AGRI-8530-1000-1008

POINT REYES NATIONAL SEASHORE
AGRICULTURAL LEASE/PERMIT
HISTORIC "M" RANCH

by and between

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
POINT REYES NATIONAL SEASHORE

AND

RICHARD LOUIS & JACQUELINE GROSSI
AND SUCCESSORS IN INTEREST

April 1, 2010

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POINT REYES NATIONAL SEASHORE
AGRICULTURAL LEASE/PERMIT

THIS LEASE/PERMIT ("Lease") is made and entered into as of April 1, 2010, by and between the United States Department of the Interior, National Park Service, Point Reyes National Seashore, an agency of the United States of America ("Lessor") and _Richard Louis Grossi, Jacqueline Grossi and Successors in Interest ("Lessee ").

WHEREAS, the Point Reyes National Seashore ("Point Reyes") is administered by the Secretary of the Department of the Interior ("Secretary") through the National Park Service ("NPS") pursuant to the National Park Service Organic Act, 16 U.S.C. Sections 1 *et seq.*, the Point Reyes National Seashore Authorization Act, 16 U.S.C. Section 459c *et seq.*; and other laws applicable to the national parks, and

WHEREAS, Point Reyes is authorized to lease historic agricultural lands within Point Reyes in accordance with the terms and conditions of 16 U.S.C. § 459c-5; and under the NPS Organic Act, 16 U.S.C. § 1 *et seq.*, the NPS has implied authority to issue special use permits, and

WHEREAS, Lessee desires to lease certain historic agricultural lands from Lessor as more particularly described in **Exhibit A** (Buildings and Other Structures), **Exhibit B** (Range Map); and

WHEREAS, Lessor has agreed to lease the Premises to Lessee on the terms, agreements, covenants, conditions and provisions set forth in this Lease and solely for the purposes provided in this Lease.

NOW THEREFORE, in consideration of the rents to be paid under this Lease and all of the terms, agreements, covenants, conditions and provisions contained in this Lease, Lessee and Lessor (the "Parties") hereby agree as follows:

1. DEFINITIONS

As used in this Lease, the following terms shall have the following meanings:

1.1. "Agency" means any agency, department, commission, board, bureau, office or other governmental authority having jurisdiction.

1.2. "Applicable Laws" includes, without limitation all present and future statutes, regulations, requirements, Environmental Requirements, guidelines, judgments, or orders of any Agency or judicial body, whether now existing or hereafter established, relating to or affecting the Premises or the use or occupancy of the Premises.

1.3. "Commencement Date" is as defined in Article 5 of this Lease.

1.4. "Cyclic Maintenance" means (i) the performance by Lessee of all repairs,

maintenance, or replacement-in-kind necessary to maintain the Premises and the existing improvements thereon in good order, condition, and repair; (ii) housekeeping and routine and periodic work scheduled to mitigate wear and deterioration without materially altering the appearance of the Premises; (iv) the repair or replacement-in-kind of broken or worn-out elements, parts or surfaces so as to maintain the existing appearance of the Premises; and (v) scheduled inspections of all building systems on the Premises.

1.5. "Default" means Lessee's failure to keep and perform any of the Provisions of this Lease.

1.6. "Environmental Requirements" means, without limitation, all standards or requirements relating to the protection of human health or the environment such as:

1.6.1. standards or requirements pertaining to the reporting, permitting, management, monitoring, investigation or remediation of emissions, discharges, releases, or threatened emissions, releases or discharges of Hazardous Materials into the air, surface water, groundwater, or land;

1.6.2. standards or requirements relating to the manufacture, handling, use, treatment, storage, disposal, or transport of Hazardous Materials; and

1.6.3. standards or requirements pertaining to the health and safety of employees or the public.

1.7. "Expiration Date" is as defined in Article 5 of this Lease.

1.8. "Hazardous Materials" means, without limitation, any material or substance, whether solid, liquid, or gaseous in nature,

1.8.1. the presence of which requires reporting, permitting, management, monitoring, investigation or remediation under any Environmental Requirement;

1.8.2. that is or becomes defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "pollutant," "discharge," "waste," "contaminant," or "toxic contaminant" under any Environmental Requirement, or any above-ground or underground storage containers for the foregoing;

1.8.3. that is toxic, explosive, corrosive, flammable, infectious, radioactive, reactive, carcinogenic, mutagenic, or otherwise hazardous to human health or the environment and is or becomes regulated under any Environmental Requirement;

1.8.4. that contains gasoline, diesel fuel or other petroleum hydrocarbons or derivatives, or is an above-ground or underground storage container

for same;

1.8.5. that contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

1.8.6. that contains radon gas.

1.9. "Hazardous Materials Occurrence" means any use, generation, treatment, keeping, storage, transport, release, disposal, migration, or discharge of any Hazardous Materials from, on, under or into the Premises or Point Reyes that causes any environmental contamination.

1.10. "Lease/Permit" means this five year instrument which contains those certain termination and revocation provisions as provided for herein.

1.11. "Improvements or Alterations" means any construction that does not fall within the definition of Cyclic Maintenance.

1.12. "NPS" means the management officials in charge of the administration and operation of Point Reyes, including the Superintendent or his/her designee(s).

1.13. "Park" means, without limitation, all lands, waters and structures within the legislative boundaries of the Point Reyes National Seashore, all natural and cultural resources within such boundaries, and any other property within such boundaries belonging to Point Reyes. As appropriate given the context, this term also includes the visiting public and/or Point Reyes employees.

1.14. "Personal Property" means all furniture, fixtures, equipment, appliances and apparatus placed on the Premises that neither are attached to nor form a part of the Premises.

1.15. "Premises" shall mean the lands and improvements at [redacted] consisting of approximately 1178 acres of land and improvements as shown on **Exhibits A & B** which are currently occupied by Richard Louis and Jacqueline Grossi, under a lease agreement which expired October 6, 2008, for Tract 02-150.

1.16. "Provision" shall mean any term, agreement, covenant, condition or provision of this Lease or any combination of the foregoing.

1.17. "Term" is as defined in Article 5 of this Lease.

1.18. "Termination Date" means the Expiration Date or such earlier date as this Lease is terminated or revoked pursuant to any Provision of this Lease.

2. LEASE OF THE PREMISES

2.1. Lease of the Premises; Reservation of Rights

In accordance with the powers granted by Congress, Lessor, for and in consideration of all of the rents and Provisions contained in this Lease to be paid, kept and performed by Lessee, hereby leases to Lessee, and Lessee hereby hires, upon and subject to all of the rents and Provisions contained in this Lease, from Lessor, the Premises:

subject to all Applicable Laws, and all liens, encumbrances, restrictions, rights and conditions of law or of record or otherwise actually known to Lessee or reasonably ascertainable by inspection or a survey;

excepting and reserving unto Lessor and its agents the right to enter and to permit any Agency to enter upon the Premises for the purposes of inspection, inventory or when otherwise deemed appropriate by Lessor for the protection of the interests of Lessor, including Lessor's interests in any natural or cultural resources located on, in or under the Premises;

excepting and reserving to Lessor the right at any time to close to travel any of its lands, to erect and maintain gates at any point thereon, to regulate or prevent traffic of any kind thereon, to prescribe the methods of use thereof, and to maintain complete dominion over the same; provided, however, that at all times during the Term, Lessor shall provide Lessee and Lessee's invitees with reasonable access to the Premises subject only to interruptions caused by necessary maintenance or administrative operations or by matters beyond Lessor's control; and

provided further that Lessee hereby waives any claims for damages for any injury, inconvenience to or interference with Lessee's use and occupancy of the Premises, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by Lessor's exercise of its rights under this Section 2.1 except to the extent that the damages, expenses, claims or suits result from the willful misconduct or gross negligence of Lessor, or its employees, contractors or agents; provided, further, that Lessor shall be liable only to the extent such claims are allowed under the Federal Tort Claims Act;

2.2. Easements

Nothing contained in this Lease shall give or be deemed to give Lessee an independent right to grant easements or other rights-of-way over, under, on, or through the Premises.

