



AGENDA
MEETING OF THE WARNER RANCH COMMITTEE
MONDAY, AUGUST 8, 2022 – 1:30 PM
1391 Engineer Street, Vista, CA 92081

COVID-19 MEETING PROCEDURES
NOTICE FOR PARTICIPATION

On September 16, 2021, Governor Newsom signed Assembly Bill 361 (2021-2022) (“AB 361”), which incorporated some aspects of the teleconferencing rules applied by Executive Order 08-21 to local agencies during the COVID-19 pandemic into California law. AB 361 allows local agencies to conduct virtual meetings without any public participation component during a state of emergency. As of the date of this notice, there exists a state of emergency in California caused by COVID-19; however, unless a subsequent agenda or public notice provides otherwise, the Vista Irrigation District intends to conduct its meetings in a hybrid fashion, allowing for individuals to participate in public meetings in-person, observing California Department of Public Health (“CDPH”) COVID-19 related guidance, or if they prefer, via teleconferencing.

Members of the public may also participate through Vista Irrigation District's teleconferencing line; the telephone number and applicable pass code for such participation is as follows: Phone (877) 873-8018; Pass Code 474698#. Vista Irrigation District's teleconferencing line capacity is limited and not all parties who wish to participate through this method may be able to do so. Telephone participants are asked to place calls to this line at or before the scheduled start time of the meeting, so the District staff can organize order of speakers and assure the ability of all who wish to participate. Please also note telephone or data charges from your carrier may apply to your use of this option.

To maintain orderliness in proceedings, telephone participants will be asked to identify themselves, their address, and the item on the agenda they wish to address. Telephone participants are asked to limit background noise during telephonic participation (with muting features, if available) and to maintain proper decorum suitable to the conduct of public meetings at all times. Telephone participants may not speak until the appropriate time on the agenda and only when recognized by the Board President.

Members of the public may address the Vista Irrigation District Board of Directors directly and in real time during the public comment period regardless of whether they are participating in person or over the telephone.

Members of the public may also address the Board of Directors by email; however, such email communication must be received at or before the time of the commencement of the meeting. The email address to use for such communications is as follows: BoardSecretary@vidwater.org.

Please be advised that one or more members of the Vista Irrigation District Board of Directors or staff may participate in this meeting by teleconference consistent with AB 361.

In compliance with the Americans with Disabilities Act, if special assistance is needed to participate in the Board meeting telephonically, please contact the Board Secretary during regular business hours at (760) 597-3128. Notification received 48 hours before the meeting will assist Vista Irrigation District in making reasonable accommodations.



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MONDAY, AUGUST 8, 2022 – 1:30 PM
1391 Engineer Street, Vista, CA 92081

1. CALL TO ORDER

2. ROLL CALL

3. CONSIDER APPROVAL OF AGENDA

In the case of an emergency, items may be added to the Agenda by a majority vote of the Committee. An emergency is defined as a work stoppage, a crippling disaster, or other activity that severely imperils public health, safety, or both. Also, items that arise after the posting of the Agenda may be added by a unanimous vote of the Committee.

4. ORAL COMMUNICATIONS

Members of the public may address the Committee on items not appearing on the posted agenda, which are within the subject matter jurisdiction of the Committee. Speakers are asked to limit their comments to five (5) minutes; the total time allowable for all public comment on items not appearing on the agenda at any one meeting may be limited. Comments on items listed on the agenda will be taken before or during discussion of the agenda item. Members of the public desiring to address the Committee are asked to complete a speaker's slip available on the table near the entrance of the Boardroom and present it to the Board Secretary prior to the meeting.

5. DISTRICT PARTICIPATION IN THE NORTH COUNTY MULTIPLE SPECIES CONSERVATION PLAN

Recommendation: Consider options regarding the District's participation in the North County Multiple Species Conservation Plan being prepared by the County of San Diego.

6. OPERATING AGREEMENT FOR THE WARNER-CARRILLO RANCH HOUSE

Recommendation: Consider options for the management of the Warner-Carrillo Ranch House.

7. MATAGUAY GRAZING LICENSE AGREEMENT

Recommendation: Consider proposed amendments to the Mataguay grazing license agreement with Landscape Function Management, LLC.

8. COMMENTS BY COMMITTEE MEMBERS

This item is placed on the agenda to enable individual Committee members to convey information not requiring discussion or action.

9. COMMENTS BY GENERAL MANAGER

Informational report by the General Manager on items not requiring discussion or action.

10. ADJOURNMENT

NOTE: ITEMS ON THE AGENDA MAY BE TAKEN OUT OF SEQUENTIAL ORDER AS THEIR PRIORITY IS DETERMINED BY THE COMMITTEE

- *The agenda package and materials related to an agenda item submitted after the packet's distribution to the Committee, are available for public review in the lobby of the District office during normal business hours.*
- *Agendas and minutes are available at www.vichwater.org.*
- *VID Committee meetings are held on an as needed basis.*

AFFIDAVIT OF POSTING

I, Lisa R. Soto, Board Secretary of the Vista Irrigation District, hereby certify that I posted a copy of the foregoing agenda outside the lobby of the District office at 1391 Engineer Street, Vista, California at least 72 hours prior to the meeting, in accordance with Govt. Code Sec. 54954.2(a).

Date: July 28, 2022



Lisa R. Soto, Board Secretary



**WARNER RANCH COMMITTEE
STAFF REPORT**

Agenda Item: 5

Meeting Date:

August 8, 2022

Prepared By:

Don Smith

Approved By:

Brett Hodgkiss

SUBJECT: DISTRICT PARTICIPATION IN THE NORTH COUNTY MULTIPLE SPECIES CONSERVATION PLAN

RECOMMENDATION: Consider options regarding the District's participation in the North County Multiple Species Conservation Plan being prepared by the County of San Diego.

PRIOR BOARD ACTION: On August 16, 2006, the Board authorized the General Manager to indicate to the County of San Diego (County) the District's interest in participating in the East County Multiple Species Conservation Plan (ECMSCP). The Board also authorized District staff to begin the process of identifying consultants and preparing a draft Request for Proposal from a firm qualified to aid the District in coordinating with the County and preparing sub-area plans, implementing agreements, and other documents necessary to secure incidental take permits.

FISCAL IMPACT: Unknown costs related to the retention of a consultant to assist the District with evaluating options for potential participation in the North County Multiple Species Conservation Plan (NCMSCP).

SUMMARY: The County has recently inquired as to whether the District would be interested in participating in the NCMSCP. As the Board had indicated its interest in participating in the ECMSCP over 15 years ago, this matter is being presented to the Warner Ranch Committee for consideration.

The NCMSCP is regional habitat conservation plan that allows for managed development, recreation, and agriculture in the area covered by the plan while complying with provisions of the federal Endangered Species Act, state Endangered Species Act, and state Natural Communities Conservation Planning Act. Specifically, it provides a streamlined process to obtain federal and state incidental take permits for activities that might harass or harm threatened or endangered species covered by the plan. District participation in the NCMSCP could benefit the District by facilitating compliance with the laws designed to protect threatened and endangered species in coordinated and economical manner.

DETAILED REPORT: The County is implementing its Multiple Species Conservation Program (MSCP) over three distinct planning areas, organized as the South County MSCP, the ECMSCP and the NCMSCP. The County approved the South County MSCP in 1997. In 2006, the District's Warner Ranch holdings were within the planning area of the ECMSCP, and the County invited the District to participate in that plan; in August 2006, the Board took action to notify the County of the District's interest in participating in that plan. In June 2009, the County announced that the development of the ECMSCP would be suspended due to budget constraints.

In October 2020, the County Board of Supervisors directed County staff to proceed with preparation of the NCMSCP. In 2021, the planning area of the NCMSCP was expanded eastward, doubling the total plan area (see figure, attached). The expanded NCMSCP plan area now includes the entire upper San Luis Rey River watershed, including the Warner Ranch.

Land owned by the District is not subject to the County's land use authority, so the extent and character of the District's participation in the NCMSCP is subject to District discretion. The District has several options regarding its involvement in the NCMSCP, including:

1. Full District Participation. The County would act as Permittee and administrator of the NCMSCP, and the District would seek coverage for incidental take of threatened or endangered species from the County. The County would require the District to comply with mitigation measures defined in the NCMSCP in order to qualify for coverage, and the District would obtain incidental take permits from the County.
2. District Co-Permittee. The District and County would be co-permittees under the NCMSCP, each administering the plan and incidental take permits for projects within their areas of authority. The District would develop an approach tailored to a subset of specific activities with separate avoidance and minimization measures.
3. District Cooperation. The District's lands, while within the plan area, would not be subject to the NCMSCP and not be included in the Permit Area of the plan. The District would coordinate with the County regarding information exchange and planning with respect to the NCMSCP and would comply with federal and state endangered species regulations independently.
4. District Independence. The District would not participate in information exchange or planning with respect to the NCMSCP and would comply with federal and state endangered species regulations independently.

