

**Recording Requested by
and when recorded mail to:**

LAND TRUST OF SANTA CRUZ
COUNTY
617 Water Street
Santa Cruz, CA 95060

(Space above line for Recorder's use only)

APNs: 050-211-13, 050-211-12 and
050-181-06

Documentary Transfer Tax: \$ ____

GRANT DEED OF AGRICULTURAL CONSERVATION EASEMENT

THIS GRANT DEED OF AGRICULTURAL CONSERVATION EASEMENT ("Conservation Easement" or "Easement") is granted this ____ day of _____ 2017, by **PISTA BROTHERS, LLC**, a California limited liability company ("Grantor") to **LAND TRUST OF SANTA CRUZ COUNTY**, a California nonprofit public benefit corporation, having an address at 617 Water Street, Santa Cruz, California 95060 ("Grantee").

R E C I T A L S

A. Grantor is the sole owner of the entire fee simple interest of certain agricultural real property in Santa Cruz County, California, legally described in the attached **Exhibit A** (the "Property"), also identified as Santa Cruz County Assessor Parcel Numbers 050-211-13, 050-211-12, and 050-181-06. The Property is generally located as shown on **Exhibit B** ("Vicinity Map"). The Property consists of approximately 48.12 acres of land and is commonly known as the "Richardson and Duckworth Farms," together with certain roads and other improvements. The existing buildings and improvements on the Property, including, but not limited to one (1) single family dwelling of approximately one thousand six hundred six (1,606) square feet, with an attached garage of approximately five hundred twenty-eight (528) square feet, and an agricultural utility/barn building ("Existing Improvements"), are located within a one-half (0.5) acre farmstead area ("Farmstead Area") and as otherwise depicted in the sketch map attached as **Exhibit C-1** ("Farmstead Area and Existing Improvements"). A survey of the Farmstead Area is attached as **Exhibit C-2** ("Survey of Farmstead Area").

B. The Property consists of productive agricultural land. The Property is well endowed with the characteristics required for productive agriculture, including fertile soils, an adequate supply of high quality irrigation well water, excellent climate and a long growing season. The Property is covered by soils predominantly classified as Prime Farmland by the U.S. Department of Agriculture's Natural Resources Conservation Service ("NRCS"), and the California Department of Conservation ("Department"), Farmland Mapping and Monitoring Program. The Property is characterized by level topography and currently used for irrigated apple orchards and raspberries. Water resources include a groundwater well, monitored by the Pajaro Valley Water Management

Agency, with water being distributed to the orchard through underground high-pressure water lines.

C. The Budget Act of 2014 appropriated \$130 million from the California Air Resources Board's California Climate Investment Fund, also known as the Greenhouse Reduction Fund, to develop and implement the Affordable Housing and Sustainable Communities Program ("Program"). Beginning in FY 2015-16, twenty percent (20%) of California Climate Investment Fund's annual proceeds go to the Program. The goal of the Program, which is administered by the Strategic Growth Council ("Council"), is to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development. Projects eligible for funding include the acquisition of agricultural conservation easements to protect agricultural lands that are under pressure of conversion to nonagricultural uses.

D. On behalf of the Council and the California Natural Resources Agency, the Department administers the Sustainable Agricultural Lands Conservation Program ("SALCP"). SALCP supports the Program's goal by investing in the acquisition of agricultural conservation easements at risk of conversion thereby reducing greenhouse gas emissions. These acquisitions can support a healthy agricultural economy, provide food security, encourage smart growth, and ensure agricultural and open space remains available.

E. As administrator of SALCP, the Department (hereinafter alternatively referred to as the "Department" or "Department of Conservation") has made a grant of funds to Grantee from the California Climate Investment Fund to support the acquisition of this Easement. These funds represent a substantial investment by the people of the State of California in the long-term conservation of valuable agricultural land and the retention of agricultural land in perpetuity. The Property and this Easement have met the mandatory eligibility criteria, certain selection criteria and have multiple natural resource conservation objectives from the FY 2015-16 Sustainable Agricultural Lands Conservation Program Guidelines and Request for Grant Applications. The rights vested herein in the State of California arise out of its statutory role in fostering the conservation of agricultural land in California and its role as fiduciary for the public investment represented by the California Climate Investment Fund.

F. Grantor grants this Easement for valuable consideration to Grantee for the primary purpose of ensuring that, under Grantee's perpetual stewardship, the agricultural productive capacity, including the prime soils, water quality and the open space character and scenic values of the Property, will be conserved and maintained forever, and that uses of the land that are inconsistent with these conservation purposes will be prevented or corrected. The parties agree that the current agricultural use of, and Existing Improvements to, the Property are consistent with the conservation purposes of this Easement.

G. The Property is located in the Pajaro Valley, in a desirable area between Amesti Road and Freedom Boulevard, and is threatened by lot splits and residential development. Due to rapid residential growth experienced by Santa Cruz County, Watsonville, the second largest city in Santa Cruz County, is expected to increase in population by 48% by 2030. The Property and the agriculture that it supports are threatened by the increasing demand for the development of rural residential subdivisions. It is the intent of this Easement to maintain the rural and agricultural qualities of the Property and the retention of significant open space for agriculture and other

compatible uses. The Easement's protection of the Property and its agricultural values will yield a significant public benefit. The Property borders the urban growth boundary and is located between two areas of residential development. It is likely that these lands are under more threat than those not adjacent to the city. This project will benefit communities in the Central Coast by keeping these strategically located properties in productive agriculture. Regional visitors to the area will be able to enjoy the scenic attributes of this property in perpetuity and enjoy its locally grown produce.

H. The Property has been in continuous commercial apple production for over 100 years.

I. The Property constitutes a valuable element of the Central Coast area of California, and the agricultural and natural attributes of its open space lands described more particularly below and in the "Baseline Report," referred to below, are of great importance to Grantor, Grantee, the people of Santa Cruz County, and to the people of the State of California, and are worthy of preservation.

J. The Property is part of the scenic viewshed from the adjacent public road, Freedom Boulevard and nearby Amesti Road. The views of this rural, farming countryside contribute to the scenic enjoyment of the general public.

K. The conservation purposes of this Easement are recognized by, and the grant of this Easement will serve, the preservation of farmland pursuant to the following clearly delineated governmental conservation policies:

The Farmland Protection Policy Act (7 U.S.C. § 4201 et seq.), whose purpose is "to minimize the extent to which Federal programs and policies contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses, and to assure that Federal programs are administered in a manner that, to the extent practicable, will be compatible with State, unit of local government and private programs and policies to protect farmland;"

Sections 815.1 and 815.2 of the California Civil Code, which define perpetual conservation easements;

California Constitution Article XIII, section 8, California Revenue and Taxation Code, sections 421.5 and 422.5, and California Civil Code section 815.1, under which this Easement is an enforceable restriction, requiring that the Property's tax valuation be consistent with restriction of its use for purposes of food and fiber production and conservation of natural resources;

Section 10200 et seq. of the California Public Resources Code, which defines conservation elements and which creates the California Farmland Conservancy Program within the Department, provides the Department authority for agricultural land protection, and eligibility for funding under SALCP;

Section 51220 of the California Government Code, which declares a public interest in the preservation of agricultural lands by providing that "'agricultural lands have a definitive public value as open space" and "that the discouragement of premature and unnecessary

conversion of agricultural land to urban uses is a matter of public interest;”

California Food and Agriculture Code section 821 states that one of the major principles of the State's agricultural policy is "to sustain the long-term productivity of the State's farms by conserving and protecting the soil, water, and air, which are agriculture's basic resources;"

The California General Plan law, section 65300 et seq. and section 65400 et seq. of the California Government Code, which include as one of its goals to protect all viable farmlands as prime, of statewide importance, unique, or of local importance from conversion to and encroachment of non-agricultural uses;

Santa Cruz County's General Plan Objective 5.13 calls for the maintenance of agricultural use and the prevention of conversion of commercial agricultural land to non-agricultural uses and recognizes that agriculture is a priority land use and that policy conflicts should be resolved in favor of preserving and promoting agriculture on designated commercial agricultural lands;

Watsonville VISTA 2030 General Plan, states in the Land Use and Community Development section, Goal 3.1, a goal of reinforcing the preservation of surrounding rural character by conserving agricultural land and open space and encouraging of higher-density redevelopment of, underutilized opportunities within existing urban areas; and

Resolution No. 245-2010 of the Santa Cruz County Board of Supervisors adopted on September 14, 2010 which expresses support for the agricultural conservation easement and finds that the acquisition is consistent with the County's General Plan.

L. The agricultural and other characteristics of the Property, its current use and state of improvement, are documented and described in a baseline condition report dated _____, 2017 and prepared by Grantee with the cooperation of Grantor and incorporated herein by reference ("Baseline Report"). The Baseline Report, which consists of reports, maps, photographs and other documentation, provides an accurate and complete, though nonexclusive, representation of the Property as of the date of this Easement. Grantor and Grantee acknowledge that it is accurate as of the date of this Easement. Grantor and Grantee shall retain duplicate originals of the Baseline Report, and Grantee shall provide a copy to the Department. The Baseline Report may be used to establish whether a change in the use or character of the Property has occurred, but its existence shall not preclude the use of other evidence to establish the condition of the Property as of the date of this Easement. A signed acknowledgment and certification by the parties of the condition of the Property as set forth in the Baseline Report is attached hereto as **Exhibit D** ("Acknowledgment of Baseline Report and Receipt of Baseline Report").

M. Grantee is a publicly-supported, tax-exempt nonprofit organization qualified under sections 501(c)(3) and 170 (h) of the Internal Revenue Code of 1986, as amended and is a "qualified conservation organization," as defined by the California Public Resources Code section 10221, California Civil Code section 815.3, and, as certified by a resolution of Grantee's Board of Trustees, accepts the responsibility of enforcing the terms of this Easement and upholding its

conservation purposes forever. Grantee has among its purposes the conservation and protection of lands of significant natural resources, agricultural, cultural, and open space value.

N. By accepting this Easement, Grantee is undertaking to preserve and protect in perpetuity the "Conservation Purpose" of this Easement and the "Conservation Values" of the Property, both, as defined in Section 1 below.

GRANT OF AGRICULTURAL CONSERVATION EASEMENT

NOW, THEREFORE, for the reasons given above, and valuable consideration, the receipt and legal sufficiency of which is acknowledged by Grantor, as well as the mutual promises and covenants in this instrument, and pursuant to the laws of the State of California including, inter alia, sections 815-816 of the California Civil Code, Grantor voluntarily grants and conveys to Grantee, and Grantee voluntarily accepts, a conservation easement in gross in perpetuity over the Property of the nature and character described in this Easement and agree as follows:

1. *Statement of Purpose/Conservation Values.* The primary purpose of this Conservation Easement, pursuant to the governmental policies detailed in the Recitals hereto, and in order to yield a significant public benefit, is to enable the Property to remain in agricultural use in perpetuity by preserving and protecting its soils, agricultural productive capacity, agricultural viability, utility, character and values and by preventing any use or condition of the Property that would impair, diminish or interfere with its agricultural values, character, use or utility. In addition, protection of the Property for its open space and scenic value shall serve as the secondary purposes for the Easement. These primary and secondary purposes are collectively referred to as the "Conservation Purpose" or "Purpose" of this Conservation Easement. The Property's agricultural productive capacity, the quality of its agricultural soils and its open space are collectively referred to as the "Conservation Values" of the Property. No activity, use, or development of the Property for any purpose or in any manner that impairs, diminishes, interferes with, or conflicts with the Conservation Values of the Property shall be permitted. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII section 8 of the California Constitution and that this Easement qualify as an enforceable restriction under the provisions of California Revenue and Taxation Code sections 402.1(a)(8) and 423.

