

RESOLUTION NO. 2012-11

**A RESOLUTION BY THE BOARD OF DIRECTORS OF
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
APPROVING AGRICULTURAL LEASE WITH HEER/ATWAL ORCHARDS, AND
DELEGATING AUTHORITY TO EXECUTIVE DIRECTOR TO NEGOTIATE FINAL
TERMS AND EXECUTE AGRICULTURAL LEASE**

WHEREAS, Three Rivers Levee Improvement Authority (“TRLIA”) is the owner of approximately 23.406 acres of real property located on Anderson Avenue in Marysville, California (Assessor’s Parcel No. 014-290-034) (the “Property”). The Property is more particularly described in the Agricultural Lease attached as Exhibit A hereto and incorporated herein by reference; and

WHEREAS, TRLIA acquired the Property for the purpose of installing and constructing the Three Rivers Phase 4 Levee Repair Project (the “Project”); and

WHEREAS, on October 18, 2011, the TRLIA Board adopted Resolution No. 2011-10 declaring the Property as surplus and authorizing the Executive Director to commence the procedures for disposing of surplus land pursuant to California Government Code sections 54220-54232; and

WHEREAS, TRLIA has sent a written offer to sell or lease the Property to certain specified government agencies pursuant to Government Code section 54222 and been advised that none of these agencies are interested in purchasing or leasing the Property; and

WHEREAS, Heer/Atwal Orchards has offered to lease the Property under terms that are acceptable to TRLIA.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors of the Three Rivers Levee Improvement Authority hereby approves the Agricultural Lease attached as Exhibit A hereto.
2. The Board hereby authorizes and directs the Executive Director to negotiate final terms for the Agricultural Lease attached as Exhibit A hereto, and to execute the Agricultural Lease attached as Exhibit A hereto after notice of the lease is provided as required by California Government Code sections 6061 and 25537(b).

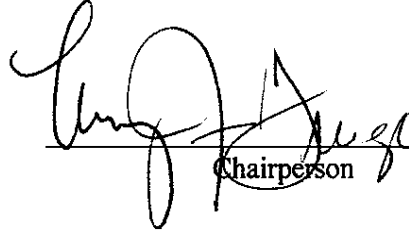
PASSED AND ADOPTED this 7 day of August, 2012, by the Board of Directors of Three Rivers Levee Improvement Authority by the following vote:

AYES: Directors Brown, Crippen, Graham, Griego, Nicoletti

NOES: None

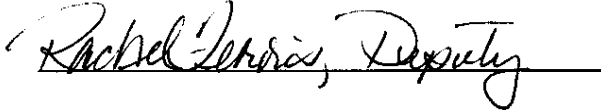
ABSENT: None

ABSTAIN: None



Chairperson

ATTEST: DONNA STOTTLEMEYER,
CLERK OF THE BOARD



Rachel Gerros, Deputy

APPROVED AS TO FORM: GENERAL COUNSEL
SCOTT SHAPIRO



AGRICULTURAL LEASE

1. Parties. This Lease (hereinafter, "Lease"), dated for reference purposes only _____, 2012 is made by and between Three Rivers Levee Improvement Authority, a joint powers agency of the State of California ("Landlord") and Heer/Atwal Orchards ("Tenant").

2. Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord for the term, and upon all of the conditions set forth herein, that certain real property located in the County of Yuba (the "County"), State of California (the "State"), consisting of 23.406 acres, more or less, of Assessor's Parcel Number 014-290-034 and more particularly described on **Exhibit A** (the "Premises").

3. Term. The term of this Lease shall commence upon September 1, 2012 and terminate on August 31, 2013. The term of this Lease shall be non-renewable. Notwithstanding the foregoing, Landlord may terminate this Lease at any time on 60 days notice if Landlord finds it necessary to do so in meeting Landlord's needs, including any federal or state requirements. If, prior to the time for harvesting, Landlord should terminate this Lease, Landlord agrees to reimburse Tenant for all reasonable and/or actual costs expended by Tenant pursuant to this Lease in the production of that portion of the crop affected by any such termination. If termination is made due to default, Landlord shall not be liable for any reimbursements to Tenant. Landlord shall not be liable for loss of anticipated profits. Tenant agrees to maintain an accurate record of all expenditures for labor and materials made in connection with this cultivation of, or capital improvements to, the Premises in order that Landlord may verify the amount of reimbursement to be made to Tenant. Tenant shall support all such expenditures with appropriate, receipted, written vouchers.

