

Field Division: Santa Ana
Project: Devil's Canyon 2nd Afterbay
Lease No: EBE-80
Cost Object: E7435FDJ9070

State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

LEASE

This Lease consists of this summary and the following attached and incorporated parts:

- Section 1 Basic Provisions
- Section 2 Special Provisions Amending or Supplementing Section 1 or 3
- Section 3 Standard Provisions
- Section 4 Legal Description and/or map(s) of Lease Premises

SECTION 1

BASIC PROVISIONS

THE STATE OF CALIFORNIA, acting by and through the Department of Water Resources (P.O. Box 942836, Sacramento, California 94236-0001), hereinafter called STATE, for consideration specified in this Lease, does hereby lease, demise and let to:

Crestline Soaring Society
Post Office Box 9052
San Bernardino, California 92427-9052

Contact: Ms. Megret Olewiler

hereinafter referred to as LESSEE, those certain lands included in Section 4, hereinafter referred to as Premises, subject to the provisions, reservations, terms, covenants and conditions of this Lease.

- SIZE AND LOCATION:** 3.61 ± acres, west one-half of Sections 5 & 8 and east one-half of Section 6, all in T1N, R4W, San Bernardino Meridian, San Bernardino county.
- LAND USE OR PURPOSE:** Hang Gliding Landing Site; Parking Area and Access.
- IMPROVEMENTS:** Personal property which includes shade structure, storage container, sign, and portable toilet.
- TERM:** Five years beginning October 10, 2009 and expiring on October 9, 2014.
- CONSIDERATION:** \$ 150 annual rent due upon execution of the lease and on or before October 10th of each year.
- LIABILITY INSURANCE:** \$1,000,000 combined single limit. (See Standard Provisions.)

SECTION 2

SPECIAL PROVISIONS

This Lease does not include any Special Provisions.

SECTION 3 - STANDARD PROVISIONS

1. **ACREAGE APPROXIMATE.** LESSEE has visited and inspected the Premises and it is agreed that the acreage stated or shown in exhibits is only approximate and the STATE does not hereby warrant or guarantee the actual acreage included hereunder.
2. **USE OF PREMISES.** The use of Premises is to be strictly construed and therefore excludes the existence of any structures, mobile homes or trailers, incidental to the use of the Premises stated in Section 1 which are used for business, residential, or other incidental purposes, unless authorized in Section 1 Basic Provisions. No hunting or discharge of firearms are permitted on the Premises, unless authorized in Section 2, Special Provisions.
3. **PAYMENT OF RENT.** Rental payment shall be submitted to STATE addressed as follows:

California Department of Water Resources
ATTENTION: Cashier, Room 841
Post Office Box 942836
Sacramento, California 94236-0001

Such payments must be identified with Lease Number. If rent is not paid when due, STATE may take action including terminating the Lease.
4. **UTILITIES.** LESSEE agrees to pay said rent as herein provided and to pay all water, electric, gas and other utility charges or any other charges payable in connection with LESSEE'S use of Premises during the term of this Lease. No utilities including electricity or gas will be provided by STATE and STATE assumes no liability for the existence or nonexistence of utilities.
5. **WATER AVAILABILITY.** It is understood and agreed between the parties hereto STATE does not guarantee the availability, quality or quantity of water on the Premises.
6. **TAXES.** LESSEE agrees to pay all lawful taxes, assessments, or charges which at any time may be levied upon interest in this Lease. It is understood that this Lease may create a possessory interest subject to property taxation and LESSEE may be subject to the payment of property taxes levied on such interest.
7. **COMPLIANCE WITH LAW.** LESSEE shall, at his sole cost and expense, comply with all of the laws and requirements of all municipal, county, state, and federal authorities now in force, or which may hereafter be in force pertaining to the Premises and the use of the Premises as provided in this Lease.
8. **CONDITION OF PREMISES.** By entry hereunder, LESSEE accepts the Premises as being in good order, condition and repair, and agrees that on the last day of the term, or upon sooner termination of this Lease, to surrender to STATE the Premises with any appurtenances or improvements in the same condition as when received, reasonable use and wear thereof and damage by act of God, excepted.
9. **MAINTENANCE.** LESSEE shall maintain the Premises, and any improvements existing on the Premises in a weed free condition and in good repair, and otherwise operate the premises during the term hereof in a businesslike manner.