2.3. Mineral Rights

Lessor hereby retains the sole and exclusive right to oil, gas, hydrocarbons and other minerals (of whatsoever character) in, on, or under the Premises.

3. ACCEPTANCE OF THE PREMISES

3.1. Lessee's Due Diligence

Prior to entering into this Lease, Lessee has made a thorough, independent examination of the Premises and all matters relevant to Lessee's decision to enter into this Lease, and Lessee is thoroughly familiar with all aspects of the Premises and is satisfied that they are in an acceptable condition and meet Lessee's needs.

3.2. "As Is" Condition of the Premises

Lessee expressly agrees to use and occupy the Premises and all improvements thereon in their existing "AS IS" condition "WITH ALL FAULTS" and acknowledges that in entering into this Lease, Lessee does not rely on, and Lessor does not make, any express or implied representations or warranties as to any matters including, without limitation, the suitability of the soil or subsoil; any characteristics of the Premises or improvements thereon; the suitability of the Premises for the approved use; the economic feasibility of Lessee's use and occupancy of the Premises; title to the Premises; the presence of Hazardous Materials in, on, under or in the vicinity of the Premises; or any other matter. Lessee has satisfied itself as to such suitability and other pertinent matters by Lessee's own inquiries and tests into all matters relevant to determining whether to enter into this Lease and Lessee hereby accepts the Premises.

4. USE OF THE PREMISES

4.1. Lessee intends to use the Premises for: continuation of a beef cattle ranching operation; residential purposes for Lessee and Lessee's immediate family; and residential purposes of Lessee's employees and their immediate families. Lessor hereby approves this use and no changes to this designated use shall be permitted. Lessee may neither authorize nor host activities that require a National Park Service Special Use Permit, including organized events and filming activity, upon the Premises without Lessor's prior approval and issuance of a Special Use Permit. No use of land or waters beyond the boundaries of the Premises is authorized.

4.2. Lessee's authorized use of the premises is subject to Lessee's good faith participation in the development and implementation of a Ranch Unit Plan that includes Best Management Practices (BMP's) designed to preserve the integrity of park resources.

4.3. Lessee's use and occupancy of the Premises shall be in accordance with all of the Provisions contained in this Lease and all Applicable Laws.

4.4. Lessee shall not engage in any activity that may be dangerous or harmful to persons, property or the Park; that constitutes or results in waste or

unreasonable annoyance (including, without limitation, the introduction of signage or the use of loudspeakers or sound or light apparatus that could disturb park visitors outside the Premises); that in any manner causes or results in a nuisance; or that is of a nature that it involves a substantial hazard, such as the manufacture or use of explosives, chemicals or products that may explode.

4.5. The Parties hereby acknowledge and agree that Lessee's covenant that the Premises shall be used as set forth in this Article 4 is material consideration for Lessor's agreement to enter into this Lease. The Parties further acknowledge and agree that any violation of said covenant shall constitute a Default under this Lease.

4.6. Lessee's use of the land is subject to the right of the NPS to establish trails, roads and other improvements and betterments over, upon, or through said premises and further to the use by travelers and others of such roads and trails as well as those already existing. The Lessee understands that occasional park visitors are authorized to walk or hike on the various pastures and fields included in this Lease even though no trail is formally established.

4.7. Operations under this permit are subject to the conditions outlined in the U.S. Fish and Wildlife Service (USFWS) Biological Opinion for Grazing at Point Reyes National Seashore and the National Oceanic and Atmospheric Administration (NOAA) Fisheries Biological Opinion on Renewal of Grazing Permits. Both of these documents are available upon the Lessee's request.

5. TERM

5.1. The term of this Lease ("Term") shall be for a period of five (5) years, commencing on the date hereof, April 1, 2010 ("Commencement Date") and expiring on March 31, 2015 ("Expiration Date"), or on such earlier date as provided for in this Lease.

5.2. Lessee shall have the right to terminate this Lease by giving six months advance written notice to Lessor. Lessor shall, at any time, have the right to revoke this Lease in accordance with the terms of 16 U.S.C. § 459c *et seq.*, or in accordance with other applicable Provisions of this Lease. Lessor also has the right to revoke this Lease for any reason in Lessor's sole discretion after first providing Lessee with one year's written notice of such revocation. Notwithstanding the foregoing sentence, if Lessor, in its sole discretion, determines that there is a significant health or safety risk to persons or property associated with Lessee's continued use or occupancy of the Premises, Lessor shall have the right to revoke this Lease after first providing Lessee with 60 days written notice of such revocation.

5.3. Six months prior to the Expiration Date of this Lease, this Lease, or a similar lease, will be offered to Lessee for an additional five-year period. If a subsequent lease is not entered into prior to the Expiration Date, the Provisions of this Lease regarding Lessee's obligations to surrender and vacate the

Premises shall apply. Notwithstanding the foregoing, Lessor shall have no obligation to offer a subsequent lease to Lessee if Lessee breaches any of the Provisions of this Lease or if Lessee terminates this Lease prior to its Expiration Date.

6. RENTS, TAXES AND ASSESSMENTS

6.1. The annual rental rate for this Lease shall be established by Lessor in an appraisal of the Premises ("Appraisal") and such Appraisal shall be conducted in accordance with the current version of the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation.

6.2. If within 10 days of Lessee's receipt of the Appraisal, Lessee does not agree to the annual rent established in the Appraisal, then Lessee and Lessor shall have 20 days within which to each select an appraiser who is a member of the Appraisal Institute ("AI"). If Lessee fails to select an appraiser within this period, the annual rent established in the Appraisal shall become the rent due under this Lease. If Lessee so selects an appraiser, then that appraiser and Lessor's appraiser shall select a third AI appraiser, and the panel of appraisers shall meet promptly to determine the fair market rental rate of this Lease. The panel shall attempt to reach a majority decision on the fair market rental rate within 30 days of the selection of the third appraiser. If a majority vote is not reached within 30 days, the three appraisals shall be added together and their total divided by three. The resulting quotient shall be the rental rate under this Lease. The Parties agree to abide by whatever rental rate is so determined. The Parties further agree to each bear the cost of the appraiser they select and to equally share the cost of the third appraiser. Appraisals to determine rental rates for possible subsequent leases shall be made prior to the expiration of the lease current at that time.

6.3. The annual rent under this Lease is payable in advance on a semi-annual basis. Therefore, Lessee hereby agrees to pay fifty percent of the annual rental rate on or before October of each year during the Term and to pay the remaining fifty percent on or before April of each year during the Term.

6.4. Lessee shall pay the proper Agency, when and as the same become due and payable, all taxes, assessments, and similar charges which, at any time during the Term of this Lease, are levied or assessed against the Premises.

6.5. Rents due hereunder shall be paid without assertion of any counterclaim, setoff, deduction or defense and without abatement, suspension, deferment or reduction.

6.6. Except as otherwise expressly provided in this Lease, this Lease shall continue in full force and effect, and the obligations of Lessee under this Lease shall not be released, discharged or otherwise affected, by reason of: (a) any damage to or destruction of the Premises or any part thereof or any improvements thereon; (b) any restriction or prevention of or interference with any use of the Premises

or the improvements or any part thereof; (c) any claim that Lessee or any other person has or might have against Lessor; (d) any failure on the part of Lessor to perform or comply with any of the Provisions in this Lease or of any provision of any other agreement with Lessee or any other person.

7. LIMITATION ON EFFECT OF APPROVALS

All rights of Lessor to review, comment upon, approve, inspect or take any other action with respect to the use and occupancy of the Premises by Lessee, or any other matter, are expressly for the benefit of Lessor and no other party. No review, comment, approval or inspection, right or exercise of any right to perform Lessee's obligations, or similar actions required or permitted by, of, or to Lessor under this Lease, or actions or omissions of Lessor's employees, contractors, or other agents, or other circumstances shall give or be deemed to give Lessor any liability, responsibility or obligation for, in connection with, or with respect to the operation of the Premises, nor shall any such approval, actions, information or circumstances relieve or be deemed to relieve Lessee of its obligations and responsibilities for the use and occupancy of the Premises as set forth in this Lease.

