

Conway Ranch Strategic Facility Plan



DRAFT – April 2016

Prepared by:

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I. Introduction and Executive Summary

The purpose of the Conway Ranch Strategic Facility Plan (CRSFP) is to provide direction and strategies for maintaining and enhancing the conservation, economic, recreation and cultural values of the Conway Ranch.

The primary need for a Strategic Facility Plan for Conway Ranch is due to its complexity. It possesses environmental, social, and economic values of regional importance. In order to simply preserve the property in its current state, there are numerous maintenance needs that vary in urgency and cost. Beyond that, the property has the resources and history to become more widely utilized by residents and visitors. This Plan will help to identify how and where that growth should occur, if at all.

Once maintenance needs and new improvements have been identified, there is a need to prioritize those needs so they can be carried out as resources become available. The Plan will lay the groundwork for when those projects should be funded, and how the projects should be funded. Whether with public General Fund dollars, partnerships with business entities, grant funds or other partnerships, the Plan will provide guidance on how to get from the current baseline to the Master Plan.

II. Public Involvement, Reporting, and Future Amendments

The direction for the CRSFP was provided by the Board of Supervisors at their regular meeting on October 20, 2015. The specific direction was for staff to prepare a Draft Strategic Facility Plan and to present the Draft Plan at 4 public meetings, with additional public outreach as necessary. A tentative deadline of May 2016 was also directed at that meeting.

The Outreach Plan is to hold 4 public meetings (and more as necessary) during March and April of 2016. Following those meetings and input received, a Final Plan will be prepared and delivered to the Board of Supervisors for further direction and/or approval.

Future amendments to the CRSFP will go through a process directed by the Board. The Board will have the final authority to amend the Plan from time to time, and to direct public outreach as they deem necessary. No amendments to, or substantial deviations from, the Plan shall be made without the prior approval of the Board of Supervisors.

III. Baseline Conditions as of January 2016

a. Agriculture

- i. **Grazing.** The current grazing lease (Appendix A) expires in November 15, 2017. Sheep grazing is the established historic use, and represents the current baseline. The meadows represent a valuable resource in terms of grazing potential, and the current condition of the meadows are good to excellent, in terms of forage quality and quantity. The desire to continuing grazing in some form is nearly unanimous.

CA DFW and US FWS have stated concerns about the risks associated with domestic sheep grazing in relation to Sierra Nevada Bighorn Sheep, and they have consistently opposed sheep grazing on Mattly Ranch, west of Hwy 395, in recent years. In response to these concerns, lessee has altered grazing operations to reduce potential impacts. These efforts have included BMPs, and by grazing Mattly as early as possible in the season.

Recent animal units have been around 600 ewes. The lease does not limit the number of animal units, but does contain certain criteria to ensure the meadows are not over-grazed.

- ii. **Corrals.** There is one corral complex on the property at North Conway, near the historic barn. The complex is dilapidated and is in need of a complete renovation. In its current state, the value of the corrals to a grazing operation is limited, and it has become unsightly.
- iii. **Fencing.** There is a limited amount of fencing throughout the Ranch, most of it in disrepair. Nearly all of the fencing that remains appears to have been erected to contain sheep. Since the current grazing operation is a herding operation, the need for fencing at this time is not clear. Some of this fencing was removed through recent volunteer efforts aimed at preserving and enhancing sage grouse habitat.

There have been discussions about the potential of installing additional fencing around the ranch to increase the buffer between domestic sheep and Bighorn. There have also been discussions of installing fencing to accommodate the grazing of different livestock. Any fencing installation on Conway will require suitable environmental review in order to ensure that wildlife corridors are preserved and other habitat values remain.

