

## EQUESTRIAN FACILITIES LEASE

This Lease ("Lease") dated as of the Commencement Date (defined below) is by and between the Sonoma County Agricultural Preservation and Open Space District ("Landlord"), a California Special District formed pursuant to Public Resources Code Section 5500 *et seq.*, as land owner, and Andreas Loose, an individual doing business as "Five Brooks Ranch" ("Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "Parties" and singularly, a "Party."

### RECITALS

**Whereas**, as of the Commencement Date, the Sonoma County Agricultural Preservation and Open Space District is the owner of that certain property commonly known as Chanslor Ranch, located at 2660 North Highway 1, Bodega Bay, CA ("Preserve")(APN 101-030-002); and

**Whereas**, Andreas Loose, an individual doing business as "Five Brooks Ranch" and hereinafter referred to as the "Tenant," is proposing to manage, maintain and operate a horse stable and related visitor services similar in nature and intensity to those operations previously conducted on the Preserve by the former Chanslor Stables LLC and others; and

**Whereas**, Landlord purchased the Preserve to establish a new Regional Park and Open Space Preserve and has determined that the continued operation of visitor-serving equestrian facilities on the Preserve is compatible with general use of the Preserve for public recreation and furthers the County of Sonoma's public purposes in offering educational and recreational opportunities for the community;

**Whereas**, Tenant has agreed to offer daily equestrian opportunities at the Preserve for the benefit of the public, and to comply with the terms of this Agreement.

**Now therefore**, in consideration of the terms and conditions set forth herein, the parties hereto agree as follows:

### AGREEMENT

#### 1. PREMISES

1.1 Leased Premises. By this Lease, Landlord does hereby lease to Tenant, and Tenant does hereby take and hire from Landlord, for Tenant's exclusive use and management, that certain pasture land comprising approximately 73.2 acres, along with the Accessory Barn, two (2) sheds, and two cargo containers, as more particularly depicted on Exhibit A attached hereto ("Exclusive Premises") as well as for Tenant's non-exclusive use, those certain multi-use trails, a parking area, and a staging area, as more particularly depicted on Exhibit A attached hereto ("Non-Exclusive Premises"). The Exclusive Premises and the Non-Exclusive Premises shall hereinafter be jointly referred to as the "Premises," which may not be used for residential purposes at any time.

1.1.1 Optional Residential Space for Site Manager. In addition to the above-described Premises, Tenant shall have the option to lease, pursuant to all terms and conditions described herein, a single room in the main dwelling with an attached bathroom for on-site housing for a single employee/manager of Tenant (“Site Manager Housing”). If Tenant elects to house an employee/manager in the main dwelling, the room let for this purpose shall also be considered a part of the Premises.

## 2. TERM

2.1 Lease Term. The commencement of the term of this Lease (“Commencement Date”) shall be the date when Landlord closes escrow on the purchase of the Preserve. The Parties shall execute an Acknowledgement of Commencement Date and attach it to this Lease as Exhibit B once the term commences. Except as otherwise set forth in this Lease, the initial term of this Lease shall end on April 30, 2025 (“Term”).

2.2 Tenant’s Duty to Surrender. At the expiration or earlier termination of the Term, Tenant shall surrender to Landlord, the possession of the real property and the improvements constituting the Premises or any portion thereof in the case of a partial termination. Surrender or removal of improvements, fixtures, and trade fixtures shall be as directed in Article 7 of this Lease. If Tenant fails to surrender the Premises by the expiration or sooner termination of this Lease, Tenant shall indemnify and hold Landlord harmless against all loss, liability, cost or expense directly resulting from or arising out of Tenant's failure to surrender the Premises, including, without limitation, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after said termination or expiration and any related attorneys' fees and brokerage commissions. Notwithstanding the foregoing, no termination of this Lease shall release Tenant from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of termination, or date of surrender if it be later.

2.3 Holding Over. If Tenant shall continue to occupy or possess the Premises after the termination of this Lease with Landlord’s express written consent, then Tenant shall be a tenant on a month-to-month basis. All the terms, provision and conditions of this Lease shall apply to this month-to-month tenancy at a Rent agreed on by Landlord and Tenant but in no event less than the Rent payable under this Lease during the last full month before the date of expiration or earlier termination of this Lease. The month-to-month tenancy shall be on the terms and conditions of this Lease except as provided in the preceding sentence. Landlord's acceptance of Rent after such holding over with Landlord's written consent shall not result in any other tenancy or in a renewal of the original term of this Lease. If Tenant remains in possession of the Premises after expiration or earlier termination of this Lease without Landlord's written consent, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay as Rent during the holdover period an amount equal to two hundred percent (200%) of the monthly Rent for the Premises in effect under this Lease during the month which includes the day immediately prior to the date of the expiration or termination of this Lease. Nothing in this Article 2 shall be construed as implied consent by Landlord to any holding over by Tenant. Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease. The

provisions of this Section 2.4 shall not be considered to limit or constitute a waiver of any other rights or remedies of Landlord provided in this Lease or at law.

### 3. CONSIDERATION

3.1 Monthly Rent. Commencing on the Commencement Date, each month Tenant shall pay to Landlord the sum of **Two Thousand One-hundred Fifty Dollars (\$2150)** (the "Monthly Rent") for the Premises in equal monthly installments, in advance on the first day of each month. On the anniversary of the Commencement Date each year, Landlord and Tenant shall review the Annual Gross Revenue Tenant collects from operation of the horse stable and riding operation on the Premises and shall adjust the Monthly Rent for the next year based on the following schedule (the "Adjusted Monthly Rent"):

Up to \$399,999 in Gross Revenue	\$2,500 per month
From \$400,000 to \$449,999 in Gross Revenue	\$3,000 per month
From \$450,000 and above in Gross Revenue	\$4,000 per month

The Monthly Rent and the Adjusted Monthly Rent are hereafter referred to collectively as the "Monthly Rent." Commencing on the second anniversary of the Commencement Date, the Monthly Rent (including the Adjusted Monthly Rent schedule) shall be increased by three percent (3%), and on an annual basis thereafter throughout the Term. Monthly Rent shall be delinquent if not paid in full by the sixth (6<sup>th</sup>) calendar day of the month, in which case a late charge as specified in Section 3.4 shall apply to any overdue Rent.

Annual Gross Revenue shall not include sales or other taxes (other than income taxes payable by Tenant).

3.1.1 Additional Rent for Site Manager Housing. In addition to the Monthly Rent, Tenant shall pay **\$800 per month** to Landlord for use of Site Manager Housing.

3.2 Operating Expenses. Tenant agrees to pay all operating expenses, including, without limitation, taxes, insurance, maintenance and repair, utilities (as more particularly described in Sections 3.7, Section 3.8, and Section 8), and the like.

3.3 Additional Rent. In addition to the Monthly Rent described above, Tenant shall pay and discharge when the same shall become due as additional Rent (hereafter referred to as "Additional Rent"), all other amounts and obligations which Tenant assumes or agrees to pay or discharge pursuant to this Lease (collectively, the Monthly Rent, Additional Rent, fees, charges, and late charges are referred to herein as the "Rent").

3.4 Late Charge. Tenant agrees to pay a late charge of ten percent (10%) of the amount overdue on any unpaid Rent, as liquidated damages, in lieu of actual damages other than interest under Section 3.10 and attorneys fees and costs under Section 16.18. Tenant shall pay the late charge for each calendar month in which all or any part of any Rent payment remains delinquent. Landlord's acceptance of any liquidated damages shall not constitute a waiver of Tenant's default. Tenant shall pay the late charge as Additional Rent with the next installment of Rent.

3.5 Manner of Payment of Rent. Monthly Rent for any partial month shall be prorated at the rate of 1/30th of the monthly Rent per day. Except as allowed under Section 4.2.1.6, the Rent and any other sums payable by Tenant hereunder shall be paid by Tenant without notice, demand or offset to the following address, or such other place or places as may from time to time be designated in writing by Landlord:

Sheri Emerson, Stewardship Manager  
Sonoma County Agricultural Preservation and Open Space District  
747 Mendocino Avenue, Ste. 100  
Santa Rosa, CA 95401

3.6 Taxes and Assessments.

3.6.1 Obligation to Pay. Tenant is fully responsible for and agrees to pay, all real and personal property taxes (including any tax levied on a possessory interest, as defined in California Revenue and Taxation Code Section 107 or successor statute, if applicable), general and special assessments, and other charges of every description (collectively "Taxes"), levied on or assessed against the Premises, personal property located on or in the land or improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term. Tenant shall make all such payments directly to the assessing authority, at least ten (10) days before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any, or all, of the above items, in installments (whether or not interest accrues on the unpaid balance), Tenant may, at Tenant's election, utilize the permitted installment method, but shall pay each installment, with any interest, before delinquency. Notwithstanding the foregoing, Landlord agrees to reimburse Tenant for possessory interest taxes paid to the County, provided Tenant provides a written request to Landlord which shall include proof of timely payment to the County Tax Collector.

3.6.2 Proration for Partial Year. Any imposition of taxes referred to in Section 3.6.1 above relating to a fiscal period of a taxing authority, a part of which period is included within the term of this Lease and a part of which is included in a period of time before the Commencement Date or after the termination of this Lease (whether or not such imposition shall be levied, assessed, confirmed, imposed or become a lien upon the Premises, or shall become payable, during the term of this Lease), shall be paid by Tenant as above but shall be prorated between Landlord and Tenant.

3.6.3 Tenant's Right to Contest. Tenant may contest the legal validity or amount of any taxes, assessments, or charges for which Tenant is responsible under this Lease, and may institute such proceedings as Tenant considers necessary. If Tenant contests any such tax, assessment or charge, Tenant may withhold or defer payment, or pay under protest, but shall protect Landlord and the Premises from any lien by adequate surety bond or other appropriate security.

3.6.4 Proof of Compliance. Tenant shall furnish to Landlord within seven (7) days of receipt by Tenant of the written request of Landlord, copies of receipts or other appropriate evidence establishing payment of any applicable taxes. Tenant may comply with this requirement,

but is not obligated to do so, by retaining a tax service to notify Landlord whether the taxes have been paid.

