be driven 42 inches into the ground.

Roads.
LESSEE shall be responsible for maintaining roads, so they are passable in a four-wheel drive vehicle throughout lease duration. Vegetation in roadways shall be cleared by LESSEE to prevent fire danger by vehicles and equipment. Trees, limbs, and other woody vegetation encroaching into roadways shall be trimmed or removed as necessary to maintain safe and adequate vehicle access.

Gates.
LESSEE shall keep gates closed at all times. LESSOR shall install and maintain its own separate gate locks for access to Premises. LESSEE shall report any unknown locks or gate access issues to LESSOR immediately.

Signage & Surveillance.
General Signs: LESSEE shall not place signs or advertisements upon the Premises, except for directional, safety, or signs required by this Lease or by applicable law. At the expiration of the term hereof or any renewal or extension of this Lease, LESSEE will remove said signs and will repair any damage caused by such removal.

Grazing livestock notices: LESSOR will at no cost to LESSEE, provide signs regarding presence of grazing livestock in areas of public access. It shall be the responsibility of LESSEE to post and maintain all grazing signage and to notify the LESSOR of any need for replacement of signs.

Cameras/Surveillance: LESSEE shall provide written notice to LESSOR regarding the use and location of any cameras or surveillance devices installed on the leased premises. LESSOR reserves the right to install cameras or surveillance devices on the premises in a mutually agreed upon location and shall provide notice to LESSEE prior to installation.

Livestock Control and Escapes.
LESSEE shall maintain adequate control of livestock at all times and shall take all reasonable measures to prevent livestock from leaving the Premises. In the event livestock escape or are discovered outside the lease boundaries on adjacent lands, LESSEE shall make immediate efforts to locate and return such livestock and shall notify LESSOR's General Manager or designee within forty-eight (48) hours of becoming aware of the escape.

Designated/Authorized Representative (Ranch Foreman).
LESSEE is required to provide contact information for designated/authorized representative(s) and points of contact responsible for day-to-day grazing management and coordination with LESSOR staff.

Designated/authorized representative(s) must be qualified and experienced individuals in cattle grazing operations and shall be available to LESSOR by phone during regular business hours, and for emergencies after hours and weekends.

All designated/authorized personnel shall sign the GLMP acknowledging and agreeing that they have read, understand, and shall fully comply with the standards, requirements, procedures and terms set forth in the Grazing Lease and GLMP.

Authorized Access List.
Lessee shall annually, at the time rent is due, provide LESSOR a written list of all individuals authorized to access the Premises. Only those listed individuals may enter, and only through LESSOR-approved access points. LESSEE shall ensure compliance and promptly provide written updates for any changes.

Lease subject to recreational use of reservoir.

If any of the Premises is inundated by the waters stored in the reservoir, LESSEE shall allow the boating public free access over the inundated portions of the Premises. The boating public may also use the beaches immediately adjacent to the shoreline, during daylight hours, provided that LESSEE does not provide overland access to those beaches. If recreational use interferes with LESSEE's use of the property, or for other good reason, LESSOR may post any shoreline on the Premises as "off limits" to the general populace and post "No Trespassing" signs on shoreline a distance of no less than fifty (50) feet from the shore at no cost to LESSEE. At LESSEE's request, LESSOR shall provide LESSEE with "No Trespassing" signs, at no cost to LESSEE, citing California Penal Code section 602.

Notification to Lessor.

LESSEE shall maintain timely communication with LESSOR regarding operational activities and any conditions that may affect LESSOR's lands, resources, or infrastructure. Such communication shall include, but not be limited to, maintenance needs, incidents or emergencies, interactions with the public (including recreational patrons), contacts with law enforcement or regulatory agencies (including environmental health), and any other noteworthy events occurring on the Premises. LESSEE shall promptly notify LESSOR of any situation requiring attention or response and provide follow-up information as reasonably requested.

Acknowledgment.

By signing below, LESSEE hereby acknowledges, represents, and agrees that it has read, understands, and shall fully comply with the standards, requirements, and procedures set forth in this Grazing Lands Management Plan. LESSEE further acknowledges and agrees that failure to comply with any provision of this GLMP shall constitute a material breach of the Lease and may result in termination of the Lease and any other remedies available to the AGENCY under the Lease or applicable law.