LESSEE agrees that in no event shall STATE be required to perform any maintenance on or make repairs or alterations to the Premises of any nature whatsoever. LESSEE agrees to keep the Premises in good order and condition at his sole cost and expense. LESSEE does hereby waive all rights to make repairs at the expense of STATE as provided in Sections 1941 and 1942 of the Civil Code.
10. **ALTERATION OF PREMISES.** No alteration to the Premises, including earth moving or grading, or construction of facilities or improvements thereon shall be allowed without prior written approval by the STATE.
11. **PROTECTION AGAINST NUISANCE AND DAMAGE.** No removal of soil or dumping of refuse by LESSEE is permitted in any area of the Premises, and LESSEE shall not commit or suffer to be committed any waste or nuisance upon the Premises including storage of abandoned and inoperable motorized equipment or vehicles; and Lessee agrees not to cut or remove any trees or brush thereon except as approved in writing by STATE; and LESSEE further agrees that he shall at all times exercise due diligence in the protection of the Premises against damage or destruction by fire or other causes.
12. **PERFORMANCE.** In the event of the failure, neglect, or refusal of LESSEE to do or perform work, or any part thereof, or any act or thing in this Lease provided for by law to be done and performed by LESSEE, STATE shall, at its option, have the right to do and perform the same, and LESSEE hereby covenants and agrees to pay STATE the cost thereof on demand.
13. **RIGHT TO ENTER, STATE.** During continuance in force of this Lease, there shall be and is hereby expressly reserved to STATE and to any of its agencies, contractors, agents, employees, representatives or licensees, the right at any and all times, and any and all places, to temporarily enter upon said Premises to inspect the Premises and the operations of LESSEE or for survey or other lawful STATE purposes.
14. **RIGHTS OF OTHERS.** This Lease is subject to all existing easements, servitudes, licenses and rights of way for canals, ditches, levees, roads, highways, telegraph, telephone and electric power lines, railroads, pipelines and other purposes, whether recorded or not and rights of others under any existing oil, gas and mineral lease or leases affecting the Premises or any portion thereof, whether recorded or not. STATE further reserves the right to grant additional public utility easements as may be necessary and LESSEE hereby consents to the granting of any such easement. The public utility will be required to reimburse LESSEE for any damages caused by the construction work on the easement area.
15. **RIGHT TO ENTER UNDER MINERAL RIGHTS.** LESSEE agrees not to interfere, in any way, with the interests of any person or persons that may presently, or in the future, hold oil, gas, or other mineral interests upon or under said leased Premises; nor shall LESSEE, in any way, interfere with the rights of ingress and egress of said interest holders.
16. **INDEMNIFICATION.** This Lease is made upon the express condition that the State of California is to be free from all liability and claims for damages by reason of any injury to any person or persons, including LESSEE, or property of any kind whatsoever and to whomsoever belonging, including LESSEE, from any cause or causes whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease or any occupancy hereunder, except those arising out of the sole negligence of the STATE. LESSEE agrees to defend, indemnify and save harmless the State of California from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring. LESSEE further agrees to provide necessary workers compensation insurance for all employees of LESSEE upon Premises at LESSEE's own cost and expense.

17. **INSURANCE.** LESSEE shall furnish to the STATE a Certificate of Insurance, at the time the Lease is signed, stating that there is liability insurance presently in effect for LESSEE with bodily injury and property damage limits of not less than \$1,000,000 per occurrence. The Certificate of Insurance will provide:
- a. That the insurer will not cancel the insured's coverage without 30 days' prior written notice to the STATE.
 - b. That the STATE, its officers, agents, employees and servants are included as additional insureds, but only insofar as the operations under this Lease are concerned.
 - c. That the STATE will not be responsible for any premiums or assessments on the policy.
 - d. That Premises included in this Lease (referenced by Lease number) is covered by the policy.

LESSEE agrees that the bodily injury liability insurance herein provided for shall be in effect at all times during the term of this Lease. In the event said insurance coverage expires at any time or times during the term of this Lease, LESSEE agrees to provide at least thirty (30) days prior to said expiration date, a new Certificate of Insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Lease, or for a period of not less than one (1) year. New Certificates of Insurance are subject to the approval of the State Department of General Services. In the event LESSEE fails to keep in effect at all times insurance coverage as herein provided, STATE may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event.