2. *Rights and Interests Conveyed, Extinguishment of Development Rights.* To accomplish the Conservation Purpose of this Easement, subject to the terms and conditions of this Easement, the following rights and interests are conveyed by Grantor to Grantee:

(a) To carry out the Conservation Purpose of this Easement and to preserve and protect in perpetuity the Conservation Values of the Property.

(b) To enter upon and inspect the Property for the purposes of: (1) identifying the condition of, uses and practices occurring on the Property; and (2) monitoring those uses and practices to determine whether they are consistent with this Easement. Entry is permitted with reasonable prior notice to Grantor, except in the event of an emergency or suspected emergency, and shall be made in a manner that will not unreasonably interfere with Grantor's use and quiet enjoyment of the Property.

(c) To prevent any activity on or use of the Property that is not permitted by or consistent with this Easement, and to require the restoration of areas or features of the Property that may be damaged by any condition, activity, or use that is not permitted. This shall not be interpreted to require Grantor to restore features of the Property damaged by earthquake, fire, flood or other acts of God.

(d) Except as specifically reserved in this Easement, all development rights that were previously, are now, or hereafter allocated to, implied, reserved, appurtenant to, or inherent in the Property are released, terminated, and extinguished, and may not be used on or transferred by either party to any portion of the Property as it now or later may be bounded or described, or to any other property adjacent or otherwise, or used for the purpose of calculating permissible lot yield of the Property or any other property. This Easement shall not create any development rights.

3. *Grantor's Right to Use Property for Agricultural Purposes.* Grantor retains the right to use the Property for agricultural purposes, in accordance with applicable law and this Easement. This Easement is not intended to limit Grantor's discretion to employ Grantor's choices of agricultural uses and management practices so long as those uses and practices are consistent with this Easement. Grantor also retains the right to change crops, use different or new farming techniques and to construct and maintain irrigation improvements necessary or desirable to irrigate the Property for agricultural purposes. The parties acknowledge that preservation of the Conservation Values permits changes in farming techniques necessary or desirable to maintain economically viable farming operations. Accordingly, Grantor is not limited to those farming techniques currently known or foreseeable, but rather may use new or different farming techniques that are consistent with this Easement.

4. *Grantor's Reserved Rights and Retained Responsibilities.*

(a) *Grantor's Reserved Rights.* Subject to Section 2 and to interpretation under Section 22(a), as owner of the Property, Grantor reserves all interests in the Property not transferred, conveyed, restricted, prohibited or extinguished by this Easement. These ownership rights include, but are not limited to, the right to sell, lease, or otherwise transfer the Property, as a whole, to anyone Grantor chooses, as well as the right to privacy, the right to exclude any member of the public from trespassing on the Property, and any other rights consistent with the Purpose of this Easement.

(b) *Grantor's Retained Responsibilities.* Grantor retains all rights and privileges of ownership that are not prohibited or restricted by this Easement, and Grantor retains all responsibilities of ownership. Other than as specified herein, this Easement is not intended to impose any legal or other responsibility on Grantee or the Department, or in any way to affect any obligations of Grantor as owner of the Property, including, but not limited to, the following:

(1) *Taxes.* Grantor is solely responsible for payment of all taxes and assessments levied against the Property. If Grantee pays any taxes or assessments to protect Grantee's interest in the Property, Grantor will reimburse Grantee for the same, together with interest at the legal rate from the date of the payment by Grantee. It is intended that this Easement constitute an enforceable restriction within the meaning of Article XIII, section 8 of the California Constitution and that this Easement qualify as an enforceable restriction under the

provisions of California Revenue and Taxation Code sections 402.1(a)(8) and 423.

(2) *Upkeep, Maintenance and Management.* Grantor is solely responsible for the upkeep, maintenance and management of the Property, to the extent required by law. Grantee shall have no obligation or liability for the upkeep, maintenance or management of the Property.

(3) *General Liability and Indemnification.* In view of Grantee's and the Department's negative rights, limited access to the land, and lack of active involvement in the day-to-day management activities on the Property, Grantor shall indemnify, protect, defend and hold harmless Grantee and the Department and their respective directors, officers, employees, agents, invitees, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively, "Agents and Assigns") from and against all liabilities, costs, losses, orders, liens, penalties, claims, demands, damages, expenses, or causes of action or cases, including without limitation reasonable attorneys' fees and costs, arising out of or in any way connected with or relating to the Property or the Easement. Grantor shall be solely liable for injury or the death of any person, or physical damage to any property, or any other costs or liabilities resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except to the extent such liability is due to the gross negligence or intentional misconduct of Grantee or the Department and/or their respective Agents and Assigns. Grantor shall maintain a comprehensive general liability policy insuring against bodily injury, death and property damage on the Property in the amount of not less than one million dollars (\$1,000,000.00), which amount shall be adjusted every five (5) years to reflect the percentage increase during the past five (5) years in the CPI, cause Grantee to be named as an additional insured party on such insurance policy, and provide evidence of such insurance to Grantee promptly upon request. The "CPI" means the United States Department of Labor's Bureau of Labor Statistics Consumer Price Index for all Urban Consumers (CPI-U, all items) (1982-84=100), or the successor of such index. Such insurance shall provide for thirty (30) days' written notice to Grantee prior to the cancellation or material change of any insurance referred to herein.

Nothing contained herein shall be construed as giving rise to any right or ability in Grantee or the Department to exercise physical or management control over the day-to-day operations of the Property, or any of Grantor's permitted activities on the Property. Neither Grantee, the Department, nor their Agents and Assigns shall have responsibility for the operation of the Property, monitoring of hazardous conditions on it, or the protection of Grantor, the public or any third parties from risks relating to conditions on the Property. Without limiting the foregoing, neither Grantee, the Department, nor their respective Agents and Assigns shall be liable to Grantor or other person or entity in connection with consents given or withheld, or in connection with any entry upon the Property occurring pursuant to this Easement, or on account of any claim, liability, damage or expense suffered or incurred by or threatened against Grantor or any other person or entity, except to the extent the claim, liability, damage, or expense is the result of the gross negligence or intentional misconduct of the Grantee, the Department, and/or their respective Agents and Assigns.

(4) *Compliance with Zoning Regulations, etc.* Nothing in this Easement relieves Grantor of any obligation with respect to the Property or restriction on the use of the Property imposed by law. Grantor remains solely responsible for obtaining any applicable governmental

permits and approvals for any activity or use permitted by this Easement, and any activity or use shall be undertaken in accordance with all applicable federal, state, and local laws, regulations, and requirements. In no event shall this Easement be construed as granting Grantor any rights not permitted by local land use and/or zoning regulations at the time of construction, demolition, occupation, or other regulated use.

5. Permitted Uses and Actions; Actions Permitted without Prior Approval of Grantee as long as Conducted in Manner Consistent with Easement. The following uses and actions are permitted without the prior approval of Grantee as long as they are conducted in a manner consistent with this Easement. Grantor shall give at least thirty (30) days' advance written notice to Grantee (in accordance with Section 19) where expressly required by this Easement and prior to undertaking any activity or improvement requiring a building, grading, or zoning permit or environmental regulatory review or permit, providing Grantee with adequate information, documents and plans so as to enable Grantee to confirm compliance with this Easement and enable Grantee to keep its records current ("Written Advisement"). Except as permitted in this Easement, all other construction, erection, installation or placement of buildings, structures, or other improvements on the Property is prohibited. For purposes of this Section, "improvements" shall not refer to trees, vines, or other living improvements planted for agricultural or residential landscaping purposes, nor shall it refer to agricultural and irrigation improvements necessary or desirable to produce agricultural crops on the Property, all of which may be made without the prior approval of Grantee and without advising Grantee.

(a) *Fences.* Existing fences may be repaired and replaced, and new fences may be built on the Property for purposes of reasonable and customary management of livestock, wildlife and farm produce, and the reasonable and customary security of the farm produce and the residences and other improvements upon the Property.

(b) *Agricultural Structures and Improvements.* There is an existing agricultural utility/barn building consisting of 1800 square feet, located in the Farmstead Area as shown on **Exhibit C-1**, and as detailed in the Baseline Report. Other minor structures and improvements are located as shown on **Exhibit C-1** and as detailed in the Baseline Report. Existing agricultural structures and improvements, may be repaired, reasonably enlarged, and replaced at their current locations for agricultural purposes without further permission from Grantee. New buildings and other structures and improvements to be used primarily for agriculture production on the Property, including barns, equipment sheds, green houses, employee sanitary facilities and improvements to be used for agricultural production purposes (but not including any dwelling or agricultural employee housing), may be built on the Property within the Farmstead Area. All structures individually and collectively must be consistent with this Easement, local building and zoning laws and Public Resources Code section 10262(c). Construction of one roadside farm stand for the sale of processed and unprocessed crops predominantly grown or raised on the Property is permitted within the Farmstead Area or along any public road frontage of the Property as long as the total area for the stand and associated parking does not exceed one-quarter (0.25) acre. Crops that have been grown or produced off the Property may only be sold in conjunction with the sale of crops grown on the Property.

Minor agricultural structures, such as pump houses, solar panels or wind generators that exclusively supply power for irrigation on the Property, and other structures used for the direct growing or support of growing agricultural crops (e.g. temporary "hoop houses," consisting of a

floorless, portable pole framed structure used for growing certain varieties of berry or other crops and covered with plastic during the colder months that is removed, exposing the soil surface, during the warmer months), are allowed anywhere on the Property. Each individual minor agricultural structure that is to be located outside of the Farmstead Area may not exceed two hundred (200) square feet. Minor, seasonal structures, such as portable outhouses and farm worker shade structures may be constructed or installed anywhere on the Property.

(c) *Single-Family Dwelling; Accessory Dwelling Unit.* The existing single-family dwelling, consisting of one thousand six hundred six (1,606) square feet, with an attached garage consisting of five hundred twenty-eight (528) square feet, located in the Farmstead Area and shown in **Exhibit C-1** and detailed in the Baseline Report, may be repaired, improved, modified, enlarged, or replaced at its current location entirely within the Farmstead Area without further permission of the Grantee. The single-family dwelling may not exceed two thousand five hundred (2,500) square feet. Customary ancillary residential structures, including, an "Accessory Dwelling Unit," swimming pool, tennis court, gazebo and garage, may be constructed only within the Farmstead Area. An "Accessory Dwelling Unit" is defined as a second dwelling that is accessory to the principal single-family dwelling. The Accessory Dwelling Unit may be constructed anywhere within the Farmstead Area, and may be attached to, or located within an existing structure, including the agricultural utility/barn building referenced in Section 5(b). If the Accessory Dwelling Unit is attached to the single-family dwelling, the Accessory Dwelling Unit shall not exceed one thousand (1,000) square feet; if not attached to the single-family dwelling, it shall not exceed fifteen hundred (1,500) square feet, excluding any garage or basement. Except as expressly set forth in this Section, no new residential structures (including trailers or mobile homes of any kind) may be constructed or placed on the Property.