4. Rent.

4.1. **Rent.** Tenant shall pay to Landlord, in addition to providing a valuable service of maintenance and upkeep of the Property, including maintenance of any wells and pumps, weed abatement, trash removal, pest control, and prevention of trespass, an annual rent for the Premises in the amount of the lesser of three percent (3%) of the Gross Income from the Property over the course of the applicable prior twelve-month period, or an amount equal to \$10,000 per month. Rent shall be due on August 31, 2013. Rent shall be payable at the Landlord's address stated below or to such other persons or at such other places as Landlord may designate in writing.

4.2. **Additional Responsibilities.** In addition to the rent reserved by Paragraph 4.1, Tenant shall be responsible for paying to the parties respectively entitled to such amounts, the annual cost of irrigation water, utilities, insurance premiums, operating charges, and any other charges, costs and expenses which arise or may be contemplated under any provisions of this Lease during the term.

4.3. **No Abatement of Rent.** It is the intention of the parties that this Lease shall not be terminable for any reason by Tenant, except as provided in Paragraphs 3 and 14, and that Tenant shall in no event be entitled to any abatement of or reduction in rent payable under this Lease, except as expressly provided in this Lease. Any present or future law to the contrary shall not alter this agreement of the parties.

Exhibit A

4.4. Gross Income. "Gross income" or "gross receipts," as used in this Lease, shall include all income resulting from occupancy of the Premises from whatever source derived whether received or to become due. Provided, however, gross income shall not include federal, state, or municipal taxes collected from the consumer (regardless of whether the amount thereof is stated to the consumer as a separate charge) and paid over periodically by Tenant to a governmental agency accompanied by a tax return or statement as required by law. Possessory interest taxes or other property taxes shall not be deducted by Tenant in computing gross income. Gross income shall not include refunds for goods returned for resale on the Premises or refunds of deposits. The amount of such taxes and refunds shall be clearly shown on the books and records of Tenant. The percentage rent shall be calculated and paid by Tenant on the basis of said gross income whether the income is received by Tenant or by any sublessee, permittee or licensee, or their agents, and all gross income received by any sublessee, permittee, licensee, or other party as a result of occupancy of said Premises or the operation thereof shall be regarded as gross income of Tenant for the purpose of calculating the percentage rent hereunder required to be paid by Tenant to Landlord, except as may be otherwise specified by or pursuant to this Lease.

5. Use.

5.1. Use. The Premises shall be used and occupied for agricultural and related purposes only. Any other use of the Premises is prohibited. All crops must be harvested by the end of the Lease term. Tenant waives the provisions of Section 1932 and 1933 (4) of the Civil Code of California. Multiple year crops which produce beyond the term of this Lease, are planted at the sole risk and responsibility of Tenant and such planting does not convey any right of Tenant or responsibility of Landlord to extension of this Lease beyond the Lease expiration or termination date or any right to compensation for any multiple year crops which produce beyond the term of the Lease or after Lease termination. Landlord shall not be held accountable to Tenant for any crops harvested by Landlord or third parties beyond the term of this Lease or the termination of the Lease.

5.2. Compliance with Law. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Tenant of the Premises. Tenant shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance.

5.3. Flood Plain. Tenant acknowledges that the Premises is in a flood plain and subject to flooding. Tenant assumes all risk that the Premises may flood during the term of this Lease.

5.4. No Warranty of Suitability of the Soil. Landlord does not warrant suitability of the soil for growing authorized crops, nor the absence of deleterious organisms or chemicals in the soil.

5.5. Water Availability. It is understood and agreed by the parties that Landlord does not guarantee the availability, quality or quantity of water on the Premises.

6. Lease Subject to Existing Rights of Others. This Lease is subject to all existing

and future easements, servitudes, licenses and rights-of-way for canals, ditches, levees, roads, highways and telegraph, telephone and electric power lines, railroads, pipelines and other purposes, whether recorded or not. Landlord makes no warranty of title to the Premises.