18. **DEBTS AND CLAIMS - STATE NOT LIABLE.** The STATE shall not be liable for any debts or claims that arise from the operation of this Lease.
19. **NOTICES.** All notices herein provided to be given or which may be given by either party to the other shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified, postage prepaid and addressed to such party at its address set forth in Section 1 of this Lease. The address to which notices may be mailed, as aforesaid to either party, may be changed by written notice given by subject party to the other, as hereinbefore provided; but nothing contained shall preclude the giving of any such notice by personal service.
20. **NO SUBLETTING.** LESSEE shall not, without previous consent in writing of STATE, sublet the Premises in whole or in part, nor assign this Lease or any interest herein.
21. **TERMINATION.** STATE may terminate this Lease in whole or in part at any time during the term hereof by giving LESSEE notice in writing at least 30 days prior to the date when any such termination shall become effective. In the event of any such termination, in whole or in part, STATE shall reimburse LESSEE for the unearned portion of any prepaid rent. Any such refund shall be based on the premise that the rent payable under the Lease is identical as to all portions of the land. In the event of a partial termination, all rentals payable thereafter shall be reduced in accordance with the proportionate amounts of land remaining under the Lease.
22. **HOLDOVER.** Any holding over after expiration of the term of this Lease with the consent of STATE, expressed or implied, shall be deemed to be a tenancy only from month to month. Rental to be paid monthly pro rata to the rate set forth herein. Said month-to-month tenancy shall be subject otherwise to all the terms and conditions of this Lease so far as applicable.

23. **ACTION FOR BREACH - ATTORNEYS' FEES.** If action be brought by the STATE for recovery of any rent due under the provisions hereof or for any breach hereof, or for the recovery of possession of Premises, or to protect any rights given to the STATE against LESSEE, prevailing party shall be entitled to attorney's fees in said action as the court shall determine to be reasonable, which shall be fixed by the court as part of payment or the costs of said action.
24. **INDEPENDENT CAPACITY.** LESSEE and any and all agents and employees of LESSEE shall act in an independent capacity and not as officers or employees of STATE. Nothing herein contained shall be construed as constituting the parties herein as partners.
25. **NONDISCRIMINATION.** LESSEE agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, or national origin, sex, age or physical handicap. LESSEE agrees to take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, ancestry, national origin, sex, age, or physical handicap. (See California Government Code - Sections 12920-12994 for further details.)
26. **PERSONAL PROPERTY.** All personal property, tools, or equipment taken onto, stored or placed on the Premises by LESSEE shall remain the property of LESSEE. Such personal property shall be removed by LESSEE, at his sole risk and expense, upon the expiration or sooner termination of this Lease. STATE does not accept any responsibility for any damage, including, but not limited to damages caused by fire, flooding and theft, to any personal property, including any equipment, tools or machinery stored on the lease Premises.
27. **HAZARDOUS SUBSTANCES.** LESSEE agrees that it will comply with all laws, either Federal, State, or local, existing during the term of this Lease pertaining to the use, storage, transportation and disposal of any hazardous substance as that term is defined in such applicable law. In the event the STATE or any of its affiliates, successors, principals, employees, or agents should incur any liability, cost or expense, including attorneys' fees and costs, as a result of LESSEE's illegal or alleged illegal use, storage, transportation or disposal of any hazardous substance, including any petroleum derivative, LESSEE shall indemnify, defend and hold harmless any of these individuals against such liability. Where LESSEE is found to be in breach of this provision due to the issuance of a government order directing LESSEE to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by LESSEE or any person acting under LESSEE's direction control and authority, LESSEE shall be responsible for all costs and expenses of complying with such order including any and all expenses imposed on or incurred by STATE in connection with or response to such government order. In the event a government order is issued naming LESSEE or LESSEE incurs any liability, during or after the term of the Lease, in connection with contamination which preexisted LESSEE's obligations and occupancy under this Lease or which were not caused by LESSEE, STATE shall hold harmless, indemnify, and defend LESSEE in connection therewith and shall be solely responsible as between LESSEE and STATE for all efforts and expenses thereof.
28. **SUCCESSORS TO LEASE.** The terms of this Lease and covenants and agreements herein contained shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

LEASE NO. EBE-80

This Lease shall become effective only when fully approved and executed on behalf of the State of California and a duly executed copy has been delivered to LESSEE. The submission of this Lease by STATE, its agent or representative for examination by LESSEE does not constitute an option or offer to lease the Premises upon the terms and conditions contained herein, or a reservation of the Premises in favor of LESSEE. LESSEE'S submission of an executed copy of this Lease to STATE shall constitute an offer to STATE to lease the Premises on the terms and conditions set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date hereafter affixed.