(d) *Agricultural Employee Housing.* There is no existing agricultural employee housing on the Property. No agricultural employee housing may be constructed or placed on the Property. Nothing herein prohibits the residential occupation and use of the single family dwelling or Accessory Dwelling Unit permitted under subparagraph (c) above by agricultural employees, agricultural tenants or property managers.

(e) *Utilities and Septic Systems.* Wires, lines, pipes, cables or other facilities providing electrical, gas, water, sewer, communications, energy generation, or other utility services solely to serve the improvements permitted herein, or to transmit power generated on the Property, may be installed, maintained, repaired, removed, relocated and replaced. Grantor may grant rights-of-way over and under the Property for such purposes with Written Advisement to Grantee and provided such rights-of-way are not inconsistent with this Easement. In addition, septic or other underground sanitary systems serving the improvements permitted herein may be installed, maintained, repaired, replaced, relocated or improved, but must be located within the Farmstead Area. Renewable power generation and transmission facilities primarily for agricultural and other permitted uses on the Property may be constructed within the Farmstead Area. Power generated in excess of requirements on the Property may be sold to appropriate public utilities. Notwithstanding the foregoing, commercial power generation, collection or transmission facilities, including solar or wind farms or facilities outside of the Farmstead Area, are prohibited. Grantor may not undertake any action or grant any right-of-way if the effect of such action or grant would significantly impair the Conservation Values of the Property.

(f) *Use and Storage of Agricultural Products and Equipment.* The use and storage of the following is permitted as long as they are for use on the Property and carried out in accordance with applicable law and labeling requirements: agricultural products, agricultural chemicals, agricultural byproducts and agricultural equipment. "Agricultural chemicals" includes herbicides, pesticides, fungicides, fertilizers, and other materials commonly used in farming operations even though they may be "Hazardous Materials" as defined in Section 20.

(g) *Paved and Unpaved Farm Road Construction and Maintenance.* Paving within the Farmstead Area and a paved driveway from the Farmstead Area to Freedom Boulevard (as said paved driveway – "Pista Lane" - is currently located, as shown on **Exhibit C-1**) is permitted, as is the maintenance and repair of same. Construction and maintenance of unpaved farm roads that are reasonably necessary and incidental to carrying out the uses permitted on the Property by this Easement are permitted, provided that, to the extent reasonable, with respect to agricultural efficiency, productivity and cost, such unpaved farm roads shall be located so to limit the permanent impact to protected soils. Grantor shall notify Grantee of any significant net addition of unpaved farm roads (but not the relocation of unpaved farm roads required by agricultural operations).

(h) *Recreational Improvements and Uses.* Private recreational improvements (e.g. swimming pool, tennis court) for the personal, non-commercial use of Grantor and Grantor's family and guests are permitted within the Farmstead Area. Passive, non-motorized, recreation activities like hiking and bird-watching are permitted. Private equestrian use (including on site stabling within the Farmstead Area and horseback riding), limited to the use of Grantor's family and guests, is permitted. Grantor expressly reserves the right for themselves and their family and guests to hunt on the Property.

(i) *Subsequent Liens or Encumbrances on Property.* Grantor may use the Property as collateral for a subsequent borrowing, provided any subsequent obligations secured by the Property are subordinate to this Easement.

(j) *Emergencies and Construction of Improvements.* In an emergency, Grantor may take such limited and temporary actions as are reasonably necessary to protect physical safety of persons and property on the Property and the Property itself, including residential and agricultural improvements and agricultural products and only to the limited extent necessary for such protection and provided such actions are in compliance with applicable laws. The construction, placement, or use of limited, temporary living, or construction of temporary farm management quarters or mobile homes on the Property during limited periods of reconstruction or repair during or immediately following an emergency rendering the primary residence(s) uninhabitable, is permitted, provided such construction or use is in compliance with applicable laws and such trailers or temporary improvements are removed immediately after the period of emergency is over or construction is completed, as determined by Grantee. In addition, if reasonably necessary due to space limitations in the Farmstead Area, Grantor may, on a temporary basis, limited to the period of actual construction, use a reasonable portion of the Property outside, but adjacent to the Farmstead Area, not to exceed one-quarter (0.25) acre for the staging of permitted construction work in the Farmstead Area and related materials storage. Grantor shall give Grantee prompt notice of any emergency and other actions taken under this Section. If emergency and other actions taken in accordance with this Section continue for more

than sixty (60) days, Grantor will seek Grantee's approval pursuant to Section 8 of this Easement and such approval shall not be unreasonably withheld.

(k) *Use of Soil, Sand and Gravel.* Extraction from, and use solely on the Property of limited quantities of soil, sand, and gravel as appropriate for the ordinary conduct of the agricultural and other activities on the Property permitted herein is allowed, provided such activities are: (i) conducted in a manner that does not impair, diminish or interfere with the Conservation Values of the Property; (ii) carried out in full compliance with applicable laws; and (iii) the cumulative area in soil, sand, and gravel shall not exceed one (1) acre in area at any point in time and provided the Property shall be promptly restored after extraction is complete.

(l) *Wells and Irrigation Systems.* Grantor may construct (without permission of Grantee) wells and irrigation improvements reasonably required to exercise the water rights reserved in Section 12 below, including replacement or new wells and associated irrigation systems including non-habitable pump houses, control structures, filtering equipment, irrigation pipelines, and related structures anywhere on the Property, as needed for irrigation for agricultural production on the Property. Permitted irrigation improvements include the installation of power lines, gas lines, wind and solar facilities as reasonably necessary to operate irrigation systems, and water pipelines and turnouts provided by water management agencies such as the Pajaro Valley Water Management Agency.

(m) *Motorized Vehicle Use.* The use of motorized vehicles on the Property off roadways and outside the Farmstead Area is permitted as necessary to conduct farming operations, for residential access and use, for property maintenance and security, or to monitor this Easement. Motorized vehicle use off roadways shall be carried out in a manner which does not diminish or impair the agricultural productive capacity and open space character of the Property or cause significant soil degradation or erosion.

(n) *Signs.* With Written Advisement to Grantee, commercial signs may be placed on the Property that comply with applicable sections of the Santa Cruz County Zoning Ordinance, as it may be amended from time to time, and only for the purpose of advertising agricultural enterprises operating on the Property or a roadside stand operating on the Property, in accordance with this Easement. A maximum of two (2) commercial signs may be erected with no single sign exceeding a surface area of thirty-two (32) square feet. A reasonable number of signs, that comply with applicable sections of the Santa Cruz County Zoning Ordinance, as it may be amended from time to time, for non-commercial purposes may also be placed on the Property as follows: (i) for the purpose of identifying the Property (and noting the names and addresses of residents); (ii) prohibiting trespassing or hunting on the Property; (iii) temporary political signs; and (iv) a "For Sale" sign in conformity with California Civil Code sections 712 and 713.

6. *Uses and Actions Permitted with Prior Approval of Grantee.* The following uses and practices may be consistent with this Easement, depending on the manner in which they are

carried out. Pursuant to Section 8, prior written notice (“Written Notice”) to and approval of Grantee is required before Grantor begins these uses and practices.

(a) *Paved Roads.* Paving within the Farmstead Area and a paved driveway from the Farmstead Area to Freedom Boulevard (as said paved driveway is currently located) is permitted. No other portion of the Property shall be paved or otherwise covered with concrete, asphalt, or any other impervious paving material unless written approval is obtained from Grantee. Potentially acceptable reasons for use of additional paving material may include paving that is required by air quality laws or fire safety rules or regulations applicable to the Property.

(b) *New Agricultural Enterprise Structures.* New buildings and other structures and improvements, to be used for “Agricultural Enterprises” (as defined below) may be built on the Property within the Farmstead Area, with Grantee’s prior written approval (except as may otherwise be allowed in Section 5(b)). “Agricultural Enterprises” means otherwise lawful and customary agricultural rural enterprises, owned and operated by Grantor or Grantor’s lessee(s), such as, but not limited to, processing, packaging, pick-your-own, and marketing of farm products predominantly grown or raised on the Property or on other real property owned by Grantor that is located in the vicinity of the Property, and businesses providing agricultural-related goods and services to other farms and farmers in the vicinity of the Property. All such structures and uses, individually and collectively, must be consistent with this Easement, and approved under applicable laws and regulations.

(c) *Subsequent Easements.* With prior written approval, Grantee may grant subsequent easements, including conservation easements, interests in land, or use restrictions on the Property provided that they do not diminish or impair the agricultural productive capacity or open space character of the Property or restrict agricultural husbandry practices or interfere with any of the terms of this Easement, as determined by Grantee. “Husbandry practices” means agricultural activities, such as those specified in section 3482.5(e) of the California Civil Code, conducted or maintained for commercial purposes in a manner consistent with proper and accepted customs and standards, as established and followed by similar agricultural operations in the same locality. Grantee’s written approval shall be obtained at least thirty (30) days in advance of Grantor’s execution of any proposed subsequent easement, interests in land, or use restriction on the Property, and such subsequent easements, interests in land, and use restrictions shall make reference to and be subordinate to this Easement. Grantee shall notify the Department immediately upon receipt of request by Grantor to grant a subsequent easement, interest in land, or use restriction on the Property. Grantee shall notify the Department in the event that it approves the grant of any subsequent easement, interest in land, or use restriction on the Property.

(d) *Flood Control.* Corralitos Creek runs over or adjacent to the Property. Flood control activities, including but not limited to levee restoration, to protect the Property and adjacent land are permitted, subject to the following restrictions: (i) activities shall be conducted in a manner that does not impair or interfere with the Conservation Values of the Property; and (ii) activities shall be carried out in full compliance with applicable laws.

7. *Prohibited Uses.* Grantor shall not perform, nor knowingly allow others to perform, any act on or affecting the Property that is inconsistent with this Easement. Any use or activity that would diminish or impair the agricultural productive capacity, future viability and open space

character (or scenic, habitat, natural, historic etc. values) of the Property or that would cause significant soil degradation or erosion, or that is otherwise inconsistent with the Conservation Purpose is prohibited. This Easement authorizes Grantee to enforce these covenants in the manner described herein. The following uses and practices, though not an exhaustive recital of inconsistent uses and practices, are inconsistent with this Easement, and are prohibited on the Property, except as may be specifically permitted in Sections 5 or 6 or elsewhere in this Easement:

(a) *Buildings, Other Structures, Billboards.* Except as permitted in Sections 5 or 6 above or in Section 22(m) below, the construction or placement of any buildings, residential dwellings, camping accommodations, temporary living quarters of any sort, mobile homes, signs, billboards or other advertising materials, utility towers, or other structures is prohibited.

(b) *Dumping and Trash.* No trash, refuse, vehicle bodies or parts, rubbish, debris, junk, sewage, waste or "Hazardous Materials," as defined in Section 20, shall be placed, stored, dumped, buried or permitted to remain on the Property. However, temporary storage of waste generated on the Property for periodic removal off-site is permitted, as is the use and storage of agricultural products, agricultural chemicals, agricultural byproducts and agricultural equipment as provided in Section 5(f). Composting of organic materials from the Property and other real property owned by Grantor in the vicinity is also permitted provided that the Conservation Values are not significantly impaired.