- iv. **Small Scale Organic Agriculture.** At this time, there is no small scale agriculture on Conway Ranch. There has been interest in developing such activity. The

conservation easement allows 2 arable acres within the designated 75 acre aquaculture site.

b. Irrigation

- i. **Irrigation Specialist Contract.** The irrigation of Conway Ranch is performed by the Irrigation Specialist, under contract with the County (Appendix B). The current agreement is for the irrigation of the North Conway and Mattly Ranch, and does not include the aquaculture area. The Specialist is responsible for utilizing the County's water right to irrigate the meadows, and generally includes the moving of water through a web of irrigation ditches, with slide gates and diversions, to attain the greatest benefit. The irrigation specialist makes requests to the County for water diversions where needed, and the County coordinates those deliveries in accordance with the existing water rights.
- ii. **Water Rights and Conveyance Systems.** The County holds water rights from two sources for utilization on Conway Ranch: Mill Creek and Virginia Creek.

Mill Creek water is available for diversion after flowing through SCE's Lundy Power Plant. Recent usage has been for irrigation of the Mattly Ranch, the Bowl Meadow, and wetland enhancement areas throughout the aquaculture area.

The availability of the Mill Creek water right is based on flow through the powerhouse, which is ultimately determined by SCE. There are four points of diversion for Mill Creek water rights: the Upper Conway and Lower Conway, the Bell, and the Bowl diversions. The County requests SCE to divert water onto the Upper Conway Ditch as necessary (the diversion point is within SCE's powerhouse infrastructure) and adjusts the other three diversions with internal staff, or by coordinating with the Irrigation Specialist.

The diversion structures at the Lower Conway Diversion as well as the Bowl Diversion are in need of improvement. Both structures leak, making a complete shutdown of the diversion impossible. When closed, the amount of leakage is negligible (less than .1cfs), and still within the County's water right, but a complete shutdown would be preferred.

- iii. **Meadow irrigation.** The meadows of North Conway, South Conway and Mattly Ranch are irrigated by a web of earthen irrigation ditches with a series of head gates that distribute flow. All ditches are cleaned out during irrigation season following the initial flood of water, and periodically as necessary. The banks of the ditches and head gates are in varying stages of repair, with the primary ditches reasonably well maintained. Many lesser ditches that enable improved distribution of water are cleaned out as time and resources permit, with head gates maintained or replaced as necessary.

- iv. **Crop Irrigation.** There are no crops being irrigated on the Conway Ranch at this time.
- v. **Stock Water.** Stock are currently watered by drinking out of irrigation ditches, Wilson Creek, and by a pipe that conveys water away from springs on the North Conway to where it can be discharged to the meadow and drank by livestock.

c. Aquaculture

- i. **Raceways and Ponds.** The aquaculture raceways and ponds are currently dry, except when it is necessary to utilize them for irrigation purposes. The raceways are currently unlined. Sections of certain ponds are lined, but the majority of the ponds are not lined. Because of the recent removal of liners, there are significant invasive weeds growing along the banks of some of the raceways as well as some erosion occurring from the banks into the raceways themselves. The concrete abutments and weirs are in good condition.
- ii. **Water Supply.** Water is supplied to the aquaculture facility by two pipelines that can be bypassed by flowing water through the historic earthen irrigation ditches that the pipelines replaced. The pipelines are fed by the so-called Bell Diversion and Bowl Diversion, with diversion structures on each.

The Bell Diversion is in good working condition, although the design of the outflow does not facilitate efficient watering of the historic Bell ditch. This issue can be solved by blocking or impeding the Bell Pipeline flow, but this is not a good long-term solution.

The Bowl Diversion is in working condition, although the gate does not seal completely so it leaks water (less than .1cfs) into the pipeline. This is not a significant problem but it would be preferred to shut it down completely.

- iii. **Fish origin and destination.** Currently there are no fish in the aquaculture area of Conway Ranch.
- iv. **Aquaponics.** Aquaponics is the process of delivering water with fish emulsion through a biofilter medium to provide nutrients to plants, which in turn filter nitrates and phosphates for recirculation to fish ponds. Currently there is no aquaculture, and thusly no aquaponics, occurring at Conway Ranch.

d. Education and Outreach

- i. **Programs.** There are no Education and Outreach Programs in place at this time.
- ii. **Interpretive Signage.** There is no interpretive signage in place at this time.

