

## L E A S E

1. PARTIES. The parties to the within agreement are the HUMBOLDT BAY MUNICIPAL WATER DISTRICT, hereinafter called Lessor, and the COUNTY OF TRINITY, STATE OF CALIFORNIA, hereinafter called Lessee, both of which are political subdivisions of the State of California.

2. TERM. The term of the within Lease shall be thirty-nine (39) years commencing June 1, 1964 and ending May 31, 2003, without any other act of Lessor had or obtained. Provided, however, that should the Lessee hold over beyond the expiration of the within term that the tenancy shall continue thereafter from month to month, and provided further, that the Lessee may at its option renew the within term for successive ten (10) year periods, at the request of Lessee, should Lessee so request within thirty (30) days prior to the end of the within term or any ten (10) year extension thereof. In no event shall the original term and renewals exceed ninety-nine (99) years in total.

3. RENTAL. The rental for the within thirty-nine (39) year term is the sum of THIRTY-NINE (\$39.00) DOLLARS, ONE (\$1.00) DOLLAR of which is payable on July 1, 1964, the balance thereof to be paid in successive annual installments of ONE (\$1.00) DOLLAR each on the 1st day of July in each successive year.

4. PURPOSE OF LEASE. The lands hereinafter described demised by Lessor to Lessee are let solely for the following purposes and no other purpose or purposes whatsoever or at all:

(a) To build, maintain and operate boat launching facilities, access and appurtenances thereto.

(b) To construct and maintain such other and further recreational facilities, roads and structures as Lessee may deem desirable from time to time, provided however, that Lessee shall give forty-five (45) days prior written notice of any such construction. Every such notice must be accompanied by a building permit issued by

the County of Trinity and any other applicable political subdivision of the State of California. In the event that Lessor does not object to such construction within said forty-five (45) day period, Lessee may do the construction in accordance with the notice and accompanying building permit. Lessor shall not object to such construction unless the same shall unreasonably interfere with or be likely to interfere with the value or utility of Lessor's lake, waters, and improvements at Ruth, California. In the event that Lessor desires to object, such objection shall be made in writing and shall specify the grounds of objection. No construction shall be done after such objection by Lessor except with prior written approval of Lessor.

In the event of disagreement between Lessee and Lessor as to Lessor's ground of objection as above set forth, Lessor and Lessee shall each designate an arbitrator and the two arbitrators so selected shall select a third arbitrator. The arbitrators so selected shall herein determine the controversy, and their decision thereupon shall be final and binding upon the parties hereto. Each party shall bear half of the cost of such arbitration.

(c) To sublet to tenants of Lessee ground upon which to carry on the activities set forth in (a) and (b) above, provided further, that any such subtenant shall agree in writing to be bound by the terms of these presents.

(d) Any subletting or sublease shall not act in any way to relieve the Lessee from any of its undertakings herein. Lessee may assign the within Lease in whole or in part. No such assignment or assignments shall relieve Lessee of any of its undertakings herein.

5. PREMISES. The lands hereby demised are all those lands of Lessor above the level of the water in the lake of Lessor, as the same may exist from time to time. It is understood and agreed that the water level of the lake cannot be accurately set forth, as the same will necessarily vary due to the forces of nature, and Lessor's operation of its project.

Lessor reserves, and specifically excludes from the lands demised by this agreement, all lands owned by Lessor, or to be owned

by Lessor within 2,000 feet of the center line of the dam of Lessor as the same is now constructed at Ruth, California; PROVIDED, however, that Lessee may have full use, consistent with this lease, of a certain vista site and flat within approximately 2,000 feet of the center line of said dam.

It is understood that Lessor may at some future time require the use thereof for construction purposes, and that Lessee will not sublease any portion thereof, or seek permission for any commercial or dwelling structures to be placed thereon. Lessor may at any time recapture the use of said vista site and flat if needed by District for construction purposes.

6. INTERFERENCE WITH LESSOR'S ACTIVITIES. Lessee covenants for itself, its successors, assigns and subtenants that it shall not nor shall any of them engage in any activity, construction or take any act which shall in any way interfere with Lessor's lake and dam, the water therein or the beneficial enjoyment and use thereof or the quantity thereof. The parties hereto recognize that the waters impounded in said lake are intended both for human and industrial consumption and that every effort must be taken and maintained in order to preserve the purity and quantity thereof.