7. Maintenance, Repairs and Alterations.

71. **Tenant's Obligations.** Tenant, at Tenant's sole cost, shall keep the Premises in good order and condition during the term of this Lease. All operations incident to this use of the Premises shall be carried out according to the best course of agricultural practices in the vicinity. On default of Tenant to use the Premises as required by this Lease, Landlord reserves the right, after having given 10 days' notice, to take reasonably necessary remedial measures at the expense of Tenant, for which Tenant shall reimburse Landlord on demand. Tenant will make reasonably diligent efforts to prevent the spread of all noxious weeds on the Premises and will take commercially reasonable measures in accordance with customary good farming practices to protect the Premises from infestations of pests. Tenant will make reasonably diligent efforts to prevent infestations of organisms that may produce disease in crops grown on the Premises during and after the term of this Lease.

72. **Surrender.** On the last day of the term of this Lease, or on any sooner termination, Tenant shall surrender the Premises to Landlord in reasonably the same condition as when received. Tenant shall remove any of Tenant's own equipment or any equipment placed by Tenant on the Premises but not any wells or pumps.

73. **Landlord's Obligations.** Landlord shall have no obligation, in any manner whatsoever, to repair and maintain the Premises. Tenant expressly waives the benefit of any statute now or hereinafter in effect which would otherwise afford Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

74. Alterations and Additions.

(a) Tenant shall not, without Landlord's prior written consent, which consent shall not be unreasonably withheld, make any alterations, improvements or additions on or about the Premises, except for that which is required for the agricultural use of the Premises. Should Tenant make any alterations, improvements or additions Landlord may condition its approval on Tenant agreeing to remove any or all of such improvements at the end of the term of this Lease.

(b) Tenant agrees that in no event shall Landlord be required to perform any maintenance on or make improvements, repairs or alterations to the Premises of any nature whatsoever, or to pay or reimburse Tenant for any part of the cost thereof.

(c) Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises which claims are or may be, secured by any mechanics' or materialmen's lien against the Premises or any interest in the Premises.

(d) Unless Landlord requires their removal, as set forth in Paragraph 7.4(a), all alterations, improvements or additions, which may be made on the Premises, shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Tenant's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant subject to the provisions of Paragraph 7.2.

8. Environmental Matters.

8.1. Compliance with Environmental Requirements. Tenant expressly agrees, at all times and in all respects, to comply with all federal, state and local laws, regulations, ordinances, other requirements, permits and orders issued in relation thereto, which are designed to protect public health and safety, worker health and safety, or the environment, including, but not limited to, management of hazardous materials and/or hazardous waste (collectively referred to hereinafter as "Environmental Requirements"). For this purpose, "management" includes, but is not limited to, use, storage, handling and transportation. Tenant expressly agrees not to store hazardous waste on the Premises, treat hazardous waste on the Premises or dispose of, or bury any waste, including hazardous waste, on the Premises.

8.2. Handling of Pesticides and Fertilizer. Tenant expressly agrees to use and handle pesticides and fertilizers in compliance with all Environmental Requirements which are designed to regulate pesticides and fertilizers, including, but not limited to, requirements pertaining to re-entry or pre-harvest intervals. No poison, herbicide, or pesticide other than those approved by the United States Department of Agriculture and by the California Department of Agriculture shall be applied to the Premises or crops growing thereon. The use of the pesticide aldicarb (also known as Temik) is prohibited. Landlord reserves the right to prohibit the application of a listed pesticide, fertilizer, or soil amendment, but not without recommending an effective and suitable replacement. No soil sterilant or semi-sterilant, experimental poisons, herbicides, pesticides, fertilizers, or other foreign chemical or substance shall be applied to the Premises, or the crops growing thereon, without the prior written consent of Landlord. No pesticide or agricultural chemical shall be used by Tenant if it results in a plant-back restriction or other provision which would place any limitation on the use of the Premises which extend beyond the term of the Lease without the prior written consent of Landlord. The use of pesticides should be minimized. Tenant shall provide Landlord a copy of Tenant's County Pesticide Permit prior to planting each crop year. Tenant agrees to keep true and correct records of the time, place, and all other information and data pertaining to the quantity, kind, use, and method of application of any poison, herbicide, pesticide, fertilizer, or other foreign chemical or substance and to furnish Landlord true and correct copies thereof upon demand.