LESSEE Signature: _____ Date: _____

Printed Name: Wendy Hughes

Representative Signature: _____ Date: _____

Printed Name: _____

EXHIBIT B

Start-Up Tasks

Grazing Lease No. 5

The following start-up tasks constitute mandatory conditions of this Lease and shall be completed by the LESSEE within the timeframes set forth herein. These requirements are established to ensure compliance with all applicable laws, regulations, and Agency policies, and to facilitate the orderly, safe, and effective implementation of grazing operations on Agency lands. The Agency reserves the right to withhold authorization for livestock operations, restrict access to the leased premises, or take other appropriate administrative action in the event the LESSEE fails to satisfy any of the requirements within the specified timeframes.

1. **Mandatory Lease Implementation & Compliance Meeting**
   The Lessee shall attend an in-person Lease Implementation and Compliance meeting, to be scheduled for **November 2, 2026**, to conduct a review and discussion of lease expectations, applicable rules, policies and related requirements.

2. **Rent Payment**
   Rent payment must be submitted on the day of lease execution.

3. **Insurance Certificate**
   LESSEE is solely responsible for obtaining and submitting the required insurance certificate and all associated endorsements to the Grazing Lease Administrator within thirty (30) days of lease execution.

4. **Designated/Authorized Representatives**
   LESSEE is required to provide contact information for designated/authorized representatives to the Grazing Lease Administrator, upon lease execution as outlined in Exhibit A – Grazing Land Management Plan (GLMP).

   Within thirty (30) days of Lease execution, the LESSEE and all designated personnel, including any foreman or individuals responsible for on-site grazing operations, shall review, acknowledge, and execute the GLMP. Execution of the GLMP shall constitute written confirmation that the LESSEE and all designated personnel have read,

understand, and agree to comply with all applicable terms, conditions, and operational requirements set forth therein.

5. **Lease Access**
   The LESSEE must provide the Agency with the keys, lock combinations, or codes to all access points associated with the lease as shown in **Exhibit C (Description of Premises)** within thirty (30) days of lease execution.

6. **Grazing Land Initial Assessment**
   LESSEE shall submit any grazing land questions, observations, or concerns in writing to the Grazing Lease Administrator. LESSEE may request an on-site meeting with Agency staff to review grazing operations, management expectations, site conditions, and any questions or concerns related to the Lease or Grazing Lease Management Plan (GLMP) within thirty (30) days of lease execution.