In order to protect Lessor and its facilities, Lessee covenants that it and its subtenants, if any, shall give notice of construction in the same manner as provided in Paragraph 4(b) above, subject to the same objection of the District. All subtenants, if any, shall comply with all building and health ordinances of the COUNTY OF TRINITY and the STATE OF CALIFORNIA. The notice required to be given to Lessor hereunder is not in any manner to be deemed limited to buildings or structures, but extends to roads, wells, outbuildings, drainage facilities, pipes, recreational facilities, utility services, communication facilities, and boat facilities. Notice, subject to objection thereby prohibiting such construction, shall be required for both permanent and temporary facilities.

7. LAKE LEVEL. The primary purpose of the installation of Lessor's facilities at Ruth, California, is for impounding water.

It is agreed between the parties hereto that the level of the lake at Ruth, California, shall be maintained or kept at such levels as the Lessor shall in its sole discretion deem advisable from time to time, provided, however, that Lessor covenants that it will not raise the height of the spillway crest of its said dam above contour 2697. Lessor reserves to itself the right to change the level thereof, whether to the detriment of Lessee or its subtenants or not, without any prior notice to Lessee or its subtenants. It is specifically understood that Lessor may at any time in the future increase the lake level to a stage which may or may not inundate or impair facilities of Lessee or Lessee's subtenants. Should the same occur, Lessor will not give or render any consideration whatsoever or at all for such damages, if any, as may be occasioned to Lessee and its subtenants. Lessor covenants that it will not drain the lake below the minimum pool required under its said water rights application. Lessor further covenants that it will make surplus water available to tenants of Lessee and Lessee to the extent that there is surplus water available at reasonable prices and under reasonable conditions. "Surplus water" is used within this paragraph to mean that water not otherwise committed by law or contract belonging to the District under its said water rights, and further not required or needed by the District for use or sale within the physical confines of the District as the same shall politically exist from time to time.

8. STATE GRANT. The Lessor is about to receive a State grant under contract of NINETY-FIVE THOUSAND (\$95,000.00) DOLLARS pursuant to the Davis-Grunsky Act for development, operation and maintenance of on-shore recreation facilities at the demised premises, which funds shall be spent as follows:

(a) So much thereof as is necessary for the construction of facilities as provided under Paragraph C of a contract between the State of California and Lessor under the Davis-Grunsky Act. Lessor will proceed to construct said facilities as soon as the State of California has approved the plans and specifications in relation thereto.

(b) (b) The balance of said sum after construction costs shall be deposited in a trust account to secure Lessor's performance of said contract to said State and Lessor will invest said trust account in such a manner as to bear interest and will pay the interest to Lessee on the 30th day of June of each year, as earned. When a sufficient number of years have elapsed to release Lessor from any claim by said State under said contract for return of funds, Lessor will pay unto Lessee the sum of TWO THOUSAND THREE HUNDRED SEVENTY-FIVE (\$2,375.00) DOLLARS each year thereafter on the 1st day of July of each year until the entire balance of said account has been paid to Lessee. Lessee covenants that it will keep and maintain all of Lessor's covenants in said contract, which contract is incorporated herein as though set forth at this point in full.

(c) Lessee covenants that it will provide Lessor with duplicate copies of all reports which shall be required from time to time by the State of California in relation to said State grant and contract relating thereto.

9. NON-LIABILITY OF LESSOR. As a material part of the consideration for the within Lease Lessee covenants that in its sole cost and expense it will comply with all of the requirements of all State and Federal authorities now in force or which may hereinafter be in force pertaining to the said premises and shall faithfully observe in the use of the premises all State and Federal statutes now in force or which may hereinafter be in force.

This lease is made on the express condition that Lessor is to be free from all liability and claims for damages by reason of injury to any person or property, including the property of Lessee, from any and all causes whatsoever while in, upon, or in any way connected with the demised premises or appurtenances thereto during the term of this Lease or any extension hereof, Lessee hereby covenanting and agreeing to indemnify and save harmless Lessor from all liability, loss, cost, and obligation on account of or arising out of such injuries or losses however occurred.