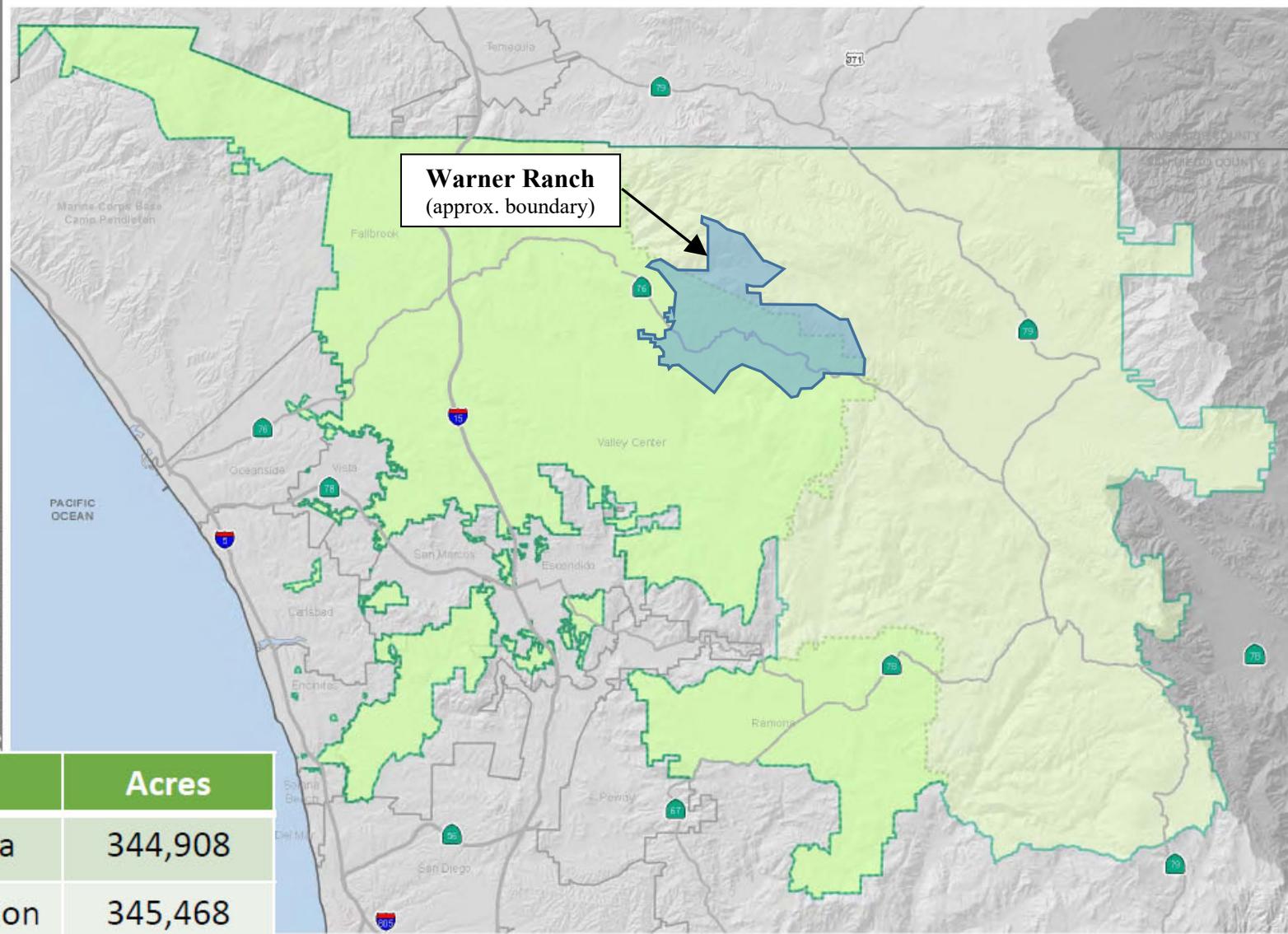
Under the first two scenarios, the District would have access to a streamlined process to obtain state and federal incidental take permits for projects on the Warner Ranch, such as rehabilitation of the Warner Wellfield. Under the last two scenarios, the District would either have to avoid activities, including normal operation and maintenance activities, that might harass or harm threatened or endangered species, or it would have to apply for incidental take permits from state and federal agencies on its own. Section 10 of the federal Endangered Species Act requires the development of a habitat conservation plan (HCP) to obtain a federal incidental take permit (see attached flyer "Habitat Conservation Plans Under the Endangered Species Act"). While neither the California Endangered Species Act nor the state Natural Communities Conservation Planning Act require the development of a Natural Communities Conservation Plan (NCCP) in order to obtain a state incidental take permit, an NCCP streamlines the process and provides assurance with respect to required mitigation measures. The NCMSCP will comply with the requirements of both a federal HCP and a state NCCP to facilitate the timely issuance of incidental take permits for covered species.

Other facets of conservation planning include preserve area design and the potential development of a mitigation bank. While conservation planning is a costly endeavor, the administration of a mitigation bank provides an opportunity for cost recovery. Staff recommends retaining a consultant with experience in conservation planning efforts in California to assist the District with evaluating options for potential participation with the NCMSCP as well as to explore the potential for cost recovery (via the establishment of a mitigation bank on the Warner Ranch).

ATTACHMENTS:

- Revised NCMSCP Plan Area Boundary
- Habitat Conservation Plans Under the Endangered Species Act

Revised Plan Area Boundary

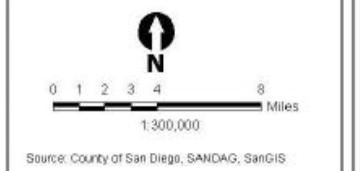


Warner Ranch
(approx. boundary)

Plan Area

Multiple Species Conservation Program
North County Plan

- LEGEND**
- North County MSCP Plan Area Boundary
 - Previous North County MSCP Plan Area Boundary
 - Desert
 - Coastal



Plan Area	Acres
Previous Plan Area	344,908
Plan Area Expansion	345,468
Total Plan Area	690,376



Habitat Conservation Plans Under the Endangered Species Act

Introduction

Why should we save endangered species? Congress answered this question in the introduction to the Endangered Species Act of 1973 (Act), recognizing that endangered and threatened species of wildlife and plants “are of esthetic, ecological, educational, historical, recreational, and scientific value to the Nation and its people.”

After this finding, Congress said that the purposes of the Act are “. . . to provide a means whereby the ecosystems upon which endangered species and threatened species depend may be conserved [and] to provide a program for the conservation of such . . . species. . . .” Habitat Conservation Plans (HCPs) under section 10(a)(1)(B) of the Act provide for partnerships with non-Federal parties to conserve the ecosystems upon which listed species depend, ultimately contributing to their recovery.

What are HCPs?

HCPs are planning documents required as part of an application for an incidental take permit. They describe the anticipated effects of the proposed taking; how those impacts will be minimized, or mitigated; and how the HCP is to be funded.

HCPs can apply to both listed and nonlisted species, including those that are candidates or have been proposed for listing. Conserving species before they are in danger of extinction or are likely to become so can also provide early benefits and prevent the need for listing.

Who needs an incidental take permit?

Anyone whose otherwise-lawful activities will result in the “incidental take” of a listed wildlife species needs a permit. The U.S. Fish and Wildlife Service (FWS) can help determine whether a proposed project or action is likely to result in “take” and whether



John Cleckler/USFWS

The endangered California tiger salamander is among the listed species included in the East Contra Costa County Habitat Conservation Plan.

an HCP is needed. FWS staff can also provide technical assistance to help design a project to avoid take. For example, the project could be designed with seasonal restrictions on construction to minimize disturbance to a species.

What is the benefit of an incidental take permit and habitat conservation plan to a private landowner?

The permit allows the permit-holder to legally proceed with an activity that would otherwise result in the unlawful take of a listed species. The permit-holder also has assurances from the FWS through the “No Surprises” regulation.

What is “take”?

The Act defines “take” as “. . . to harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect, or to attempt to engage in any such conduct.” “Harm” includes significant habitat modification that actually kills or injures a listed species through impairing essential behavior such as breeding, feeding, or sheltering.

Section 9 of the Act prohibits the take of endangered and threatened species. The purpose of the incidental take permit is to exempt non-Federal permit-holders—such as States and private landowners—from the prohibitions of section 9, not to authorize the activities that result in take.

What do habitat conservation plans do?

In developing habitat conservation plans, people applying for incidental take permits describe measures designed to minimize and mitigate the effects of their actions—to ensure that species will be conserved and to contribute to their recovery.

Habitat conservation plans are required to meet the permit issuance criteria of section 10(a)(2)(B) of the Act:

- (i) taking will be incidental;
- (ii) the applicant will, to the maximum extent practicable, minimize and mitigate the impacts of the taking;

- (iii) the applicant will ensure that adequate funding for the plan will be provided;
- (iv) taking will not appreciably reduce the likelihood of the survival and recovery of the species in the wild; and
- (v) other measures, as required by the Secretary, will be met.

What needs to be in HCPs?

Section 10 of the Act and its implementing regulations define the contents of HCPs. They include:

- an assessment of impacts likely to result from the proposed taking of one or more federally listed species.
- measures that the permit applicant will undertake to monitor, minimize, and mitigate for such impacts, the funding available to implement such measures, and the procedures to deal with unforeseen or extraordinary circumstances.
- alternative actions to the taking that the applicant analyzed, and the reasons why the applicant did not adopt such alternatives.
- additional measures that the Fish and Wildlife Service may require.

HCPs are also required to comply with the Five Points Policy by including:

1. biological goals and objectives, which define the expected biological outcome for each species covered by the HCP;
2. adaptive management, which includes methods for addressing uncertainty and also monitoring and feedback to biological goals and objectives;
3. monitoring for compliance, effectiveness, and effects;
4. permit duration which is determined by the time-span of the project and designed to provide the time needed to achieve biological goals and address biological uncertainty; and
5. public participation according to the National Environmental Policy Act.

What are “No Surprises” assurances?

The FWS provides “No Surprises” assurances to non-Federal landowners through the section 10(a)(1)(B)

process. Essentially, State and private landowners are assured that if “unforeseen circumstances” arise, the FWS will not require the commitment of additional land, water, or financial compensation or additional restrictions on the use of land, water, or other natural resources beyond the level otherwise agreed to in the HCP without the consent of the permit-holder. The government will honor these assurances as long as permit-holders are implementing the terms and conditions of the HCPs, permits, and other associated documents in good faith. In effect, the government and permit-holders pledge to honor their conservation commitments.

Are incidental take permits needed for listed plants?

There are no Federal prohibitions under the Act for the take of listed plants on non-Federal lands, unless taking those plants is in violation of State law. However, the FWS analyzes the effects of the permit on listed plant species because section 7 of the Act requires that issuing an incidental take permit may not jeopardize any listed species, including plants. In general, it is a good idea to include conservation measures for listed plant species in developing an HCP.

What is the process for getting an incidental take permit?

The applicant decides whether to seek an incidental take permit. While FWS staff members provide detailed guidance and technical assistance throughout the process, the applicant develops an HCP and applies for a permit. The components of a completed permit application are a standard application form, an HCP, an Implementation Agreement (if applicable), the application fee, and a draft National Environmental Policy Act (NEPA) analysis. A NEPA analysis may result in a categorical exclusion, an environmental assessment, or an environmental impact statement.