8. ANIMAL UNITS

The annual average stocking rate of animals on the range lands including defined feed lots and High Impact Areas (see **Exhibit C**) is 175Animal Units (for 2100 AUM's annually). The maximum number of cattle allowed to graze at any one time is 193 Animal Units. The raising of up to 5 Animal Units of livestock other than cattle for personal, non-commercial use is also authorized.

Spot counts to determine the actual number of Animal Units being grazed may be conducted periodically by Lessor. Lessee shall use Key Areas (**Exhibit C**, Grazing Standards and Monitoring Procedures) to monitor residual dry matter ("RDM"). Lessor will obtain RDM measurements in the fall months prior to winter rains. If the RDM measurements indicate that less than an average of 1200 pounds per acre of RDM is present, Lessor may impose adjustments in stocking rates or other range management practices to improve range conditions as outlined in **Exhibit C**. The determination of whether or not overgrazing is occurring shall be made by Lessor and Lessor's decision shall be final.

Lessor may, at Lessor's discretion, update and modify grazing standards and monitoring procedures during the term of this permit. Lessee shall be notified prior to implementation of monitoring changes.

9. WILDLIFE PROTECTION

Wildlife is an integral part of Point Reyes National Seashore. Wildlife management practices, including removal of non-native species and the restoration of extirpated native species, are in accordance with NPS legislation, the Code of Federal Regulations, and NPS Policies (NPS Management Policies 2006). Native predators, scavengers and prey are all integral to healthy native ecosystems and are protected by

NPS Management Policies. The occasional damage that is caused by wildlife, to fences, ranching structures, agricultural animals and livestock forage, is to be expected on permitted lands. Lessee should not engage in any activity that purposely causes harm or destroys any wildlife. Conversely, Lessee should not engage in any activity that purposely supports or increases populations of non-native or invasive animal species. On a case by case basis, the Lessor will evaluate incidences of depredation and choose a course of action. The nature of the course of action taken, if any, will be determined by the wildlife species, the extent and frequency of the damage and park-wide management objectives.

10. TREE AND VEGETATION REMOVAL

Lessee may not remove tree(s) or vegetation unless expressly approved in writing by the Lessor. Lessee shall provide specific plans to the Lessor for desired tree(s) and vegetation removal during the annual meeting or in writing during the term of this Permit. Trimming and vegetation removal around structures, mowing areas that have been Park approved, mechanical removal of exotic invasive vegetation such as thistles and silage harvesting (if expressly approved in the Lease) is permissible.

11. EXCAVATION, SITE AND GROUND DISTURBANCE

Except as provided in Article 10 (Tree and Vegetation Removal) and Article 12 (Range Management Practices and Cultivation), Lessee shall not cut, remove or alter any timber or any other landscape feature; conduct any mining or drilling operations; remove any sand, gravel or similar substances from the ground or watercourse; commit waste of any kind; or in any manner change the contour or condition of the Premises without the prior written approval of Lessor. Except in emergencies, Lessee shall submit requests to conduct such activities in writing to Lessor not less than thirty (30) days in advance of the proposed commencement date of any such activities. If approval is granted, Lessee shall abide by all the terms and conditions of the approval, including provisions pertaining to archaeological resources.

12. RANGE MANAGEMENT PRACTICES AND CULTIVATION

12.1 For the purposes of this Lease, Range Improvements ("RI") include, without limitation, structural range improvements to facilitate proper grazing use and land treatments to manage vegetation or reduce erosion (such as reseeding and brush burning). Lessee shall not implement any RI without the prior, express written approval of the Lessor. Lessee shall submit written requests for conducting RI not less than thirty (30) days in advance of the proposed commencement date of proposed RI. Notwithstanding the foregoing, Lessee is prohibited from conducting any brush burning. If Lessee believes that brush burning is necessary, Lessee shall submit a request therefore to Lessor and Lessor shall determine in its sole discretion whether to perform the requested brush burning.

12.2 No lands are authorized for silage production.

13. WATER RIGHTS

Water rights will be perfected as deemed necessary by the Lessor in its own name for water developed or used in connection with this Lease. The Lessee shall furnish Lessor such information as is necessary for the perfection of such rights, including statutory fees, and information for the management and protection of the Park. Lessee shall not perfect water rights in Lessee's own name.

14. TREATMENT OF LIVESTOCK, MANAGEMENT OF REFUSE AND CARCASSES

Diseased, injured, or dying animals shall be treated promptly in accordance with customary veterinary practices. Dead animals and refuse shall be promptly removed from Point Reyes and shall be disposed of in accordance with all Applicable Laws. Manure accumulating around feeding or watering stations shall be promptly removed and stored in accordance with Applicable Laws and in a manner that does not contribute to water pollution or create unsanitary or unsightly conditions. Manure may be stored for use as fertilizer provided that such storage and use is accomplished in accordance with Applicable Laws. Manure not stored in this manner shall be disposed of outside Point Reyes in accordance with Applicable Laws.

15. NONPOINT SOURCE POLLUTION AND SOIL EROSION

15.1. Potential sources of nonpoint source pollution associated with this Lease/Permit include soil erosion and animal waste. The Lessee shall comply with all Applicable Laws regarding nonpoint source pollution (including the protection of beneficial uses of waters as designated by the State of California). Further, Lessee's use and occupancy of the Premises shall be designed to minimize, to the greatest extent feasible, non-point source pollution within National Park Service boundaries or on adjacent lands. Water quality monitoring may be conducted at various locations in association with the Grazing Biological Opinion agreement with NOAA Fisheries.

15.2. The Regional Office of the State Water Resources Control Board (Regional Board) has identified Waiver of Waste Discharge Requirements for nonpoint source pollution associated with grazing. If applicable, Lessee shall be responsible for compliance with the identified Waste Discharge Requirements.

15.3. Lessee shall be responsible for implementing water quality related Best Management Practices (BMP's), identified in the Ranch Unit Plan developed for this premises, in a timely manner.

16. PESTICIDE AND HERBICIDE USE

The National Park Service at Point Reyes utilizes Integrated Pest Management ("IPM") to treat pest problems. The goal of IPM is to use the least-toxic, effective methods of controlling pests. Except for normal household purposes, Lessee shall not use any pesticides that do not comply with the IPM program. To this end, Lessee shall submit

in writing to Lessor a request for the use of pesticide(s) and shall not use any pesticide(s), including topical insecticide(s) and heribicide(s), until Lessee has received an express written authorization therefor from Lessor. Lessee shall manage, treat, generate, handle, store and dispose of all pesticides in accordance with Applicable Laws, including reporting requirements.

17. FIRE PREVENTION AND SUPPRESSION

Lessee and its employees, agents, and contractors shall, in Lessee's use and occupancy of the Premises, take all reasonable precautions to prevent forest, brush, grass, and structural fires and shall, if safety permits, assist the Lessor in extinguishing such fires on the Premises.

18. ANNUAL MEETING

The Parties shall meet annually during the Term of this Lease for the purposes of discussing and resolving issues of mutual concern and ensuring Lessee compliance with the Provisions of this Lease. Any proposed changes or modifications to this Lease which are required in order to meet National Park Service requirements or objectives, including range management objectives, shall be discussed and negotiated at the Annual Meeting. If National Park Service requirements or objectives require prompt attention, the date for the Annual Meeting may reasonably be changed by Lessor.

19. CYCLIC MAINTENANCE

19.1 Lessee shall perform all Cyclic Maintenance in accordance with the Provisions of this Lease and at Lessee's sole cost and expense. Lessee is responsible for the maintenance of all fences, buildings, corrals and other improvements upon the Premises. Improvements and facilities used and occupied by Lessee shall be protected and maintained in a safe, sanitary and sightly condition at all times.

19.2 Lessee shall perform all Cyclic Maintenance., including but not limited to the following:

19.2.1. Fences must be in good repair to ensure that cattle are confined at all times. Abandoned fences and other decrepit improvements shall be removed from the Premises and shall be disposed of outside the Park or as directed by Lessor.

19.2.2. Residences and buildings shall be painted or stained periodically to maintain a neat and pleasing appearance. Roofs, sidings, doors and interiors shall be maintained and painted on a regular basis as needed. Exterior color choice shall conform to traditional styles in order to retain the historic pastoral scene.