(c) *Mining or Extraction.* The mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel, or any other mineral substance from the Property is prohibited.

Grantor has requested mining language that is more restrictive than Public Resource Code section 10262(a):

Grantor Initials: _____

(d) *Commercial Recreational Structures.* Resort structures, golf courses, non-residential swimming pools, non-residential tennis courts, commercial equestrian facilities, playing fields, airstrips, helicopter pads, or any other commercial recreational structure are strictly prohibited on the Property. Operation of a public stable and the commercial raising, training and boarding of horses are not a land use relating to agriculture or agricultural production and are therefore prohibited.

(e) *No Subsequent Easements Restricting Agricultural Husbandry Practices.* The grant of any subsequent easements, other interests in land, or use restrictions that restrict agricultural husbandry practices or significantly diminish or impair the agricultural productive capacity or open space character of the Property or other Conservation Values of the Property is prohibited.

(f) *Subdivision and Common Ownership of the Property.* The division, subdivision, de facto subdivision or partition of the Property, including transfer of development rights, whether by physical, legal, or any other process, is prohibited. Grantor and Grantee acknowledge that the Property is currently comprised and is described in **Exhibit A** as three (3) fee simple legal parcels. Grantor asserts that no additional, separate legal parcels currently exist

within the Property that may be recognized by a certificate of compliance pursuant to California Government Code section 66499.35 based on previous patent deed or easement conveyances, subdivisions, or surveys of any kind. Grantor will not apply for or otherwise seek recognition of additional legal parcels with the Property based on certificates of compliance or any other authority. Grantor will not sell, exchange, convert, transfer, assign, mortgage or otherwise encumber, alienate or convey any parcel associated with the Property or portion of any parcel of the Property separately or apart from the Property as a whole, and Grantor and its successors in interest will at all times treat all parcels of the Property as a single integrated economic unit of property, provided, however, that a lease of a portion of the Property for agricultural or other permitted uses (subject to this Easement) shall not be prohibited by this paragraph.

8. *Grantee's Approval – Procedures and Standards for Approval.*

(a) *Written Notice of Certain Actions.* In order to afford Grantee an opportunity to monitor activities that could adversely affect the Conservation Values of the Property and, further, to ensure that such activities are designed and carried out in a manner that is consistent with the Conservation Purpose of this Easement, Grantor shall give Written Notice to Grantee in accordance with this Section prior to taking any action where expressly required in this Easement, including those actions and uses in Section 6, above, or any action which may adversely affect the Conservation Values (other than actions permitted under Section 5, notice of which is given as a Written Advisement). The Written Notice shall describe the nature, scope, design, location, timetable, and any other material aspects of the proposed activity in sufficient detail to establish that the proposed use or activity will not significantly impair or diminish the Conservation Values and to permit Grantee to make an informed judgment as to its consistency with the terms of this Easement (“Written Notice”). Written Notice shall be given in accordance with the provisions of Section 19, below, and copies of all documents shall be provided to the Department.

(b) *Procedure for Review of Proposed Actions.*

(i) Where Written Notice by Grantor is required, Grantee shall review the Written Notice and the information submitted with it and shall, within two (2) weeks after receipt of the notice, notify Grantor that the Written Notice was received and whether the information submitted therein is sufficient to allow Grantee to make an informed judgment as to its consistency with the terms of this Easement. If the information submitted was insufficient, then Grantee shall require that Grantor supply the additional information reasonably necessary to make such a judgment.

(ii) Grantee shall have thirty (30) days from the date Grantee determines that Grantor has submitted all the information reasonably required by Grantee to review the proposed activity and to give notice to Grantor (pursuant to Section 19, below) of its decision. Grantee shall approve the proposed use or activity only if it determines that it complies with all applicable specific restrictions and that it will not significantly impair or diminish the Conservation Values. If in the judgment of Grantee the proposed use or activity should not be permitted in the form set forth in the notice, but the proposed use or activity could be approved if modified, then Grantee's response may notify Grantor of suggested modification(s) and conditions that would permit the use or activity. Written notice for the acceptance by the

Grantor of the modification(s) and conditions that would permit the use or activity shall be provided to the Department.

(c) *No Activity Pending Resolution.* Pending the determination by Grantee, the use or activity may not be conducted. If Grantor disagrees with Grantee's decision, the parties may, by mutual agreement, mediate or arbitrate the disagreement. Pending resolution of the disagreement, Grantor agrees that the use or activity shall not be conducted.

(d) *Grantee's Sole Discretion in Making Determination.* Grantee's determination shall be based upon the likely effect of the proposed activities and uses upon the Conservation Values protected by this Easement. Approval or disapproval shall be at the sole discretion of Grantee and may be granted upon conditions that further the purposes of this Easement. No decision by Grantee shall establish a precedent for or commitment to the outcome of future decisions. Each such request shall be considered and determined on its own and without following or establishing precedent. Grantee shall not be liable to Grantor or other person or entity in connection with consents given or withheld.

9. *Enforcement.*

(a) *Monitoring.* Grantee shall manage its responsibilities for this Easement, including, but not limited to, annual monitoring, such additional monitoring as circumstances may require, record keeping, and enforcement, for the purposes of preserving the Conservation Values and the Conservation Purpose in perpetuity. With forty-eight (48) hours advance written notice, except in the event of an emergency or suspected emergency in which case reasonable verbal notice shall be given, Grantee has the right to enter upon, inspect, observe and evaluate the Property to identify the current condition of, and uses and practices on the Property to determine whether they are consistent with this Easement. Failure of Grantee to carry out these responsibilities shall not impair the validity of this Easement or limit its enforceability. Grantee shall indemnify and hold Grantor harmless from and against any liabilities, costs, losses, orders, liens, penalties, damages, claims, causes of action, demands, and/or judgments, claims or causes of action arising from the acts or omissions of Grantee, Grantee's agents, employees and independent contractors in connection with the inspection or monitoring of the Property under this Easement, provided that Grantee's indemnity obligation set forth above shall not apply to any liabilities, costs, losses, orders, liens, penalties, damages, claims, causes of action, demands, and/or judgments to the extent they arise from the gross negligence or willful misconduct of, or violation of this Easement by Grantor.

Grantee shall report to the Department by June 30 annually after the annual monitoring visit, describing the method of monitoring, condition of the Property, stating whether any violations were found during the period, describing any corrective actions taken, the resolution of any violation, and any transfer of interest in the Property. Failure to do so shall not impair the validity of this Easement or limit its enforceability in any way.

(b) *Violations; Notice and Injunctive Relief.*

(1) Grantee may take all actions that it deems necessary to ensure compliance with the terms, conditions, covenants, and purposes of this Easement. Grantee shall have the right to prevent and correct violations of the terms, conditions, covenants, and purposes of this

Easement. Except as permitted in subsection (b)(2) below, if Grantee determines that there is a violation of the terms of this Easement or that a violation is threatened, Grantee shall give written notice to Grantor. The notice shall identify the violation or threatened violation. Where known to Grantee, the notice shall identify corrective action necessary to cure the violation. Where the violation involves injury to the Property resulting from any use or activity inconsistent with this Easement, the notice may demand restoration of the portion of the Property so injured. If Grantor fails to cure the violation within thirty (30) days after Grantee gives notice, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, and if Grantor fails to begin curing the violation within the thirty (30) day period, or if Grantor does not continue to diligently cure the violation until finally cured, or as otherwise provided in this Easement, Grantee may bring an action at law or in equity to enforce the terms of this Easement.

(2) If Grantee, in its sole discretion, determines that an ongoing or imminent violation could irreversibly diminish or impair the agricultural productive capacity and open space character of the Property, Grantee may pursue its remedies under this Section without prior notice to Grantor or without waiting for the period provided for cure to expire, including but not limited to *ex parte* judicial relief. Grantee shall have the right to seek injunctive relief pursuant to this Section if, in Grantee's reasonable discretion, an injunction is required to prevent the irreversible and material impairment of the Conservation Values or the Conservation Purpose or otherwise to enforce this Easement.

(c) *Damages.* Grantee is entitled to recover damages for violation of the terms of this Easement, including, without limitation, damages for the loss of agricultural and other environmental values. Without limiting Grantor's liability, Grantee shall apply any damages recovered to the cost of undertaking corrective action on the Property. Should the restoration of lost values be impossible or impractical for whatever reason, Grantee shall apply any and all damages recovered to furthering Grantee's mission, with primary emphasis on agricultural conservation easement acquisition and enforcement.

(d) *Equitable Remedies.* Grantee's rights under this Section apply equally in the event of either actual or threatened violations of the terms of this Easement. Grantor and Grantee expressly agree that the Property, by virtue of its Conservation Values, is unique and that a violation of this Easement, and the ensuing harm or alteration of the Property, may result in damages that are irreparable and not subject to quantification. Grantor agrees that Grantee's remedies at law for a violation of the terms of this Easement may be inadequate and that Grantee may seek the injunctive relief described in this Section, both prohibitive and mandatory, in addition to such other relief to which Grantee may be entitled, including specific performance of the terms of this Easement. Grantee's remedies described in this Section shall be cumulative and shall be in addition to all remedies now or hereinafter existing at law or in equity. Equitable relief may include restoration of the Property to the condition that existed prior to the injury.

(e) *Recovery of Costs.* If Grantee prevails in any action to enforce the terms of this Easement, any and all costs incurred by Grantee in enforcing the terms of this Easement against Grantor or against others where Grantor had the legal right and had the legal obligation to have acted in a manner that would have made such enforcement action unnecessary, including, without limitation, costs of suit and reasonable attorneys' fees, and any and all costs of restoration resulting from Grantor's violation of the terms of this Easement shall ultimately be the responsibility of Grantor, provided that, in an action against a third party, Grantee shall make

good faith reasonable efforts to first recover said costs from said third party whose actions or omissions were responsible for the legal action. If Grantor prevails in any action to enforce the terms of this Easement, any and all costs incurred by Grantor, including, without limitation, costs of suit and reasonable attorneys' fees, shall be the responsibility of Grantee. The preceding sentence shall not apply to the Department of Conservation should they exercise their rights under this Conservation Easement.

10. Enforcement Rights of California Department of Conservation. In the event Grantee fails to enforce any of the terms of this Easement, as determined by the Director of the Department, the Director of the Department and his or her successors and assigns shall have the right to enforce the terms of this Easement. In the event that the Director of the Department determines that Grantee has failed to enforce any of the terms of the Easement, the Director of the Department and his or her successors and assigns shall be entitled to exercise, among the other rights of Grantee, the rights of access granted to Grantee where the Director of the Department or his or her successor or assign determines that entry is required to prevent, terminate, or mitigate a violation of this Easement.

11. No Public Access. Grantor retains the right to privacy and nothing in this Easement shall be construed as a grant to the general public of any right to enter the Property.