### 3.7 Utilities and Common Infrastructure Costs.

3.7.1 Gas, Electric and Refuse Collection. Tenant shall pay as additional rent **\$500** per month towards electric and gas utilities and provision of municipal garbage collection services.

3.7.2 Shared Bathrooms & Handwashing Stations. Tenant shall pay as additional rent **\$234** per month for the provision by Landlord of two portable bathrooms and a handwashing station, each of which will be serviced at least once per week by the Landlord's vendor, but which will be cleaned and restocked on a daily basis by Tenant.

3.7.3 Water. Landlord does not guarantee the quality or availability of water and shall have no liability to Tenant if water should become unavailable for any reason. In the event of a supply shortage or interruption, Tenant shall curtail use of water upon request by Landlord. Subject to availability, Tenant shall have the non-exclusive right to use the presently existing infield well and pump on the Preserve together with the water therefrom. The well, pump, and water are made available to Tenant, subject to Section 6.1 (As-Is Condition). Tenant shall also have the non-exclusive right to draw water from the municipal supply connection as reasonably necessary for Tenant's operations, provided however that Tenant shall be responsible for the costs associated with any excessive use of water, as determined by Landlord. Tenant may use pond water for horses, however Landlord does not warrant the water quality and pest control of the ponds. To that end, the parties hereby acknowledge and agree that neither party will incur any costs for maintenance or pest control for the ponds with the expectation of reimbursement from the other party unless these costs have been estimated and agreed to in writing in advance.

3.8 Manure Removal. Except as to the fenced pasture area, at Tenant's sole cost and expense, Tenant shall cause all manure generated on the Premises to be removed from the Premises on a regular basis (not less than monthly), in compliance with standards described in Section 4.2.4. At Tenant's sole cost and expense, the pasture area shall be cleared no less than twice per year (in the Fall and Spring) with a harrow or similar device to disburse manure as fertilizer for pasture grasses and to remove all excess manure material. Without limiting the generality of the foregoing, all manure management shall be designed and conducted to avoid groundwater or surface water pollution, manage odors and to prevent pest infestation.

3.9 Security Deposit. Tenant shall pay to Landlord **Five Thousand Dollars (\$5,000)** on or before the Commencement Date as security for the full performance and observance of each and all of the provisions of the Lease. If Tenant defaults, Landlord may use, apply or retain the whole or any part of the security: (a) to the extent of any sum due to Landlord; (b) to make any required payment on Tenant's behalf; or (c) to compensate Landlord for any expense or damage caused by Tenant's default. On Landlord's demand, Tenant shall promptly pay to Landlord a sum equivalent to the amount by which the security was so depleted. Tenant waives the provisions of California Civil Code section 1950.7, and all other provisions of law now in force or that become in force after

the date of execution of this Lease, that provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant, or to clean the Premises.

3.9.1 Use of Deposit. Tenant shall pay the deposit directly to Landlord. Landlord is not a trustee of the deposit and may commingle it, use it in ordinary business, transfer or assign it, or use it in any combination of those ways. No interest shall accrue on the deposit. If Tenant is not in default at the normal expiration of the Lease, Landlord shall return the security deposit to Tenant.

3.10 Interest. If any Rent payment is not received by Landlord within six (6) days after that Rent is due, Tenant shall pay to Landlord interest on the past-due amount, from the date due until paid, at the rate of ten percent (10%) per year. Despite any other provision of this Lease, the total liability for interest payment shall not exceed the limits, if any, imposed by the usury laws of the State of California.

#### 4. USES, PURPOSES

##### 4.1 Use of Premises for Horse Stables & Riding.

4.1.1 Use of Premises. Subject to the terms and conditions of this Lease, Tenant shall have the right to use the Premises for the purposes of operating a horse stables and riding operation open to all members of the public, including all activities as are properly incidental to the operation, such as horse boarding, and the sale of merchandise, food, beverages, and other items normally incident to such a facility, provided however that Tenant shall not sell any alcohol or tobacco products and all such uses shall be consistent with Landlord's policies. Boarding of horses on the Premises shall be subject to Section 10.1 of this Lease, which requires Landlord's review and approval of all agreements with horse owners, which approval may be conditioned or denied as set forth therein. Should Landlord find that a particular use of the Premises is not consistent with Landlord's policies, Landlord shall provide written notice to Tenant of such finding and Tenant shall cease such use of the Premises.

4.1.2 Use of Non-Exclusive Premises. Tenant shall be allowed the non-exclusive use of the customer parking lot, as depicted on Exhibit A, for customer parking only. Tenant shall also be allowed the non-exclusive use of the employee parking area and horse loading zone, for employee parking and horse transfers to/from trailers. Tenant shall also have non-exclusive access to the multi-use trails on the property for horse riding. In the event Tenant desires to use a portion of these non-exclusive areas for another use during a special event or promotion, Tenant shall obtain Landlord's prior written approval, which may be conditioned upon the payment of additional fees.

4.1.2.1 Restrictions on Tenant's Use of Parking Lots and Horse Loading Areas. Tenant's use of the Parking Lot and Horse Loading Area shall be subject to the following restrictions:

- a. No exclusive parking location shall be assigned to Tenant.

- b. No parking will be made available for Tenant's use when the horse stables is closed and employees have departed.
- c. Except as to a single vehicle owned and used by the on-site employee/manager, at no time shall Tenant park or permit others to park vehicles overnight, nor shall Tenant cause or permit equipment to be parked in the designated Parking Lot without the prior written approval of Landlord.
- d. If, as part of Landlord's implementation of its obligations under the federal Americans with Disabilities Act ("ADA"), it is determined that the parking provided for Tenant's use does not meet current ADA accessibility standards, Tenant agrees that Landlord may improve or relocate the parking to a location that fully complies with all ADA accessibility requirements. Such improvement or relocation shall be accomplished at no cost to Tenant and shall not require any adjustment to the Monthly Rent.

4.2 Operational Requirements of Tenant. Tenant agrees throughout the term to abide by the following conditions and requirements:

4.2.1 Hours of Operation.

4.2.1.1 Normal Operating Hours. Except as otherwise provided in Sections 4.2.1.2 through 4.2.1.4, inclusive, the horse stables shall be opened to the public a minimum of 7 days per week, 8 hours per day, provided however that Tenant may close the horse stables during inclement weather, and on Thanksgiving Day and Christmas Day. The horse stables shall not be open to the public after sunset.

4.2.1.2 Special Landlord Events. Landlord shall have the right to require Tenant to suspend its operations when reasonably required for purposes of conducting other major events held on the Property with which Tenant's operations may conflict, such as large special events.

4.2.1.3 Maintenance Activities by Landlord. Pursuant to Section 4.3.1, Landlord, acting through duly authorized representative, shall have the right to require Tenant to suspend its operations when reasonably required for purposes of conducting maintenance or making alterations or improvements within and adjacent to the Premises. Nothing in this subsection shall be construed to require Landlord to make any alterations or improvements to the Premises. Landlord agrees that suspension of Tenant's operations for four (4) or more calendar days per Lease year shall entitle Tenant to an equitable abatement of Rent for every day Tenant's use of the Premises is suspended starting on the 4<sup>th</sup> day and following. This clause shall not apply to abate Rent where Landlord's activities do not require suspension of Tenant's operations.

4.2.1.4 Notice to Tenant. Except as set forth in Section 4.3.1, Landlord shall supply Tenant with no less than thirty (30) days prior written notice of any closure of the Premises necessitated pursuant to Subsections 4.2.1.2 through 4.2.1.3, inclusive.

4.2.1.5 Consideration for Closures. For any closure of the Premises pursuant to Subsections 4.2.1.2 through 4.2.1.3, inclusive, Tenant shall be entitled to a rental abatement in

the amount based on the following formula: (Monthly Rent \* 12)/365 = \$ \_\_\_ /per day\*Number of Days Operation is Closed].

4.2.2 Cancellation of Insurance. Tenant shall not knowingly and intentionally do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Tenant's activities hereunder.

4.2.3 Compliance with Laws, Rules and Regulations. Tenant shall comply with all laws and regulations concerning the Premises and the Preserve or Tenant's use of the Premises and the Preserve. Tenant shall not knowingly and intentionally allow the Premises to be used for any unlawful purpose.

4.2.4 Waste; Nuisance.

4.2.4.1 Generally. Tenant shall not commit, suffer, or permit the commission by others of: (i) any waste or nuisance on the Premises; (ii) any action, inaction, or use of the Premises which interferes or conflicts with Landlord's use of the Property; or (iii) any action or inaction on Premises in violation of any laws, ordinances, rules, regulations, judgments, orders or permits howsoever promulgated. Without limiting the generality of the foregoing, Tenant shall dispose of all manure, sewage and industrial waste in accordance with all applicable regulations and laws of those governmental agencies having jurisdiction or authority over the Premises. Tenant shall ensure that all solid waste materials are placed in appropriate covered containers designed for use with the type of waste involved, which shall remain covered, and that said containers are maintained within enclosures located on said Premises and designated to keep said trash containers out of the flow of traffic and obscured from view. Tenant shall not knowingly and intentionally use the Premises in any manner that will constitute waste. Tenant shall not use the Premises for sleeping, washing clothes, or the manufacture or mixing of anything that might emit any unreasonable odor or objectionable odor, noises or lights onto adjacent properties.

4.2.5 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Materials (as subsequently defined) to be brought upon, kept or used in or about the Premises or the Property by Tenant, its agents, employees, contractors or invitees, without the prior written consent of Landlord, which Landlord shall not unreasonably withhold as long as Tenant demonstrates to Landlord's satisfaction that such Hazardous Materials: (i) are necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws"); and (ii) do not otherwise, due to the quantity, nature or use of such Hazardous Materials, substantially increase the risk of fire or other casualty to the Premises or the Property.