While processing the permit application, the FWS prepares the incidental take permit and a biological opinion under section 7 of the Act and finalizes the NEPA analysis documents. Consequently, incidental take permits have a number of associated documents.

How do we know if we have listed species on our project site?

For assistance, check with the appropriate State fish and wildlife

agency, the nearest FWS field office, or the National Marine Fisheries Service (NMFS), for anadromous fish such as salmon.

What kinds of actions are considered mitigation?

Mitigation measures are actions that reduce or address potential adverse effects of a proposed activity on species included in an HCP. They should address specific conservation needs of the species and be manageable and enforceable. Mitigation measures may take many forms, including, but not limited to, payment into an established conservation fund or bank; preservation (via acquisition or conservation easement) of existing habitat; enhancement or restoration of degraded or a former habitat; establishment of buffer areas around existing habitats; modifications of land use practices, and restrictions on access. Which type of mitigation measure used for a specific HCP is determined on a case by case basis, and is based upon the needs of the species and type of impacts anticipated.

What is the legal commitment of a HCP?

Incidental take permits make binding the elements of HCPs. While incidental take permits have expiration dates, the identified mitigation may be in perpetuity. Violating the terms of an incidental take permit may constitute unlawful take under section 9 of the Act.

Who approves an HCP?

The FWS Regional Director decides whether to issue an incidental take permit, based on whether the HCP meets the criteria mentioned above. If the HCP addresses all of the requirements listed above, as well as those of other applicable laws, the FWS issues the permit.

What other laws besides the Endangered Species Act are involved?

In issuing incidental take permits, the FWS complies with the requirements of NEPA and all other statutes and regulations, including State and local environmental/planning laws.

Who is responsible for NEPA compliance during the HCP process?

The FWS is responsible for ensuring NEPA compliance during the HCP process. However, if the Service does not have sufficient staff resources, an applicant may, within certain limitations, prepare the draft NEPA

analysis. Doing so can benefit the applicant and the government by expediting the application process and permit issuance. In cases like this, the FWS provides guidance, reviews the document, and takes responsibility for its scope, adequacy, and content.

Does the public get to comment on our HCP? How do public comments affect our HCP?

The Act requires a 30-day period for public comments on applications for incidental take permits. In addition, because NEPA requires public comment on certain documents, the FWS operates the two comment periods concurrently. Generally, the comment period is 30 days for a Low Effect HCP, 60 days for an HCP that requires an environmental assessment, and 90 days for an HCP that requires an environmental impact statement. The FWS considers public comments in permit decisions.

What kind of monitoring is required for a HCP, and who performs it?

Three types of monitoring may be required: compliance, effectiveness, and effects. In general, the permit-holder is responsible for ensuring that all the required monitoring occurs. The FWS reviews the monitoring reports and coordinates with the permit-holder if any action is needed.

Does the Fish and Wildlife Service try to accommodate the needs of HCP participants who are not professionally involved in the issues?

Because applicants develop HCPs, the actions are considered private and, therefore, not subject to public participation or review until the FWS receives an official application. The FWS is committed to working with people applying for permits and providing technical assistance throughout the process to accommodate their needs.

However, the FWS does encourage applicants to involve a range of parties, a practice that is especially valuable for complex and controversial projects. Applicants for most large-scale, regional HCPs choose to provide extensive opportunities for public involvement during the planning process. Issuing permits is, however, a Federal action that is subject to public review and comment. There is time for such review during the period when the FWS reviews the information. In addition, the FWS solicits public involvement and review, as well as requests for additional information during the scoping process when an EIS is required.

Are independent scientists involved in developing an HCP?

The views of independent scientists are important in developing mitigation and minimization measures in nearly all HCPs. In many cases, applicants contact experts who are directly involved in discussions on the adequacy of possible mitigation and minimization measures. In other cases, the FWS incorporates the views of independent scientists indirectly through their participation in listing documents, recovery plans, and conservation agreements that applicants reference in developing their HCPs.

How does the FWS ensure that species are adequately protected in HCPs?

The FWS has strengthened the HCP process by incorporating adaptive management when there are species for which additional scientific information may be useful during the implementation of the HCP. These provisions allow FWS and NMFS to work with landowners to reach agreement on changes in mitigation strategies within the HCP area, if new information about the species indicates this is needed. During the development of HCPs, the FWS and NMFS discuss any changes in strategy with landowners, so that they are aware of any uncertainty in management strategies and have concurred with the adaptive approaches outlined.

What will the FWS do in the event of unforeseen circumstances that may jeopardize the species?

The FWS will use its authority to manage any unforeseen circumstances that may arise to ensure that species are not jeopardized as a result of approved HCPs. In the rare event that jeopardy to the species cannot be avoided, the FWS may be required to revoke the permit.

How can I obtain information on numbers and types of HCPs?

Our national HCP database displaying basic statistics on HCPs is available online from our Habitat Conservation Planning page at <https://ecos.fws.gov/ecp/report/conservation-plans-type-region>.

**U.S. Fish and Wildlife Service
Ecological Services Program
5275 Leesburg Pike
Falls Church, VA 22041
703-358-2171
<http://www.fws.gov/endangered>**

October 2021



**WARNER RANCH COMMITTEE
STAFF REPORT**

Agenda Item: 6

Meeting Date:

August 8, 2022

Prepared By:

Don Smith

Approved By:

Brett Hodgkiss

SUBJECT: OPERATING AGREEMENT FOR THE WARNER-CARRILLO RANCH HOUSE

RECOMMENDATION: Consider options for the management of the Warner-Carrillo Ranch House.

PRIOR BOARD ACTION: On June 1, 2011, the Board authorized the General Manager to execute an agreement with the Save Our Heritage Organisation (SOHO) for the operation and maintenance of the Warner-Carrillo Ranch House (WCRH) following its restoration. On May 3, 2017, the Board approved Amendment 1 to the Operating Agreement for the District to contribute up to \$1,000 per month to the operation and maintenance (O&M) of the WCRH.

FISCAL IMPACT: SOHO suggests that the District increase its monthly O&M contribution for the WCRH from \$1,000 per month to \$1,500 per month. Repairs (beyond the scope of the Operating Agreement) to the WCRH, are also needed; a quote from Mark Sauer Construction estimates repair costs at up to \$40,000.

SUMMARY: Among the conditions of the Grant Agreement accepted by the District from California Cultural and Historical Endowment (CCHE) for the restoration of the WCRH is an obligation by the District to “keep this facility accessible and open to the public for a period of twenty years from the date of project completion”, or until August 2031. Currently, the District carries out this responsibility through its WCRH Operating Agreement with SOHO.

In its letter dated June 27, 2022, SOHO explains that it needs to reduce its management responsibilities; specifically, it requests to turn over the operations of the WCRH to the Warner Springs Historical Society (WSHS) by the end of 2022. The letter also suggests that due to rising costs and limited resources of the WSHS the District’s O&M contribution be increased to \$1,500 per month.

While SOHO has performed periodic minor maintenance, including the restoration of the adobe whitewash, time and the elements have caused structural deterioration of various windows, door jams and other building elements. Mark Sauer Construction, a contractor specializing in historic structure restoration and the contractor for the restoration of the WCRH, has provided a quote to correct these deficiencies.

DETAILED REPORT: Kathryn Fletcher, a resident and member of the Warner Springs Community Sponsor Group, has been SOHO’s head docent at the WCRH for the past 10 years. She is the author of a book on the history of the Warner Hot Springs and the sole remaining active member of the WSHS. Ms. Fletcher has prepared a white paper presenting her views on issues affecting the viability and future of the WCRH as a house museum (attached).

There are challenges in turning over the operations of the WCRH to the WSHS, including WSHS’s incorporation as a 501c3 non-profit organization, securing necessary insurance, and attracting a base of members and volunteers. SOHO has offered to assist in establishing the WSHS on a stable footing, and if successful, the WSHS could offer an effective way for the District to meet its CCHE grant obligations.

If the District chooses to fulfill its responsibility to keep the WCRH “accessible and open to the public” through 2031 without outside assistance, it will have to develop plans to provide such access. The District will also have to determine how to provide for the ongoing maintenance and security needs of the WCRH.

ATTACHMENTS:

- Save Our Heritage Organisation letter dated June 27, 2022
- Mark Sauer Construction, Inc. proposal dated April 28, 2022
- “Analysis and Ideas for Future of the Warner Carrillo Ranch House” dated May 9, 2022



Save Our Heritage Organisation

Protecting San Diego's architectural and cultural heritage since 1969

June 27, 2022

Brett Hodgkiss, General Manager
Don Smith, Director of Water Resources
Vista Irrigation District Board of Directors
Vista Irrigation District
1391 Engineer Street, Vista CA 92081-8840

Save Our Heritage Organisation, SOHO, has been privileged to operate and steward the Warner-Carrillo Ranch House for the Vista Irrigation District and the public at large for the past 11 years.

It has been no mean feat to operate the remotely located museum from San Diego. SOHO is still in the throes of recovery after two years of COVID closures and we are looking to refine our physical footprint. With the VID's agreement, SOHO would turn over the operations of the ranch house to the Warner Springs Historical Society (WSHS).

Initially making a 10-year commitment to staff, furnish, and operate the Ranch House for the VID in the effort to satisfy part of the restoration grant requirements, the time and perfect opportunity has come for us to ask that the operations be turned over to another preservation/history minded non-profit organization.

Kathryn Fletcher is the head docent and site manager of the WCRH. She has been manning the site the past several years by herself most of the time. She is willing to file for non-profit status as the Warner Springs Historical Society (WSHS), which she has headed for many years. Kathryn is dedicated to the site and to saving the area's cultural history and stories. The opportunity to turn what has been a labor of love over to a passionate and caring local historian allows us to provide a competent and capable partner to transfer our operations.