LESSEE
Megret Olewiler, President
Crestline Soaring Society
P.O. Box 9052
San Bernardino, California 92427-9052

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES



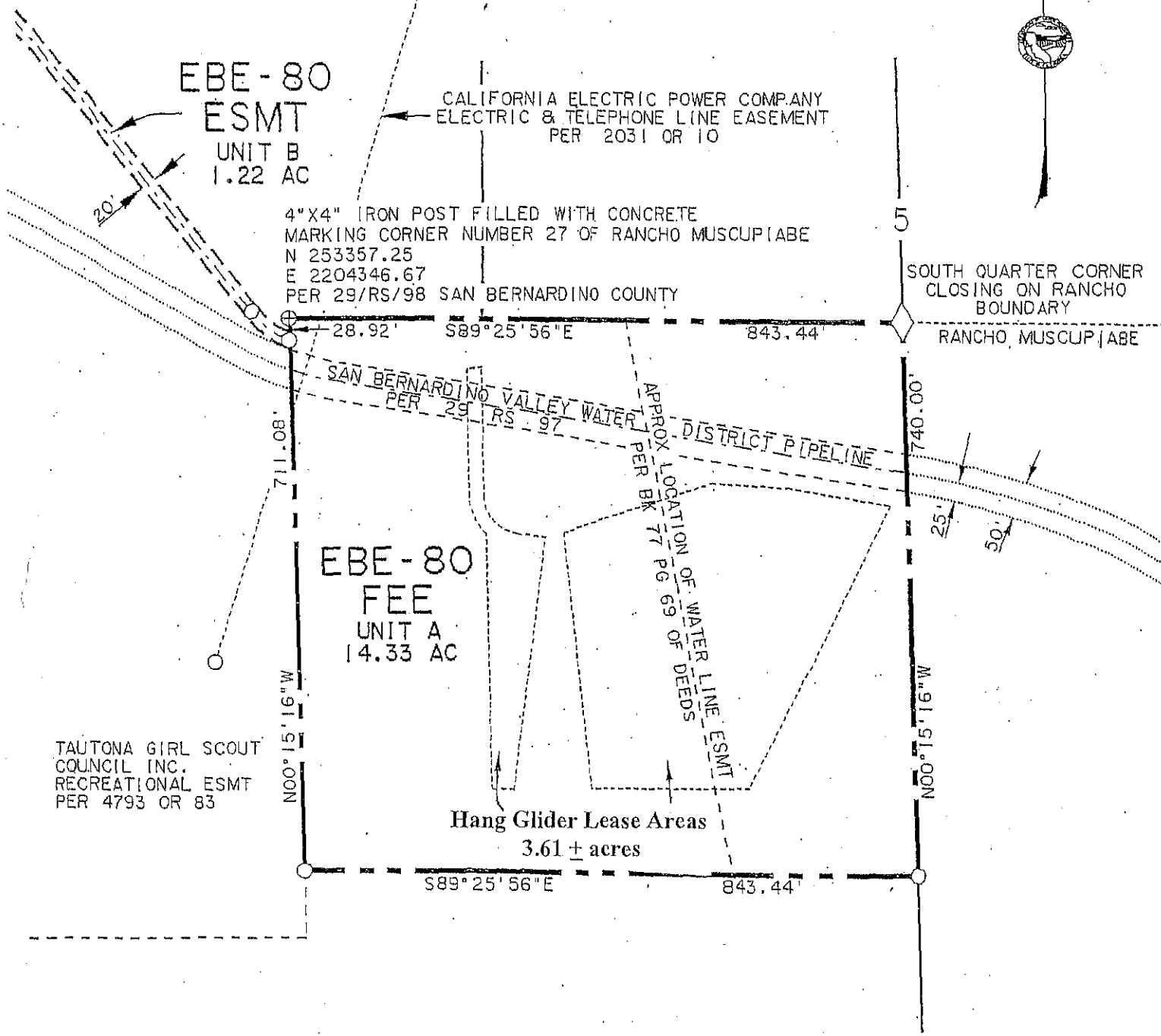


Title: Assistant Chief, REB

Date: 5-20-10

Date: 7/29/10

Section 4



TAUTONA GIRL SCOUT COUNCIL INC. RECREATIONAL ESMT PER 4793 OR 83

EBE-80 FEE UNIT A 14.33 AC

Hang Glider Lease Areas 3.61 ± acres

SAN BERNARDINO COUNTY

Section 4

DOCUMENT SECTION 4

STATE OF CALIFORNIA THE RECLAMATION BOARD
SANTA ANA PIPELINE DEVILS CANYON AFTERBAY DWR PARCEL EBE-80

MEMORANDUM OF SETTLEMENT - LEASE

TO: Paul Farris, Chief

Date: JUL 30 2010

Parcel No.: EBE-80

Lease No.: EBE-80

FROM: Angelica Aguilar
Senior Land Agent

County: San Bernardino

Project: Devil Canyon 2nd Afterbay

Cost Center: E7435FDJ9070

Lessee(s): Crestline Soaring Society, Inc.