(b) To the extent any Hazardous Materials are used, kept, or become present in or on the Premises on or after the Commencement Date, Tenant shall ensure that all such Hazardous Materials, and all uses thereof, are in full compliance with all Hazardous Materials Laws. No pesticides, herbicides or fungicides may be used on the Premises unless approved in



writing by Landlord in advance of such use. Landlord approves of Tenant's use of the following Hazardous Materials, provided that Tenant provides Landlord with reports of total amounts of all synthetic pesticides including herbicides, insecticides, and fungicides applied on the Premises by June 30 of each year, or more frequently if reasonably requested by Landlord:

- a) Betasept, Biopatch (Chlorhexidine Solution 2% antiseptic)
- b) Lysol spray (disinfectant)
- c) Endure fly spray (.20% Pyrethrin, Cypermethrin, Piperonyl Butoxide, Butoxypolypropylene Glycol)
- d) Bactrim, Septra or Sulfatrim oral medication (Sulfamethoxazole & Trimethoprim)
- e) Fura-zone ointment (.2% Nitrofurazone with polyethylene glycole
- f) Ichthammol ointment (Ichthammol)
- g) WD-40 (petroleum, trimethyl benzene, isomers, carbon dioxide)
- h) Blaster (PB Penetrate Catalyst (flammable vapor))
- i) Gasoline
- j) EQyss Micro Tek Shampoo and Gel (Triclocarban)

(c) If Tenant breaches the obligations stated in subparagraphs (a) or (b) of this Section 4.2.5 or if it is determined that Hazardous Materials became present on the Premises on or after the Commencement Date which result in contamination of the Premises or the Property, or if Hazardous Materials are otherwise discharged or released from the Premises after the Commencement Date, then Tenant shall indemnify, defend (with counsel approved by Landlord) and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Property, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property, damages arising from any adverse impact on marketing of space in the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such breach, contamination, discharge, or release, but excluding liability due to the negligence or willful misconduct of Landlord, its employees, agents, contractors and representatives. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Property. Without limiting the foregoing, if it is determined that Hazardous Materials became present on the Premises on or after the Commencement Date which result in any contamination of the Property, or otherwise results in the release or discharge on, under or from the Premises of Hazardous Materials, Tenant shall promptly take all actions at its sole expense as are necessary to return the Property to the condition existing prior to the introduction of any such Hazardous Materials to the Property or to otherwise remove and/or abate the release or discharged Hazardous Materials; provided that Landlord's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Property, will not unreasonably interfere with the use and enjoyment of other portions of the Property, and will be performed in accordance with all Hazardous Materials Laws. Upon the termination of this Lease, Tenant shall surrender the Premises to Landlord free of any and all Hazardous Materials and in compliance with all Hazardous Materials

Laws applicable to Hazardous Materials that become present on or after the Commencement Date. This indemnification shall survive the termination or expiration of this Lease.

(d) For the purpose of this Section 4.2.5, the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 et seq.), Section 25117 of the California Health & Safety Code, Section 25316 of the California Health & Safety Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

4.2.6 Driver's Licenses. Tenant shall require drivers of motor vehicles on or about the Premises to be at least 16 years of age and possess a valid California driver's license.

4.2.7 Billboards and Signs. Tenant agrees not to construct, install or maintain, nor to allow upon the Premises any billboards, signs, banners or like displays which may be placed in or upon any building or structure in such manner as to be visible from the outside thereof, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld. Tenant will prepare a reasonably detailed signage plan for approval by Landlord after this Lease is executed.

4.2.8 Employment Eligibility. As a condition of this Lease, Tenant certifies that all personnel and any subcontractors hired by Tenant to perform services on the Premises are authorized to work legally within the United States and vetted for purposes of ensuring they do not pose a safety threat to customers and the visiting public.

4.2.9 Employee Standards. A qualified and responsible supervisory person shall be present on the Premises during all operational periods.

4.2.10 Minimum Wage. Tenant, in consideration of the grant of this Lease, hereby agrees to pay all employees and contractors a minimum hourly wage of \$17.61. Tenant shall keep records of all hours worked and wages paid to employees and contractors, and Tenant shall make all such wage reports available to Landlord upon request. Strict compliance with these minimum wage requirements is demanded by the Landowner and shall be considered part of the essence of this Lease. It is hereby agreed that Landlord shall have the right at all times to examine all persons working for Tenant and to make such investigations as it may deem necessary to see that the terms of this Lease relating to such wage payments are being fully observed. Without limiting the generality of Section 4.2.3 (Compliance with Laws), Tenant further agrees to comply with all labor laws applicable to the operations hereunder, including the obligation to pay overtime pay at a rate of 1.5 times the regular rate of pay (which shall be no less than the agreed-upon minimum of \$17.61/hour) for all hours worked in excess of 8 per day and 40 per week.

4.2.10 Landlord Policies and Procedures. Tenant shall abide by all policies, procedures, rules, and regulations of Landlord as they may be updated from time to time. Without limiting the generality of the foregoing, Tenant shall comply with the rules and regulations attached hereto as Exhibit D and incorporated herein.

4.2.11 Requests from Landlord. Tenant shall cooperate with any reasonable request from Landlord regarding use of the Property or operations at the Property.

#### 4.3 Reservations to Landlord.

4.3.1 Landlord's Right to Grant Easements. Subject to such restrictions as may be established by the Conservation Easement that will be granted to Landlord by the County of Sonoma when title to the Preserve transfers to the County, Landlord shall have the right, at its sole cost and expense, to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; and telephone and telegraph power lines and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, in, upon, through, across and along the Premises or any part thereof, as will not interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as Landlord restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. Landlord also reserves the right to grant franchises, easements, rights-of-way and permits in, over, and upon, along or across any and all portions of said Premises as Landlord may elect as will not interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as Landlord restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. Landlord agrees that it will not, during the Term of this Lease, issue franchises, licenses or permits to a concessionaire offering services in direct competition with Tenant's horseback and boarding operation. However, Tenant understands and agrees that the Property will be generally available for public access, including equestrian day uses, and Landlord has no obligation to Tenant to limit such uses of the Property by the public. In addition, Landlord reserves the right to enter and have access to the Premises in order to make, construct or carry out Property improvements as will not materially interfere with Tenant's operations hereunder and to enter thereupon for any and all such purposes, and so long as Landlord restores, at its sole cost and expense, the condition of the Premises and any structures and improvements thereon to their original condition. Landlord will cause the surface of the Premises and the condition of any improvements and structures thereon to be restored to their original condition upon the completion of any construction done pursuant to this Section. Landlord agrees that any right set forth in this Section 4.3.1 shall not be exercised unless a prior written notice of thirty (30) days is given to Tenant. However, if such right must be exercised by reason of emergency, Landlord will give such notice in writing as is possible under the existing circumstances. Landlord shall exercise its best efforts to avoid unreasonable interference with Tenant's operations or enjoyment of the Premises or impairment of the security of any secured creditor in its exercise of rights pursuant to this Section.

4.3.3 Lease Subordinate to Conservation Easement. This Lease, and the rights of Tenant hereunder, shall be subject and subordinate in all respects to the Conservation Easement that will be recorded upon the transfer of the Preserve from the Sonoma County Agricultural

Preservation and Open Space District to Regional Parks. The District represents and warrants that the conservation easement to which Tenant shall agree to subordinate its interest in the Premises shall allow continued operation of trail rides on established trails and ranch roads, provided that all such routes are maintained by Tenant in a manner consistent with preservation of natural resources on the Property.

4.3.4 Landlord's Right to Inspections. Landlord, acting through its Landlord Manager or other duly authorized representative, shall have the right to enter upon the Premises at any and all reasonable times during the normal business day throughout the Lease term for the purpose of inspecting the same and posting any notices required or permitted under law.

4.3.4 Landlord's Right to Approve Fees. Landlord reserves the right to approve all prices and price increases for boarding and riding fees. A proposed fee change must be submitted to Landlord in writing not less than thirty (30) days prior to taking effect.

## 5. IMPROVEMENTS

5.1 Prior Consent for Improvements. Except as otherwise expressly provided in this Lease, Tenant shall not enlarge, remove, demolish, replace, or substantially alter any structure or substantial improvement, now or hereafter, in place on the Premises without Landlord's prior written consent.

5.2 Diligent Prosecution to Completion. Once the work is begun, Tenant shall, with reasonable diligence, complete all construction of improvements, additions or alterations. All work shall be performed in a good and workmanlike manner and free of substantial defects, shall comply with the approved plans and specifications submitted to Landlord as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

5.3 Protection of Landlord against Cost or Claim. Tenant shall pay, or cause to be paid, the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics' Lien Law (commencing with California Civil Code §3109). No such payment shall be construed as Rent. Tenant shall not suffer or permit to be enforced against the Premises, or any part of it, any recorded mechanic's, materialman's, contractor's or subcontractor's lien, arising from any work of improvement, however it may arise. Tenant shall defend and indemnify Landlord and the Landlord against all liability and loss of any type, arising out of work performed on the Premises by or for Tenant, together with reasonable attorney's fees and all costs and expenses incurred by Landlord in negotiating, settling, defending, or otherwise protecting against such claims.

5.4 Improvements Part of the Premises. All improvements constructed on the Premises shall be deemed to be included in the definition of the term "Premises."

## 6. MAINTENANCE, ALTERATIONS

6.1 As-Is Condition. Tenant hereby acknowledges that, except as may be expressly set forth elsewhere in this Lease, neither the Landlord nor anyone acting for or on behalf of the Landlord, has made any representation, warranty or promise to Tenant concerning the physical aspects or condition of any portion or part of the Premises or improvements, the feasibility, desirability or convertibility of the Premises into any particular use, the conditions of the soil, subsoils, ground water, or surface waters or the presence or absence of any toxic waste or hazardous substances or material, and that by entering into this Lease Tenant has not relied on any representation, statement or warranty of the Landlord, or anyone acting for or on behalf of the Landlord, and that all matters concerning the Premises shall be independently verified by Tenant, and that Tenant shall lease the Premises on Tenant's own examination thereof, AND THAT TENANT IS LEASING THE PREMISES IN "AS IS" PHYSICAL CONDITION AND "AS IS" STATE OF REPAIR. Tenant does hereby waive, with respect to conditions existing as of the date of this Lease, and the Landlord does hereby disclaim all warranties of any type or kind of description, with respect to conditions existing as of the date of this Lease, including, without limitation, but only those with respect to conditions existing as of the date of this Lease, those of fitness for particular purpose, tenantability, habitability and use. Tenant has had the right, prior to execution of this Lease, to conduct any tests, at Tenant's sole cost and expense, it deems to be necessary to assess the condition of the Premises and all improvements thereon. Tenant hereby expressly assumes the risk that adverse physical conditions existing as of the date of this Lease and the full extent thereof may not be revealed by Tenant's inspections, reviews and studies of the Premises. It is an expressly bargained-for agreement herein that Tenant shall be responsible, at Tenant's sole cost and expense, for causing the improvements constructed by Tenant on the Premises to comply in all respects with all applicable federal, state or local laws, rules, ordinances, policies and guidelines, whether presently existing or enacted in the future.