e. Recreation

- i. **Sightseeing.** There is limited sightseeing occurring on Conway Ranch itself, although there is a high degree of sightseeing across Conway Ranch, from the Scenic Vista above the ranch as well as the Scenic Hwy 395.
- ii. **Birding.** Birding is occurring on Conway Ranch but the intensity of the activity is not known, and presumed to be light. It is known that the Ranch hosts a large variety of bird species.
- iii. **Hunting.** Hunting is currently permitted, and is known to occur on the Ranch but the intensity of the activity is not known, and presumed to be light.
- iv. **Non-motorized.** Hiking and bicycling on the roads of Conway Ranch is occurring but the intensity of the activity is not known, and presumed to be light.
- v. **Motorized.** There is no motorized recreation occurring on Conway Ranch, aside from motor vehicle access. There have been no sign of OHV use either on-road or off-road. Snowmobiles have not been seen on the Ranch in many years, due in large part to a lack of snowpack on the Ranch.

f. Preservation of Historic Assets

The Historic Assets on the Ranch include the historic barn and corral complex, various archeologic sites, and the old creamery on Mattly Ranch. In recent years one historic structure has collapsed. There have not been any projects aimed at preserving these assets. A windstorm dropped a large cottonwood tree onto the historic barn in February 2015, severely damaging the roof and likely accelerating the rate of decline for this structure. Prior to any work occurring on the structure, it needs to be thoroughly exterminated and cleaned, and the effort needs to be coordinated with a historic preservation officer.

g. Access and Roads

Current access to the North Conway is provided from Conway Ranch Road, at the base of Conway Grade on US 395. The Ranch has two access points from the Conway Ranch Road. The US 395 turn-off allows for easy access by northbound traffic, but Southbound traffic is much more difficult.

South Conway is accessed off Hwy 167, by either passing through a park-and-ride lot on USFS Land or by passing through the old Conway Ranch subdivision. Both access points are gated and locked. The park-and-ride access crosses underneath a guy-line for a power pole within the CalTrans ROW, then crosses onto USFS land, before crossing LADWP and BLM land before reaching the gated Ranch. The subdivision access passes 4 residential properties on County Roads, before reaching the gate.

The Mattly Ranch is reached on Mill Creek Powerhouse.

IV. Master Vision

a. Agriculture

- i. **Grazing.** The master vision for grazing on Conway is one where historic (sheep) grazing activities continue while minimizing related environmental risks and impacts (i.e., water quality, sage grouse, SNBS). Sheep grazing may continue unless it becomes prohibited through federal action, on North Conway Ranch, South Conway Ranch, and Mattly Ranch, with appropriate seasonal restrictions and BMPs applied. Grazing leases should continue to be granted through an open and competitive bidding process. The process should allow for bidders to respond to opportunities at each of the Ranch's 3 meadows (North Conway, South Conway and Mattly). If a higher and better grazing use is identified, sheep grazing may be replaced by an alternative grazing use. The productive meadows, to the extent feasible and permitted by law, will continue to be grazed to provide economic benefit, as well as retaining the historic values of those activities at Conway.
- ii. **Corrals.** The sheep corral complex on North Conway should be renovated and maintained in a historic context to provide operational value to a grazing operation, to provide a defined enclosure for herded animals, and to provide an educational/interpretive opportunity.
- iii. **Fencing.** No additional fencing should be developed on Conway Ranch, unless it provides a distinct environmental benefit. Any new fencing shall be constructed with visually sensitive materials at least, and with historic materials at best. Existing fencing and gates should be maintained, and derelict fencing that provides no tangible benefit should be removed.
- iv. **Small Scale Organic Agriculture.** As resources permit and in accordance with demand, small scale organic agriculture should be developed on Conway Ranch within the aquaculture areas, and should be designed to work in harmony with and enhance other aspects of the Ranch. Where possible, small scale agriculture should incorporate native crops and practices, provide a direct community benefit, and provide a connection to historic agriculture of Conway Ranch.

b. Water Rights and Use

The appurtenant water rights should continue to be put to beneficial use on the lands of the Conway Ranch.

- i. **Water Utilization and Allocation.** Water utilization on Conway Ranch should be annually allocated between users by the County, based on availability, need,

and overall benefit (i.e., meadow irrigation, aquaculture, agriculture, environmental enhancement). Such allocation and delivery should be implemented and logged by a single county-appointed individual.