8.3. Contamination. Tenant expressly agrees, at all times and in all respects, to comply with all federal, state and local laws, regulations, ordinances, other requirements, and permits and orders issued in relation thereto which concern any contamination, release, pollution, nuisance or waste, whether toxic or nontoxic chemical or biological, which may result from Tenant's operation on, and use of, the Premises during the term of this Lease, whether created or maintained by Tenant, its agents, servants or employees, or whether Tenant assists in the creation or maintenance thereof.

9. Insurance.

91. **Liability Insurance.** Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of Combined Single Limit, Bodily Injury and Property Damage insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant to the Premises. Such insurance shall be a combined single limit policy in an amount not less than \$1 Million per occurrence. The policy shall insure performance by Tenant of the indemnity provisions of this **Paragraph 9.** The limits of such insurance shall not, however, limit the liability of Tenant under this Lease. Landlord shall be an additional named insured on the policy of insurance.

92. **Insurance Policies.** Insurance required hereunder shall be in companies holding a "General Policyholders Rating" of at least "A-VIP" in the most current issue of "Best's Insurance Guide". At Landlord's request, Tenant shall deliver to the Landlord copies of policies of such insurance or certificates evidencing the existence and amount of such insurance with loss payable clauses as required by this **Paragraph 9** concurrently with the execution and delivery of this Lease. No such policy shall be subject to cancellation or reduction of coverage or other modification except after 30 days' prior written notice to Landlord. Tenant shall not do or permit to be done anything which shall invalidate the insurance policy referred to in this **Paragraph 9.** Should Tenant fail to maintain the insurance coverage required by this Lease, Landlord shall make demand upon Tenant to cure such default and if it is not cured within 15 days of notice thereof, then Landlord may purchase such coverage and charge Tenant for the costs incurred by Landlord and Tenant shall reimburse Landlord for such costs within 30 days.

93. **Indemnity.** Tenant shall defend, indemnify and hold harmless Landlord from and against any and all claims arising from Tenant's use of the Premises, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere and shall further defend, indemnify and hold harmless Landlord from and against any and all claims arising from the failure of Tenant to perform any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any negligence of the Tenant, or any of Tenant's agents, contractors, or employees, and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against Landlord by reason of any such claim, Tenant upon notice from Landlord shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord.

10. Real Property Taxes.

101. **Payment of Taxes.** Tenant shall pay the real property tax applicable to the Premises, assessments or charges that may be levied upon the interests in this Lease. Tenant understands that this Lease may create a possessory interest subject to property taxation and Tenant may be subject to the payment of property taxes levied on such interest assessed against the Premises during the term of this Lease.

102. Personal Property Taxes.

(a) Tenant shall pay prior to delinquency all taxes assessed against and

levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. When possible, Tenant shall cause such trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

(b) If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within 30 days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

11. Utilities. Tenant shall pay for power, telephone or other utilities provided to the Premises at Tenant's request or for Tenant's use.

12. Subletting and Assignment.

121. Sublease. Tenant may not sublease the Premises, without Landlord's prior written consent, which Landlord may withhold in Landlord's sole discretion.

122. Assignment. Tenant may not assign this Lease, in whole or in part, without Landlord's prior written consent, which Landlord may withhold in Landlord's sole discretion.

13. Defaults; Remedies.

13.1. Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant.

(a) The vacating or abandonment of the Premises by Tenant. Notwithstanding the forgoing, Tenant's failure to farm the Premises or allow some or all field to lie fallow to comply with governmental programs, due to uneconomic conditions for growing crops or good agricultural practices shall not be deemed vacating or abandoning the Premises, provided that Tenant maintains such fallow ground in accordance with the provisions of Paragraph 7.1 with respect to weeds.

(b) The failure by Tenant to make any payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of five days after written notice thereof from Landlord to Tenant.

(c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in paragraph (b) above, where such failure shall continue for a period of 30 days after written notice of the default from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than 30 days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the 30-day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the petition

is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days. Provided, however, if any provision of this Paragraph 13.1(d) is contrary to any applicable law, such provision shall be of no force or effect.

132. Remedies. In the event of any such default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. If Landlord shall elect to terminate this Lease, then Landlord may recover from Tenant any amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligation under this Lease or which in the ordinary course of things would be likely to result from such failure.

133. Re-entry. In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Paragraph 13.3 shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination of this Lease be decreed by a court of competent jurisdiction.