6.2 Tenant's Duty to Maintain Premises. Throughout the term, Tenant shall, at Tenant's sole cost and expense, maintain the Premises and all improvements in good condition and repair, and in accordance with (a) all applicable federal, state and local laws, rules, ordinances, orders, regulations and other requirements, and (b) the requirements of all applicable insurance policies. Without limiting the generality of the foregoing, Tenant shall at all times operate, repair and maintain the Premises in a manner consistent with industry standards and practices such that the Premises are of a quality and nature comparable to other horse stable and riding operations in Sonoma County. It is the specific, bargained-for intent of the Parties hereto that Tenant's maintenance and repair obligations shall be absolute and total, except for any maintenance or repair work caused by or arising from the sole active negligence or willful misconduct of Landlord, its employees, or agents, and that Landlord shall have no obligation or responsibility for such work, and that this provision has been specifically negotiated by the Parties and the Rent payable by Tenant reflects this negotiation. Any Casualty Loss (as defined in subsection 6.4.3 below) to any part or portion of the Premises caused by the willful or negligent act or omission of Tenant or Tenant's employees, agents, contractors, licensees, directors, officers, partners, trustees, visitors or invitees, shall be promptly repaired by Tenant at Tenant's sole cost and expense, to the satisfaction of Landlord. Landlord may (but shall not be obligated to) make any repairs which are not made by Tenant within a reasonable amount of time (except in the case of emergency when such repairs can be made immediately), and charge Tenant for the actual reasonable cost of such repairs as

Additional Rent. Tenant shall be solely responsible for the design and function of all improvements constructed on the Premises by Tenant.

6.3 Alterations. Landlord's approval is not required for Tenant's minor repairs, alterations, or additions. "Minor" means a construction cost not exceeding Ten Thousand Dollars (\$10,000). "Construction costs" includes all that would constitute the basis of a valid claim or claims under the mechanics' lien laws in effect at the time the work is commenced for any demolition and any removal of existing improvements or parts of improvements as well as for preparation, construction and completion of all new improvements or parts of improvements. "Major" repairs, alterations, or additions are those not defined as minor above. With the exception of any "Trade Fixtures" as defined in California Civil Code Section 1019, any alterations made shall remain on and be surrendered at the expiration or sooner termination of the term; provided, however, that Landlord may, at Landlord's sole election, demand the removal from the Premises of all fixtures and improvements or of certain fixtures or improvements or both as specified in the notice provided for below. Upon removal of any Trade Fixture or other improvement at the request of Landlord, any damage to the Premises shall be repaired by Tenant and the Premises shall be returned to its previous condition giving consideration to normal wear and tear of the Premises.

6.4 Damage and Destruction. It is the intent of the Parties that Tenant shall not be responsible for the repair and restoration of the Premises, and any part thereof, in the event of any Casualty Loss. For purposes of this Lease the term "Casualty Loss" shall mean damage to the Premises resulting from fire, earthquake, or any other identifiable event of a sudden, unexpected or unusual nature. However, no damages, compensation or claim shall be payable by Landlord for any inconvenience, any interruption or cessation of Tenant's business, or any annoyance, arising from any damage to or any destruction of all or any portion of the Premises, except and excluding any damage or any destruction caused by the sole active negligence or willful misconduct of Landlord, its employees or agents. Except where expressly provided otherwise in this Lease, no deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section 6.4 shall entitle Tenant to any offset, abatement, or reduction in Rent or to any extension of the term.

## **7. OWNERSHIP OF IMPROVEMENTS**

7.1 During Term. All improvements constructed on the Premises by Tenant as permitted by this Lease shall be owned by Tenant until expiration of the term and all extensions thereof. Tenant shall not, however, remove any improvements from the Premises during the term or any extension thereof, except as otherwise provided in this Lease, unless immediately replaced with a substitute improvement of equal or greater value on a depreciated basis, nor waste or destroy any improvements on the Premises except as permitted by this Lease.

7.2 Improvements - Treatment at End of Lease. All improvements made by or for Tenant, whether temporary or permanent in character shall automatically at the end of the term, whether by expiration or earlier termination, become Landlord's property, and shall be surrendered to Landlord, on behalf of the Landlord, in good condition upon expiration of the term or termination of this Agreement without compensation to Tenant and without further instrument of transfer; provided, however, that Landlord, by notice to Tenant (in the manner provided in this Section), may

specify all or any of the improvements to be removed from the Premises, and Tenant shall, at Tenant's sole expense remove from such improvements (or that portion of the improvements required by Landlord to be removed by Tenant) and repair all damage to the Premises caused by such removal. Landlord shall provide Tenant with ninety (90) days written notice of any improvements requiring removals. Tenant shall comply with the notice before the expiration date for normal termination, provided Landlord provided such notice at least ninety (90) days prior to the normal termination, and within ninety (90) days after receiving the notice in all other circumstances.

7.3 Personal Property – Treatment at End of Lease. On expiration or termination of the Lease, Tenant shall, without expense to Landlord, remove or cause to be removed on or before the expiration or termination of the Lease term any items of furniture, equipment, freestanding cabinetry work, and other items of personal property. Tenant shall, at Tenant's sole expense, repair all damage or injury that may occur to the Premises caused by Tenant's removal of those items and shall restore the Premises to their original condition giving consideration to normal wear and tear of the Premises.

## 8. INSURANCE

At all times during the term of this Lease, Tenant shall comply with the Insurance provisions set forth in Exhibit C.

## 9. INDEMNITY; EXCULPATION

9.1 Indemnity. Tenant will indemnify, hold harmless and defend Landlord, and its agents and employees, from and against any and all actions, claims, damages, disabilities or expenses including, without limitation, reasonable attorneys' fees, witness costs and court costs that may be asserted by any person or entity, including Tenant, arising out of or in connection with any of the following circumstances:

(a) Use of Premises. Use of the Premises by anyone, including any use of the Premises in manner not allowed under this Lease.

(b) Use of Property Outside Premises. Use of the Property outside the Premises by Tenant or any authorized employee, agent, contractor or representative, invitee, subtenant, licensee, patron or contractor, and the agent, employee, invitee, subtenant, licensee, patron or contractor of any subtenant, provided such party whose act or omission caused such action, claim, damage disability or expense to arise was acting in the course of his/her duties or under the direct control of Tenant (or subtenant, as the case may be), including any use of the Property in manner not allowed under this Lease.

(c) Breach by Tenant. Any breach by Tenant of the terms, covenants or conditions contained in this Lease.

(d) Approval of Lease or Permit. Any action, claim, damage or expense arising out of the Landlord's or the Landlord's approval of this Lease or any permit issued in connection with the construction of the improvements.

(e) Other Activities. Any other activities of Tenant, its agents, employees and subtenants whether or not there is concurrent negligence on the part of the Landlord or the Landlord, but excluding liability due to the sole active negligence or sole willful misconduct of Landlord or the Landlord. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for Tenant or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

9.2 Exculpation of Landlord. Except as otherwise provided in the Lease, Landlord, Landlord, their officers, agents, and employees, shall not be liable to Tenant for any loss or damage to Tenant or Tenant's property from any cause. Tenant expressly waives all claims against Landlord, Landlord, their officers, agents, and employees, for injury or damage to person or property arising for any reason, unless such injury or damage is caused by or due to the breach of the terms, covenants or conditions or this Lease or the sole active negligence or willful misconduct of Landlord, Landlord, their authorized employees, agents, contractors or representatives.

9.3 Nonliability of Landlord Upon Termination or Expiration of Lease. Without limiting the foregoing indemnities and exculpation, Tenant acknowledges and agrees that he enters into this Lease with full knowledge of the intent of the Landlord and the County of Sonoma to fully occupy the property for their own purposes after the end of the Lease Term. This Lease is effective only after the acquisition of the Preserve by Landlord. Tenant acknowledges its right to possession hereunder is distinct from and not derivative of any rights maintained by tenants of the Property prior to the acquisition of the Property by Landlord. Accordingly, Tenant acknowledges and agrees he has no claim against Landlord or its successors in interest to the Preserve (e.g. the County of Sonoma) for relocation payments, relocation advisory assistance, or costs pursuant to California Government Code Sections 7260 *et seq.* or any regulations implementing or interpreting such sections. Tenant further agrees that it has no claim in either law or equity against Landlord or the County of Sonoma for damages should this Lease be terminated as allowed by its terms, and waives any such claims it may have for such termination.

## **10. ASSIGNMENT AND SUBLEASING; NO FINANCING**

### **10.1 Restricted Transfers**

10.1.1 Consent Required; Definition of "Transfer". Tenant shall obtain Landlord's written consent, which consent shall not be unreasonably withheld, before entering into or permitting any Transfer. Any person to whom any Transfer is made or sought to be made is a "Transferee". A "Transfer" consists of any of the following, whether voluntary or involuntary and whether effected by death, operation of law, or otherwise:

(1) Any assignment, encumbrance, or other transfer of any interest in this Lease.

(2) Any sublease or occupancy of any portion of the Premises by any persons other than Tenant and its employees, provided however that boarding agreements shall not



trigger the obligation to secure Landlord's prior consent under this Section 10.1 as long as (1) Tenant secures a written agreement with each horse owner authorizing the boarding and documenting the terms and conditions thereof, (2) Tenant provides true and correct copies of all boarding agreements to Landlord within 10 days of their execution, amendment or extension, and (3) all such agreements provide that Tenant (Five Brooks Ranch) or Landlord (e.g. the District or Regional Parks, as the case may be) may terminate the boarding agreement without cause and without liability upon 30-days written notice to the horse owner.