12. Water.

(a) *Water Rights.* Grantor shall retain and reserve all groundwater, appropriative, prescriptive, riparian, contractual, or other water rights appurtenant to the Property. Grantor shall not permanently transfer, encumber, lease, sell, or otherwise sever such water rights from title to the Property itself. Water may be distributed to a contiguous property or other property owned or leased by Grantor on an annual basis for agricultural production only. All water shall be retained in Santa Cruz County for agricultural production only. Only that quantity of water or water rights that is not necessary for present or future agricultural production on the Property may be temporarily distributed. Any temporary distribution shall not impair the future agricultural use or open space character of the Property.

(b) *Maintenance and Enhancement of Water Sources.* Grantor retains the right to use, maintain, establish, construct, and improve water sources, water courses, water impoundments, and water bodies within the Property for the uses permitted by this Easement, provided that Grantor does not significantly impair or disturb the natural course of the surface water drainage or runoff flowing over the Property. Grantor may alter the natural flow of water over the Property in order to improve drainage of agricultural soils, reduce soil erosion, or improve the agricultural management potential of the Property, provided such alteration does not diminish or impair the Conservation Values and conforms to applicable laws.

13. Transfer of Conservation Easement by Grantee.

(a) *Voluntary Transfer.* With the prior written consent from the Director of the Department, and in consultation with Grantor, Grantee may transfer this Easement to a private non-profit organization, as defined in section 10221 of the California Public Resources Code, that meets the requirements of section 815.3(a) of the California Civil Code, whose primary mission is to protect farmland, farmland soils, and farm viability and which, at the time of

transfer is a "qualified organization" under section 170(h) of the U.S. Internal Revenue Code or successor provision. If no such private nonprofit organization exists or is willing to assume the responsibilities imposed by this Easement, then this Easement may be transferred to a public agency authorized to hold interests in real property as provided in section 815.3(b) of the Civil Code of California. Such a transfer may proceed only if the organization or transferee agency expressly agrees to assume the responsibility imposed on Grantee by this Easement pursuant to an assignment and assumption agreement. All transfers shall be duly recorded.

(b) *Transfer Upon Dissolution of Grantee, etc.* If Grantee, or its successors, ceases to exist or no longer qualifies to hold the Easement under section 170(h) of the Internal Revenue Code or applicable state law, a court of competent jurisdiction shall, upon consultation with Grantor and the Director of the Department, transfer Grantee's interest in this Easement to another qualified organization as defined in Section 13(a) having similar purposes that agrees to assume the responsibilities imposed by this Easement.

14. *Transfer of Property.*

(a) *Transfer Subject to Easement.* Subject to this Easement, Grantor may transfer the Property or an interest therein (including leasehold interests), but each transferee shall take subject to, and be bound by, each and every term and provision of this Easement. Grantor shall notify Grantee and the Director of the Department in writing at least thirty (30) days before conveying the Property, or any part thereof or interest therein, to any third party. Failure of Grantor to do so shall not impair the validity of any conveyance of this Easement, limit its enforceability in any way, or excuse the transferee from complying with the terms of this Easement. Any document conveying, including any document conveying a lease, of the Property shall expressly incorporate by reference this Easement.

(b) *Transfer Fee.*

(1) Grantor and Grantee recognize and agree that any transfer of the Property and any division of ownership will result in an additional burden on the monitoring and enforcement responsibilities of Grantee. Therefore, there shall arise, by virtue of any transfer for consideration of all or a portion of the Property, or interest therein (other than a lease for a total term, including any options to renew or extend, not exceeding thirty-five (35) years) a fee which is referred to herein as the "Transfer Fee." The Transfer Fee shall be the obligation of the seller of the Property and shall be payable to Grantee or subsequent holder of this Easement. The Transfer Fee shall be equal to one percent (1%) of the consideration paid in connection with the transfer of any interest in the Property and shall be paid to Grantee concurrently with the close of escrow or other consummation of the sale of the Property. For example, if the Property has a purchase price/consideration paid of two hundred fifty thousand dollars (\$250,000.00), the Transfer Fee would be two thousand five hundred dollars (\$2,500.00); if the Property has a purchase price/consideration paid of five hundred thousand dollars (\$500,000.00), the Transfer Fee would be five thousand dollars (\$5,000.00); and if the Property has a purchase price/consideration of seven hundred fifty thousand dollars (\$750,000.00), the Transfer Fee would be seven thousand five hundred dollars (\$7,500.00). The Transfer Fee shall be paid to Grantee at the address for giving notices to Grantee as set forth hereinbelow. Grantor and Grantee agree to execute and record along with this Easement a "NOTICE OF PAYMENT OF TRANSFER FEE REQUIRED" in accordance with California Civil Code section 1098.5

respecting the Transfer Fee.

(2) Grantor or any subsequent purchaser shall provide reasonable written proof of the sales price of the Property, including but not limited to executed closing statements, contracts of sale, copies of deeds or other similar evidence satisfactory to Grantee. An exchange of properties pursuant to Internal Revenue Code section 1031, or similar statute, shall be deemed to be for consideration based on the appraised market value of the Property at the time of the exchange. Market value shall be determined by agreement of Grantor and Grantee, or in the absence of such agreement, by an MAI appraiser selected by Grantee, whose appraisal fee shall be paid by Grantee.

(3) In the event of non-payment of the Transfer Fee in accordance with this Section, Grantee shall have the right to record a lien against the Property in the amount equal to the unpaid Transfer Fee plus any and all reasonable costs and attorney's fees necessary to prepare and enforce the lien of the Transfer Fee. The lien shall be recorded in accordance with California Civil Code sections 2872 et seq. The lien shall be subordinate to this Conservation Easement and any other prior liens, encumbrances, mortgages and deeds of trust of record and any subsequent mortgages or deeds of trust. A copy of the lien shall be mailed via certified mail, return receipt requested, to the purchaser at his last known address upon recordation of the lien. After the expiration of thirty (30) days following the mailing of a copy of the lien, the lien may be enforced in any manner permitted by law, including without limitation a sale by the court or sale by the trustee designated by Grantee in the lien, in the sole exercise of its discretion, in accordance with the provisions of section 2924 of the California Civil Code.

(4) Any of the following transfers, subsequent to the conveyance of this Easement, shall be exempt from the assessment of such Transfer Fee: (i) the transfer fee due by the original Grantor on the original Grantor's first transfer of fee title to the Property; (ii) a transfer without consideration (e.g. an inter vivos gift or testamentary conveyance); (iii) a sale or other conveyance or exchange from one or more of the original parties constituting Grantor or their issue to any other one or more of the original parties constituting Grantor or their issue; (iv) a sale or other conveyance or exchange to the issue of any Grantor or any trust established for the exclusive benefit of the issue of any Grantor; or (v) any transfer in the nature of foreclosure or deed in lieu of foreclosure of a deed of trust or mortgage encumbering the Property.

15. *Amendment of Conservation Easement.* This Easement may be amended only with the written consent of Grantee, Grantor, and the Director of the Department. Grantee must provide timely written notice to the Department's Director of any proposed amendment(s). Any amendment shall be consistent with the Conservation Purpose and with Grantee's easement amendment policies, shall not harm the Conservation Values, and shall comply with section 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section, and with section 815 of the Civil Code of California, and the California Farmland Conservancy Program Act as codified in section 10200, et seq., of the California Public Resources Code, and any regulations promulgated thereunder. Any amendment shall have a net beneficial or neutral effect on the Conservation Values protected by the Easement. No amendment shall: (a) diminish or affect the perpetual duration or the Conservation Purpose of this Easement nor the status or rights of Grantee under the terms of this Easement; (b) confer a private benefit to Grantor or any other individual greater than the benefit to the general public; (c) result in private inurement for a board member, staff or contract employee of Grantee or

violate Grantee's conflict of interest policy; or (d) jeopardize Grantee's tax-exempt status or status as a charitable organization under federal or state law. Any amendment shall be duly recorded with the Recorder's Office of Santa Cruz County. Copies of any amendments to this Easement shall be provided to the Department of Conservation.

16. *Extinguishment, Termination, and Eminent Domain.*

(a) It is the intention of the parties that the Conservation Purpose of this Easement shall be carried out forever as provided in the section 10211 of the California Public Resources Code, section 815 et seq. of the California Civil Code. Due to the 2015 SALCP Guidelines and California Climate Investments Funding requirements, Grantor hereby waives on behalf of Grantor and Grantor's successors and assigns all rights at law or in equity to request a termination of this Easement pursuant to Public Resources Code sections 10270 et seq.

Waiver of Right to Request Administrative Termination:

Grantor Initials: _____

(b) If circumstances arise in the future that render the Purpose of this Easement impossible to accomplish, this Easement may be terminated or extinguished, whether in whole or in part, on the initiative of Grantee or Grantor, but only by judicial proceedings in a court of competent jurisdiction. Grantee shall give notice to the Department of any prospective termination or extinguishment of this Easement not less than sixty (60) business days before initiating such proceedings. The Department may intervene in any such judicial proceedings to protect or retain this Easement.

No inaction or silence by Grantee shall be construed as abandonment of the Easement. The fact that the Property is not in agricultural use, or that agricultural use is no longer possible, is not reason for termination or extinguishment of this Easement so long as the Purpose of this Easement remains possible to accomplish. Other than pursuant to eminent domain or purchase in lieu of eminent domain to acquire an interest in the Property necessary for a public use, no other voluntary or involuntary sale, exchange, conversion, transfer, assignment, lease, mortgage or other encumbrance, alienation or conveyance of any kind of all or part of the Property, or of any interest in it, shall limit or terminate or extinguish the provisions of this Easement.

Compensation of Grantee and the Department on account of judicial termination or extinguishment shall proceed as follows. The value of the Easement terminated or extinguished shall be determined in accordance with this Section, and Grantee shall be entitled to receive from Grantor the entire value of the Easement to the extent terminated or extinguished. Until such entitlement is paid to Grantee in full, the amount of that entitlement shall be a first priority lien on the Property with the same seniority as this Easement. That entitlement shall be paid to Grantee from the proceeds of all sales, exchanges, or involuntary conversions of all or any portion of the Property subsequent to such termination or extinguishment until paid in full. Upon receipt by Grantee of any such entitlement payments, those payments shall be allocated between the Department and Grantee proportionate to the contribution each made to the purchase of this Easement. Those proportionate shares are fifty-five and eight-tenths percent (55.8%) contributed by the Department and forty-four and two-tenths percent (44.2%) contributed by Grantee. This Easement shall not be deemed terminated or extinguished until full payment is received by the

Department and Grantee.

(c) The grant of this Easement gives rise to a property right immediately vested in Grantee. For the purpose of determining the value of the Easement and the amount to be paid to Grantee and the Department upon termination, extinguishment, or acquisition for a necessary public use of the Easement or any interest therein, and for the purpose of allocating proceeds from a sale or other disposition of the Property at the time of termination of the Easement and Grantee's property right therein, the following shall apply:

As of the date of this Easement, an "Easement Percentage" is hereby defined and established as the ratio of the value of the Easement at the time of this grant to the value of the Property, unencumbered by the Easement, at the time of this grant. The values of the Property shall exclude any amounts attributable to improvements on the Property. For the purposes of defining the "Easement Percentage," Grantor and Grantee agree that the ratio of the value of the Easement to the value of the Property unencumbered by the Easement is seven and seven-tenths percent (7.7%).