SOHO will help Kathryn (WSHS) complete the 501(c)3 filing process, pay fees, and will serve as the umbrella/fiscal agent until her non-profit status is approved. We have experience serving as a fiscal agent for other non-profits. We would expect to have this process completed by the end of this calendar year.

SOHO has just completed the bi-annual exterior adobe repair and plaster, and we spent 14 months of the two-year COVID closure working on and enhancing the interpretive display program with wonderful period furnishings, textiles, decorative items, and floor coverings. Interpreting the site to illustrate even more stories of the families, peoples, and cowboys who worked the ranch from the 1850s until the 1950s.

SOHO will continue to provide support to the WSHS and to the VID pro bono as historic and restoration consultant.

We are recommending a formal long-term loan for the majority of all of the furnishings. We have an inventory that we will ensure is up to date, and we will photograph and document each item.

SOHO will also donate the gift store inventory contents to the WSHS to help fund the site.

You can see the rooms as they look today here:

<http://www.sohosandiego.org/exhibits/warnercarrillo/restohistorichousemuseum.htm>

Kathryn has many good ideas and local connections to continue to care for and make the site a success. Currently a \$1,000 monthly O&M stipend established 5 years ago from the VID has allowed SOHO to keep the site open and cared for. We believe this stipend will need to be raised to \$1500 per month as wages and maintenance costs have gone up considerably over that time and the new operator will not have all of the resources that we have.

SOHO, WSHS, and the VID all share the same prime goal, to get visitors to the site. To this end, we would like to suggest free admission to all VID customers. This would make sense with the financial investment, and might bring an influx of visitors, that even with free admission would make all the difference for the new operators.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Coons", with a long horizontal flourish extending to the right.

Bruce Coons
Executive Director

Mark Sauer Construction, Inc.
19712 Temescal Canyon Road
Corona, CA 92881



Phone: (951) 279-4245
Fax: (951) 279-5917
Website: www.msauer.com
Email: contact@msauer.com
Small Business Cert. #0035176

California License # 500572 B

Excellence since 1986!

Nevada License # 0068157 B

Proposal

Project:

Warner Ranch Adobe

4/28/22

Sent Electronically

General Restoration Carpentry and Painting

Option #1	2 Journeymen 2-week duration (Up to 10 days)
\$17,390.00	Labor and Equipment
<u>\$2,000.00</u>	Material Allowance (billed cost plus 10%)
\$19,390.00	

- Window sash repairs {2} (dutchman repairs, Abatron epoxy repairs, sill repairs, hinge repairs, glazing repairs)
- Shutter adjustments
- Wood gutter repairs, wood replacement, reline with new Bitumen coating
- Repair of 3 openings inside the adobe. Remove and reinstall wood jam and casing as needed. Adobe repairs and stabilization. Whitewash as needed in these areas.
- Paint wood repair as needed
- Minor adjustments do restroom doors.

Option #2	2 Journeymen 4-week duration (Up to 20 days)
\$34,780.00	Labor and Equipment
<u>\$4,000.00</u>	Material Allowance (billed cost plus 10%)
\$38,780.00	

Same as above with:

- Care to all doors and windows
- Repair/Replace wood siding that is cupping.
- Additional crack repairs on the interior
- Repair "Barn Doors" on restroom BLDG.
- Paint and or Stain/Oil repairs as needed



Date 4/28/22
Mark Sauer, President & CEO

Analysis and Ideas for Future of the Warner Carrillo Ranch House
By Kathryn Fletcher, Head Docent
May 9, 2022

Preface

I have been first a volunteer and then paid docent under Save Our Heritage Organization (SOHO) since the renovation and opening 10 years ago. The Warner Carrillo Ranch House Museum, a National Historical Landmark since 1962, was originally opened from 10 a.m. to 4 p.m. on weekends only, then hours were reduced to the current schedule of 12 to 4 p.m. Formerly I was the President of the Warner Springs Historical Society which was a committee under the time share ranch ownership of the Warner Hot Springs Resort known as The Warner Springs Resort Ranch Owners Association. When the resort was for sale I convinced the Board of the directors that the historical collection including photographs, oral histories, native american pottery and baskets, wagons, and documents regarding the historic property be protected for the public good and not sold as assets of the Ranch Owners Association. The collection was inventoried and photographed, then moved to the Warner Resource Center before being moved to the Warner Carrillo Ranch House Museum under the nonprofit umbrella of Save Our Heritage Organisation after the building renovation was completed.

Since the resort was sold in bankruptcy in 2013 to William McWethy, Pacific Hospitality Group, it has remained closed and is still under county review. Other members of the Warner Springs Historical Society have moved away or passed away. I am the sole remaining original member, do not have a 501C3, and am the sole docent at this time at the Warner Carrillo. I am the author of the Arcadia Publishing Book "Warner Hot Springs" and before retiring was a Licensed Landscape Designer and Certified Club Manager in Orange County. My family have been part time residents of Warner Springs since 1939 and my husband and I full time residents since December of 2005. My cousins Christy and Larry Petersen also live here and are in charge of the Los Tules Mutual Water Company as administrator and operations director. My husband Norman and I live in the adobe home of my grandparents in the Los Tules Residential area adjacent to the Warner Springs Ranch Resort. I have been the Past President and longtime board member of the Los Tules Property Owners Association and served on the Warner Springs Resource Center Board. I am an applicant for the County Support Group for the area which is in the process of being formed under Supervisor Jim Desmond's office.

Factors Affecting Visitation to the site

- The Museum is located in a remote area of the San Diego Back County in the Warner Valley.
- The population of the Warner Valley is only about 1,500 people.
- There are no commercial areas nearby.
- It is located on San Felipe Road S2 near Highway 79, 45 minutes to an hour from major population centers and 30 minutes from Julian and Borrego Springs, Traffic is heaviest Friday through Sunday, most of it going to and from Anza Borrego or Ocotillo Wells. The location is not en route to Julian which receives more tourist traffic.
- RV and Motorcycle traffic are en route to the desert or returning are not as a rule people that enjoy history.
- COVID-19 forced the closure of all museums for several years. Forty percent may not reopen.
- Gas prices in 2022 have soared and the expense has decreased travel to the back country.
- Hot summer weather keeps people closer to the coast and not visiting.
- "Snowbirds" living in Borrego Springs avoid weekend traffic and go "down the hill" shopping and to appointments mid-week when the Warner Carrillo is not open.
- County Historical signage is small and hard to read and some have confusing directional arrows.
- The entry driveway, especially the west one are not seen easily and confusing. Traffic from the desert is also going very fast and makes turning and exiting a challenge.

- Continued years of drought have made Borrego wild flower bloom limited and reduced traffic from those visitors who are more likely to visit a historic building.

Factors affecting staffing

- COVID-19 and the loss of the popular Whaley House Museum in Old Town has reduced the staff from 22 to 7, reduced volunteers, and dealt a financial blow to SOHO.
- It is costly and time consuming for staff and volunteers to drive from downtown San Diego to Warner Springs.
- There is a lot of training and memorization of history necessary.
- Many docents and volunteers are afraid to staff the site by themselves.

Building and Grounds Challenges

- The building is a 1857 primarily adobe and wood structure in an area that has weather extremes of sun, continuous wind, rain, snow and dryness.
- The barn has never been restored due to lack of grant funds so is mostly unusable and in a continuing state of decline.
- The location is in a high fire risk area and needs fire safe clearing several times a year.
- The location is located not far from the very active Borrego earthquake fault.
- When restoration is done it must be done using historical materials and standards which do not hold up well in the weather conditions.

Current State of Affairs

The Ranch House exterior adobe must be replastered every 2 to 3 years and wood shutters, windows and window sills repainted every 2 to three years also. The plastering is in process as of May 2022. The rest of the repairs have been estimated and are under review.

The building is an unreinforced adobe building and interior doorways shift and need repair.

Repairs to the building, grounds, and barn will be on going.

SOHO has expressed that they need to "narrow the footprint" of their operations and discontinue operation of the back country sites including the Warner Carrillo Ranch House. They feel they will need to sell Santa Ysabel Mercantile Store, which is currently leased, and the Hoover Barn.

SOHO has expressed that they would assist in transitioning the Warner Carrillo Ranch House to the Vista Irrigation District(VID) and helping the Warner Springs Historical Society obtain a 501C3 as the operator.

The ranch house contains furniture, antiques, files, displays, books, and museum shop items. Some are donated, some loaned, and some belong to SOHO, Bruce and Alana Coons, and the Warner Springs Historical Society. There is an annual inventory taken of museum shop items for sale, and a record of all donated and loaned items. Decisions regarding the contents of the museum would need to be made.

The Board of the VID will be meeting on June 8th to consider the future of the Warner Carrillo Ranch House along with other agenda items. Kathryn Fletcher has been asked to attend the meeting.

Ideas for Continued Operation of the Warner Carrillo Ranch House Museum

1. Re -examine and create better operating days and hours
2. Develop and expand marketing and promotion
3. Offer membership and participation in Warner Springs Historical Society
4. Promote more special events to raise funds and awareness
5. Promote more group sales and visitor opportunities

6. Increase visibility and signage
7. Train more local volunteers

Operating Days and Hours

Saturdays are less popular than Sundays. If people are going to go away for the weekend they leave Thursday or Friday and come back Sunday, or Monday if it is a three day weekend. Hot summer weekends attendance is very poor. If people are traveling to do shopping or go for appointments in town it is usually a weekday. SUGGESTION : Change days and hours to Friday and Sundays. Perhaps open mid-week one day a month. Open only one weekend a month between July 4th and Labor Day, or not at all. Tie opening days to event calendar for desert and back country such as Borrego and Vallecitos Days and three day weekends and holidays such as Memorial Day, Veterans Day, Labor Day, Thanksgiving, Christmas and New Year's. Be flexible.