(3) Any of the changes (e.g., a change of ownership or reorganization) included in the definition of Transfer in Section 10.7.

10.1.2 Landlord's Remedies. If a Transfer fails to comply with this Article 10, Landlord may, at its option, do either or both of the following: (a) void the Transfer; or (b) declare Tenant in default under Section 12.1 if Tenant fails or refuses to rescind or revoke the Transfer within thirty (30) days of written notice to Tenant from Landlord.

## 10.2 Transfer Procedure.

10.2.1 Transfer Notice. Before entering into or permitting any transfer, Tenant shall provide to Landlord a written "Transfer Notice" accompanied by all of the documentation identified in (a), (b), (c) and (d) below, excepting any Transfer arising by reason of death, in which case written notice shall be given within sixty (60) days of death. The Transfer Notice shall include all of the following:

(a) Information regarding the proposed Transferee, including the name, address, and ownership of Transferee; the nature of Transferee's business; and Transferee's current financial statements (certified by Transferee, or, if Transferee is a corporation, partnership, or sole proprietorship, by an officer, a partner, or the owner of Transferee);

(b) All the terms of the proposed Transfer, including the consideration payable by Transferee; the portion of the Premises that is subject to the Transfer ("Subject Space"); a general description of any planned alterations or improvements, if any, to the Subject Space; the proposed use of the Subject Space; the effective date of the Transfer; a calculation of the "Transfer Premium," if any, as defined in Section 10.5.2, payable in connection with the Transfer; and a copy of all documentation concerning the proposed Transfer;

(c) Any other information or documentation reasonably requested by Landlord; and

(d) An executed estoppel certificate from Tenant in a form acceptable to Landlord.

10.2.2 Application Fee; Transfer Fee. As a condition to the effectiveness of the Transfer Notice, Tenant shall, when providing a Transfer Notice, pay the estimated staff and legal costs of the Landlord and the Landlord for processing the proposed transfer ("Transfer Fee").

10.3 Limits of Consent. If Landlord consent to any Transfer, the following limits apply:

(a) Landlord do not agree to waive or modify the terms and conditions of this Lease.

(b) Landlord do not, by consenting to the instant Transfer, thereby consent to any further Transfer by either Tenant or Transferee.

(c) Tenant may enter into that Transfer in accordance with this Article 10 if: (i) the Transfer occurs within six (6) months after Landlord's and Landlord's consent; (ii) the Transfer is on the same material terms as specified in the Transfer Notice; and (iii) Tenant delivers to Landlord, promptly after execution, an original, executed copy of all documentation pertaining to the Transfer in a form reasonably acceptable to Landlord (including Transferee's agreement to be subject and subordinate to the Lease and to assume Tenant's obligations under the Lease to the extent applicable to the Subject Space).

(d) If the Transfer occurs six (6) months after Landlord's and Landlord's consent or the terms of the Transfer have materially changed from those in the Transfer Notice, Tenant shall submit a new Transfer Notice and Transfer Fee under Section 10.2, requesting Landlord's and Landlord's consent (and the material change is on the terms of which would have entitled Landlord or Landlord to refuse to consent to the Transfer initially or would cause the proposed Transfer to be more favorable to Transferee than the terms in the original Transfer Notice).

10.4 Standards for Consent.

10.4.1 Reasonable Consent. Landlord may not unreasonably withhold their consent to any proposed Transfer that complies with this Article 10. Reasonable grounds for denying consent include any of the following:

(1) Transferee's character, reputation, credit history or business is not consistent with the character or quality of the Premises;

(2) Transferee's intended use of the Premises is inconsistent with the permitted use or will materially and adversely affect Landlord's or Landlord's interest;

(3) Transferee's financial condition is or may be inadequate to support the Lease obligations of Transferee under the Transfer documents; provided, however, that this limitation shall not apply where Tenant is proposing to sublease the Premises and is willing to guaranty the sublessee's obligations under the Lease.

(4) The Transfer would cause Landlord or Landlord to violate another lease or agreement in which Landlord or Landlord is a party.

10.4.2 Written Response. Within a reasonable time, but not more than sixty (60) days after receipt of a Transfer Notice that fully complies with Section 10.2, Landlord shall approve

or disapprove the proposed Transfer in writing. In the event Landlord or Landlord does not approve the proposed Transfer, the non-approving Party shall state in writing all of its reasons for not approving the Transfer.

10.4.3 Tenant's Indemnity. Tenant shall indemnify, defend, and hold harmless Landlord from and against all claims by any third party (including the proposed Transferee) arising out of the Landlord's or Landlord's consideration and/or procedure involved in any consent to a Transfer.

## 10.5 Transfer Premium.

10.5.1 Transfer Premium Payment. As a reasonable condition to Landlord's consent to any future transfer of Tenant's leasehold interest in the Premises, Tenant shall pay to Landlord fifty percent (50%) of any Transfer Premium, as defined in Section 10.5.2, provided that a Transfer Premium shall not be due and payable in connection with transfers to an Affiliate as defined in Section 10.7.3.

10.5.2 Definition of "Transfer Premium". "Transfer Premium" means all Monthly Rent, Additional Rent, and other consideration payable by Transferee to Tenant (including key money and bonus money and any payment in excess of Landlord market value for services rendered by Tenant to Transferee or assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with the Transfer after deducting the Rent payable by Tenant under this Lease (excluding the Transfer Premium) for the Premises, or portion thereof.

10.5.3 Audit of Transfer Premium. On Landlord's request, Tenant shall furnish a complete statement, certified by an authorized representative of Tenant, describing in detail the computation of any Transfer Premium that Tenant has derived or will derive from the Transfer. If Landlord's independent certified public accountant finds that the Transfer Premium for any Transfer has been understated, Tenant shall, within thirty (30) days after demand, pay the deficiency and Landlord's costs of that audit, unless Tenant disagrees with the findings of the Landlord or its accountant. In the event Tenant disagrees with the findings of Landlord's independent certified public accountant, Tenant shall have the right to mediate the dispute in accordance with Article 15 of this Lease.

10.6 Right to Collect Rent. If this Lease is assigned, Landlord shall collect Rent directly from Transferee. If all or part of the Premises is subleased and Tenant defaults, Landlord may collect Rent directly from Transferee. Landlord may then apply the amount collected from Transferee to Tenant's monetary obligations under this Lease. Collecting Rent from a Transferee or applying that Rent to Tenant's monetary obligations does not waive any provisions of this Article 10.

## 10.7 Transfers of Ownership Interests and Other Organizational Changes.

10.7.1 Change of Ownership; Reorganization. For purposes of this Article 10, "Transfer" also includes:

(a) If Tenant is a partnership or limited liability company: (i) a change in ownership effected voluntarily, involuntarily, or by operation of law of more than fifty percent (50%) of the partners or members or more than fifty percent (50%) of the partnership or membership interests, other than, in both cases, if such change involves immediate family members and results from reasons of gift, death or other reasons arising from attempts to plan for the disposition of the estate of such partner or member; or (ii) the dissolution of the partnership or limited liability company without its immediate reconstitution.

(b) If Tenant is a closely held corporation (i.e., one whose stock is not publicly held and not traded through an exchange or over the counter): (i) the sale or other transfer of more than an aggregate of fifty percent (50%) of the voting share of Tenant (other than to immediate family members by reasons of gift, death or other reasons arising from attempts to plan for the disposition of the estate of such partner or member); or (ii) the sale, mortgage, hypothecation, or pledge of more than an aggregate of fifty percent (50%) of the value of Tenant's unencumbered assets; or (iii) the dissolution, merger, consolidation, or other reorganization of Tenant.

10.7.2 Transfer to Affiliate. Despite any other provision of this Lease, Landlord's and Landlord's consent is not required for any Transfer to an Affiliate, as defined in Section 10.7.3, as long as the following conditions are met:

(a) At least ten (10) business days before the Transfer, Landlord receive written notice of the Transfer (as well as any documents or information reasonably requested by Landlord regarding the Transfer or Transferee);

(b) The Transfer is not a subterfuge by Tenant to avoid its obligations under the Lease;

(c) If the Transfer is an assignment, Transferee assumes in writing all of Tenant's obligations under this Lease relating to the Premises; and

(d) Transferee has a tangible net worth, as evidenced by financial statements delivered to Landlord and certified by an authorized agent of Transferee ("Net Worth"), at least equal to Tenant's Net Worth either immediately before the Transfer or as of the date of this Lease, whichever is greater. The Parties agree that as of the Commencement Date, Tenant's Net Worth is approximately \$1,000,000.00.

10.7.3 Definition of "Affiliate." An "Affiliate" means any: (1) entity that controls, is controlled by, or is under common control with Tenant or its members, partners or its members' or partners' members or their family members; (2) family members of Tenant's members, partners or the members' or partners' members; or (3) any trust created for the benefit of Tenant's members, partners or the members' or partners' members, family members, or any combination of the foregoing. "Family members" shall mean spouses, children, grandchildren and any other lineal descendants of Tenant's members, partners or the members' or partners' members. "Control" means the direct or indirect ownership of more than fifty percent (50%) of the voting interest in the entity.

10.8 No Financing. Tenant shall not encumber the leasehold hereunder by deed of trust, mortgage, assignment of leases, subleases or any other security interest which is customarily used to impose a lien on real property interest for the purpose of securing a debt for a loan or loans or other obligations of Tenant.

## 11. REPRESENTATIONS AND WARRANTIES BY LANDLORD

(a) Landlord represents and warrants that Tenant, upon the payment of Rent to Landlord, Tenant shall at all times during the Lease term and any extension or renewal thereof peaceably and quietly have, hold, and enjoy the Premises without any disturbance from Landlord or Landlord or any other person claiming through it, except as explicitly permitted by this Lease.