134. Cumulative Rights. All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in the waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

135. Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than 30 days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have been furnished to Tenant in writing, specifying in what respect Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

14. Condemnation. If the whole or any part of the Premises shall be condemned or taken by any public authority under the power of eminent domain, then the terms of this

Lease shall cease as to the parts taken, from the day that possession of such portion shall vest in the condemnor. If in excess of 50% of the Premises shall be so taken, Tenant may, at its option, upon 10 days written notice, declare this Lease terminated.

15. Estoppel Certificate. Tenant shall at any time upon not less than 10 days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (a) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed; and (c) such other information as may be reasonably requested regarding this Lease. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

16. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision of this Lease.

17. Interest on Past-due Obligations. Except as expressly provided in this Lease, any amount due to Landlord not paid when due shall bear interest at the maximum rate than allowable by law from the date on which Landlord delivers notice to Tenant of late payment. Payment of such interest shall not excuse or cure any default by Tenant under this Lease, provided, however, that interest shall not be payable on late charges incurred by Tenant.

18. Time of Essence. Time is of the essence.

19. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned in this Lease. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that Landlord and any employees and or agents of any of such persons have not made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of the Premises and Tenant acknowledges that Tenant shall materially comply with all applicable laws and shall be responsible for the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease except as otherwise specifically stated in this Lease.

20. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, by certified mail or overnight delivery by a nationally recognized, reputable delivery service (e.g., Federal Express, UPS, etc.), and if given personally or by mail, shall be deemed sufficiently given if addressed to Tenant or to Landlord at the address noted below the signature of the respective parties, as the case may be. Either party may by notice to the other specify a different address for notice purposes. A copy of all notices required or permitted to be given to Landlord shall be concurrently

transmitted to such party or parties at such addresses as Landlord may from time to time designate by notice to Tenant.

21. Waivers. No waiver by Landlord of any provision of this Lease shall be deemed a waiver of any other provision of this Lease or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of, any act shall not be deemed to render necessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

22. Holding Over. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant, but all options and rights of first refusal, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

23. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

24. Covenants and Conditions. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

25. Succession and Choice of Law. Subject to any provisions of this Lease restricting assignment or subletting by Tenant and subject to the provisions of Paragraph 12, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

26. Subordination.

26.1. If Landlord encumbers the Premises, this Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

26.2. Tenant agrees to execute any documents required to effectuate an attornment, non-disturbance and subordination to the lien of any mortgage, deed of trust or ground lease, as the case may be. Tenant's failure to execute such documents within 10 days after written demand shall constitute a material default by Tenant hereunder, or, at

Landlord's option, Landlord shall execute such documents on behalf of Tenant as Tenant's attorney-in fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in fact and in Tenant's name, place and stead, to execute such documents in accordance with this Paragraph.

26.3 Tenant shall not do any act which shall in any way encumber the title of Landlord in and to the Premises, nor shall the interest or estate of Landlord in the Premises be in any way subject to any claim by way of lien or encumbrance, whether by operation of law or by virtue of any express or implied contract by Lessee. Any claim to, or lien upon, the Premises arising from any act or omission of Tenant shall accrue only against the leasehold estate of Tenant and shall be subject and subordinate to the paramount title and rights of Landlord in and to the Premises.

27. Attorney's Fees. If either party herein brings an action to enforce the terms of this Lease or declare rights under this Lease, the prevailing party in any action, on trial or appeal, shall be entitled to such party's reasonable attorney's fees to be paid by the losing party as fixed by the court.

28. Landlord's Access. Landlord and Landlord's agents shall have the right to enter on the Premises at reasonable times for any reasonable purpose. Landlord shall indemnify and hold Tenant harmless from all liability relating to such entry, except for liability which results from Tenant's negligence or willful acts.

29. Signs. Except for signs which relate to agriculture products actually used by Tenant on the Premises, Tenant shall not place any sign upon the Premises without Landlord's prior written consent which consent shall not be unreasonably withheld. Landlord shall be allowed to place such signs upon the Premises as Landlord may from time to time desire.

30. Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

31. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions of this Lease, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of such party to pay such sum or any part thereof, such party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

32. Waiver of California Code Sections. Tenant waives the provisions of Civil Code Sections 1932(2) and 1933(4) with respect to the destruction of the Premises, Civil Code Sections 1932(1), 1941 and 1942 with respect to Landlord's repair duties and Tenant's right of repair, and Code of Civil Procedure Section 1265.130, allowing either party to petition

the Superior Court to terminate this Lease in the event of a partial taking of the Premises for public or quasi-public use by statute, by right of eminent domain, or by purchase in lieu of eminent domain, and any right of redemption or reinstatement of Tenant under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473, 1174(c) and 1179 and Civil Code Section 3275) if Tenant is dispossessed from the Premises for any reason. This waiver applies to future statutes enacted in addition or in substitution to the statutes specified herein, and this waiver shall apply even though Tenant may be the subject of a voluntary or involuntary petition in bankruptcy.

33. Waste. Tenant shall not commit, or permit others to commit, on the Premises waste, or nuisance, or any other act that could disturb the quiet enjoyment of Landlord on adjacent property.

34. No Relocation Benefits. Tenant acknowledges the following: Tenant commenced occupancy of the Premises after Landlord acquired possession to it, Landlord acquired the Premises for a public project (the Feather River Levee Improvement Project), Tenant may be required to vacate the Premises to allow construction of the public project, and Tenant is not entitled to receive any payments under either the State or the Federal Uniform Relocation Assistance Act. (Cal. Gov't Code §§ 7260, et seq.; 42 U.S.C. §§ 4601, et seq.)

35. Mineral Rights.

36.1 The exclusive right to conduct seismic and other geophysical surveys and otherwise to prospect for, drill for, produce, mine, extract and remove oil and gas upon and from the Premises, the exclusive right to drill upon, to drill through and otherwise to use the Premises to produce, mine, extract, and remove water from adjacent or neighboring lands, and the exclusive right to inject in, store under, and thereafter withdraw from the Premises oil and gas, whether produced from the Premises or elsewhere, together with the right to drill and operate whatever wells, construct, install, operate, maintain and remove whatever other facilities and do whatever else may be reasonably necessary on and in the Premises for the full enjoyment and exercise of the above rights, and the unrestricted right of ingress and egress on the Premises for all such purposes, may be reserved or owned by other parties or may be transferred by Landlord to other parties.

36.2 Tenant agrees not to interfere, in any way, with the interests of any person or persons that may presently or in the future hold oil, gas, or other mineral interests upon or under the Premises; nor shall Tenant, in any way, interfere with the rights of ingress and egress of said interest holders.

36. Cropping Programs and Agreements. Tenant shall not, without prior written consent of Landlord, enter into any soil conservation, Federal farm program or cropping agreement affecting the Premises, irrespective of whether such agreement shall be proposed or submitted under or in compliance with any Federal, state, county, or municipal law, or by private arrangement. Tenant shall, upon written request of Landlord, enter into and execute any and all such soil conservation, Federal farm program or cropping agreements affecting the Premises. If any Federal or state programs regulating crop acreage or crop production are imposed during the term of this Lease, the acreage or production rights resulting from said program, as applied to the Premises, shall remain with and inure to

the benefit of the Landlord.

37. Ownership of Facilities. Upon expiration of this Lease, or sooner termination, any and all irrigation facilities upon the Premises, including but not limited to any wells, pumps, electric motors, pipelines, valves, and water gates, but excepting portable sprinkler irrigation facilities and tail water pumps provided by Tenant, shall become the property of the Landlord free of cost to Landlord. Ownership and removal of facilities or improvements placed on Premises with prior written approval of Landlords shall be as stated in the written approval. All other facilities or improvements placed on the Premises by Tenant which are required to comply with generally recommended farming practices shall become the property of Tenant so long as this Lease is in effect and shall be removed by Tenant upon termination of this Lease.