- ii. **Meadow irrigation, habitat maintenance, stock watering.** Meadow irrigation, habitat maintenance and stock watering hold the highest priority for surface water rights at Conway Ranch. Meadows should continue to be irrigated through existing irrigation ditches. Maintenance of the ditches and irrigation systems should be performed by a single county-appointed individual. Water-conserving irrigation alternatives may be implemented when found to provide a clear environmental benefit to the lands of Conway Ranch and the Mono Basin, when the alternatives are financially feasible, and visually acceptable. In the event of changes to water rights, reclamation of historic ditches and/or alternative irrigation methods may become necessary and should be pursued when necessary to continue meadow irrigation. Stock should be watered as necessary from surface water sources.
- iii. **Aquaculture.** Aquaculture holds the second priority for surface water rights on Conway Ranch. Aquaculture water should be delivered through the Bell diversion and Bowl diversion pipelines, should be determined based on the annual allocation, and delivered in coordination between the County and aquaculture operators.
- iv. **Crop Irrigation.** Crop irrigation is the third priority for water rights on Conway Ranch. Crop irrigation should utilize best practices for water conservation, should be gravity-based, and be visually unobtrusive. Crop irrigation should draw water from existing irrigation ditches without creating new or extended irrigation ditches.

c. Aquaculture

- i. **Raceways.** Aquaculture raceways should be lined, or enhanced in accordance with the desire of an aquaculture operator, but should not be expanded or moved from their existing locations.
- ii. **Water Supply.** Aquaculture water supply should be received primarily from surface water, with groundwater providing only emergency supply or for egg rearing. Any groundwater extraction must be preceded by a groundwater study, with limits as contemplated in the conservation easement. Whenever possible, Aquaculture operations should utilize recirculating systems to reduce necessary surface water consumption as well as groundwater pumping.
- iii. **Fish origin and destination.** Fish origin, when possible, should be Conway Ranch itself, with egg hatching and fingerling raising occurring on site, to the extent the available resources can provide for it. Aquaculture operations at Conway Ranch are intended for the benefit of Mono County residents and visitors. As such, fish raised at Conway Ranch should primarily benefit those groups. In the event that Conway Ranch fish rearing allows for export if fish from Mono County, such activity is acceptable so long as Mono County's needs are met first.

- iv. **Aquaponics.** Aquaponics should be utilized wherever possible and practical to provide bio-filtration of aquaculture effluent, to improve tailwater quality, and to provide another valuable commodity from the resources of Conway Ranch. Aquaponics should operate within the constraints of the conservation easement, and in coordination with an aquaculture operator, but may be a separate entity altogether.

d. Education and Outreach

- i. **Programs.** All Conway Ranch activities should allow for education and outreach programs to be developed that will provide insight into their operations and allow the public to better understand the history and current value of Conway Ranch. These activities include but are not limited to irrigation, grazing, habitat preservation, cultural and historical enhancements, aquaculture, aquaponics, and agriculture. Operators and/or contractors who conduct these activities on Conway Ranch should consider providing outreach and education as an integral part of their operation. In the event that operators can not or do not provide educational components, they should cooperate with willing parties who are interested in providing this service.
- ii. **Interpretive Signage.** No more than 3 interpretive signs should be erected at points of interest to provide brief information about the activities. Potential locations for interpretive signage include the historic structure and corral, the entrance to the aquaculture facility, and the Mattly Ranch Creamery site.

e. Recreation

Recreation on Conway should be allowed but not promoted. Public access to all parts of Conway and Mattly Ranch should be permitted in accordance with Board Ordinance 11-05 and 12-04 unless and until the Board amends the related County Code. The restrictions placed on the 'licensed aquaculture area' should be null and void when the aquaculture area is not under license.