Such ratio is a fraction, the numerator of which is the value of the Easement and the denominator is the value of the Property unencumbered by the Easement and as determined by an appraisal of the Property approved by the Department prior to funding the acquisition of this Easement. This Easement Percentage shall remain constant.

The parties stipulate and agree that the Easement shall have a fair market value determined as *the greater of*:

(1) The fair market value of the Property, excluding the value of the improvements on the Property, as though unencumbered by this Easement, at the time of the proposed termination, as determined by an appraisal prepared by a qualified appraiser acceptable to Grantor and Grantee, multiplied by the Easement Percentage; or

(2) The value of the Easement at the time of the proposed termination as determined by a qualified appraiser mutually acceptable to Grantor and Grantee.

The appraiser shall follow the appraisal instructions jointly agreed to by Grantor, Grantee and Department. The appraisal shall include a before and after analysis to assign value. Appraisals shall conform to the Uniform Standards of Professional Appraisal Practices.

If Grantor has initiated termination of the Easement through a judicial proceeding, Grantor shall pay the cost of the appraisal, and the appraisal is subject to approval by the Department.

Nothing herein shall prevent Grantor, Grantee, or the Department from having an appraisal prepared at its own expense.

(d) If Grantor receives notice, formal or informal, that any public, corporate, or other authority intends to exercise or has threatened to exercise its power of eminent domain as to the Property or any portion thereof or any interest therein, Grantor shall promptly, and in any event in not less than fifteen (15) business days after receipt of such notice, give written notice to

Grantee and the Department of such receipt together with a copy of any and all communications (including, without limitation, electronic transmissions) related to such prospective eminent domain proceedings. Grantor shall thereafter promptly provide to Grantee and the Department copies of all further communications related to such proceedings and cooperate with Grantee and the Department in responding to such proceedings.

(e) Should all or part of the Property or any interest in it be proposed for acquisition for a necessary public use by public, corporate, or other authority with the power of eminent domain (“Acquiring Entity”), Grantor and Grantee shall join in appropriate actions to recover the full value of the proposed acquisition and all incidental or direct damages resulting from the proposed acquisition as well as all other payments to which they may be entitled by law (“Compensation”). The Compensation of such proceeding of Grantor and Grantee shall be divided in accordance with the proportionate values of Grantor's and Grantee's interests as specified in this Section, unless otherwise provided by applicable law. The Acquiring Entity shall pay Compensation directly to Grantor and Grantee.

If Grantee receives any Compensation or proceeds whether by agreement, by court order or otherwise for a taking by eminent domain or by purchase in lieu of eminent domain of all or any portion of this Easement, those proceeds shall be allocated among Grantee and the Department proportionate to the contribution each made to the purchase of this Easement according to the following percentages: fifty-five and eight-tenths percent (55.8%) for the Department and forty-four and two-tenths percent (44.2%) for Grantee.

This Easement shall not be deemed terminated, extinguished, or otherwise affected until both the Department and Grantee have received full payment.

(f) Additionally, acquisition of the Easement through the power of eminent domain is subject to the requirements of section 10261 of the California Public Resources Code, the eminent domain laws of the State of California, including section 1240.510 or section 1240.610 of the Code of Civil Procedure, federal law, and this Easement. The Property may not be taken by eminent domain or in lieu of eminent domain if the planned use is more than seven (7) years in the future (California Code of Civil Procedure section 1240.220). Purchase in lieu of condemnation, or settlement of an eminent domain proceeding, shall occur pursuant to applicable laws and procedures, including but not limited to California Government Code sections 7267.1 and 7267.2, and shall require approval of Grantee and the Department’s Director. Grantee and the Department shall have an opportunity to accompany the appraiser for the Acquiring Entity when the appraiser goes on the Property with Grantor. Should this Easement be condemned or otherwise terminated on any portion of the Property, the balance of the Property shall remain subject to this Easement and reimbursement shall be pro-rated. In this event, all relevant related documents shall be updated and re-recorded by Grantee to reflect the modified easement area. Encumbrances junior to this Easement shall remain subordinate to the Easement as amended.

(g) If Grantee obtains payment on a claim under a title insurance policy insuring this Easement, payment shall be distributed as set forth this Section.

19. Written Notices and Advisements. Any notices required by this Easement, including Written Notices and Advisements, shall be in writing and shall be either personally delivered, or sent by First-Class Mail, return receipt requested and postage prepaid, courier service, or by

express overnight delivery service (such as Federal Express) addressed to Grantor and Grantee respectively at the following addresses, or to such other addresses as the parties may designate by notice:

To Grantor: Pista Brothers, LLC
c/o Peter Knego, Member
610 Martinelli Street,
Watsonville, CA 95076

To Grantee: Land Trust of Santa Cruz County
617 Water Street
Santa Cruz, CA 95060

Any notices required by this Easement to be sent to the Department shall be in writing and shall be either personally delivered, or sent by First-Class Mail, return receipt requested and postage prepaid, courier service, or by express overnight delivery service (such as Federal Express) to the following address, unless a party has been notified by the Department of a change of address:

To the Department of Conservation:

Department of Conservation
801 K Street, MS 14-01
Sacramento, CA 95814
Attn: Sustainable Agricultural Land Conservation Program

20. Grantor's Environmental Warranty.

(a) Nothing in this Easement shall be construed as giving rise to any right or ability in Grantee or the Department to exercise physical or management control over the day-to-day operations of the Property, or any of Grantor's activities on the Property, or otherwise to become an "owner," "operator" or "arranger" or "generator" with respect to the Property as those words are defined and used in "Environmental Laws," (as defined below) including The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended or any corresponding state and local statute or ordinance.

(b) Grantor warrants, to Grantor's actual knowledge that there has been no release or threatened release of "Hazardous Materials," as defined below, on, at, beneath or from the Property, in violation of applicable Environmental Laws, and hereby promises to defend, hold harmless, and indemnify Grantee and Grantee's Agents and Assigns and the Department, and hold Grantee and Grantee's Agents and Assigns and the Department harmless from and against, any and all loss, cost, administrative action, testing, investigation, remediation, claim (without regard to its merit), demand, liability or expense (including reasonable attorneys' fees) arising from or connected with any release or threatened release of Hazardous Materials on, at, beneath or from the Property in violation of Environmental Laws or otherwise arising from or connected with a violation of Environmental Laws. Notwithstanding the foregoing, Grantor's indemnity obligation set forth above shall not apply to any liabilities, costs, losses, orders, liens, penalties, damages, claims, causes of action, demands, and/or judgments arising from the negligence or willful misconduct of Grantee or the Department. Grantor's indemnification obligation shall not be affected by any authorizations provided by Grantee to Grantor with respect to the Property or any restoration activities carried out by Grantee at the Property; provided, however, that Grantee

shall be responsible for any Hazardous Materials contributed to the Property by Grantee after the recording of this Easement.

(c) If at any time after the recording of this Easement there occurs a release, discharge or other incident in, on, or about the Property of any substance now or hereafter defined, listed, or otherwise classified pursuant to any federal, state, or local law, regulation, or requirement as hazardous, toxic, polluting, or otherwise contaminating to the air, water, or soil, or in any way harmful or threatening to human health or the environment, Grantor agrees to take any steps that are required of Grantor with respect thereto under federal, state, or local law necessary to ensure its containment and remediation, including any cleanup.

(d) Grantor warrants that it shall remain in compliance with, all applicable Environmental Laws. Grantor warrants that there are no notices by any governmental authority of any violation or alleged violation of, non-compliance or alleged non-compliance with or any liability under any Environmental Law relating to the operations or conditions of the Property.

(e) "Environmental Law" or "Environmental Laws" means any and all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, guidelines, policies or requirements of any governmental authority regulating or imposing standards of liability or standards of conduct (including common law) concerning air, water, solid waste, Hazardous Materials, worker and community right-to-know, hazard communication, noise, radioactive material, resource protection, subdivision, inland wetlands and watercourses, health protection and similar environmental health, safety, building and land use as may now or at any time hereafter be in effect.

(f) "Hazardous Materials" means any petroleum, petroleum products, fuel oil, waste oils, natural gas, natural gas liquid, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal sources, explosives, reactive materials, ignitable materials, corrosive materials, hazardous chemicals, hazardous wastes, hazardous substances, extremely hazardous substances, toxic substances, toxic chemicals, radioactive materials, infectious materials and any other element, compound, mixture, solution or substance which may pose a present or potential hazard to human health or the environment or any other material defined and regulated by Environmental Laws.

21. Grantor's Title Warranty. Grantor represents and warrants that Grantor has good fee simple title to the Property, including the mineral estate, free from any and all liens or encumbrances, except those set forth in **Exhibit E** ("Prior Encumbrances") attached to this Easement, has disclosed to Grantee any off record lease agreements, liens and encumbrances affecting the Property, and hereby promises to defend the same against all claims that may be made against it. All financial liens or financial encumbrances existing as of the date of the execution of this Easement (excepting liens for real property taxes and assessments which are not yet due and payable) have been subordinated to this Easement. Grantor represents and warrants that the Property is not subject to any other conservation easement whatsoever. If Grantor discovers at any time that any outstanding interest in the Property exists that is not disclosed herein, Grantor shall immediately notify Grantee of the discovery, and shall take all necessary steps to ensure that the interest is discharged or subordinated to this Easement and that the

existence of the interest or the exercise of any rights under it does not interfere with the Conservation Purpose of this Easement.

22. General Provisions.

(a) *Interpretation.* This Easement shall be interpreted under the laws of the State of California and the United States, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its Conservation Purpose. Except as otherwise provided, references to authorities in this Easement shall be to the statute, rule, regulation, ordinance, or other legal provision that is in effect at the time this Easement becomes effective. No provision of this Easement shall constitute governmental approval of any improvements, construction, or other activities that may be permitted under this Easement.

(b) *Successors.* The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective agents, tenants, personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

(c) *Severability.* If any term, provision, covenant, condition, or restriction of this Easement is held by a court of competent jurisdiction to be unlawful, invalid, void, unenforceable, or otherwise not effective, the remainder of the Easement shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

(d) *Perpetuation of Easement.* Pursuant to California Civil Code section 815.1, this Easement shall be of perpetual duration. No merger of title, estate or interest shall be deemed affected by any previous, contemporaneous, or subsequent deed, grant, or assignment of an interest or estate in the Property, or any portion of the Property. It is the express intent of the parties that this Easement not be extinguished by, or merged into, any other interest or estate in the Property now or hereafter held by Grantee, or Grantee's successor or assignee. Nothing contained herein shall result in a forfeiture or reversion of Grantor's title in any respect.

(e) *No Waiver.* Enforcement of the terms of this Easement is at the discretion of Grantee. Any forbearance by Grantee to exercise its rights under this Easement shall not be deemed or construed to be a waiver by Grantee of such term or of any of Grantee's rights under this Easement. No delay or omission by Grantee in the exercise of any right or remedy shall impair such right or remedy or be construed as a waiver. No forbearance or waiver by Grantee of any default or breach, whether intentional or not, shall be deemed to extend to any prior or subsequent defaults or breaches, nor shall it affect in any way any rights arising by virtue of any prior or subsequent occurrence.