(b) Except as explicitly permitted by this Lease, Landlord represents and warrants that Tenant, and its agents, employees, and invitees, shall at all times have access to the Premises and shall be authorized and permitted to travel upon and cross over other property at the Property in connection therewith, subject to the reasonable and necessary regulations applicable to all persons which are or have been duly adopted for the governance of the Property.

## 12. DEFAULTS AND REMEDIES

12.1 Tenant's Default. The occurrence of any of the following shall constitute a default by Tenant under this Lease:

(a) Tenant's failure to pay when due any Rent required to be paid under this Lease if the failure continues for ten (10) days after written notice of the failure from Landlord to Tenant;

(b) Tenant's failure to perform any other obligation under this Lease if, for thirty (30) days after written notice of the failure from Landlord to Tenant, Tenant fails to commence in good faith to perform such obligation;

(c) Tenant's abandonment of the Premises, including Tenant's absence from the Premises for thirty (30) consecutive days;

(d) To the extent permitted by law: (1) a general assignment by Tenant or any guarantor of the Lease for the benefit of creditors; (2) the filing by or against Tenant, or any guarantor, of any proceeding under an insolvency or bankruptcy law, unless (in the case of an involuntary proceeding) the proceeding is dismissed within one hundred eighty (180) days; (3) the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is unconditionally restored to Tenant or that guarantor within ninety (90) days and the trusteeship or receivership is dissolved; or (4) any execution or other judicially authorized seizure of all or substantially all the assets of Tenant located on the Premises, or of Tenant's interest in this Lease, unless that seizure is discharged within ninety (90) days;

(e) Notwithstanding anything stated to the contrary herein, if Tenant disputes that it is in default under Sections 12.1(b), 12.1(c) or 12.1(d), Tenant shall have the right to initiate a mediation proceeding in accordance with Article 14.

12.2 Replacement of Statutory Notice Requirements. When this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure §1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner required by Article 14 shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure §1162 or any similar or successor statute.

12.3 Landlord's Remedies on Tenant's Default. On the occurrence of a default specified in Section 12.1 of this Lease by Tenant, Landlord shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to Landlord at law or in equity, which shall supersede any conflicting terms within this Section 12.3. These remedies are not exclusive but cumulative.

12.3.1 Intent to Terminate. Except for a default by Tenant under Section 12.1(a), in which case Landlord may immediately terminate the Lease, if Landlord claims that Tenant's default under this Lease justifies Landlord's terminating the Lease and recovering possession of the Premises or continuing the Lease in effect and recovering Rent, Landlord must serve a notice of intent to terminate ("Termination Notice") on Tenant. The Termination Notice must:

- (1) Provide any notice and opportunity to cure afforded Tenant by any provision of this Lease;
- (2) Identify each of the provisions of this Lease the Tenant has failed to perform;
- (3) Identify, for each of the specified provisions that Landlord claims Tenant has failed to perform, the specific breach and expected cure; and
- (4) Identify the termination date of the Lease which must be no less than sixty (60) days or more than ninety (90) days after Landlord's service of the Termination Notice.

If good cause for terminating this Lease exists under California case or statutory law when Landlord serves Tenant with the Termination Notice, and the same good cause still exists thirty (30) days after service, this Lease shall terminate on the termination date set forth in the Termination Notice. Landlord waives all other rights to terminate this Lease and recover possession of the Premises on the occurrence of Tenant's default without further liability. Notwithstanding anything stated to the contrary in this Lease, this Section 12.3.1 shall not apply to a default by Tenant under Section 12.1(a).

12.3.2 Termination of Lease. Landlord may terminate this Lease and recover possession of the Premises. Once Landlord has terminated this Lease, Tenant shall immediately surrender the Premises to Landlord. On termination of this Lease, Landlord may recover from Tenant all of the following:

- (1) The worth at the time of the award of any unpaid Rent that had been earned at the time of the termination;
- (2) The worth at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided;
- (3) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the then current term after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%); and
- (4) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.

12.3.3 Continuation of Lease in Effect. Landlord shall have the remedy described in Civil Code §1951.4, which provides that when a tenant has the right to sublet or assign (subject only to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and abandonment and recover Rent as it becomes due. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

12.3.4 Tenant's Subleases. Whether or not Landlord elects to terminate this Lease on account of any default specified in Section 12.1 by Tenant, Landlord may:

- (1) Terminate any sublease, license, concession, or other consensual arrangement for possession entered into by Tenant and affecting the Premises;
- (2) Choose to succeed to Tenant's interest in such an arrangement. If Landlord elects to succeed to Tenant's interest in such an arrangement, Tenant shall, as of the date of notice by Landlord of that election, have no further right to, or interest in, the Rent or other consideration receivable under that arrangement.

12.4 Form of Payment After Default. If Tenant draws a check on an account with insufficient funds, Landlord shall have the right to require that any subsequent amounts paid by Tenant to Landlord under this Lease (to cure a default or otherwise) be paid in the form of cash, money order, cashier's or certified check drawn on an institution reasonably acceptable to Landlord.

12.5 Efforts to Relet. For purposes of this Article 12, Tenant's right to possession shall not be considered to have been terminated by Landlord's efforts to relet the Premises, by Landlord's

acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interest under this Lease.

12.6 Acceptance of Rent Without Waiving Rights. Landlord may accept Tenant's payments without waiving any rights under this Lease, including rights under a previously served notice of default. If Landlord accepts payments after serving a notice of default, Landlord shall not thereafter commence and pursue an action to enforce rights and remedies under the previously served notice of default.

12.7 Landlord's Default. Landlord's failure to perform any of its obligations under this Lease shall constitute a default by Landlord under the Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord. If the required performance cannot be completed within thirty (30) days, Landlord's failure to perform shall constitute a default by Landlord under this Lease unless Landlord undertakes to cure the failure within thirty (30) days and diligently and continuously attempts to complete this cure as soon as reasonably possible. In the event Landlord disputes that it is in default, Landlord shall have the right to initiate a mediation proceeding in accordance with Article 14.

12.8 Tenant's Remedies on Landlord's Default. On the occurrence of a default specified in Section 12.7 of this Lease by Landlord, Tenant shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to Tenant at law or in equity. These remedies are not exclusive but cumulative.

12.8.1 Right to Cure. Tenant, at its option, may remedy the default by giving thirty (30) days notice to Landlord that Tenant intends to remedy the default. Landlord shall reimburse Tenant on demand for all sums reasonably expended or obligations incurred by Tenant in connection with such default. If Landlord fails to reimburse Tenant for such expenses, Tenant, in addition to its other rights and remedies, may deduct any such amount from Rent or additional Rent thereafter becoming due to Landlord.

12.8.2 Termination. If Tenant claims that Landlord's default under this Lease justifies Tenant's terminating the Lease and vacating the Premises, Tenant must serve a notice of intent to terminate ("Termination Notice") on Landlord. The Termination Notice must:

- (1) Provide the notice and opportunity to cure a default required by Section 12.7, along with a statement of Tenant's intention to terminate this Lease and to vacate the Premises;
- (2) Identify each of the provisions of this Lease that Landlord has failed to perform;
- (3) Identify, for each of the specified provisions that Landlord has failed to perform, the specific breach and the expected cure; and
- (4) Identify the termination date of this Lease, which must be no less than sixty (60) days or more than ninety (90) days after Tenant's service of the Termination Notice.



If good cause for terminating this Lease exists under California case or statutory law when Tenant serves Landlord with the Termination Notice, and the same good cause still exists thirty (30) days after service, this Lease shall terminate on the termination date set forth in the Termination Notice. Tenant waives all other rights to terminate this Lease and vacate the Premises on the occurrence of Landlord's default without further liability to Landlord. Tenant must surrender possession of the Premises to Landlord on or before the termination date. Tenant waives all rights and remedies under the Termination Notice if Tenant fails to vacate and surrender the Premises to Landlord on or before the termination date. Tenant must continue to pay Landlord Rent when due and must continue to perform all other obligations under this Lease until the termination date. Tenant acknowledges that Landlord's breach of any provision of this Lease, including a provision identified in the Termination Notice, is not a defense to an unlawful detainer action. The amount of any Rent due before the termination date that would be for a period shorter than one calendar month shall be prorated as provided in Section 3.5.

### 13. NOTICES

13.1 Notices; Method of Delivery. All notices (including requests, demands, approvals, or other communications) under this Lease shall be in writing. Notice shall be sufficiently given for all purposes as follows:

(1) When personally delivered to the recipient, notice is effective on delivery.

(2) When mailed first class to the last address of the recipient known to the Party giving notice, notice is effective on delivery.

(3) When mailed by certified mail with return receipt requested, notice is effective on receipt if delivery is confirmed by a return receipt.

(4) When delivered by overnight delivery with charges prepaid or charged to the sender's account, notice is effective on delivery if delivery is confirmed by the delivery service.

(5) When sent by telex or fax to the last telex or fax number of the recipient known to the Party giving notice, notice is effective on receipt as long as (1) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery or (2) the receiving Party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by telex or fax shall be considered to have been received on the next business day if it is received after 5 p.m. (recipient's time) or on a nonbusiness day.

(6) When sent by e-mail transmission, notice is effective on receipt when using software that provides unmodifiable proof: (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

13.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the Party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, overnight delivery service, or internet service provider.

13.3 Addresses. Addresses for purposes of giving notice are set forth below. Either Party may change its address or fax number by giving the other Party notice of the change in any manner permitted by Section 13.1.

Landlord: Sheri Emerson, Stewardship Manager  
Sonoma County Agricultural Preservation  
and Open Space District  
747 Mendocino Avenue, Suite 100  
Santa Rosa, CA 95401  
Sheri.Emerson@sonoma-county.org

Copy to: David Robinson, Park Operations Manager  
Sonoma County Regional Parks  
2300 County Center Dr. A110  
Santa Rosa, CA 95403  
David.Robinson@sonoma-county.org

Copy to: Lisa Pheatt, Deputy County Counsel  
575 Administration Dr., Suite 105A  
Santa Rosa, CA 95403  
Lisa.Pheatt@sonoma-county.org

Tenant: Chanslor Stables LLC  
Att. Andrew Loose  
P.O. Box 99  
Olema, Ca 94950  
andrew@fivebrooks.com

## 14. MEDIATION

14.1 Mediation of Disputes. Any dispute that is required by the express terms of this Lease to be resolved by mediation shall be presented to a single mediator, unless otherwise agreed. The parties agree to use good faith efforts to attempt to resolve such disputes through mediation. Any decision of the mediator shall be non-binding.