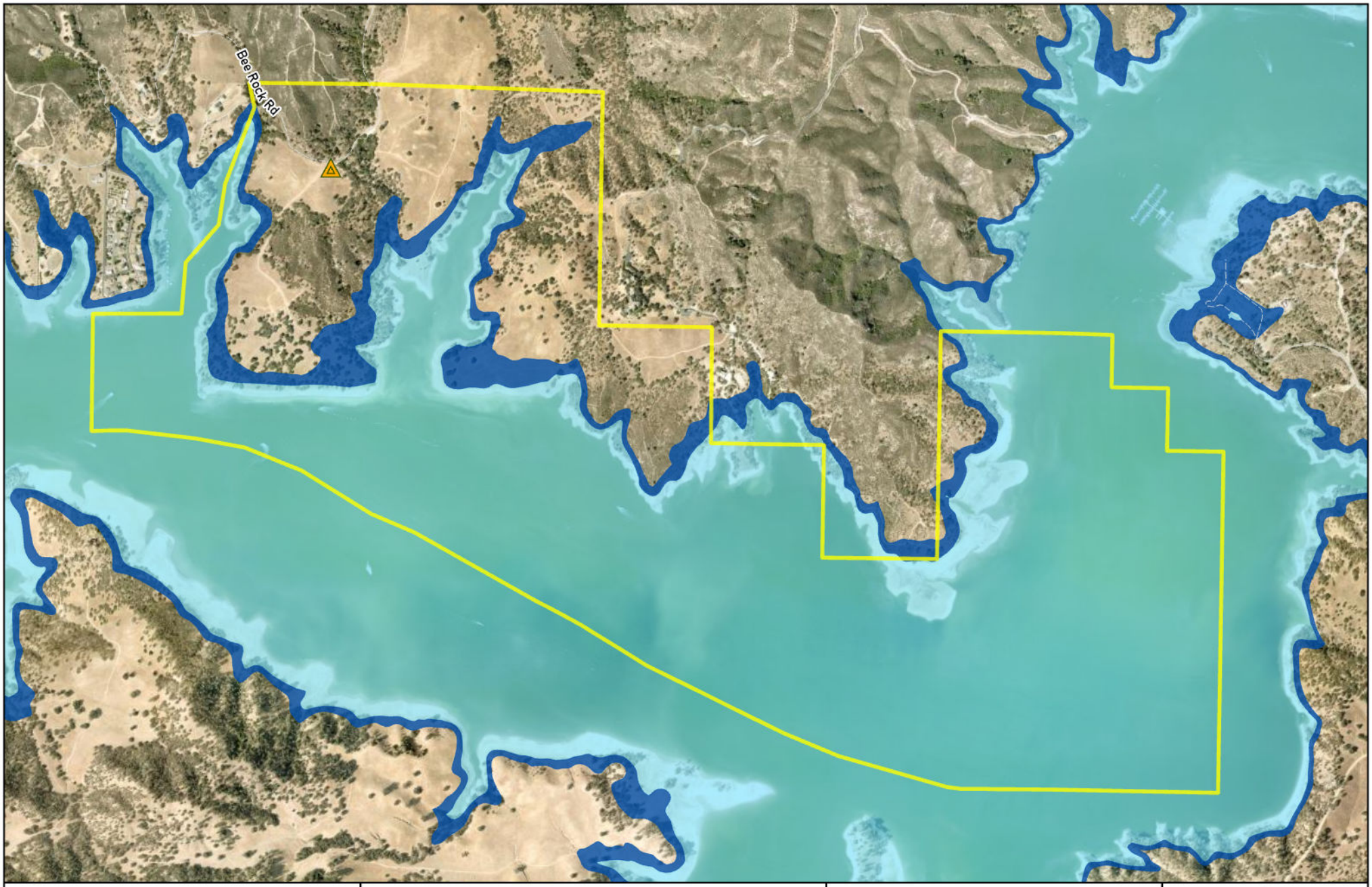
EXHIBIT C

Description of Premises – Nacimiento Lease 5

Within those portions of property owned by the MONTEREY COUNTY WATER RESOURCES AGENCY adjacent to the NACIMIENTO RESERVOIR; parcels and/or portions of parcels located within Monterey County or San Luis Obispo County, as depicted on the map attached hereto as Exhibit "C".

Grazing Lease 5 Contains approximately 1103 total acres, 263 acres above the high water line and 840 acres below the high water line.
In case of a discrepancy between words and figures, the words shall prevail.

San Luis Obispo County Assessor Parcel Number: Parcels and/or portion of parcels; 080-072-010-000, 080-072-011-000, 080-081-001-000, 080-081-004-000 (portion), 080-081-003-000 (portion), 080-081-011-000 (portion), 080-081-013-000, 080-081-005-000



Grazing Lease 5
Nacimiento Reservoir
L5-SA

Legend

- Lease Boundary
- Gate Access
- 825-Foot Floodage Easement
- 800-Foot High Water Mark

N
W E
S

0 750 1,500 2,250 3,000 Feet

Monterey County
Water Resources Agency
Date : 4/1/2026

EXHIBIT D
Schedule of Fees and Expenses

Name	Purpose	Amount/Rate
Non-compliance	A fee will be assessed for each additional inspection or follow-up required to address deficiencies, including but not limited to untimely or incomplete LESSEE reporting, failure to meet documentation requirements, or issues identified during an annual inspection.	Flat fee: $250 per inspection or correspondence required
Late Charge	Assessed on balances 30 days after they come due.	Ten percent (10%) of the overdue amount
Lease Violation (Breach)	A contractual penalty assessed when breaches of lease occur.	First breach: $500 Second breach: $1,000 Third breach: Termination
Property Clean-Up Fee	Fee for clean-up, such as pollution, dumping, abandoned Property	Actual costs of clean-up and all staff time, plus ten percent (10%) Administrative Fee

EXHIBIT E
Special Conditions of Premises

Nacimiento Lease 5
No additional lease-specific provisions apply to this Lease.