- i. **Walking, hiking, sightseeing.** The Conway Ranch property should continue to be open for exploration and viewing of ranch activities along existing roads. Off-trail exploration should be discouraged, but not be prohibited.
- ii. **Birding.** Birding should be encouraged along existing roads.
- iii. **Hunting.** Hunting should be allowed on Conway Ranch, in accordance with existing hunting seasons and laws, and conducted in manner that minimizes user conflict and risk to other users.
- iv. **Non-motorized.** Bicycles should be permitted only on existing roads within Conway Ranch.
- v. **Motorized.** Motor vehicles should be permitted only on existing roads within Conway Ranch.
- vi. **Camping.** Overnight use and camping should be prohibited on Conway Ranch and Mattly Ranch. Although this activity is not expressly forbidden by Ordinance 11-05 or 12-04, the use of trailers (aside from those necessary for security relating to sheep grazing or aquaculture) is prohibited by the Conservation

Easement. Because there is a great prevalence of free camping within a 2 mile radius to Conway Ranch, it does not seem necessary or beneficial to allow for camping on the property.

f. Preservation of Historic Assets.

Historic Assets of Conway Ranch should be preserved, and to the extent feasible, utilized in the course of operations. The structures should provide a glimpse into the heyday of the ranch while providing an operational value today.

g. Access and Roads.

Access points should be limited to one on North Conway, one on South Conway, and one on Mattly Ranch.

V. Funding of Projects

- a. County Funding and Implementation.** The County General Fund may be used to fund improvements at Conway Ranch, through approval and direction by the Board of Supervisors. It is anticipated that individual Conway Ranch projects that are proposed to the Board of Supervisors will be presented at annual budget hearings, and decided upon at that time.
- b. Grant Funding.** Because of the nature of Conway Ranch, there are numerous Grant opportunities that may provide funding for projects. These grant opportunities include water supply and water quality grants, recreation enhancement grants, agriculture improvement grants, economic diversity grants, and many others. Conway Ranch staff should focus on identified projects, and aligning those projects with existing grant opportunities. As a part of the annual report on Conway Ranch, grant opportunities that have been identified, researched, applied for, and/or received should be discussed.
- c. For-Profit Implementation.** Due to the resources on Conway Ranch, there are viable business opportunities. Whether grazing, aquaculture, or other permitted activities, it is possible that for-profit businesses will be interested in funding improvements, and conducting business at the Conway Ranch.
- d. Non-Profit Implementation.** There may be opportunities for non-profit organizations to conduct certain activities at Conway Ranch. Such activities should be in accordance with this plan, with a public bidding process conducted.

- e. **Non-Governmental Organization Implementation.** Other NGO's may have an interest in conducting activities at Conway Ranch. Such activities should be in accordance with this plan, with a public bidding process conducted.

- f. **Bidding Process and Partnerships.** Whenever a partnership or contract for services at Conway Ranch is contemplated, a public bidding process should be offered.

APPENDIX A

CONWAY RANCH GRAZING LEASE

This CONWAY RANCH GRAZING LEASE (hereinafter "Lease") is made and entered into by and between the County of Mono, a political subdivision of the State of California (hereinafter referred to as "Lessor") and F.I.M. Corporation, a Nevada corporation (hereinafter referred to as "Lessee").

RECITALS

A. The Mono County property subject to this Lease is known as "The Conway Ranch," which is more particularly described in the legal description attached hereto as Exhibit "A" (hereinafter referred to as the "Property").

B. Lessee desires to hire from Lessor and Lessor desires to lease to Lessee the Property to be used for the pasturing and grazing of Lessee's sheep subject to all of the terms, covenants and provisions of this Lease.

Now, therefore, the parties hereto agree as follows:

1. Grant of Leasehold Interest: Lessor does hereby lease to Lessee and Lessee does hereby hire from Lessor the Property to be used for sheep grazing and related purposes subject to all of the terms, covenants and provisions hereunder.

2. Term: The term of this Lease shall commence on November 15, 2012 and shall cease and terminate on November 15, 2017.

3. Rent: As rental for the use of the Property, Lessee hereby promises and agrees to pay the Lessor the sum of Seventeen Thousand Dollars (\$17,000.00) for the first year of this Lease. A first installment of \$8,500 will be due on, May 15 2013, and then the second installment of \$8,500 will be due by November 15, 2013. Rent shall be paid by check or money order payable to Mono County care of Dan Lyster (or any later acting Mono County Economic Development Director), Economic Development Director.