14.2 Qualifications of Mediator. The mediator shall be a retired judge who is familiar with handling commercial lease matters.

14.3 Venue. Hearings shall be held in Santa Rosa, California or another venue determined by mutual agreement of the Parties.

14.4 Demand and Limitation on Claims. Any demand for mediation must be made in writing to the other Party. No demand for mediation may be made after the date on which the institution of civil legal proceedings based on the claim, dispute, or other matter is barred by the applicable statute of limitations.

14.5 Costs and Fees of Mediator. Costs and fees of the mediator shall be borne 50:50 between Landlord and Tenant.

**15. [OMITTED]**

**16. MISCELLANEOUS PROVISIONS**

16.1 Joint and Several Obligations. If Tenant consists of more than one person, the obligation of all such persons is joint and several.

16.2 Captions. The captions of the various articles and sections of this Lease are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

16.3 Gender. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter and the feminine includes the neuter, and each includes corporation, partnership or other legal entity when the context so requires.

16.4 Singular and Plural The singular number includes the plural wherever the context so requires.

16.5 Exhibits, Addenda. All exhibits and addenda to which reference is made in this Lease (Exhibits A, B, C and D) are incorporated in the Lease by the respective references to them. Reference to the "Lease" includes matters incorporated by reference.

16.6 Merger. This Lease is intended both as the final expression of the Lease between the Parties hereto with respect to the included terms, and as a complete and exclusive statement of the terms of the Lease, pursuant to California Code of Civil Procedure §1856. No modification of this Lease shall be effective unless and until such modification is evidenced by a writing signed by both Parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either Party. Each Party has relied on its own examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in the Lease itself. This Lease shall be construed according to the Landlord meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Lease. The failure or refusal of either Party to inspect the Premises, to read the Lease or other documents, or to obtain legal or other advice relevant to this transaction, constitutes a

waiver of any objection, contention or claim that might have been based on such reading, inspection or advice.

16.7 Successors. Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns and personal representatives of the respective Parties. Tenant expressly acknowledges that this Lease will be assigned by Landlord to County of Sonoma, Regional Parks.

16.8 Broker's Commissions; Expenses. Tenant and Landlord mutually covenant that no brokers have been or will be used with respect to this Lease. In the event any broker or finder perfects a claim for a commission or finder's fee based upon any such contract, dealings or communication, the Party through whom the broker or finder makes a successful claim shall be responsible for said commission or fee and all costs and any expenses (including reasonable attorneys' fees) incurred by the other Party in defending against the same.

16.9 Applicable Law and Forum. This Lease shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. To the extent allowed by law, any action to enforce the terms of this Lease or for the breach thereof shall be brought and tried in Santa Rosa or the forum nearest to the city of Santa Rosa, in the County of Sonoma.

16.10 Covenants and Conditions. All provisions of this Lease, whether covenants or conditions on the part of Tenant, shall be deemed to be both covenants and conditions and such covenants shall survive termination.

16.11 Corporate Authority. If Tenant is a corporation, Tenant shall deliver to Landlord upon execution of this Lease, a certified copy of a resolution of its board of directors authorizing the execution of this Lease and naming the officers that are authorized to execute this Lease on behalf of the corporation.

16.12 Time of Essence. Time is and shall be of the essence of this Lease and of each and every provision contained in this Lease.

16.13 No Discrimination. Tenant shall comply with all applicable federal, state and local laws, rules and regulations relating to non-discrimination in employment and services because of race, color, ancestry, national origin, religion, sex, marital status, sexual orientation, age, medical condition and handicap.

16.14 No Third Party Beneficiaries. Nothing contained in this Lease shall be construed to create and the Parties do not intend to create any rights in third parties.

16.15 Construction of Lease; Severability. To the extent allowed by law, the terms, covenants, conditions, provisions and agreements in this Lease shall be construed and given effect in a manner that avoids any violation of statute, regulation or law. Landlord and Tenant covenant and agree that in the event any term, covenant, condition, provision or agreement in this Lease is

held to be invalid or void by court of competent jurisdiction, the invalidity of any such term, covenant condition, provision or agreement shall in no way affect any other term covenant, condition provision or agreement in this Lease.

16.16 Relationship. The Parties intend by this Lease to establish the relationship of landlord and tenant only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of landlord and tenant.

16.17 Waiver of Jury Trial. The Parties hereby waive any right to a trial by jury in any litigation arising under this Lease.

16.18 Attorneys Fees. If any Party undertakes litigation against the other Party arising out of or in connection with this Lease, the prevailing Party shall be entitled to recover from the other Party reasonable attorney fees and court costs incurred. The prevailing Party shall be determined by a judge pursuant to Civil Code Section 1717(b)(1) or any successor statute.

16.19 Standards of Consent. Unless a different standard is expressly set forth herein, any time Landlord's or Landlord's consent is required, Landlord shall not unreasonably withhold such consent.

16.20 Good Faith. Landlord and Tenant shall at all times act in good faith in connection with the exercise and discharge of their respective rights and obligations under the Lease. Landlord and Tenant expressly acknowledge that this Lease is a mutually beneficial relationship, and both parties agree to work together in the best interest of the horse stables and the Property, including, but not limited to, (i) sharing resources, (ii) conducting joint marketing efforts, and (iii) jointly holding revenue generating events or activities.

16.21 Force Majeure. Notwithstanding anything in this Lease to the contrary, the Parties shall not be liable to any other Party for any failure to perform, or delay in performance of that Party's obligations, and the doing or performing of such act or thing shall be excused for the period of the delay and the period of the performance of any such act or thing shall be extended for the period of such delay, when a force majeure event occurs; provided however that the Party whose performance is prevented or delayed by such event of force majeure shall give prompt written notice (i.e., within 72 hours of the event) of such event to the other Party. For purposes of this Section 16.21, the term "force majeure" shall include, without limitation, war, embargo, rebellion, riot, civil disturbance, earthquake, fire, flood, acts of governmental authorities, acts of God, acts of terrorism (whether actual or threatened), acts of the public enemy and in general, any other causes or conditions beyond the reasonable control of the Parties. Tenant's obligation to pay Rent, however, is not excused by this section unless the force majeure event causes a cessation of Tenant's income-producing operations that cannot be mitigated through the exercise of reasonable measures.

16.22 Recording. This Lease shall not be recorded. However, Tenant may record a memorandum of this Lease, provided all Parties consent to the form thereof, which consent shall not be unreasonably withheld, conditioned or delayed and filing and like charges shall be paid by Tenant.


16.23 Counterparts. This Lease may be executed in more than one counterpart, each of which when so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument. This Lease may also be executed by delivery by fax or e-mail to the Parties set forth above of an executed counterpart original of this Lease. The Parties shall thereafter exchange the original documents bearing original signatures, but the failure to do so shall not affect the enforceability of this Lease.

—THIS SPACE INTENTIONALLY LEFT BLANK—

**IN WITNESS WHEREOF**, the Parties to this Lease have duly executed this Lease as of the date(s) below indicated.

**LANDLORD:**

Sonoma County Agricultural Preservation and  
Open Space District

  
Misti Arias (Nov 13, 2023 13:41 PST)


Misti Arias, General Manager

Nov 13, 2023

Date: \_\_\_\_\_

**TENANT:**

Andreas Loose

  
Andreas Loose (Nov 11, 2023 12:09 PST)

Andreas Loose, an individual doing business  
as “Five Brooks Ranch”

Date: Nov 11, 2023  
\_\_\_\_\_

# EXHIBIT A to LEASE



## Chanslor Ranch Equestrian Buildings & Infrastructure

- · — · — · Intermittent Stream
- — — — — Perennial Stream
- — — — — Driveway
- · — · — · Multit-use Trail
- Chanslor\_Ranch\_Boundary
- Accessory Barn
- Equestrian Storage Container, Shed
- Hitching Posts
- Horse Loading Zone
- Parking Area
- Pasture
- Turn Around Area