Marketing and Promotion

- Event Calendars in local papers Julian Journal, Ramona Journal, Borrego Sun
- Special event press releases to papers
- Social Media pages like Warner Springs and Julian Connection
- Magazine articles to Sunset and Westways Magazine
- Distribute Rack cards to North County Wine Trail Wineries, Julian Town Hall and Pioneer Museum, Temecula History Museum, Resource Centers, Mini Mart and Market bulletin Boards, restaurants such as The Hideout and Farmhouse 78, and the Pacific Crest Trailhead at the Cal Fire Station.
- Invite Julian Chamber of Commerce to hold an event there.
- Try to get Elsa Sevilla of San Diego's Historic Places to do a new PBS program about the site and others like Ken Kramer's "About San Diego" and Jessica Johnson "Hidden San Diego" social media page and blog. Contact J. Harry Jones, Union Tribune reporter for the back country, and the North County News.

Warner Springs Historical Society

- Establish a 501C3 status with help from SOHO.
- Offer a nominal annual fee like \$25- 35 to pay for postage, mailings, etc. Includes free admission and 2 guests monthly
- Develop volunteers for touring, special events, repairs, etc.
- Create board of directors
- Hold monthly meeting and speakers at museum or Warner Resource Center

Special Events

- Stage Coach event is very limited and sells out quickly. I suggest holding it twice a year Fall and Spring, and over two days instead of one. Considerations are who will have possession of the stagecoach and if there are other drivers and horses than in the past. I would encourage more spectators and musicians, a bigger raffle, and a food truck. Hole in the Wall Gang guys and Victorian Tea Rose Ladies are great.
- Artists and photographers day - Santa Ysabel Gallery and Julian Artist Guild.
- Promote as a set for movies and television.
- Long Distance Horse Back Riders Day. Resource Center to PCT to Eagle Rock, then Barrel Springs to Wilson Kimball Ruins to Warner Carrillo and Back to Resource Center. Include admission and meal.
- Julian July 4th Parade.
- Meet the author events.
- Participate in Macy's Museum Month passes.

- Offer local zip code half price days and other specials like a Mother and Father Days buy one get one free.

Group Sales

- These are your most profitable because it does not take a lot of staff time and they make donations and museum shop purchases.
- Boy Scouts from Mataguay, Lost Valley, Julian Camps
- School Groups - 4th Grade California History
- Mormon Battalion Groups
- Oregon Trail Association
- Historical Societies like Ramona, Temecula, Fallbrook, Valley Center, Julian, Anza Borrego, Lakeside.
- Hiking and Naturalist Groups
- Car Clubs - hot rod, Woodies, BMW, Corvette, Porsche, etc. as stop on car runs
- Motorcycle groups
- Move Picnic Tables from Santa Ysabel Store so people have seating and can picnic.

Increase Visibility and Signage

- Check on Cal Trans Highway signs and see if well located and correct directionally.
- Move Banner to wood fence or sign that says "Open this week on.....hours...."
- Paint Mud Wagon Bed and move to front of building. Also buggy from SOHO if they wish to donate it. Secure with chains.
- Improve driveway entries and add entry signs.
- Julian Women's Club "Barn Quilt Trail" booklet

Train more local Volunteers and Docents

- Men and women, school community service
- Building and wagon repairs
- Help from VID employees?
- Record keeping, accounting, payroll, tax preparation - how?



**WARNER RANCH COMMITTEE
STAFF REPORT**

Agenda Item: 7

Meeting Date:

August 8, 2022

Prepared By:

Don Smith

Approved By:

Brett Hodgkiss

SUBJECT: MATAGUAY GRAZING LICENSE AGREEMENT

RECOMMENDATION: Consider proposed amendments to the Mataguay grazing license agreement with Landscape Function Management, LLC.

PRIOR BOARD ACTION: On October 18, 2017, the Board approved a grazing license agreement for the Mataguay pastures with the Mendenhall Cattle Company. On August 18, 2021, the Board considered an unsolicited proposal from Dan Lewis for the Mataguay grazing license and decided to continue the existing grazing license agreement with Landscape Function Management, LLC (LFM), as the successor to the Mendenhall Cattle Company. The Board toured the Mataguay pastures on September 29, 2021.

FISCAL IMPACT: The annual base license fee (60 head of cattle per month) for 2022 is \$10,448 (\$870.67/month); the excess cattle fee (above 60 head of cattle per month) is \$14.51/month for each mature animal. The annual license fee as well as the excess cattle fee are adjusted annually based on changes in the Consumer Price Index.

SUMMARY: LMF has requested that Mataguay grazing license agreement be amended to allow LMF to make improvements to the licensed premises and to ensure that LMF has the opportunity to recover the value of investments in said improvements. Proposed amendments include allowing for future improvements to the licensed premises, lengthening the license agreement term from year-to-year to 10 years, and changing the fee payment schedule for excess cattle to avoid a large balloon payment each year.

DETAILED REPORT: The current year-to-year term of the Mataguay grazing license agreement provides little assurance that the Licensee would be able to recoup the value of an investment in improvements to the licensed premises. The amended license agreement proposes to allow LFM to submit a proposal for improvements that enhance the licensed premises. If the District, in its sole discretion, agrees that said improvements would provide lasting value to the licensed premises, the parties may negotiate mutually agreeable terms that allow LMF to obtain reasonable value from such improvements during the life of the License; said terms would need be incorporated into the license agreement via an amendment. While the District has received not received a proposal for such investment, the amended license agreement proposes a fixed 10-year term (rather than year-to-year), providing LFM with sufficient time to benefit from the financial investment made to construct improvements.

The base license fee assumes a monthly head count of 60 cattle on the licensed premises. The current agreement provides that if the average monthly head count over the course of the year exceeds 60 head per month average, the LFM will pay a supplemental license fee based on the excess monthly cattle head count. The amended license agreement yields the same total payment; however, it proposes that the fee for excess cattle be paid monthly rather than at the end of each calendar year.

ATTACHMENT: Redline Grazing License Agreement

GRAZING LICENSE AGREEMENT

This License Agreement (“License”) is made and entered into as of _____ by and between the **VISTA IRRIGATION DISTRICT**, a political subdivision of the State of California organized under the Irrigation District Law, California Water Code Section 20500, et seq. (“VID”), and **LANDSCAPE FUNCTION MANAGEMENT**, a California Limited Liability Company as Licensee (“Licensee”).

PART I

FUNDAMENTAL LICENSE TERMS

1.1 License. VID hereby issues to Licensee a non-exclusive License to enter upon the following real property owned by VID, for the purpose or activity specified in Paragraph 1.1.2:

1.1.1 Licensed Property. Approximately 8,100 acres, located on the Warner Ranch, as described attached hereto as Part IV and incorporated herein by this reference (“Premises”).

1.1.2. Use of Premises. For and during the term of this License, Licensee shall use the Premises solely and exclusively for the purposes of providing pasturage and grazing of cattle, and installing and maintaining appurtenant facilities, all subject to the terms and conditions provided herein.

1.2 Term. The initial license term shall commence on _____ (“Commencement Date”) and shall continue for a period of ten (10) years, ending on _____ ~~from year to year unless terminated earlier under the terms of this License, either party gives notification to modify or terminate the License in its entirety pursuant to Paragraph 2.8.~~

1.3 Termination.

1.3.1 This License may be terminated by either party with a 180 day written notice of intent to terminate the License.

1.3.2 The Licensee may elect to terminate this License with 90 days written notice if, through no fault of its own, one-third or more of the Premises have been burned or otherwise made unusable for the purpose intended.

1.3.3 Licensee shall be in material default under the terms of this Agreement if Licensee fails to pay any amount due under this Agreement or fails to perform or observe any term, covenant, or undertaking in this Agreement to be performed or observed by it and such default continues for 30 calendar days after such performance is due. If an event of default occurs under this Agreement, VID may, at its option, terminate this Agreement at any time thereafter by giving notice to the Licensee at least five business days before the termination is to be effective. If the Agreement is terminated under this provision, Licensee shall remove all its personal property from the Property within 20 calendar days. If such removal is not completed within the 20 days, VID may, at its option, take such measures as VID, in

its sole discretion, deems necessary to accomplish such complete removal and the expenses therefor will be paid by Licensee.

1.4 License Consideration.

1.4.1 Base License Fee and AUM Fee. Licensee shall pay to the VID an initial annual fee (the "Base License Fee") for the use of the Premises ~~\$9,360~~10,448 per year in ~~2018~~2022, payable in advance in monthly installments of ~~\$780~~870.67 ~~as described in Paragraph 1.4.2 for each and every month of 2018~~, and indexed to the Consumer Price Index for all subsequent years as described below. (~~\$780~~870.67 is equivalent to 60 AUM @ ~~\$13.00~~14.51 per month ~~– the "AUM Fee"~~.) "AUM" shall mean the forage consumed by one mature animal unit (weighing 700 pounds or more) in one month, or "Animal Unit Month". Any weaned animal weighing less than 700 pounds shall be considered one-half AUM. Commonly, a weaned calf shall be deemed one-half AUM until it reaches nine months of age, at which time and thereafter it shall be deemed a full AUM. A cow and her unweaned calves together shall be considered one AUM. Beginning in ~~2019~~2023 and for every subsequent year, the yearly Base License Fee ~~(and AUM Fees supplemental license fee, as described below)~~ shall be adjusted as indexed for inflation. The index shall be taken as the first half semiannual average (January through June) of the Consumer Price Index, All Urban Consumers, San Diego published by the United States Department of Labor, Bureau of Labor Statistics ("Index"). ~~For the first half semi-annual index ending June, 2021 year, the value of the Index is 314.282281.561;~~ subsequent base ~~and supplemental~~ license fees ~~and AUM Fees~~ shall be adjusted by the percentage change in the value of the Index. In the event that the United States ceases to publish or maintain the Index, upon written notice to Licensee, VID shall use a similar index published by the United States or, if none is published by the United States, a similar index published by State of California or another governmental entity.