For each successive year under this lease, the amount of rent will increase at an annual rate of three percent (3%). A schedule of the rent due and payable for each successive year is attached hereto as Attachment One, and incorporated herein by reference.

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4. Land Use Policies and Restrictions: During the entire lease term, lessee and its agents or employees shall be responsible for carrying out and abiding by the following land use policies and restrictions:

a. Weed Issues:

- i. Confer with the Conway Ranch Caretaker (who will be designated by Mono County and may change from time to time) to understand the locations of weed outcroppings on Conway Ranch;
- ii. Avoid driving through weed infested areas;
- iii. Remove weeds from vehicles by washing thoroughly on a paved area or in a car wash;
- iv. Avoid disturbing native vegetation or creating seedbeds (open areas) when possible. This especially applies to sheep bedding areas where weed control will be necessary to reduce the likelihood that invasion occurs into adjacent stands of native vegetation.
- v. Avoid grazing in areas where weed seed is ripe.
- vi. Remove and dispose of weed seeds from stock portion of the plant if grazing accidentally occurs in a weed infested area.
- vii. Carefully check livestock for weed seed and remove it before the animals are transported onto the Conway Ranch property.

b. Property Management:

- i. Salt or supplements for sheep should not be placed close to water, riparian zones, or known habitats of sensitive plants or wildlife species;
- ii. No fencing shall be constructed without the express written consent of the Conway Ranch Caretaker;
- iii. Sheep will be herded. Sheep should be moved on the Property in a manner that will leave a minimum of four inches of key forage plant species on the Property. Rotation of use areas will be achieved whenever practicable;
- iv. Sheep bedding grounds will not be within 250 feet from any historical structure, spring source, natural wetlands, or the creek;

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- v. Lessee shall comply with any directive given to it by Lessor made in response to an action taken or designation made by an agency of the United States. In that event, Lessee may request Lessor to reduce the rent to be paid by the Lessee for its use of the Property.
- c. Water Quality:
 - i. Spring sources, natural wetlands and creeks should be avoided. Sheep should be kept at least ten feet away from these areas.
 - ii. Sheep and herds shall not disturb the fish raceways or other fish rearing facilities and shall not come within one hundred (100) feet of raceway areas.
 - iii. All irrigation and movement of water will be managed by the Conway Ranch Caretaker who will be designated by the County. *The sheep grazer(s) shall use their best efforts to assist the Caretaker with irrigation issues when the Caretaker requests such assistance.*

5. Liability Insurance: Lessee shall obtain and, at all times during the term of this Lease, shall carry and maintain in full force and effect at Lessee's own expense, a policy of liability insurance in the amount of not less than THREE HUNDRED THOUSAND DOLLARS (\$300,000.00) combined single-limit policy for personal injury and for property damage. Such policy shall be written by a company or companies having a Best Financial Size Category of not less than Class IX and a Best Policyholder's Rating of not less than "A" and shall name the Lessor and the County of Mono as the insured or as additional insured with Lessee and shall insure Lessor, its officers, agents, and employees against liability for Lessee's use or occupancy of the Property. This policy shall be in a form satisfactory to Lessor and shall not be subject to cancellation, reduction in coverage, or insured except after written notice to Lessor at the address provided in Paragraph 18 of this Lease, by certified mail, return receipt requested, not less than twenty (20) days prior to the effective date thereof. Lessee shall deliver a copy of the policy showing that the insurance is in full force and effect to Lessor upon execution of this Lease. Lessee's failure to carry and maintain in full force and effect such insurance policies shall be a default of this Lease pursuant to the terms of Paragraph 14 below.

6. Timber Rights: Lessee shall not cut or carry off any wood or burn any substance growing on the Property without the prior written consent of Lessor. All timber rights of any kind and character on the Property are reserved to Lessor, who has the right to cut and remove any timber, or otherwise exercise all timber rights at all times during the term of this Lease, provided that no damage shall otherwise be done by Lessor or those claiming under it to any of Lessee's sheep or other property rights of Lessee under this Lease.