EXHIBIT F
Request for Improvement

Only improvements expressly approved in advance by LESSOR may be eligible for reimbursement as set forth.

Lease Improvement Definition: "Lease Improvements" mean any alteration, addition, or installation that materially changes or enhances the Premises beyond routine maintenance or repair, including but not limited to new structures, facilities, or infrastructure.

1. **Reimbursement Eligibility.** Certain improvements are subject to reimbursement. To receive an eligible reimbursement, the proposed improvements AND the maximum amount to be reimbursed must both be approved in writing by the Grazing Lease Administrator prior to commencement of improvement. The amount to be reimbursed will be applied only to permanent improvements.

2. **Improvement Request.** Prior to any improvements commencing, LESSEE shall make an improvement plan(s) request, submitted to the Grazing Lease Administrator via email, and shall include:
    a. A description of the improvements, standard specifications or typical detail, and location map;
    b. A complete list of all estimated costs for materials and labor to complete the project;
    c. Any permits required and whether any other Agency approval is needed in order to complete the project;
    d. Estimated start and completion dates for the project; and
    e. Any annual maintenance costs needed after the project is completed. Eligibility for reimbursement will be determined at the time of approval.

3. **Approval.** The Grazing Lease Administrator shall review all requests and will respond in writing whether the request is approved or denied and may include additional requirements.

4. **Completion Notice.** Once the improvements are complete, the LESSEE notifies the LESSOR and provides all necessary documents, including all invoices for services and supplies and photos of completed work.

LESSEE shall not offset or deduct any repair costs from rent except as expressly approved by LESSOR.

5. **Improvements stay with the land.** All improvements approved and reimbursed under this Lease Agreement shall be maintained and stay with the land after lease termination.

EXHIBIT G
Request for Repair

Only repairs expressly approved in advance by LESSOR may be eligible for reimbursement as set forth.

Repair Definition: "Repair" means work performed to restore an existing improvement to its original condition or functionality without materially altering its design, capacity, or useful life.

1. **Reimbursement Eligibility.** Certain repairs are subject to reimbursement. To receive an eligible reimbursement, the proposed repairs AND the maximum amount to be reimbursed must both be approved in writing by the Grazing Lease Administrator prior to commencement of repair. The amount to be reimbursed will be applied only to permanent repairs.