19.2.2.1. Roofs shall be inspected on at least an annual basis to assure that roofing material(s) are (i) intact, (ii) free of deterioration that would affect the structural qualities and (iii) not

jeopardized by adjacent vegetation. Overhanging tree limbs and vegetation that may cause roof deterioration shall be trimmed/pruned away from the building or structure. This includes fungi or moss accumulation in or on roofing material. Repairs shall be made using the same type, style and color of existing roofing material(s). Replacement of the total roof surface shall be done in accordance with NPS specifications.

19.2.2.2. Structure Siding shall be inspected on an annual basis and maintained to prevent water and moisture from entering buildings or causing deterioration of the siding material, paint, building structural integrity or appearance. Siding shall be clean and free of encroaching vegetative growth. Siding and other exterior surfaces shall be painted every five (5) years or more often if necessary. Siding shall be painted with a minimum of one coat of primer and two coats of paint to match existing color and type of paint. Paint and thinning agents shall be stored in fireproof cabinets or disposed of according to City, County, State, and Federal Hazardous Waste Disposal Regulations. Siding shall be repaired or replaced in accordance with NPS specifications using the same size, style, type and grade of material as exists on the building/structure.

19.2.2.3. Floors and floor coverings shall be inspected on an annual basis and maintained to prevent signs of displacement, deflection, water damage and abnormal deterioration. Floors and floor coverings shall be maintained to be free of objectionable deterioration and/or excessive wear. Hardwood floors, tile and linoleum coverings shall be maintained using proper sealants and waxes.

19.2.2.4. All buildings/structures assigned for use under this lease shall be inspected for insect and pest control issues on a regular schedule of not less than every five (5) years. All pest control shall be completed in full compliance with the NPS Integrated Pest Management Program, (IPMP).

19.2.3. Lessee shall maintain all water systems from the main line including the water meter, well pump and controls to the building(s) and outlying water spigots, water troughs, faucets, and stand pipes on the Premises. Water systems shall be maintained showing no evidence of leaks and all reasonable measures have been taken to conserve water through the use of water restricting/low flow devices and low volume flush toilets. Lessee shall replace or repair any damage or loss to the water system within the Premises. Water system installations shall be performed by a licensed plumber/contractor and receive prior written approval of the

Superintendent.

19.2.4. Lessee shall repair or replace any loss or damage to the sewage disposal system within the Premises.

19.2.5. Lessee shall maintain the electrical system on the premises. Lessee shall repair or replace any damage to the electrical system beyond PG&E service within the Premises including electrical lines and equipment (conduits, fuses, panels, switches, etc.). The electrical system on the premises shall be inspected on an annual basis for compliance with both the National Electrical Code and requirements of the utility provider. Electrical Systems shall be equipped with properly functioning safety equipment, overload protective devises and switches. High voltage (220v and higher) systems shall have contact points marked in accordance with National Safety Council coding standards. Any installations shall be performed by a California licensed electrician/contractor and in accordance with the National Electrical Code.

19.2.6. Lessee shall maintain all liquid petroleum gas (LPG) systems on the Premises including but not limited to tanks, valves, regulators, and piping. Natural and liquefied petroleum gas systems shall be maintained from the tank into the building(s). All installations including piping and appliances shall comply with National Fire Protection Association (NFPA) guidelines and shall be performed by a licensed California installer. LPG systems shall be inspected annually. Placement of any new or additional tank(s) is subject to written approval from the Superintendent.

19.2.7. All Fire protection systems including alarms, sprinkler systems and extinguishers shall be inspected on an annual basis and shall remain in full operating condition at all times in accordance with City, County, State, and NFPA requirements. Installations and/or repairs shall be performed by a licensed technician/contractor.

19.2.8. Lessee shall be responsible for removing slash buildup around buildings within the Premises so as to prevent fire and egress hazards.

19.2.9. Existing water reservoirs shall be maintained in a safe and secure condition to prevent washouts and erosion. The NPS shall be notified prior to maintenance activities to determine potential effects to threatened and endangered plant and animal species. No new reservoirs shall be constructed or established without prior written approval of the Lessor.

19.2.10. Non-public ranch service roads shall be maintained in a safe condition and no new roads or truck trails shall be established without prior written permission of the Lessor.

19.2.11. Lessee shall be responsible for removing litter/trash from the Premises.

20. CONSTRUCTION OF IMPROVEMENTS OR ALTERATIONS

20.1. Lessee may only make those Improvements or Alterations to the Premises that relate to Lessee's use of the Premises as specified in Article 4.

20.2. Certain assigned buildings, structures, and areas within the Premises are listed on the National Register of Historic Places. Lessee agrees that the construction of any Improvements or Alterations shall be performed in accordance with the Secretary of the Interior's Standards for Historic Preservation.

20.3. Lessee shall not undertake any Improvements or Alterations to the Premises (including temporary equipment or facilities) without the prior written approval of Lessor.

20.4. As a prerequisite to obtaining approval for Improvements or Alterations, Lessee, at Lessee's sole cost and expense, shall submit design plans to Lessor for Lessor's approval and shall also submit other relevant data as may be required by Lessor.

20.5. Construction of Improvements or Alterations by Lessee shall be performed in accordance with all Applicable Laws, including but not limited to general planning, building, and environmental laws and approved design plans and shall be undertaken and completed at Lessee's sole cost and expense.

20.6. Lessee shall, upon request, furnish Lessor with a true and correct copy of any contract, and any modification or amendment thereof, with Lessee's contractors, architects, or any other consultants, engaged in connection with this Lease.

20.7. Any Improvements or Alterations undertaken by Lessee shall be performed in a good and workmanlike manner and with materials of a quality and standard acceptable to Lessor. Lessee shall also construct, install and maintain equipment and any construction facilities on the Premises in a safe and orderly manner.

20.8. Lessee shall not construct any Improvements or Alterations outside the boundaries of the Premises.

20.9. Lessor in its discretion is entitled to have on the Premises at any time during the construction of Improvements or Alterations an inspector or representative who shall be entitled to observe all aspects of the construction on the Premises.

20.10. Environmental compliance required for any project will be at Lessee's sole cost and expense and shall be subject to Lessor's review and approval.

20.11. As set forth in Article 22, title to any Improvements or Alterations to the Premises shall be and remain solely in the Lessor.

21. PERMITS AND APPROVALS

Except as otherwise provided in this Lease, Lessee shall be responsible for obtaining, at its sole cost and expense, all necessary permits, approvals or other authorizations relating to Lessee's use and occupancy of the Premises.

22. PROPERTY INTEREST

This Lease shall vest in Lessee no property interest in the Premises or in the improvements thereon, except for mobile trailers that have been installed on the Premises by Lessee since the purchase of the Premises by Lessor. Title to real property and improvements thereon, including any improvements or alterations constructed by Lessee, shall be and remain solely in Lessor.

23. COMPLIANCE WITH APPLICABLE LAWS; NEPA; NHPA

23.1. General Compliance

As provided for in this Lease, Lessee at its sole cost and expense shall promptly comply with all Applicable Laws. Lessee shall immediately notify Lessor of any notices received by or on behalf of Lessee regarding any alleged or actual violation(s) of or non-compliance with Applicable Laws. Lessee shall, at its sole cost and expense, promptly remediate or correct any violation(s) of Applicable Laws.

23.2. National Environmental Policy Act and National Historic Preservation Act

In order to preserve the historic appearance of certain ranch structures or because of the effect of certain activities on the environment, the following additional compliance may be necessary. Where activities undertaken by Lessee require the preparation of compliance documents pursuant to the National Environmental Policy Act ("NEPA") or the National Historic Preservation Act ("NHPA") ("Compliance Activity"), Lessee shall supply all necessary information to Lessor and any Agency in a timely manner. If Lessor determines that the Compliance Activity is warranted, Lessor may elect, in its sole discretion, to (i) arrange for the preparation of NEPA and NHPA compliance with the costs of such compliance to be reimbursed by Lessee, or (ii) direct Lessee to have the NEPA and NHPA compliance prepared as directed by Lessor. Where appropriate and time and resources available, Lessor may also elect, in its sole discretion, to prepare such compliance at Lessor's expense. Lessor will prepare NEPA or NHPA documents as appropriate. Lessee shall not implement any aspect of the Compliance Activity until all applicable NEPA and NHPA requirements have been met.