1.4.2 Monthly Reporting and Payment of Supplemental License Fees. ~~The Licensee shall furnish VID a written report of the AUM count on the Premises on a monthly basis. The monthly AUM count may pro-rate the number of full and half AUMs monthly by documenting the daily additions and subtractions of full and half AUMs. The report shall be accompanied by a payment, which shall be the greater of: 1) the sum of the monthly Base License Fees from the first month of the current license year through the upcoming month less the sum of all License Fees previously paid during the current license year; or 2) the running total of the monthly AUM counts for the current license year multiplied by the AUM Fee minus the sum of all License Fees previously paid during the current license year.~~

~~At the end of each license year, the total AUM count for each of the previous 12 months shall be aggregated. If the total thus derived exceeds 720 (12 months x 60 AUM), a supplemental license fee of \$13.00 per AUM per month (in 2018) for each AUM month over 720 during the preceding 12 months shall be paid. Licensee shall furnish VID a written report of the AUM count for each month which shall accompany the Base License Fee payment. Beginning in 2019, this supplemental license fee shall be adjusted for inflation as described in Paragraph 1.4.1.~~

1.5 Notices and Payments. All payments, notices and other writings required to be delivered under this License to either party shall be delivered in accordance with the provisions of Part II (“General Provisions”), to VID at the address set forth in Part II, and to Licensee at the address set forth in this Part I.

1.6 Attachments. This License incorporates by reference the following Attachments to this License:

- Part I: Fundamental License Terms
- Part II: General License Provisions
- Part III: Special License Provisions
- Part IV: Premises

1.7 Integration. This License represents the entire understanding of VID and Licensee as to the License and all other matters contained herein. No prior oral or written understanding shall be of any force or effect with regard to those matters covered by this License. This License supersedes and cancels any and all previous negotiations, arrangements, agreements or understandings, if any, between the parties, and none shall be used to interpret this License.

IN WITNESS WHEREOF, the parties have executed and entered into this License as of the date first set forth above.

<p>VISTA IRRIGATION DISTRICT</p> <p>By: _____</p> <p>Brett Hodgkiss General Manager</p>	<p>LANDSCAPE FUNCTION MANAGMENT, LLC A California Limited Liability Company</p> <p>By: _____</p> <p>Name: Kevin Muno Title: President</p> <p>By: _____</p> <p>Name: _____ Title: _____</p> <p>Licensee Information:</p> <p>Address for Notices: 3427 N. Twin Oaks Valley Road San Marcos, CA 92069</p> <p>Telephone Number: (760) 600-0248 Email Address: kmunojr@gmail.com</p>
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PART II

GENERAL LICENSE PROVISIONS

2.1 Payment of License Fee

2.1.1 Timing of Payment. The payments to VID shall be made on or before the fifteenth day of each calendar month, and any payment or portion thereof made after that date shall be considered late. The Licensee shall pay to VID a late charge as set forth in Paragraph 2.2.1.

2.1.2 Transmittal of Payments. Licensee shall make all License Fee payments, and pay all other sums due under this License, in lawful money of the United States, by check payable to "VISTA IRRIGATION DISTRICT," and shall personally deliver or mail all payments without any notice or demand to VID at the address set forth in Paragraph 2.8.1 below. Licensee assumes all risk of loss or late payment if any payment is made by mail.

2.1.3 No Offsets. All License Fees and other sums due under this License shall be paid without offset or deduction, and shall be deemed payments on account. Neither the payment by Licensee nor the acceptance by VID of any License Fee or other sum in an amount which is less than the amount due and payable pursuant to this License, nor the issuance of a monthly statement showing as due and payable an amount less than is properly due and payable pursuant to the terms of this License, shall constitute an agreement by VID modifying this License or a waiver of VID's right to receive all sums provided for in this License. No endorsement or statement on any check or any letter accompanying any check or payment shall be deemed an accord or satisfaction, and VID shall accept all checks and payments from Licensee without prejudice to VID's right to recover the balance of the amount due or to pursue any other remedy in this License or otherwise provided by law.

2.2 Charges for Payment of License Fee

2.2.1 If any payment of any License Fee or any other sum due VID is not received by VID on or before the fifteenth day of each calendar month, Licensee shall be deemed delinquent in its License Fee payment and a late charge of one and one-half percent (1.5%) of the delinquent amount shall become immediately due and payable to VID. An additional charge of one and one-half percent (1.5%) of such delinquent License Fee payment (excluding late charges) shall be added for each additional calendar month (or portion thereof) that the delinquent sum remains unpaid.

2.2.2 Licensee and VID hereby acknowledge and agree that such late charges do not represent and shall not be deemed to be an interest payment, but that such late charges represent a fair and reasonable estimate of the costs and expenses that VID will incur by reason of Licensee's late payment.

2.2.3 Acceptance by VID of any delinquent License Fee payment or late charge shall in no way constitute a waiver of Licensee's default with respect to such overdue and delinquent payment, or in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.3 Use of Premises

2.3.1 Conditions of Use. For and during the term of this License, Licensee's use of the Premises shall be subject to the following conditions, covenants and restrictions:

2.3.1.1 Except as provided in this License, the Premises shall be used only for the purposes specified in Paragraph 1.1.2 above, and the Premises shall not be used for any other use or purpose whatsoever, without the prior written consent of VID.

2.3.1.2 Licensee shall not cause, permit or suffer any "hazardous material," "hazardous waste" or "hazardous chemicals" as those terms are used in CERCLA (42 U.S.C. § 9601(14)) or SARA (42 U.S.C. § 110211(e)) or any similar Federal, State, or local law, statute, ordinance, regulation or order, or otherwise determined by VID, to be brought upon, left, used or abandoned on the Premises.

2.3.1.3 Licensee shall not maintain, commit or permit the maintenance or commission of any waste or any nuisance (as defined in California Civil Code section 3479) on the Premises, and Licensee shall not use or permit the use of the Premises for any unlawful purpose.

2.3.1.4 VID or its authorized representative shall have the right at all reasonable times to enter upon the Premises and inspect the general condition of the Premises to determine if Licensee is complying with the terms, conditions, requirements and provisions of this License.

2.3.2 Utilities and Services. Licensee shall be solely responsible for obtaining all utility service and for the payment of all utility charges, including but not limited to water and power, supplied to the Premises.

2.3.3 Permits and Approvals. Licensee shall obtain any and all governmental permits, approvals, licenses or other authorizations which may be required in connection with the use of the Premises as set forth in this License. No approval or consent given under this License by VID shall affect or limit Licensee's obligations hereunder, nor shall any approvals or consents given by VID, in its capacity as a party to this License, be deemed to be approval as to compliance or conformance with any applicable governmental codes, laws, orders, rules or regulations.

2.4 Insurance. Without limiting Licensee's indemnification obligations, Licensee shall not enter or occupy the Premises until Licensee has obtained all of the insurance required herein from a company or companies acceptable to VID, and Licensee shall maintain all such insurance in full force and effect at all times during the term of this License and any extension or renewal thereof. Insurance shall be placed with insurers having a current A.M. Best rating of no less than A-:VII or equivalent or as otherwise approved by VID.

2.4.1 Licensee shall take out and maintain the following insurance:

2.4.1.1 Workers' Compensation and Employer's Liability Insurance. Licensee shall cover or insure under the applicable laws relating to workers' compensation insurance all of its employees working on or about the Premises, in accordance with

the “Workers’ Compensation and Insurance Act,” Division IV of the Labor Code of the State of California and any Acts amendatory thereof. Licensee shall provide worker’s compensation insurance and employer’s liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such policy of workers compensation insurance shall contain the following separate endorsements:

(a) “Insurer waives all rights of subrogation against the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, cancelled, limited, non-renewed or materially changed for any reason by the insurer until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

2.4.1.2 Commercial General Liability Insurance providing coverage in the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury, Personal Injury or Death and Property.

(b) Damage Coverage shall be at least as broad as Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 0001).

(c) If Commercial General Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503 or ISO CG 2504, or insurer’s equivalent endorsement provided to VID), or the general aggregate limit shall be twice the required occurrence limit.

2.4.1.3 Comprehensive Automobile Liability Insurance, including owned, non-owned, leased, hired, and borrowed automobiles and similar vehicles, providing the following minimum limits:

(a) Combined single limit of One Million Dollars (\$1,000,000) per occurrence for Bodily Injury or Death and Property Damage.

(b) Coverage shall be at least as broad as Insurance Services Office (ISO) Business and Auto Coverage (Form CA 0001) covering any auto.

2.4.2 Endorsements. The policies of liability insurance provided for in Paragraphs 2.4.1.2 and 2.4.1.3 shall specify that this specific License is insured and that coverage for injury to participants resulting from Licensee's activities is not excluded, and shall be in a form satisfactory to VID and contain the following separate endorsements:

(a) “The Vista Irrigation District, its officers, directors, employees, representatives and volunteers, are declared to be additional insureds on all of the above policies with respects to the operations and activities of the named insured

at or from the premises of the Vista Irrigation District. The coverage shall contain no special limitations on the scope of protection afforded to the Vista Irrigation District, its officers, directors, employees, representatives and volunteers.”

(b) “This insurance policy shall not be suspended, voided, reduced in coverage or in limits, canceled, limited, non-renewed, or materially changed for any reason until thirty (30) days after receipt by the Vista Irrigation District of a written notice of such cancellation, limitation or reduction of coverage.”

(c) “This insurance policy is primary insurance and no insurance held or owned by the designated additional insureds shall be called upon or looked to cover a loss under said policy; the Vista Irrigation District shall not be liable for the payment of premiums or assessments on this policy.”

(d) “Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the Vista Irrigation District, its officers, directors, employees, representatives, or volunteers.”

(e) “This insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.”

2.4.3 Evidence of Coverage. Licensee shall at the time of the execution of the License present to VID the original policies of insurance required by this Paragraph 2.4 or a certificate of the insurance, with separate endorsements (Insurance Services Office Form CG 2026, or equivalent), showing the issuance of such insurance and the additional insured and other provisions and endorsements required herein and copies of all endorsements signed by the insurer’s representative. All policies shall contain the Licensee’s name and location of the Premises on the certificate. At least thirty (30) days prior to the expiration of any such policy, a signed complete certificate of insurance, with all endorsements provided herein, showing that such insurance coverage has been renewed or extended, shall be filed with VID. Licensee’s insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.