10. LIABILITY INSURANCE. Lessee further agrees as a material part of this Lease to take out and keep in force during the life hereof at Lessee's expense public liability insurance in companies approved by Lessor to protect against any liability to the public incident to the use of or resulting from any accident occurred in or about said premises. The liability of the insurer under such insurance shall not be less than TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS for any one person, FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS for any one accident in which more than one person is injured and FIFTY THOUSAND (\$50,000.00) DOLLARS property damage. Such insurance shall insure the contingent liability of Lessor and Lessee shall obtain an endorsement from such insurer to notify Lessor not less than thirty (30) days, in writing, precedent to cancellation thereof. In the event that Lessee does not maintain such insurance at all times Lessor may acquire the same and charge the premium to Lessee as additional rental to be due from Lessee to Lessor on the date upon which rent next becomes due.

11. RESERVE PROPERTY. Lessor reserves unto itself at this time, in addition to the lands adjacent to its dam as set forth in Paragraph 5 above, those certain buildings heretofore belonging to the Mad River School District consisting of a school building and a teacherage together with a strip of land 300 feet around said buildings in all directions together with access to said lake as the high water mark thereof may exist from time to time.

Lessor may at any other time or times, without payment or prior permission of Lessee, or its subtenants, if any, repossess any portion or portions of the demised premises for road, highway, or right-of-way purposes as may be reasonably necessary for its use to the exclusion of Lessee and its subtenants if any. Lessor may repossess other portions of the demised premises provided only that the same be unimproved and reasonably required by Lessor for the operation, maintenance or protection of its assets or activities, or purposes as set forth in Paragraphs 6 and 7 above.

Lessor will take possession of only such property as is

necessary for its proper purposes as set forth above, and to the fullest extent possible will give advance notice thereof to Lessee. In the event of increase in height of the dam or spillway, Lessor will give at least one (1) year advance notice of such increase in height.

12. WASTE. Lessee shall not commit or suffer to be committed any act upon the premises which shall constitute waste or nuisance which shall in any manner disturb the quiet or beneficial use of any portion of the demised premises or said lake or said dam and the appurtenances thereto.

13. DISPOSAL FACILITIES. Lessee shall not permit, suffer or allow any open pit or exposed disposal facilities for garbage, waste, or otherwise, to exist at any time on the lands herein demised except with the prior written permission of Lessor.

DATED: December 31, 1964

HUMBOLDT BAY MUNICIPAL WATER DISTRICT,  
a political subdivision of the State  
of California

By [Signature]  
its President

ATTEST:  
[Signature]  
its Secretary

LESSOR

COUNTY OF TRINITY, STATE OF CALIFORNIA

By [Signature]  
Chairman of the Board of Supervisors

ATTEST:

MARION KESLING COUNTY CLERK AND EX-OFFICIO CLERK OF  
THE BOARD OF SUPERVISORS OF THE COUNTY  
OF TRINITY, STATE OF CALIFORNIA

By: [Signature] Deputy LESSEE

STATE OF CALIFORNIA )  
COUNTY OF TRINITY )

ss.

DEC 29 1964

Pursuant to adjournment the Honorable Board of Supervisors of Trinity County met in regular session this 29th day of December 1964, at 10:05 A.M., there being present Supervisors Loyd L. Karrer, George W. Morris, Leroy W. Harrison, William M. Rablin, Hazel W. Willburn

RE-LEASE OF MINNEAPOLIS DAY MUNICIPAL WATER DISTRICT AND COUNTY OF TRINITY

On motion of Supervisor Morris, seconded by Supervisor Harrison, with the stipulation that insurance and water matters be looked into, and carried, enters into lease with Minneapoli Day Municipal Water District as submitted. Clerk calls the board and the vote is as follows: District #1-11, there are several reasons: 1-we either approve it or not, 2-Supervisor Morris stated that we had condition-3 feel we have not taken the necessary precautions; #2- yes; #3- yes; #4- no, we do not have enough information; #5- yes.

STATE OF CALIFORNIA )  
COUNTY OF TRINITY )

ss.

I, Marion Keesling, County Clerk and Ex-Officio Clerk of the Board of Supervisors, do hereby certify the foregoing to be a full, true and correct copy of the minute order of said Board of Supervisors on December 29, 1964

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Official Seal of the Board of Supervisors of Trinity County this 29th day of December, 1964.

Marion Keesling  
County Clerk and Ex-Officio Clerk  
of the Board of Supervisors of  
Trinity County, California.