24. HAZARDOUS MATERIALS; ENVIRONMENTAL HEALTH AND SAFETY

24.1. Hazardous Materials

24.1.1. In connection with this Lease, Lessee, its officers, agents, employees and contractors, shall not use, generate, treat, keep, or store any Hazardous Materials on, about, under or into the Premises or elsewhere in Point Reyes except in compliance with all Applicable Laws and as approved in writing by Lessor. However, Lessee shall not be obligated to obtain Lessor's approval to use, keep, or generate Hazardous Materials as necessary for the normal operation or maintenance of vehicles or other ranch equipment.

24.1.2. Lessee, its officers, agents, employees and contractors, shall not release, discharge or dispose of any Hazardous Materials from, on, about, under or into the Premises or elsewhere in Point Reyes.

24.1.3. If Lessee knows of or reasonably suspects any past, ongoing, or potential violation of Environmental Requirements in connection with the Premises or Lessee's activities, Lessee shall immediately inform Lessor and shall provide copies of any relevant documents to Lessor.

24.1.4. If any Hazardous Materials Occurrence is caused by, arises from, or is exacerbated by the activities authorized under this Lease or by the use of the Premises by Lessee, its officers, agents, employees or contractors, Lessee shall promptly take all actions at its sole cost and expense as are required to comply with Applicable Laws and to allow the Premises and such other property to be used free of any use restriction that could be imposed under Applicable Laws; provided that, except in cases of emergency, Lessor's approval of such actions shall first be obtained.

24.1.5. Should Lessee, its officers, agents, employees or contractors, fail to perform or observe any of the obligations or agreements pertaining to Hazardous Materials or Environmental Requirements for a period of thirty (30) days (or such longer period of time as is reasonably required) after notice, then Lessor shall have the right, but not the duty, without limitation of any other rights of Lessor under this Lease, personally or through its agents, consultants or contractors to enter the Premises and perform the same. Lessee agrees to reimburse Lessor for the costs thereof and to indemnify Lessor as provided for in this Lease.

24.2. Lead-Based Paint, Asbestos

Lessee understands and acknowledges that the Premises may contain asbestos and lead-based paint. If Lessee performs any Improvements or Alterations, Lessee shall comply with all Environmental Requirements related to asbestos

and lead-based paint and shall solely bear all costs associated therewith. Nothing in this Lease shall be construed to require Lessee to remove asbestos or lead-based paint unless Environmental Requirements require such removal.

24.3. Indemnities for Hazardous Materials

24.3.1. Lessee shall indemnify, defend, save and hold Lessor, its employees, successors, agents and assigns, harmless from and against, and reimburse Lessor for, any and all claims, demands, damages, injuries, losses, penalties, fines, costs, liabilities, causes of action, judgments, and expenses, including without limitation, consultant fees and expert fees, that arise during or after the Term as a result of any violation of any Environmental Requirement in connection with this Lease or any Hazardous Materials Occurrence in connection with this Lease.

24.3.2. The provisions of this Section 24.3 shall survive any termination or revocation of this Lease. Article 25 (Insurance) of this Lease shall not limit in any way Lessee's or Lessor's obligations under this Section 24.3.

25. INSURANCE

25.1. Lessee shall purchase the types and amounts of insurance described herein before the Commencement Date of this Lease unless otherwise specified. At the time such insurance coverage is purchased, Lessee shall provide Lessor with a statement of Lessee insurance describing the insurance coverage in effect and a Certificate of Insurance covering each policy in effect as evidence of compliance with this Lease. Lessee shall also provide the Lessor thirty (30) days advance written notice of any material change in the Lessee's insurance program hereunder. Lessor shall not be responsible for any omissions or inadequacies in insurance coverage or amounts in the event such coverage or amounts prove to be inadequate or otherwise insufficient for any reason whatsoever.

25.2. From time to time, as conditions in the insurance industry warrant, the Lessor reserves the right to revise the minimum insurance limits required in this Lease.

25.3. All insurance policies required by this Lease shall specify that the insurance company shall have no right of subrogation against the United States, except for claims arising solely from the negligence of the United States or its employees, or shall provide that the United States is named as an additional insured.

25.4. All insurance policies required herein shall contain a loss payable clause approved by the Lessor which requires insurance proceeds to be paid directly to the Lessee without requiring endorsement by the United States. Insurance proceeds covering any loss of the Premises but not used to replace such losses shall be promptly paid by Lessee to Lessor. The use of insurance proceeds for the repair, restoration or replacement of the Premises shall not give any

ownership interest therein to Lessee.

25.5. Property Insurance: At a minimum, the Lessee shall be required to purchase Basic Form Actual Cash Value (replacement cost less depreciation) insurance coverage for all residence on the Premises. Within thirty days of issuance of the Lease, the Lessee shall submit a report from a reputable insurance company which provides a full range of options for insurance coverage on all nonresidential structures on the Premises. Within thirty days of receipt of this report, the Lessor, in its sole discretion, will review and specify the type and level of insurance coverage which shall be required. The Lessor will provide the Lessee written notification of insurance requirements and the Lessee shall be required to have the specified level(s) of insurance in place within thirty days of such notification. The cost of the insurance will be deducted from the appraised fair market value for the Premises; this adjustment and the insurance requirements will be addressed in an amendment to the Lease. Lessee shall, in the event of damage or destruction in whole or in part to the Premises, use all proceeds from the above described insurance policies to repair, restore, replace or remove those buildings, structures, equipment, furnishings, betterments or improvements determined by the Lessor, in Lessor's sole discretion, to be necessary to satisfactorily discharge the Lessee's obligations under this Lease.

25.6. Public Liability: The Lessee shall provide Comprehensive General Liability insurance against claims arising from or associated with Lessee's use and occupancy of the Premises. Such insurance shall be in the amount commensurate with the degree of risk and the scope and size of such use and occupancy, but in any event, the limits of such insurance shall not be less than $1,000,000.00 per occurrence covering both bodily injury and property damage. If claims reduce available insurance below the required per occurrence limits, the Lessee shall obtain additional insurance to restore the required limits. An umbrella or excess liability policy, in addition to a Comprehensive General Liability Policy, may be used to achieve the required limits.

25.7. Lessee shall also obtain the following additional coverage:

Automobile Liability - To cover all owned, non-owned, and hired vehicles in the amount of $300,000.00.

Workers' Compensation - The amount shall be in accordance with that which is required by the State of California.

26. INDEMNITY

In addition to the indemnification contained in Article 24, Lessee shall indemnify, defend, save and hold Lessor, its employees, successors, agents and assigns, harmless from and against, and reimburse Lessor for, any and all claims, demands, damages, injuries, losses, penalties, fines, costs, liabilities, causes of action, judgments, and expenses incurred in connection with or arising in any way out of this Lease; the use or occupancy of the Premises by Lessee or its officers, agents, employees, or contractors;

the design, construction, maintenance, or condition of any Improvements or Alterations; or any accident or occurrence on the Premises or elsewhere arising out of the use or occupancy of the Premises by Lessee or its officers, agents, employees, or contractors. Lessee's obligations hereunder shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by NPS), even if such claims, suits or proceedings are groundless, false or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against the United States.

Lessor agrees to cooperate, to the extent allowed by law, in the submission of claims pursuant to the Federal Tort Claims Act against the United States by third parties for personal injuries or property damage resulting from the negligent act or omission of any employee of the United States in the course of his or her employment.

This Article 26 shall survive any termination or revocation of this Lease. The provisions of Article 25 (Insurance) of this Lease shall not limit in any way Lessee's obligations under this Article 26.

27. LIENS

27.1. No Power in Lessee to Create Lien on Lessor's Interest

Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien, mortgage or other encumbrance upon the reversion, fee interest or other estate of Lessor or of any interest of Lessor in the Premises, except for such actions or contracts contemplated and taken in accordance with this Lease.