2.4.4 Review of Coverage. VID shall have the right at any time to review the coverage, form, and limits of insurance required under this License. If, in the sole and absolute discretion of VID, the insurance provisions in this License do not provide adequate protection for VID, VID shall have the right to require Licensee to obtain insurance sufficient in coverage, form and limits to provide adequate protection and Licensee shall promptly comply with any such requirement. VID’s requirements shall not be unreasonable, but shall be adequate in the sole opinion of VID to protect against the kind and extent of risks which may exist at the time a change of insurance is required, or thereafter.

2.4.5 Deductibles. Any and all deductibles must be declared and approved by VID prior to execution of this License.

2.4.6 License Contingent Upon Coverage. Notwithstanding any other provision of this License, this License shall be null and void at all times when the above-referenced original policies of insurance or Certificate of Insurance or Renewal Certificates or Endorsements are not on file with VID.

2.5 Indemnification

2.5.1 VID not Liable. VID shall not be liable at any time for any loss, damage or injury whatsoever to the person or property of any person or entity whatsoever, including but not limited to any employee, agent, contractor or volunteer of Licensee, resulting from or arising out of any act or omission of Licensee or of any person or entity holding under Licensee, or the occupancy or use of the Premises or any part thereof by or under Licensee, or any act or omission in the exercise of any right or the performance of any obligation under this License, or directly or indirectly from any state or condition of the Premises, or any part thereof.

2.5.2 Indemnification. Irrespective of any insurance carried by Licensee for the benefit of VID, and notwithstanding any other provision of this License to the contrary, Licensee shall indemnify and hold VID, its officers, directors, employees, representatives and volunteers harmless from and against any and all actions, claims, demands, judgments, attorneys' fees, costs, damages to persons or property, penalties, obligations, expenses or liabilities of any kind that may be asserted or claimed by any person or entity (including, but not limited to, any employee, agent, contractor or volunteer of Licensee) in any way arising out of or in connection with this License, the operations carried on by Licensee on the Premises or any lands to which Licensee has access hereunder, or the occupation or use of the Premises by Licensee or any person or entity holding under Licensee (collectively, "Claims"), whether or not there is concurrent active or passive negligence on the part of VID, and/or acts for which the VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID. In connection therewith:

2.5.2.1 Licensee shall defend and hold VID, its officers, directors, employees, agents, representatives and volunteers, harmless from any and all Claims, whether caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding any Claim that results from the sole active negligence or willful misconduct of VID, its officers, employees, agents, or representatives; and Licensee shall pay all expenses and costs, including attorneys' fees, incurred in connection therewith.

2.5.2.2 Licensee shall promptly pay any judgment rendered against Licensee or VID covering any Claim, and hold and save VID harmless therefrom, whether such Claim was caused in whole or in part by VID's active or passive negligence, and/or acts for which VID would be held strictly liable, but excluding the sole active negligence and willful misconduct of VID.

2.5.2.3 In the event VID is made a party to any action or proceeding filed or prosecuted for or arising out of or in connection with any Claim, Licensee shall pay to VID any and all costs and expenses incurred by VID in any such action or proceeding, together with reasonable attorneys' fees.

2.5.2.4 All of the indemnity obligations of Licensee under this Paragraph 2.5.2, or as otherwise set forth in this License, shall survive the expiration or earlier termination of this License.

2.6 Legal Relations and Responsibilities

2.6.1 Nature of Relationship. VID and Licensee understand and agree that the only relationship between them created by this License is that of Licensor and Licensee, and that this License does not create, and shall not be construed to create, any agency, partnership, joint venture, landlord-tenant or other relationship between VID and Licensee.

2.6.2 Compliance with Laws. Licensee shall keep itself fully informed of all existing and future state and federal laws and all county and city ordinances and regulations which in any manner affect the activities of Licensee under this License, or the possession or use of the Premises by Licensee, and of all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. Licensee shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees, and shall protect and indemnify, as required herein, VID, its officers, directors, employees and agents against any claim or liability arising from or based on the violation of any such law, ordinance, regulation, order or decree, whether by Licensee or any person or entity holding under Licensee.

2.6.3 Assignment. The License granted hereby is personal to Licensee and any assignment of said License by Licensee, voluntarily or by operation of law, shall automatically terminate this License, unless Licensee has obtained the prior written consent of VID, which may be withheld, in its sole and absolute discretion, for any reason or no reason at all.

2.6.4 Acknowledgment of VID's Title. Licensee hereby acknowledges the title of VID in and to the Premises, including the real property fixtures and improvements existing or erected thereon, and Licensee hereby covenants and promises never to assail, contest or resist VID's title to the Premises.

2.6.5 Liens. Licensee shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including but not limited to any claims, liens or charges arising out of or in connection with the furnishing of materials or the performance of labor on the Premises. Licensee further shall protect and indemnify VID and the Premises from and hold them, and each of them, harmless against any and all such claims, obligations, liabilities, liens, encumbrances and charges.

2.6.6 Possessory Interest Taxation. A possessory interest subject to property taxation may be created by this License. It is understood and agreed that if such a possessory interest is created, Licensee shall be responsible for the payment of all property taxes levied on such interest, and that VID shall have no responsibility therefor.

2.6.7 VID's Reservations

2.6.7.1 VID hereby reserves the right to grant easements and rights-of-way for pole or tower lines for transmission of electricity, and easements, leases and rights-

of-way for telephone, telegraph, telecommunication facilities, gas, water, sewer and oil lines, for roads and highways, and for other similar uses over and across the Premises at any location or locations within the Premises. In the event Licensee determines that the granting or exercise of any such easement, lease, or right-of-way significantly interferes with Licensee's possession or use of the Premises, Licensee's only remedy shall be to terminate this License upon thirty (30) days written notice to VID. Licensee shall not interfere with any easements or rights-of-way pertaining to or affecting the Premises.

2.6.7.2 VID hereby reserves the right to sell, transfer, lease or otherwise dispose of any portion of the Premises at any time. In the event of such sale, transfer, lease or disposition, and notwithstanding any other provision of this License, this License shall, upon the close of escrow or the conveyance of title, terminate as to the portions of the Premises sold, transferred, leased or disposed of, and Licensee shall release the same from the terms of this License and from any encumbrance which results from this License.

2.6.7.3 VID reserves the right unto itself to perform any and all work involved in protecting, replenishing and/or conserving the water supply of the watershed of Lake Henshaw, and any other work necessary to the functions or purposes of VID, upon any portion or all of the Premises at any time. Such work may be performed without incurring any liability of any nature whatsoever to Licensee, and Licensee hereby releases VID from, and covenants not to sue VID for, any such liability. VID further reserves unto itself the rights of ingress and egress over all or any portion of the Premises.

2.6.7.4 Except as provided herein, this License is not exclusive. The District reserves the right to enter into and maintain other agreements, licenses, leases, and conveyances with other parties on the Premises for uses that do not materially interfere with the operations of the Licensee. By execution of this License, Licensee agrees to cooperate with the District and the parties to the District's business relationships.

2.6.8 Waiver of Claims. As a material part of the consideration to VID under the License, Licensee hereby waives any and all claims that it may have against VID during the term of this License, or any extension or renewal thereof, for any damage to goods, wares and merchandise upon or about the Premises, and for any injury to Licensee, its employees, agents, invitees, or to third parties in or about the Premises, from any cause arising at any time.

2.6.9 Surrender of Possession. At the expiration or termination of this License, whether with or without cause, Licensee shall promptly quit and surrender the Premises in a good state of repair.

2.6.10 Disposition of Abandoned Property. If Licensee abandons or quits the Premises or is dispossessed thereof by process of law or otherwise, title to any personal property left on the Premises for fifteen (15) or more days after such event shall at VID's opinion, be deemed to have been abandoned and transferred to VID. VID shall have the right to

remove and dispose of any and all such property without liability therefor to Licensee or to any person or entity claiming under Licensee, and VID shall have no duty to account for such property. Licensee agrees to reimburse VID for any and all costs associated with VID transferring or disposing of Licensee's personal property pursuant to this Section.

2.6.11 Premises "As-Is". Licensee acknowledges that the Premises are being provided to Licensee on an "as-is" basis, and Licensee takes and occupies the Premises without reliance upon any representation by VID, or any of its officers, employees, agents or representatives, or any other person, concerning the Premises, their fitness for Licensee's intended use or any other particular purpose of use, their income-producing history, potential or capabilities, their value, or any other promise, representation or inducement not expressly set forth in this License.

2.6.12 No Representation or Warranty Concerning Premises. Licensee acknowledges that neither VID, nor any of its officers, employees, agents or representatives, has made any written or oral representation, promise, or warranty, expressed or implied, concerning the Premises, their fitness for Licensee's intended use or any other purpose or use, their income producing history, potential or capabilities, their value, or any other matter not expressly set forth in this License.

2.6.13 Disputes. In the event that any action is commenced by a party to this License against the other to enforce its rights or obligations arising from this License or seeking to interpret this License, the prevailing party in such action, in addition to any other relief and recovery ordered by the court, shall be entitled to recover all statutory costs, plus reasonable attorneys' fees. Should VID be named in any suit brought by any third party against Licensee in connection with or in any way arising out of Licensee's occupancy or use of the Premises under this License, Licensee shall pay to VID its costs and expenses incurred in such suit, including reasonable attorneys' fees.

2.6.14 Security Measures. Licensee acknowledges that the Premises are licensed to and accepted by Licensee in an "as-is" condition, and that the License Payments and other sums payable from Licensee to VID hereunder do not include the cost of security guard or any other security services or measures. Licensee further acknowledges that VID makes no representation or warranty, express or implied, regarding the security of the Premises or the need for or propriety of any security measures at the Premises; and Licensee further acknowledges that VID shall have no obligation whatsoever to provide guard service or any other security measures. Licensee expressly assumes all responsibility for the protection and security of the Premises, Licensee, its agents, employees, invitees and property within the Premises from any and all acts of any third party.

2.6.15 No Obligation to Third Parties. Execution and issuance of this License shall not be deemed to confer any rights upon, directly, indirectly or by way of subrogation, nor obligate either of the parties hereto to, any person or entity other than VID and Licensee.