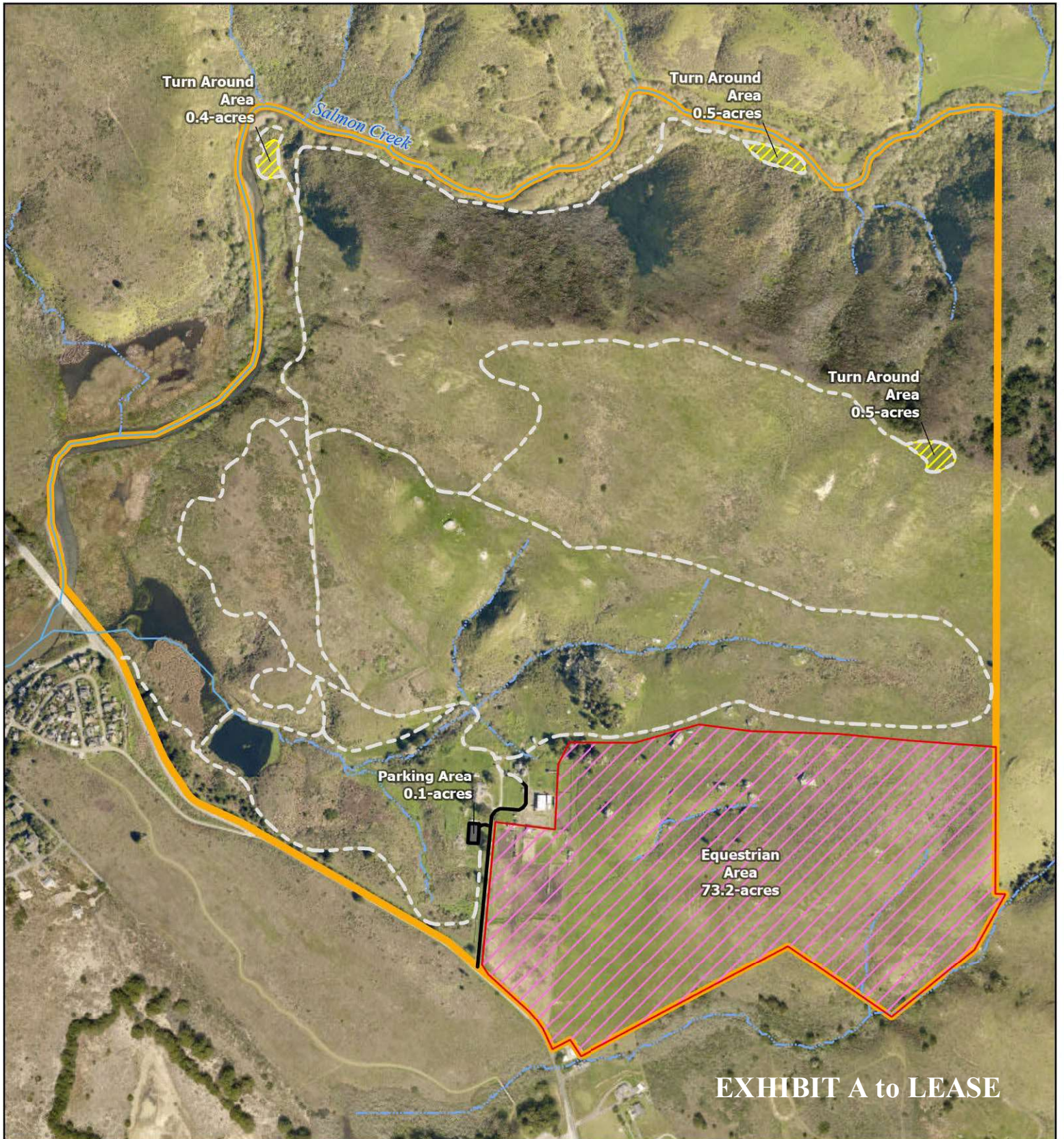


Map Date: 8/28/2023  
 Sources: Sonoma County, AOS (building footprints) Pictometry Inc. Spring 2021 (aerial Imagery)  
 This map displays GIS data for illustrative purposes only and is not intended to depict definitive property boundaries or feature locations.

0 500 1,000 Feet







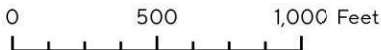
**EXHIBIT A to LEASE**

**Chanslor Ranch**  
Equestrian Use Areas



**AG +  
OPEN  
SPACE**  
SONOMA COUNTY

- Intermittent Stream
- Perennial Stream
- Driveway
- Multit-use Trail
- Chanslor\_Ranch\_Boundary
- Equestrian Area
- Parking Area
- Turn Around Area



Map Date: 8/28/2023  
Sources: Sonoma County, AOS (building footprints)  
Pictometry Inc. Spring 2021 (aerial Imagery)  
This map displays GIS data for illustrative purposes only and is not intended to depict definitive property boundaries or feature locations.

EXHIBIT B

**FORM OF ACKNOWLEDGMENT OF COMMENCEMENT DATE**

Landlord and Tenant hereby acknowledge that the Commencement Date of that certain Lease executed by and between the Sonoma County Agricultural Preservation and Open Space District (as Landlord) and Andreas Loose, an individual doing business as “Five Brooks Ranch” (as Tenant), for premises generally located at \_\_\_\_\_, California occurred on \_\_\_\_\_, 2023.

ACKNOWLEDGED BY LANDLORD: SONOMA COUNTY AGRICULTURAL  
PRESERVATION AND OPEN SPACE DISTRICT

By: \_\_\_\_\_  
Misti Arias,  
General Manager

ACKNOWLEDGED BY TENANT: ANDREAS LOOSE, an Individual

By: \_\_\_\_\_  
Name: Andreas Loose

## EXHIBIT C

### INSURANCE REQUIREMENTS

Tenant shall maintain and require its subcontractors and agents to maintain, during the term of this Lease or any extensions of the term, insurance as described below unless such insurance has been expressly waived by the attachment of a *Waiver of Insurance Requirements*.

Landlord reserves the right to review any and all of the required insurance policies and/or endorsements, but has no obligation to do so. Failure to demand evidence of full compliance with the insurance requirements set forth in this Lease or failure to identify any insurance deficiency shall not relieve Tenant from, nor be construed or deemed a waiver of, its obligation to maintain the required insurance at all times during the term of this Lease.

#### **1. Workers Compensation and Employers Liability Insurance**

- a. Required if Tenant has employees as defined by the Labor Code of the State of California.
- b. Workers Compensation insurance with statutory limits as required by the Labor Code of the State of California.
- c. Employers Liability with minimum limits of \$1,000,000 per Accident; \$1,000,000 Disease per employee; \$1,000,000 Disease per policy.
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- e. Required Evidence of Insurance:
  - i. Subrogation waiver endorsement; and
  - ii. Certificate of Insurance.

If Tenant currently has no employees as defined by the Labor Code of the State of California, Tenant agrees to obtain the above-specified Workers Compensation and Employers Liability insurance should employees be engaged during the term of this Lease or any extensions of the term.

#### **2. General Liability Insurance**

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- b. Minimum Limits: \$1,000,000 per Occurrence; \$2,000,000 General Aggregate; the General Aggregate shall apply separately to each location. The required limits may be provided by a combination of General Liability Insurance and Commercial Excess or Commercial Umbrella Liability Insurance. If Tenant maintains higher limits than the specified minimum limits, County requires and shall be entitled to coverage for the higher limits maintained by Tenant.
- c. Any deductible or self-insured retention shall be shown on the Certificate of Insurance. If the deductible or self-insured retention exceeds \$25,000 it must be approved in advance by

County. Tenant is responsible for any deductible or self-insured retention and shall fund it upon County's written request, regardless of whether Tenant has a claim against the insurance or is named as a party in any action involving the County.

- d. Sonoma County Agricultural Preservation and Open Space District and the County of Sonoma shall be endorsed as additional insureds for liability arising out the ownership, maintenance or use of that part of the premises leased to Tenant (ISO endorsement CG 20 11 or equivalent).
- d. The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against County.
- e. The policy shall cover inter-insured suits between County and Tenant and include a "separation of insureds" or "severability" clause which treats each insured separately.
- f. Required Evidence of Insurance:
  - i. Copy of the additional insured endorsement or policy language granting additional insured status; and
  - ii. Certificate of Insurance.

### **3. Property Insurance for Business Personal Property and Tenants Improvements**

- a. Property insurance on a "special form" or "all risks" basis.
- b. Minimum Limit: the full current combined replacement cost of Tenant's Business Personal Property and Tenant's improvements.
- c. The insurance shall apply on a replacement cost basis, without deduction for depreciation.
- d. Tenant shall disclose any deductible or self-insured retention in excess of \$25,000 and such deductible or self-insured retention must be approved in advance by County. Tenant is responsible for any deductible or self-insured retention.
- e. Required Evidence of Insurance: Certificate of Property Insurance or Evidence of Commercial Property Insurance.

### **4. Automobile Liability Insurance**

- a. Minimum Limit: \$1,000,000 combined single limit per accident. The required limit may be provided by a combination of Automobile Liability Insurance and Commercial Excess or Commercial Umbrella Liability Insurance.
- b. Insurance shall cover all owned autos. If Tenant currently owns no autos, Tenant agrees to obtain such insurance should any autos be acquired during the term of this Lease or any extensions of the term.
- c. Insurance shall cover hired and non-owned autos.
- d. Required Evidence of Insurance: Certificate of Insurance.

### **5. Increases in Limits of Insurance**

County may periodically require higher policy limits if such increased limits are reasonably available in commercial insurance markets.

## **6. Standards for Insurance Companies**

Insurers, other than the California State Compensation Insurance fund, shall have an A.M. Best's rating of at least A:VII.

## **7. Documentation**

- a. The Certificate of Insurance must include the following reference: Chanslor Ranch Equestrian Lease.
- b. All required Evidence of Insurance shall be submitted prior to the execution of this Lease. Tenant agrees to maintain current Evidence of Insurance on file with County for the required period of insurance.
- c. The name and address for Additional Insured endorsements and Certificates of Insurance is: Sonoma County Agricultural Preservation and Open Space District and the County of Sonoma.
- d. Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.
- e. Tenant shall provide immediate written notice if: (1) any of the required insurance policies is terminated; (2) the limits of any of the required policies are reduced; or (3) the deductible or self-insured retention is increased.
- f. Upon written request, certified copies of required insurance policies must be provided within thirty (30) days.

## **8. Policy Obligations**

Tenant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

## **9. Material Breach**

If Tenant fails to maintain insurance which is required pursuant to this Lease, it shall be deemed a material breach of this Lease. County, at its sole option, may terminate this Lease and obtain damages from Tenant resulting from said breach. Alternatively, County may purchase such required insurance and Tenant shall immediately reimburse County for any premium costs advanced by County for such insurance. These remedies shall be in addition to any other remedies available to County.

## EXHIBIT D

### **Additional Rules Applicable To Tenant's Operations**

1. Tenant shall agree to provide evidence of annual health exams performed by a DVM (or equivalent, such as the Sonoma County Humane Society) for all horses on the Property;
2. Tenant shall agree to provide evidence of routine care by a licensed farrier to occur no less than once per month;
3. Tenant shall make the facility improvements recommended by Dr. Horrell on or before December 31, 2023. These are as follows:
  - a. Make sure all t-posts are covered with a cap.
  - b. All temporary fencing consisting of t-posts and 2" electric tape should be electrified, if used at all.
4. Per Dr. Horrell's recommendations, Tenant shall agree not to use any of the significantly swayback horses for riders over 160 pounds and such horses shall not be used more than twice daily for riders under 160 lbs.
5. Tenant shall agree to house all employees other than the site manager off site, with no exceptions. [\*Note\* -- The intent of this language is to limit the number of employees staying at Chanslor Ranch. It is not intended to require housing for employees.]
6. All structures not included in the Premises description shall not be used by Tenant or his employees for any purpose.