27.2. Discharge of Liens by Lessee

Lessee shall not suffer or permit any liens known to Lessee to stand against the Premises, the improvements thereon, or any part thereof by reason of any work, labor, or services performed for or materials supplied to, or claimed to have been supplied to Lessee. If any such lien shall at any time be filed against the Premises, the improvements thereon, or any part thereof, Lessee shall cause the same to be discharged of record within sixty (60) days after notice to Lessee of filing the same, by either payment, deposit or bond, unless such lien shall be contested. If Lessee fails to discharge or contest such lien within such period and such failure shall continue for a period of fifteen (15) days after notice by Lessor, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, procure the discharge of the same either by paying the amount claimed to be due, by deposit in court, or by bonding. All amounts paid or deposited by Lessor for any of the aforesaid purposes, and all other expenses of Lessor and all necessary disbursements in connection therewith in defending any such action or in procuring the discharge of such lien, shall become due and payable forthwith by Lessee to Lessor upon written demand therefor.

27.3. No Consent or Waiver by Lessor

Nothing in this Lease shall be deemed to be, or be construed in any way as constituting, the consent or request of Lessor, expressed or implied, by inference or otherwise, to any person, firm or corporation, for the performance of any labor or the furnishing of any materials for any improvements or alterations of or to the Premises or any part thereof, or as giving Lessee any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that might in any way give rise to the right to file any lien against Lessor's interest in the Premises.

28. ASSIGNMENT AND SUBLETTING

Lessee shall not assign this Lease, in whole or in part, or any property on the Premises (excepting Lessee's Personal Property), and Lessee shall not sublet the Premises or any part thereof or any property thereon, nor grant any interest, privilege or license whatsoever in connection with this Lease without the prior written approval of the Lessor.

29. DEFAULTS AND LESSOR'S REMEDIES

29.1. This Lease is made upon the express condition that if Lessee fails to keep and perform any of the Provisions of this Lease, this Lease shall become void at the option of Lessor, provided that Lessor shall first give Lessee thirty days written notice of Lessor's intention to revoke this Lease and regain possession of the Premises. The notice shall describe the specific Default and shall state Lessor's intention to reenter the Premises and declare this Lease forfeited if such Default continues. Such notice shall be served in the manner provided in Article 35 of this Lease. If Lessee does not cure the Default or present a reasonable plan therefor within the thirty (30) day period, then Lessor shall be entitled to the possession of the Premises, and may enter into and upon the same or any part thereof and repossess the same and expel Lessee and those claiming through or under Lessee and remove their effects without being guilty of any manner of trespass and without any prejudice to any remedies that might otherwise be used for arrears of rent or preceding Default.

29.2. It is further agreed that all rights of Lessee under this Lease shall, at Lessor's option, be revoked upon the filing or execution of (a) a petition in bankruptcy by or against Lessee, (b) a petition seeking relief of the same or different kind under any provision of the Bankruptcy Act or its successor, (c) an assignment for the benefit of creditors, or (d) a petition or other proceeding against Lessee for the appointment of a trustee, receiver or liquidator.

29.3. If this Lease is revoked by Lessor prior to the Expiration Date, all of the rights of Lessee under this Lease and in the Premises shall terminate.

29.4. No failure by Lessor to insist upon the strict performance of any Provision of

this Lease or to exercise any right or remedy upon a Default, and no acceptance by Lessor of full or partial rent during the continuance of any such Default shall constitute a waiver of any such Default or of such Provision. No Provision of this Lease and no Default under this Lease may be waived, altered or modified except by a written instrument executed by Lessor. No waiver of any Default shall affect or alter this Lease, but each and every Provision of this Lease shall continue in full force and effect with respect to any other then existing or subsequent Default.

29.5. At the option of Lessor, Lessor may, in lieu of revoking this Lease, assess a penalty of $100.00 per day for any failure by Lessee to keep and perform any of the Provisions of this Lease. In such case, Lessee shall be given notice in writing of a grace period (from one day to thirty days) to remedy the situation before a penalty will be assessed. Payment of any penalty under this provision shall not excuse Lessee from curing the Default. This provision shall not be construed as preventing Lessor from issuing citations or initiating enforcement proceedings under Applicable Laws.

30. LESSOR'S RIGHT TO CURE DEFAULTS

If Lessee shall fail or neglect to do or perform any act or thing provided in this Lease to be done or performed and such failure shall not be cured within the applicable grace period provided in Article 29 of this Lease, then Lessor may, but shall not be required to, do or perform or cause to be done or performed any other act or thing (entering upon the Premises for such purposes if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, disturbance, inconvenience, annoyance or damage resulting to Lessee on account thereof, and Lessee shall repay to Lessor upon demand the entire cost and expense thereof, including, without limitation, compensation to the agents, consultants and contractors of Lessor and related expenses. Lessor may act upon shorter notice or no notice at all if necessary in Lessor's judgment to meet an emergency situation or governmental time limitation or to protect Lessor's interest in the Premises. Any act or thing done by Lessor pursuant to this Article 30 shall not be construed as a waiver of any such Default under this Lease by Lessee or as a waiver of any Provision of this Lease.

31. ALTERNATIVE DISPUTE RESOLUTION

Except in the case of emergencies, prior to seeking any judicial relief relating to the rents or Provisions of this Lease, the Parties shall first meet and attempt, in good faith, to resolve their disagreement. If the Parties are not able to resolve their dispute within 30 days of the date on which the disputing Party first informed the other Party in writing of the existence of a dispute, then either Party may seek judicial relief.

32. SURRENDER AND VACATE THE PREMISES, RESTORATION

Within 90 days of the Termination Date of this Lease, Lessee shall surrender and vacate the Premises, remove Lessee's Personal Property therefrom, remove any mobile trailers placed upon the Premises by Lessee after Lessor's purchase of the Premises and

remove any Improvements or Alterations identified by Lessor. Subject to the approval of Lessor, Lessee shall also restore the Premises to a condition at least equal to that existing at the time this Lease was entered into, normal wear and tear excepted. If Lessee does not remove Lessee's Personal Property, said mobile trailers, or said Improvements or Alterations, then, at Lessor's option, these items shall either become the property of Lessor without compensation therefor, or Lessor may cause them to be removed and the Premises to be repaired at the expense of Lessee, and no claim for damages against Lessor, its employees, agents or contractors shall be created by or made on account of such removal or repair work.

33. HOLDING OVER

This Lease shall terminate upon the Termination Date and any holding over by Lessee after the Termination Date shall not constitute a renewal of this Lease or give Lessee any rights under this Lease or in or to the Premises.

34. COMPLIANCE WITH FEDERAL EQUAL OPPORTUNITY LAWS

Lessee shall comply with the terms and conditions set out in **Exhibit D**.

35. NOTICES

Any notice or other communication required or permitted under this Lease shall be in writing and shall be delivered by hand or certified mail with return receipt requested. Notices and other communications shall be addressed as follows:

If to Lessor:

Superintendent
Point Reyes National Seashore
Point Reyes Station, CA 94956

If to Lessee:

Richard Louis & Jacqueline Grossi

36. NO PARTNERSHIP OR JOINT VENTURE

Lessor is not for any purpose a partner or joint venturer of Lessee in the development or operation of the Premises or in any business conducted on the Premises. Lessor shall not under any circumstances be responsible or obligated for any losses or liabilities of Lessee.

37. ANTI-DEFICIENCY ACT

Lessee and Lessor agree that nothing contained in this Lease shall be construed as

binding Lessor to expend, in any fiscal year, any sum in excess of the appropriation made by Congress for that fiscal year in furtherance of the subject matter of this Lease, or to involve Lessor in any contract or other obligation for the future expenditure of money in excess of such appropriations.

38. GENERAL PROVISIONS

38.1. No Payments by Lessor

Under no circumstances or conditions, whether now existing or hereafter arising, and whether or not beyond the present contemplation of the Parties, shall Lessor be expected or required to make any payment of any kind whatsoever with respect to the Premises or be under any obligation or liability except as expressly set forth in this Lease.