2.6.16 Waiver. Any waiver by any party of a breach of any provision of this License shall not be deemed a continuing waiver or a waiver of any subsequent breach whether of the same or of another provision hereof.

2.6.17 VID's Liability on Termination. Licensee hereby waives all damages or claims for damage that may be caused by any action of VID in terminating this License (either with or without cause), or taking possession of the Premises as provided in this License or at law, and Licensee waives all claims for damages to or loss of such property of Licensee as may be in or upon the Premises upon the termination of this License.

2.7 Maintenance and Repair of Premises

2.7.1 Licensee's Obligation to Maintain Premises. Licensee shall at all times during the term of this License, and any extension or renewal thereof, at its sole cost and expense, remove all trash and debris from the Premises. Licensee shall also keep and maintain in good condition and in substantial repair (all to the satisfaction of VID in its sole discretion), the Premises and all appurtenances and every part thereof, including improvements of any kind erected, installed or made on or within the Premises. Licensee shall at all times in the maintenance and use of the Premises and the buildings, structures, facilities, improvements and equipment thereon, comply with all laws, ordinances and regulations pertaining thereto, and all conditions and restrictions set forth herein. Licensee expressly agrees to maintain the Premises in a safe, clean, wholesome, and sanitary condition and free of trash and debris, to the complete satisfaction of VID and in compliance with all applicable laws.

2.7.2 Licensee's Default of its Maintenance Duties. In the event that Licensee fails, neglects or refuses to remove trash or debris deposited by Licensee or its invitees on the Premises or to maintain or make repairs or replacements as required by this License, VID shall notify Licensee in writing of such failure or refusal. Should Licensee fail or refuse to correct such default within ten (10) days of receipt of such written notice from VID, VID may, but shall not be required to, itself or by contract, undertake the necessary maintenance, repair or replacements; and the cost thereof, including but not limited to the cost of labor, materials and overhead, plus an administrative fee in the amount of twenty-five percent (25%) of the sum of such costs, shall be paid by Licensee to VID within ten (10) days of Licensee's receipt of a statement of such costs from VID. Any such maintenance, repair or replacement by or on behalf of VID shall not be deemed to be a waiver of Licensee's default under this License, and shall not in any way impair, prevent or restrict VID from exercising any of its rights or remedies set forth in this License or otherwise provided at law.

2.8 Miscellaneous

2.8.1 Notices. Any notice, payment or instrument required or permitted to be given or delivered by this License may be given or delivered by personal delivery or by depositing the same in any United States mail depository, first class postage prepaid, and addressed as follows:

If to VID:

VISTA IRRIGATION DISTRICT
1391 Engineer Street
Vista, CA 92081-8836
Attn: General Manager

If to Licensee:

To such name and address set forth for Licensee in Part I of this License,

or such other person or address as either party may direct in writing to the other; provided, however, that such new or different person or address shall not become effective until acknowledged in writing by the party to who directed. Except where service is by personal delivery or by registered or certified mail, return receipt requested, service of any instrument or writing shall be deemed completed forty-eight (48) hours after deposit in a United States mail depository.

2.8.2 Warranty of Authority. Each officer of VID and Licensee affixing his or her signature to this License warrants and represents by such signature that he or she has the full legal authority to bind his or her respective party to all of the terms, conditions and provisions of this License, that his or her respective party has the full legal right, power, capacity and authority to enter into this License and perform all of its provisions and obligations, and that no other approvals or consents are necessary in connection therewith.

2.8.3 Headings. The titles and headings of Sections and Paragraphs of this License, as herein set forth, have been inserted for the sake of convenience only, and are not to be taken, deemed or construed to be any part of the terms, covenants or conditions of this License, or to control, limit or modify any of the terms, covenants or conditions hereof.

2.8.4 Time of Essence. Time is of the essence of this License. Failure to comply with any requirement, including but not limited to any time requirement, of this License shall constitute a material breach of this License.

2.8.5 Construction and Amendment. This License shall be construed, interpreted, governed and enforced in all respects according to the laws of the State of California and as if drafted by both VID and Licensee. No amendment, change or modification of this document shall be valid unless in writing, stating that it amends, changes or modifies this License, and signed by all of the parties hereto.

2.8.6 Successors. Subject to the provisions of Paragraph 2.6.3 above, this License, and all of the terms, conditions and provisions herein, shall inure to the benefit of, and be binding upon, VID, Licensee, and their respective successors and assigns.

2.8.7 Re-Entry. No entry or re-entry into the Premises by VID shall be construed as an election to terminate this License, unless prior thereto or concurrently therewith written notice of intent to terminate is given by VID to Licensee. VID's entry into possession of the Premises without having elected to terminate shall not prevent VID from making such an election and giving Licensee notice thereof.

2.8.8 Partial Invalidity. If any term, covenant, condition or provision of this License is held by a court of competent jurisdiction to be invalid, void, illegal, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way affect, impair, or invalidate any other term, covenant, condition or provision contained in this License.

2.8.9 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent of the parties hereto.

2.8.10 Precedence. In the event of any conflict between Parts of this License, Part I shall prevail over Parts II, III and IV, and Part III shall prevail over Part II.

[END GENERAL LICENSE PROVISIONS]

PART III

SPECIAL LICENSE PROVISIONS

3.1 Additional Conditions of Use. The following are added to Paragraph 2.3.1 of this License, as additional conditions to the use of the Premises:

2.3.1.5 Licensee shall coordinate all activity on the Premises with VID's Water Resources Department.

2.3.1.6 No waste shall be permitted nor committed by Licensee and Licensee shall not overgraze or overstock the Premises. Licensee shall conduct all operations contemplated under this Agreement in accordance with good and accepted agronomic and environmental practices. Licensee shall comply with all written directives of the VID's Representative.

VID Representative may:

- a.) Determine the carrying capacity of the Premises from time to time and decide if cattle must be moved to other pastures or removed from the Premises to prevent overgrazing.
- b.) Approve the amount of supplemental feeding of animals upon the Premises proposed by Licensee when the carrying capacity of the Premises is exceeded, or, in the alternative, direct Licensee to remove from the Premises animals which might be in excess of the then existing carrying capacity of the Premises.
- c.) Identify practices that shall be amended or instituted in order to safeguard certain environmental or cultural resources on the Property.

2.3.1.7 Licensee shall not build any structures of any character upon the Premises without the express written permission of VID.

2.3.1.8 If the Licensee desires to make improvements to the Premises that enhance the value of the Premises, the Licensee shall provide a detailed description of such improvements and their costs to the District. If the District in its sole discretion agrees that the proposed improvements provide useful value, the Licensee and District may negotiate mutually agreeable terms to allow the Licensee to enjoy reasonable value from such improvements during the life of the License. Such terms shall not come into effect until the License is amended as described in Paragraph 2.8.5.

3.2 Utilities and Services. The following is added to Paragraph 2.3.2 of this License:

2.3.2.1 Stock Water. The Licensee, at no expense to VID, shall maintain all springs, tanks, watering troughs, and water lines as needed to provide water for its stock. The Licensee may use limited quantities of water, as available, which the District may produce from wells in its water production system, but VID has no obligation to provide water under pressure for supplying stock water to Licensee. Should Licensee need stock water at a pressure greater

than those maintained by VID in the normal operation of its water production system, Licensee shall install, operate and pay for any additional pumps or equipment and all energy costs. Only such water as can efficiently be used by the Licensee for the watering of its stock shall be furnished by VID under this License. VID retains the right to suspend supplying stock water to prevent waste.

3.3 Licensee's Obligation to Maintain Premises. The following is added to Paragraph 2.7.1 of this License:

2.7.1.1 Licensee shall, at no expense to VID, maintain in good repair all fences and corrals on the Premises, including all fences along highways, roads and all Warner Ranch exterior or perimeter fences. Should Licensee's operations result in cattle grazing along the perimeter of Warner Ranch where fences do not exist, Licensee shall, at no expense to VID, construct fences so as to confine its cattle to the Premises. Except as otherwise provided herein, Licensee shall keep and maintain all improvements on the Premises, including cattle-handling facilities, cattle-guards, and other appurtenances, in good condition and repair.

2.7.1.2 Licensee acknowledges that it has examined and is fully familiar with the Premises and all improvements and accepts them in their present condition. Licensee will save and hold harmless VID from any and all claims for labor and materials (except where otherwise stated herein) in connection with the improvements, repair, or alterations made to or upon the Premises by Licensee.

2.7.1.3 Pest Control. Lessee shall carry on all of its operations hereunder in accordance with good husbandry and sound agronomic and environmental practices, including, but not limited to, pest eradication and control, but only to the extent reasonably necessitated by use of the Premises permitted by this License and as required by VID's Representative . Lessee shall, in all its operations under this License and at its expense, comply with all applicable laws, rules and regulations, including, but not limited to the California Occupational Safety and Health Act of 1973, as amended. Any chemicals, sprays, or materials used for any purpose must be approved by the VID's Representative for their compatibility with the District's water system operation.

3.4 Miscellaneous. The following is added to Paragraph 2.8. of this License:

2.8.11 Reports and Information. Upon request, Licensee shall furnish VID copies of all brand inspection reports covering all cattle shipped to or removed from the Premises. Licensee shall further afford VID full and complete access to books and records of Licensee at all reasonable times, or, in lieu thereof, furnish on demand, a statement, certified by a certified public accountant, covering Licensee's operations, including all expenses incurred insofar as the same relate to Licensee's utilization of the Premises.

Initial:

Licensee

VID

[END SPECIAL LICENSE PROVISIONS]

PART IV

Premises

The Premises shall consist of those portions of the legal lots included in the Assessor's Parcel Map numbers listed below which also lie east of the Highway 79 right-of-way and south of either the Highway S-2 or S-22 rights-of-way, subject to the terms, conditions and reservations contained in the Agreement:

Assessor's Parcel Numbers

137-090-35

193-080-30

195-020-02

195-050-20

195-070-31

The Premises comprise an area of about 8,100 acres, more or less. The area is informally broken into pastures which presently carry the names "Sloan", "Mataguay 1", "Mataguay 2", and "Barrel".