LANDLORD

Three Rivers Levee Approval Authority

Date: _____

By: _____
Paul G. Brunner,
Executive Director

TENANT

Heer/Atwal Orchards

Date: _____

By: _____
Sarbdeep Atwal

EXHIBIT A

Description of Property

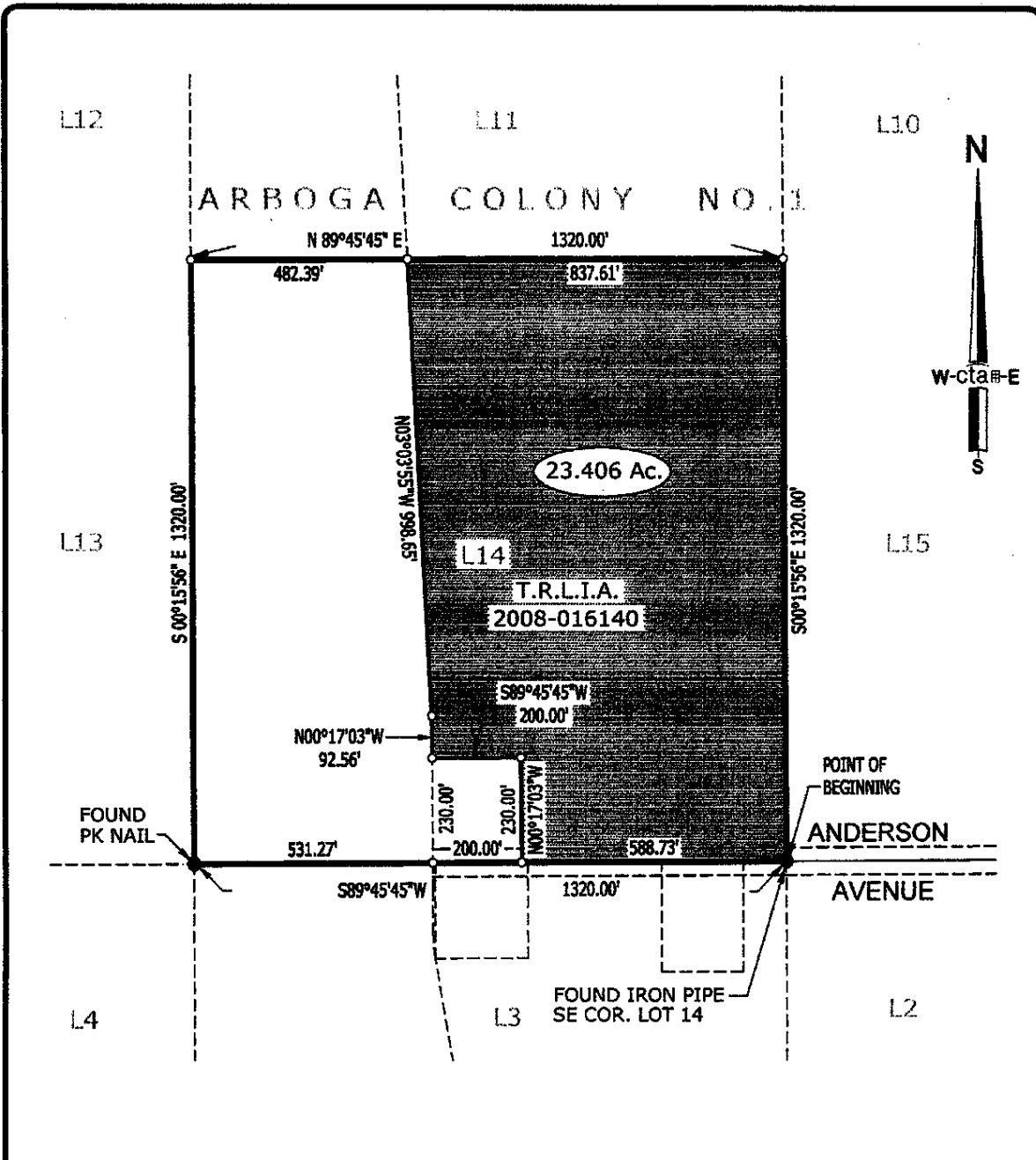


	Exhibit 'A-2'		DATE: 11/13/2011	DRAWN BY: KAH	SHEET 1 OF 1
	OWNER: Three Rivers Levee Imp. Auth.	A.P.N. 014-290-034	SCALE: 1"=300'	JOB NO. 06-008-005	
	AREAS: 23.406 Ac.	THREE RIVERS LEVEE IMPROVEMENT AUTHORITY			
			FEATHER RIVER SETBACK LEVEE Reclamation District 784 A PORTION OF LOT 14, BLOCK 24, ARBOGA COLONY NO. 1 BK. 1 MAPS, PG. 31 COUNTY OF YUBA, STATE OF CALIFORNIA		

The foregoing instrument is a Correct Copy
of the original on file in this office
ATTEST: DONNA STOTTEMEYER
Clerk of the Board of Supervisors of the
County of Yuba, State of California

By Rachel Ferris, Deputy
Date: August 7, 2012