38.2. No Congressional Conflict of Interest

No member or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

38.3. No Third Party Beneficiaries

This Lease shall not be construed to confer upon any person or entity, other than the Parties hereto, any right or interest, including, without limiting the generality of the foregoing, any third party beneficiary status or any right to enforce any provision of this Lease.

38.4. No Preferential Renewal and Relocation Assistance

Lessee hereby agrees that Lessee is not a Concessioner and that the provisions of law regarding National Park Service concessionaires, including 16 U.S.C. Section 20(d), do not apply to Lessee. No rights shall be acquired by virtue of this Lease entitling Lessee to claim benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646.

38.5. Severability

In case any one or more of the provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provisions had not been contained in this Lease.

38.6. Exhibits

Each of the exhibits referenced in this Lease is attached hereto and incorporated herein.

38.7. Time of the Essence

Time is hereby expressly declared to be of the essence of this Lease and of each and every Provision of this Lease.

38.8. Headings

Article, Section and Subsection headings in this Lease are for convenience only and are not to be construed as a part of this Lease or in any way limiting or amplifying the Provisions of this Lease.

38.9. Lease Construed as a Whole

The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Lessor or Lessee. The Parties acknowledge that each party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed or applied in the interpretation of this Lease.

38.10. Meaning of Terms

Whenever the context so requires, the neuter gender shall include the masculine and the feminine, and the singular shall include the plural and vice versa.

38.11. Federal Law

The laws of the United States shall govern the validity, construction and effect of this Lease.

38.12. Entire Agreement and Amendment

This instrument, together with the exhibits hereto, all of which are incorporated in this Lease by reference, constitutes the entire agreement between Lessor and Lessee with respect to the subject matter of this Lease and supersedes all prior offers, negotiations, oral and written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Lessor and Lessee.

IN WITNESS WHEREOF, the Superintendent, Point Reyes National Seashore, acting on behalf of the United States, in the exercise of the delegated authority from the Secretary, as Lessor, and Lessee have executed this Lease by proper persons thereunto duly authorized as of the date first above written.

THE UNITED STATES DEPARTMENT OF
THE INTERIOR, NATIONAL PARK SERVICE

Date 8-30-10 By _____

John A. Dell'Osso, Superintendent
"LESSOR"

Date 8-25-10 By [redacted]

Richard Louis Grossi
"LESSEE"

Date 8-25-10 By [redacted]

Jacqueline Grossi
"LESSEE"

EXHIBIT A

BUILDINGS AND OTHER STRUCTURES

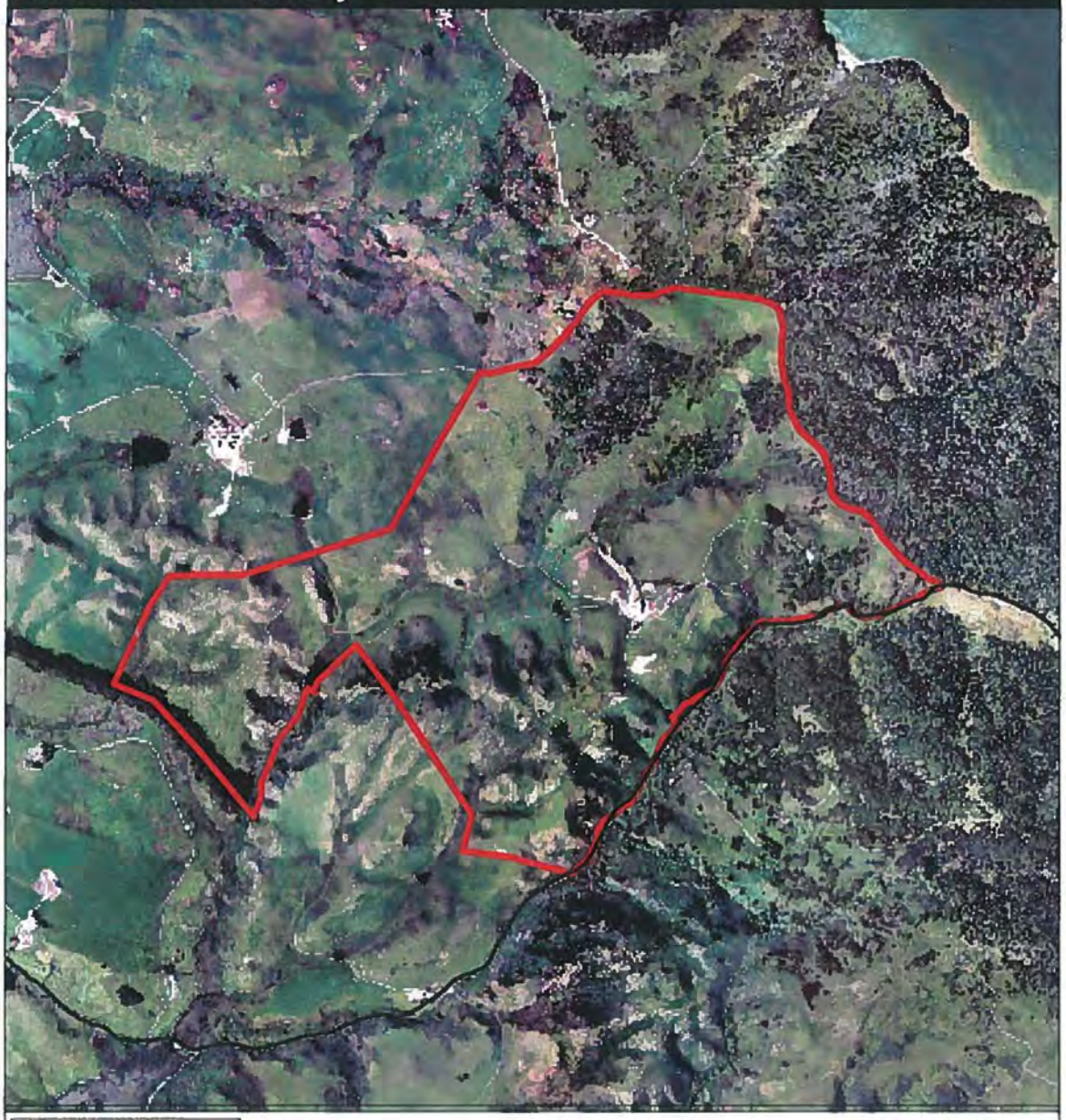
The Premises, which are located within the Point Reyes National Seashore, are set forth on the attached site plan.

LIST OF BUILDINGS AND OTHER STRUCTURES

Inventory of structures - Pre-1971	Square Feet
1. Residence/garage	1860
2. Residence/garage	2200
3. Shop barn	2407
4. House	720
5. Garage	360
6. Trailer	468
7. Garage	324
8. House	720
9. Garage	1332
10. Barn/storage	1260
11. Milk barn	3906
12. Hay barn	7200
13. Feed barn	4500
14. *Hay barn	3500
15. & 16. Original structures removed	n/a
17. Shed	230
18. Shed	230

* Structures built after 1971

EXHIBIT B
M Ranch Boundary



National Park Service

Point Reyes National Seashore
Marin County, CA

0 0.3 0.6 0.9 1.2 Miles

N

Plot Date: October 23, 2008 S:/GIS/projects1/Range/SpecialParkUses.mxd

EXHIBIT C

GRAZING STANDARDS

A. Definitions

1. Proper Use

Proper use is a range management term defined as "the degree of livestock utilization of the current year's range forage growth which, if continued, will achieve management objectives and maintain or improve the long term productivity of the site" (RISC Report 1983).

2. Residual Dry Matter

Residual dry matter (RDM), sometimes called mulch residue, refers to the amount of forage plant material remaining on the range in the fall following spring and summer grazing. RDM consists of litter or dried plant material (either standing or on the ground) from the current season's growth. It does not include unpalatable forbs or weeds, woody plants, new green growth or dung. Research on California rangelands has shown the importance of RDM in protecting the soil from erosion, improving soil fertility, structure and infiltration rate, and in providing beneficial surface conditions for plant growth.