(f) *Joint Obligation.* If and when Grantor is comprised of more than one person or entity, the obligations imposed by this Easement upon Grantor shall be joint and several.

(g) *Termination of Rights and Obligations.* A party's rights and obligations under this Easement terminate upon the transfer of that party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive such transfer, and rights to indemnity and other rights under this Easement as to acts, omissions or events occurring prior to such transfer shall survive such transfer.

(h) *Recording.* This Easement shall be recorded in the Official Records of the County of Santa Cruz, State of California.

(i) *Integration.* This Easement is the final and complete expression of the agreement between the parties with respect to this subject matter. Any and all prior or contemporaneous agreements with respect to this subject matter, written or oral, are merged into and superseded by this written instrument.

(j) *Exhibits and Recitals.* All of the exhibits attached to this Easement are hereby incorporated into this Easement by this reference. All recitals in this Easement are accurate and shall constitute an integral part of this Easement, and this Easement shall be construed in light of those recitals.

(k) *Administrative Costs.* The administration of this Easement by Grantee requires considerable time and expense. Grantee shall bear all routine administrative expenses related to the Easement including, but not limited to the following activities: routine easement monitoring and reporting, and notices of permitted activities given as Written Advisements, and routine staff work related to Grantor's refinancing and or sale of the Property. Grantor agrees to pay the reasonable administrative expenses for non-routine administration of the Easement including, but not limited to actions requiring Grantee's approval under Section 8, enforcement of Easement violations, and Grantor's requests for Easement amendments.

(l) *Estoppel Certificate.* In connection with a sale or financing of the Property, Grantee shall, upon not less than thirty (30) days' prior written notice from Grantor, execute and deliver to Grantor or any person designated by Grantor, an estoppel certificate in reasonable form, stating the following: (1) that Grantor is not in violation of this Easement or, (2) if Grantor is in violation, the nature of the violation. Any such statement may be conclusively relied upon by the prospective purchaser, assignee, sublessee, lender or other person or entity reasonably requesting the estoppel certificate.

(m) *Informational Sign.* Subject to Grantor's consent, which will not be unreasonably withheld, Grantee may erect and maintain a sign, not exceeding thirty-two (32) square feet in surface area, in a prominent location on the Property, visible from Amesti Road, bearing information indicating that the Property is subject to an Easement held by Grantee. The sign shall comply with all applicable laws including applicable sections of the Santa Cruz County Zoning Ordinance. Signs that exceed what is allowed under the County Zoning Ordinance are strictly prohibited. The wording of the information shall be determined by Grantee after review with Grantor, but shall clearly indicate that the Property is privately owned and not open to the public.

(n) *Counterparts.* This Easement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same Easement.

23. Acceptance. As attested by the signature of its Executive Director affixed hereto, authorized by Grantee's Board of Trustees, Grantee hereby accepts without reservation the rights

and responsibilities conveyed by this Grant Deed of Agricultural Conservation Easement.

IN WITNESS WHEREOF, Grantor and Grantee, intending to be legally bound, have set their hands on the date first above written. To Have and To Hold, this Conservation Easement unto Grantee, its successors and assigns, forever.

GRANTOR:

GRANTEE:

PISTA BROTHERS, LLC,
a limited liability company

LAND TRUST OF SANTA CRUZ COUNTY,
a California nonprofit public benefit corporation

BY:

STEPHEN PETER PISTA 2014
REVOCABLE TRUST DATED
FEBRUARY 13, 2014, Member

By: _____
Stephen Slade, Executive Director

By: _____
Stephen Pista, Trustee

By: _____
Peter S. Knego, Member

ACKNOWLEDGMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

List of Attachments:

- Exhibit A (Legal Description of Property)
- Exhibit B (Vicinity Map)
- Exhibit C-1 (Farmstead Area and Existing Improvements)
- Exhibit C-2 (Survey of Farmstead Area)
- Exhibit D (Acknowledgement of Condition and Receipt of Baseline Report)
- Exhibit E (Prior Encumbrances)

EXHIBIT A
Legal Description of Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL I:

Beginning at the most northern corner of lands conveyed by Mike Resetar, et ux, to Mitchell Resetar and Louis Resetar by Deed recorded in Volume 146, at Page 477, Official Records of Santa Cruz County, and running thence North 64 ° 15' West 2.34 feet; thence North 0 ° 10' West 16.49.55 feet; thence South 64 ° 15' East 717.78 feet to the middle of a 20 foot right of way; thence on the centerline of said right of way and parallel to and 10 feet from lands of one Simunovich South 0 ° 10' East 1649.55 feet; thence leaving right of way North 64 ° 15' West 715.44 feet to the place of beginning.

APN: 050-181-06

PARCEL I(A):

A right of way 20 feet in width the center line being more particularly described as follows:

Beginning at a station in the northeasterly corner of the lands described as Parcel Two, conveyed by Blas Pista, et ux to Mitchell V. Pista, by Deed recorded December 10, 1929 in Book 169, Page 90 Official Records; thence from said point of beginning the following courses and distances: North 0 ° 10' West 338.10 feet; North 57 ° 50' East 34.95 feet; South 64 ° 15' East 555.06 feet; thence North 57 ° 50' East 34.95 feet and thence North 0 ° 10' West 986.70 feet to the southwestern side of East Correlitos Road, now known as Amesti Road.

PARCEL II:

Being a part of the Rancho Corralitos and beginning at a two inch pipe driven in the place of the original post set for the intersection of the northeastern side of the Watsonville-Santa Cruz County Road with the southeastern side of a forty foot strip of land conveyed by A.D. Richardson, et ux., to S.J. Duckworth, by Deed recorded April 2nd, 1912, in Volume 239 of Deed at page 258, Records of Santa Cruz County; this point of beginning being thirty-one feet from the center line of the present concrete paving measured at right angles from the tangent of said paving; and running thence parallel to and thirty-one feet from the center line of said paving, South 50 ° 11' East, 368.68 feet; thence on a curve to the right having a radius of 5760.65 feet, through an angle of 3 ° 15' for a distance of 326.76 feet; thence South 46 ° 56' 30" East, 633.48 feet to a concrete monument set flush and from which the watch tower on Loma Prieta bears North 16 ° 35' West, Fremonts Peak bears South 50 ° 47' East, and radio tower for Station KHUB bears South 52 ° 39' East; thence leaving road, North 74 ° 14' East 249.20 feet; thence North 57 ° 17' East, 630.80 feet to the line of Lot No. 1 of the Corralitos Rancho and lands of one Resetar; thence along said Lot line and along lands of Resetar and Pista, North 56 ° 46' West, 1366.20 feet, and North 44 ° 48' West, 87.20 feet, to the aforesaid lands conveyed to Duckworth; thence along the boundary of said lands, South 59 ° 2' West, 650.10 feet to the point of beginning.

APN: 050-211-13

PARCEL III:

Being a part of the Corralitos Rancho and beginning on the northeastern side of the Highway leading from Watsonville toward Santa Cruz at the most southern corner of the lands conveyed by Abbie M. Hiberly, et al, to Mitchell V. Pista, et ux, by Deed recorded July 1, 1943, in Volume 463, at Page 13, Official Records of Santa Cruz County; said point of beginning is a concrete monument from which the watch tower on Loma Prieta bears North 16 ° 35' West and the flag pole on Fremonts Peak bears South 50 ° 47' East and radio tower KHUB bears South 52 ° 39' East; and running thence along the boundary of said lands conveyed from Hiberly to Pista as aforesaid North 74 ° 14' East 249.20 feet and North 57 ° 17' East 630.80 feet to the boundary of Lot Number One of the said Corralitos Rancho and to lands of Resetar; thence along said last named boundary South 68 ° 15' East 115.61 feet; thence leaving said boundary South 61 ° 47' West 915.14 feet to the aforesaid Watsonville-Santa Cruz Highway and thence along the said northeastern side of said Highway North 46 ° 56' West 98.00 feet to the place of beginning.

APN: 050-211-12

EXHIBIT B Vicinity Map

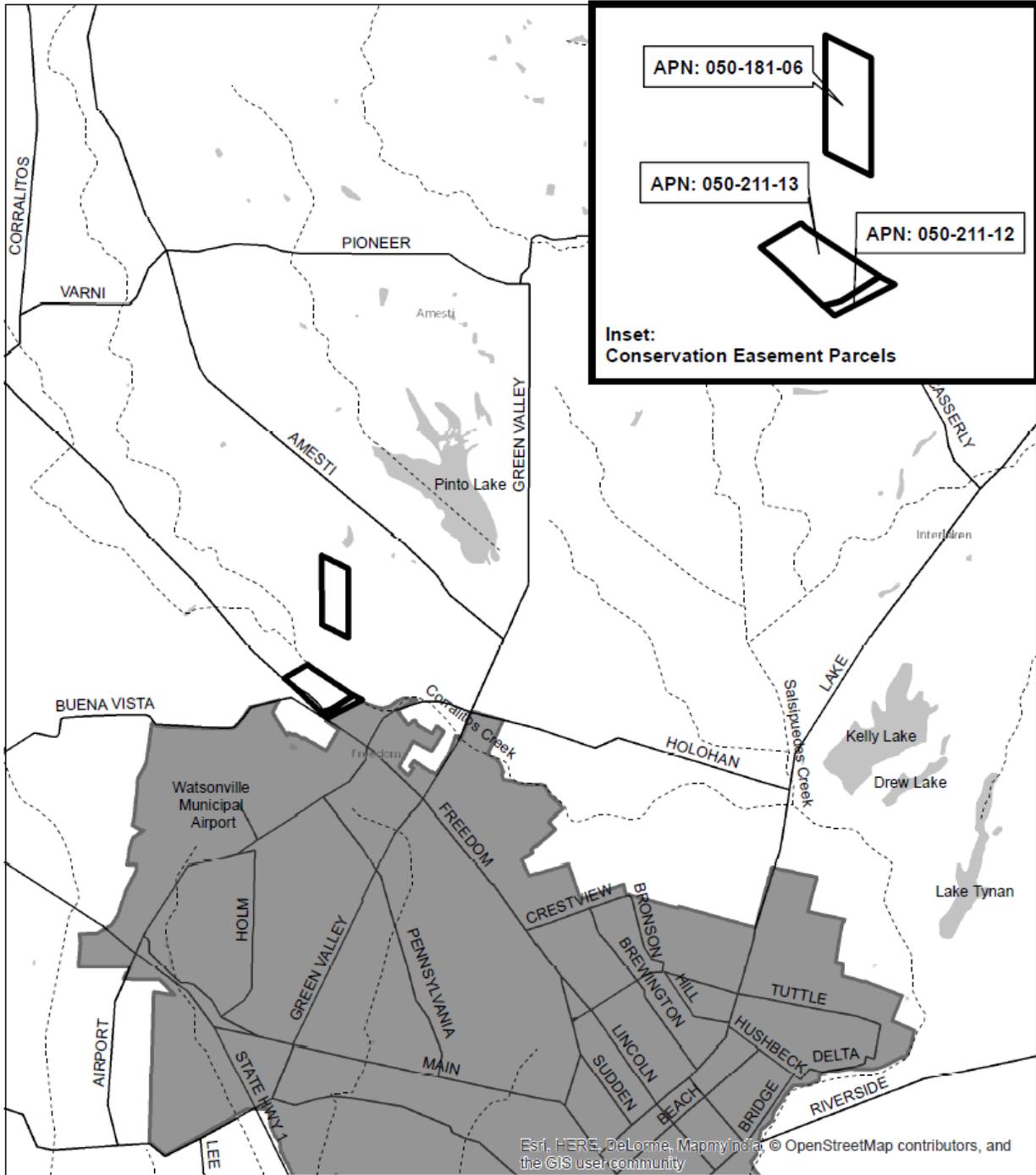


Exhibit B Vicinity Map

- Easement Boundary
- Watsonville Sphere of Influence
- Lakes
- Main Roads
- Stream/River

Map locations are approximations only & are not intended to be survey accurate. Map prepared by Land Trust of Santa Cruz County on May 31, 2017.