DWR Central Valley Flood Protection Board

Term of Lease: 5 years

Mailing Address: Post Office Box 9052
San Bernardino, California 92427-9052

From: October 10, 2009 To: October 9, 2014

Rental Rate: \$ 150.00

Telephone: (951) 712-5971
Ms. Megret Olewiler

Per: month year

Annual gross rent: \$ 150.00

DGS approval required

DGS exempt

Lease Purpose/Use of Land: Hang Glider Landing Zone

Was Lease Appraised? Yes No. If yes, appraised value \$ 150.00 annual rent.

If lease rate is below appraised lease rate, explain below.

Was Lease a result of Public Bid?

Yes (attach bid sheets and bid package)

No (attach approval to lease without solicitation, or explain below)

If not appraised and not bid, how was rental rate established?

Name of previous Lessee:

Is the previous Lessee's rent current? Yes No

If no, what is the status of collection?

Environmental documentation obtained? Yes (attach) No, explanation required below.

Any Assessments on this Land? Yes No If yes, amount: \$ varies. Paid by Lessee? Yes No

Purpose of Assessment and authorization to pay

ATTACHMENTS:

- Lease (in duplicate if under \$75,000, triplicate if over \$75,000)
- Certificate of Insurance
- Appraisal
- Bid Sheets and Bid Package
- Approval to lease without solicitation
- Letter of transmittal to Lessee (with bcc to Accounting and Geodetic Branch)
- Transmittal Memo for CI to Office of Insurance and Risk Management (under \$25,000), per Exemption 21.2
- Approval/Request to lease from _____ Division
- Warrant Request
- Other (Environmental documentation, etc.)

SETTLEMENT EXPLANATION and BACKGROUND INFORMATION:

Please see attached sheet.

APPROVAL RECOMMENDED:

APPROVED:

David Ching
David Ching, Associate Land Agent
July 28, 2010
Date

Paul Farris
Paul Farris, Chief
Real Estate Branch

Angelica Aguilar
Angelica Aguilar, Senior Land Agent
7/29/10
Date

Date: 7/29/10

Settlement Explanation Lease No. EBE-80

In October 1989, DWR purchased DWR Parcel No. EBE 75, which at the time was encumbered with a lease to Crestview Soaring Society for use as a landing zone. Under Article 410 of the Federal Energy Regulatory Commission (FERC) and licensing considerations for the expansion of Devil Canyon Power Plant Second Afterbay, DWR was required to find a permanent landing zone replacement for the hang gliding club. EBE-80 Unit A, was purchased in 1993 at a price of \$24,000 per acre in order to satisfy DWR's recreational mitigation requirements for the hang gliding club. DWR placed fill/spoil on EBE-80 Unit A for the purpose of making a landing zone. A FERC license imposed restrictions on the site requiring its restricted use as a landing zone for hang gliders.

In March of 1993, an appraisal of the fair market rent was completed based on 5 percent of the underlying fee value of EBE-80. The appraiser's calculations assumed that the highest and best use of the property remained speculative residential subdivision, which was the highest and best use for the acquisition of the subject parcel in 1989. The rental rate was determined to be \$900 per acre annually. The current appraiser believes that a mistake was made in the 1993 appraisal and the rental rate was too high.

The current appraisal, dated January 19, 2010, utilized comparables of various hang gliding clubs. Rent ranged from "no rent" to \$40 per acre annually. There were two comparables that had a similar ownership and land use restriction and were picked as the best indicators of fair market rent. Based on the two comparables, the appraiser recommended a rate of \$40 per acre per year which calculates out to \$150 per annum. The appraiser also expressed that the Hang Gliding Club would experience annual maintenance costs to upkeep the dirt and gravel access road leading to the landing zone's parking area.

Based on the updated appraisal, the attached lease was negotiated at \$150 per annum.

Environmental documentation is not required as the use of the property has not changed.

This lease is recommended for approval.