3. Key Areas

A key area is approximately 2 acres in size. It is a portion of a pasture which is selected as a monitoring point to evaluate the overall pasture conditions. Factors used in the selection of key grazing areas include:

a. Kind and class of grazing animal
b. Range site(s), representative slope, conditions and trend
c. Grazing system used of planned
d. Season of use
e. Pasture size
f. Location of fences and natural barriers, water supplies, salt and mineral block and feeding areas

Key areas have the following characteristics:

a. They consist of a single "range site" (a classification of land based on specific soil characteristics and potential natural plant community).
b. They are responsive to various management practices and reflect the results of current grazing practices.
c. They represent the average amount of use for the pasture.

Key areas are not located where livestock congregate such as around water and feed supplement facilities and loafing areas, nor are they located in little-used portions of pasture.

Ranchers will be invited to participate in the selection of key areas. Once selected they will be identified on range maps and maps associated with Special Use Permit or Agricultural (Dairy and Beef Cattle) Use Leases.

B. Monitoring Procedures:

Several procedures or techniques are needed to gather sufficient information to monitor both present range condition and range trend over the long term. The three indicators which will be used to evaluate range condition and trend on National Park Service lands are residual dry matter, species composition changes and forage productivity.

1. Residual Dry Matter Standards and Procedures

Proper use of the mixed perennial/annual ranges in the Point Reyes area is best evaluated by measuring the amount of residual dry matter (RDM) at the end of the summer grazing period just prior to the fall rains.

RDM is important in that it improves surface conditions for plant growth by providing more organic matter in the top soil and by sheltering seedlings from the desiccating effects of sun and wind. Thus it provides a favorable micro-environment for early seedling growth and extends the season in which forage is available. RDM is also important in that it provides soil protection against erosion by reducing the impact of rain splash, slowing runoff and enhancing infiltration.

The RDM standard recommended by the Soil Conservation Service for Point Reyes and vicinity is 1200 pounds air dry weight per acre as an average for all grazed lands regardless of slope. Using 1200 pounds as an average will allow for areas of less than that amount, which will likely occur in very rocky or shallow soils and in areas where cattle tend to concentrate. In these areas 1000 pounds per acre is the minimum acceptable amount. Any pasture which has areas less than 1200 pounds per acre will need other areas with more than this amount in order to attain an overall RDM measurement of 1200 pounds per acre. High impact areas described in Section C are excluded from RDM requirements.

RDM will be measured in two types of surveys September 1 and October 15, just prior to the fall rainy season. Intensive RDM sampling is conducted on key areas using the "Double Sampling Weight Estimation Method" for measuring RDM (Wilm et al 1944). This statistically based method has been extensively field tested and is a standard range management technique for RDM measurement. The double sampling method makes possible the monitoring of many range units during the few weeks of the year which are suitable for RDM measurement. The measured results in each key area are correlated with plant species cover data in evaluating the effects of grazing management on the range resource.

RDM mapping is conducted on all rangelands throughout the ranchlands. RDM is estimated over entire pastures in terms of broad classes or "zones of utilization". The zones are defined as "severe" (0-600 lb/acre); "heavy" (600-1200 lb/acre); "moderate" (1200-1800 lb/acre); and "light" (over 1800 lb/acre). The survey consists of walking through each pasture to the extent that all acreage can be viewed, and delineating the zones of field range maps in varying colors. The intensively sampled key areas are used as reference sites to aid in visual estimation of RDM zones. This method actually depicts livestock utilization patterns and identifies and quantifies overgrazed areas.

2. Plant Species Composition

Range condition refers to the "health" of vegetation and soil on a particular site in relation to its natural potential. It is evaluated on the basis of the kinds, proportions and amounts of plants and the soil features in a given area.

Line/point composition transects are one way of measuring the kinds and proportion of plants on a site. In this method surveying tapes are laid out in a key area and individual plant species are identified and tallied at 400 random points located in relation to the tape. The resulting data is summarized in terms of the proportion of plant species present. In range management terminology this is referred to as "composition". The total percentage of plant cover, bare ground and litter is also summarized.

Plant composition transects are sampled in spring after seed heads have developed and grasses are readily identifiable. Transects will initially be read each year to determine if the plant community is stable or changing. Changes in the proportion of desirable versus nondesirable forage species indicate whether the range condition is improving or declining in quality over a period of years. In range management terminology this is called monitoring range "trend".

3. Forage Productivity

Range condition and trend can also be evaluated by measuring forage productivity. Productivity can be defined as the weight, in pounds per acre, of palatable forage species. Productivity data supplements composition data by providing an index of plant vigor and an estimate of yield.

Forage productivity data may be used in two ways:

a. By comparing forage productivity data between pastures with similar soil characteristics, an estimate of range conditions can be obtained.

b. By comparing forage productivity data over many years (and adjusting for rainfall) a direction can be established indicating an improving or declining range trend.

C. High Impact Areas

The size and location of high impact areas allowed for each specific ranch unit shall be mutually agreed upon by the rancher and the National Park Service. Wherever possible, high impact areas will be restricted to level (less than 10% slope), well drained areas, 200 feet from perennial streams or other bodies of water. Areas near main roads and other high visitor use zones will also be avoided where possible.

It is recognized that a high degree of trampling and denudation of vegetation is unavoidable on these sites. Therefore, the "proper use" standards described above will not apply.

Examples include corrals and feedlots where livestock are confined for management purposes and permanent feeding and watering facilities.

D. Management Practices

Recommendations will be developed and implemented for any pastures which fall below the

minimum standard. For example, range conditions may reflect an unusually dry winter, and an average of range conditions over several years may be used to evaluate whether or not a reduction in animal units being grazed is necessary. Additionally, improvements in range condition may be made by changes in fencing or stock water facilities to obtain better distribution of animals. Other alternatives include changing the length of time or period of grazing, changing the type and class of livestock, or transferring animals from pastures to impact areas and increasing the supplemental feed.

EXHIBIT D

FEDERAL EQUAL OPPORTUNITY LAWS

NON-DISCRIMINATION. If use of the resource covered by their lease will involve the employment by the Lessee of a person or persons, the Lessee agrees as follows:

(a) The Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Lessee will take affirmative action to ensure the applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training; including apprenticeship. The Lessee agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided by the Superintendent setting forth the provisions of this nondiscrimination clause.

(b) The Lessee will, in all solicitations or advertisements for employees placed by or on behalf of the Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Lessee will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Superintendent, advising the labor union or workers' representative of the Lessee's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Lessee will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules and regulations, and relevant orders of the Secretary of Labor.

(e) The Lessee will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Superintendent and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of the Lessee's noncompliance with the nondiscrimination clauses of this lease or with any of such rules, regulations or orders, this lease may be canceled, terminated or suspended in whole or in part and the Lessee may be declared ineligible for further Government contracts or leases in accordance with procedures authorized in Executive Order No. 11245, of September 24, 1965, as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Lessee will include the provisions of Paragraphs (l) through (7) in every subcontract or purchase order unless exempted by rules, regulations, orders of the Secretary of labor

issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontract or purchase order as the Superintendent may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, however, that in the event the Lessee becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the Superintendent, the Lessee may request the United States to enter into such litigation to protect the interests of the United States.

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
BEEF CATTLE AGRICULTURAL USE LEASE/PERMIT

HISTORIC "M" RANCH
LEASE NO. AGRI-8530-1000-1008
AMENDMENT NO. 1

Name: Richard Louis and Jacqueline Grossi

Address: [redacted]

This amendment established the rental fee as specified in Lease Condition 6, "Rents, Taxes and Assessments," in accord with the Appraisal Report prepared by William Groverman, Redwood Empire Appraisal, dated September 17, 2008.

Annual Base Rental Fee	$24,750.00
Annual Property Insurance Premium	$2,266.00
Annual Adjusted Rental Fee	$22,484.00
Semi-Annual Rental Fee for the Period:	
September through February	$11,242.00
March through August	$11,242.00

Lessee Signature(s)

Name: [redacted] Date: 11-22-10
Richard Louis Grossi

Name: [redacted] Date: 11-22-2010
Jacqueline Grossi

Lessor Signature

Name: [signature] Date: 12/23/10
Superintendent
Point Reyes National Seashore