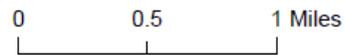
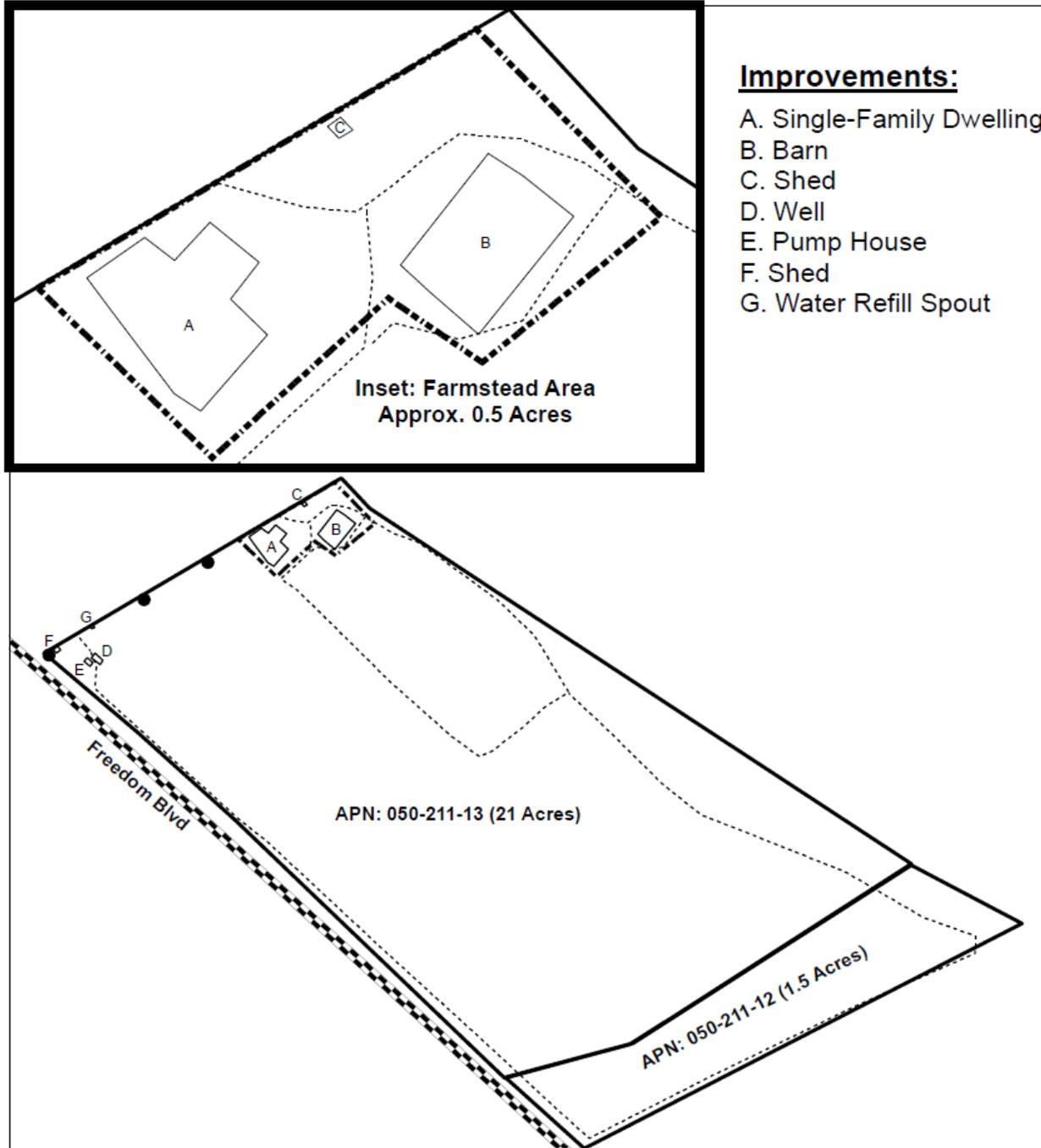


EXHIBIT C-1
Farmstead Area and Existing Improvements [correct acreage]

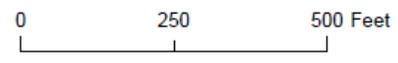


- Improvements:**
- A. Single-Family Dwelling
 - B. Barn
 - C. Shed
 - D. Well
 - E. Pump House
 - F. Shed
 - G. Water Refill Spout

Exhibit C-1: Farmstead Area and Existing Improvements APN 050-211-12 (-13)

Map locations are approximations only & are not intended to be survey accurate. Map prepared by Land Trust of Santa Cruz County on May 31, 2017.

- Easement Boundary
- Farmstead Area (Approx. 0.5 acres)
- Structures/Improvements
- Farm Roads
- Utility Pole
- Freedom Blvd



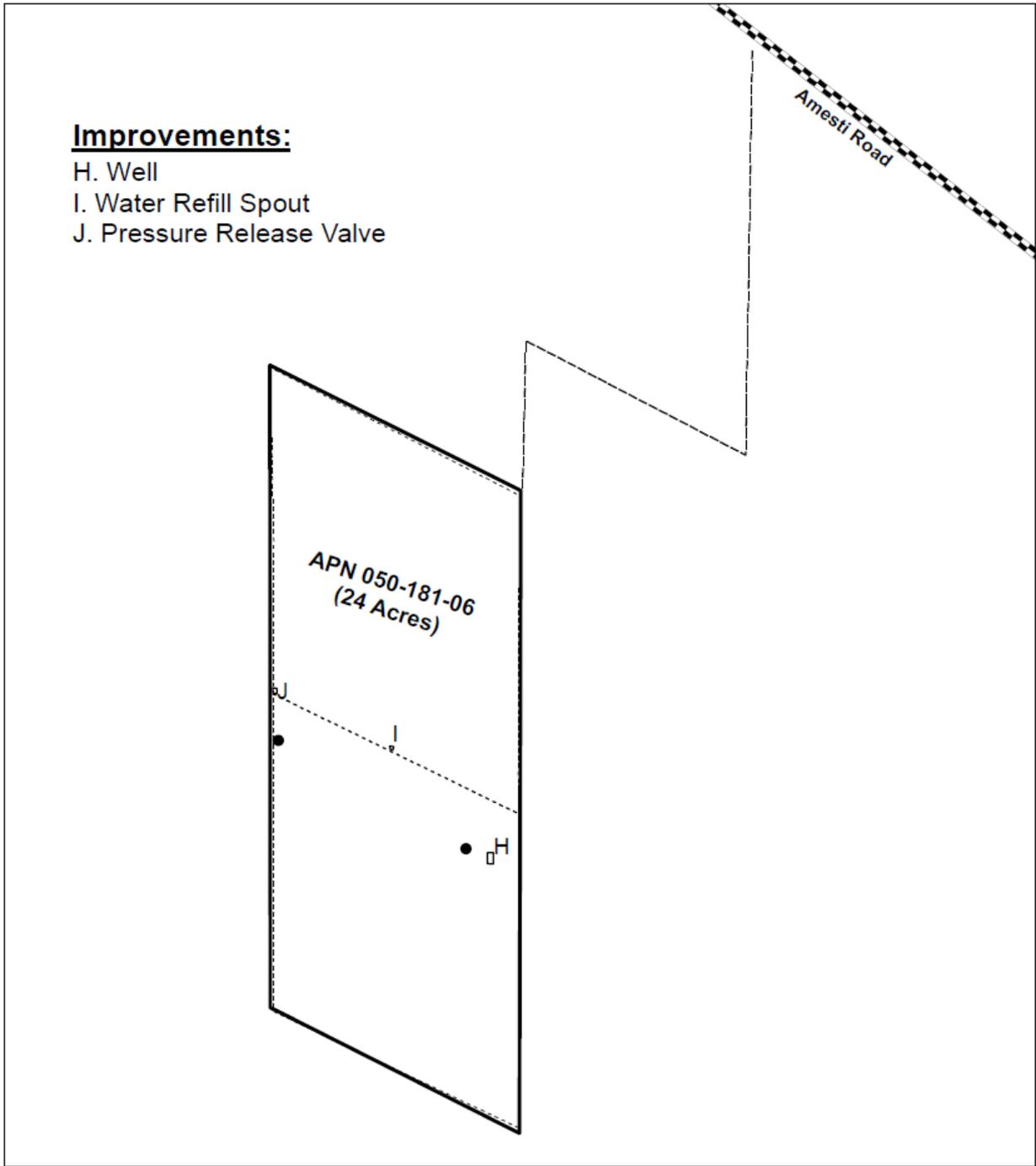


Exhibit C-1: Farmstead Area and Existing Improvements (APN 050-181-06)

- ▣ Easement Boundary
- Structures/Improvements
- Farm Roads
- Access Easement
- ▤ Amesti Road
- Utility Pole



Map locations are approximations only & are not intended to be survey accurate. Map prepared by Land Trust of Santa Cruz County on May 31, 2017.

EXHIBIT C-2
Survey of Farmstead Area [to be inserted]

EXHIBIT D
Acknowledgment of Baseline Report
and Receipt of Baseline Report

The undersigned, _____, on behalf of Grantor, and Stephen Slade, representing the Land Trust of Santa Cruz County, certifies as Grantee of the Conservation Easement, as follows:

- a) Each is familiar with the condition of the Property, and
- b) Each does hereby acknowledge and certify that the Baseline Report, and all of its inclusions, dated _____, 2017, prepared by Barry Baker, Conservation Steward, of the Land Trust of Santa Cruz County, is an inventory of the natural resources of the Property and an accurate representation of the condition of the Property as of the date of conveyance of the Conservation Easement.

Duplicate originals of the Baseline Report were signed and delivered by each of Grantor and Grantee, and each will receive a duplicate original of the Baseline Report at the close of escrow. The Parties have provided the Department of Conservation with a copy of the Baseline Report.

GRANTOR:
PISTA BROTHERS LLC,
a California limited liability corporation
BY:

STEPHEN PETER PISTA 2014 REVOCABLE TRUST
DATED FEBRUARY 13, 2014, Member

By: _____
Stephen Pista, Trustee

By: _____
Peter S. Knego, Member

GRANTEE:
LAND TRUST OF SANTA CRUZ COUNTY,
a California nonprofit public benefit corporation

By: _____
Stephen Slade, Executive Director

EXHIBIT E

Prior Liens and Encumbrances [to be inserted per P&S]

- A. A lien for non-delinquent real property taxes and assessments, not yet due and payable.