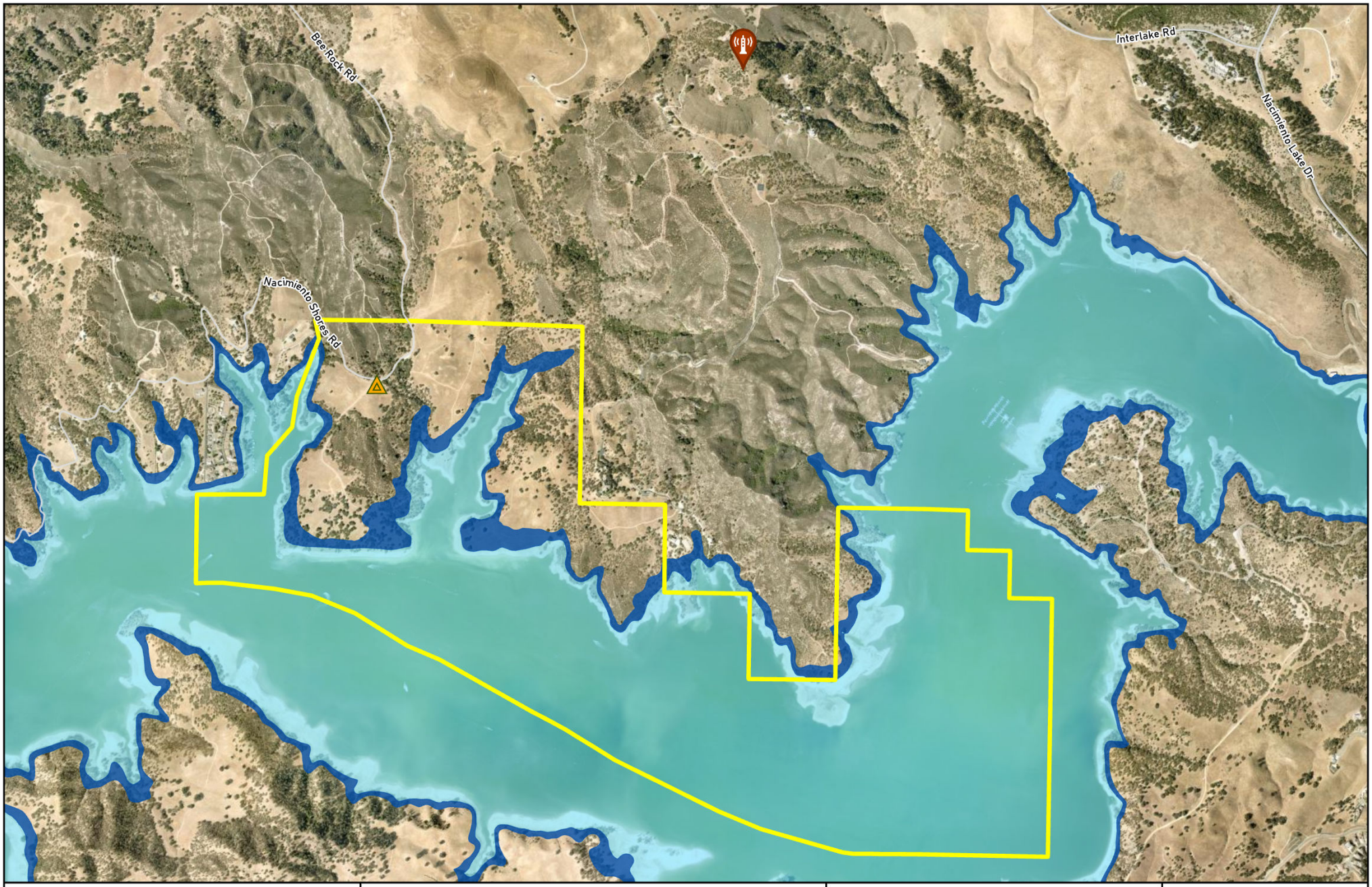
2. **Repair Request.** Prior to any repairs commencing, LESSEE shall make a repair request, submitted to the Grazing Lease Administrator via email, and shall include:
    a. A description of the repair(s), standard specifications or typical detail, and location map;
    b. A complete list of all estimated costs for materials and labor to complete the repair;
    c. Any permits required and whether any other Agency approval is needed in order to complete the repair;
    d. Estimated start and completion dates for the repair; and
    e. Any annual maintenance costs needed after the repair is completed. Eligibility for reimbursement will be determined at the time of approval.

3. **Approval.** The Grazing Lease Administrator shall review all requests and will respond in writing whether the request is approved or denied and may include additional requirements.

4. **Completion Notice.** Once the repair(s) are complete, the LESSEE notifies the LESSOR and provides all necessary documents, including all invoices for services and supplies and photos of completed work.

LESSEE shall not offset or deduct any repair costs from rent except as expressly approved by LESSOR.

5. **Repairs Stay With the Land.** All repairs approved and reimbursed under this Lease Agreement shall be maintained and stay with the lands as a fixture after lease termination.



Grazing Lease 5
Nacimiento Reservoir
L5-SA

Legend

- Lease Boundary
- Gate Access
- Pinball Tower
- 825-Foot Floodage Easement
- 800-Foot High Water Mark

N
W E
S

0 1,000 2,000 3,000 4,000 Feet

Monterey County Water Resources Agency
Date : 8/7/2026