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7. Hunting and Fishing Right: Lessee hereby agrees not to hunt or fish on the Property without the prior written consent of Lessor. All hunting and fishing rights and privileges on the Property are particularly reserved to Lessor, provided that no damage shall be done by Lessor or those claiming under him to any of Lessee's sheep or other property rights of Lessee under this Lease.

8. Right to Enter: The Property is on public property open to access by the public. Mono County employees, agents and contractors can enter the Property at any time.

9. Liens and Encumbrances: Lessee shall pay and discharge when due, all and every obligation incurred by it in connection with the use of the Property, and shall permit no mechanic's lien, materialmen's lien, or other lien of any nature or demand to be placed or filed against the Property.

10. Destruction of Improvements: In the event of the destruction of any or all of the improvements located on the Property by fire or other Acts of God, neither of the parties hereto shall be obligated to rebuild said improvements.

11. Waiver: A waiver by Lessor of any breach of this Lease by Lessee shall not be deemed to be continuing, and shall not operate as a waiver of any further breach of the conditions or agreements contained herein.

12. Waste: During the term of this Lease Lessee will not commit or suffer to be committed any waste upon the Property.

13. Surrender of Property: At the expiration of the term of this Lease, or sooner termination thereof, the Lessee covenants, promises and agrees to peaceably and quietly quit and surrender the Property to Lessor or its agent or designee in as good order, condition, and state of repairs received by him, reasonable wear and damage by the elements excepted.

14. Termination:

a. Default: It is mutually understood and agreed that time is of the essence hereof, and should Lessee fail to keep any of the covenants and agreements herein above specified on its part to be performed and kept, or should it at any time fail to make any of the above-mentioned payments, at the time and in the manner provided, the Lessor may, at its option, determine this Lease to be void and terminated, and may enter in and upon the Property, take possession thereof, and remove all parties and personal property from the Property during the time of occupancy by Lessee.

b. Insolvency and Bankruptcy: If the Lessee becomes insolvent or makes any assignment for the benefit of creditors or is adjudged bankrupt, either voluntarily or involuntarily, this Lease shall immediately terminate and shall not be

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APPENDIX A

assignable by any operation or process of law, and shall not be treated in any way whatsoever as an asset of the Lessee after such event. Lessor shall be entitled to retain any rents theretofore received without reduction, abatement or proration.

- c. Monitoring: The Lessee understands and agrees that the Caretaker of the Property will from time to time monitor and report on the grazing practices occurring on the Property. If any violations of this agreement occur, the County reserves the right to terminate this Lease and have Lessor remove the sheep from the Property within 72 hours.
- d. Cancellation: This Lease may be cancelled by either party to this Lease without cause, and at will, for any reason whatsoever, by giving sixty (60) days written notice of such intent to cancel. Lessor may cancel this Lease in the event of threatened or initiated litigation against Lessor related to this Lease by giving Lessee thirty (30) days written notice to Lessee of such intent to cancel.

15. Indemnification: Lessee agrees to hold Lessor harmless from any and all damage to the Property done by fire or other causes, which result from Lessee's use or operation of the Property. Lessee further agrees to defend, indemnify and hold Lessor harmless from all liability and/or claim for damages arising from any injury, from any cause to any person, including Lessee, or to any property, including Lessee's, which arise or arose from Lessee's operation or occupancy of the Property. Furthermore, Lessee shall at all times during the term of this Lease hold harmless, defend, and indemnify Lessor against any claim, loss, or liability whatsoever arising directly or indirectly out of Lessee's tenancy and/or the use of the Property by Lessee.

16. Attorney's Fees: It is understood and agreed that in the event suit should be brought for unlawful detainer of the Property, for the recovery of the rent due under the provisions of this Lease, or because of the breach of any other covenant, promise or condition herein contained, the prevailing party shall be entitled to recover from the other reasonable attorney's fees to be fixed by the court as part of the costs of suit.

17. Subordination: This Lease is and shall be subordinate to any mortgages or deeds of trust that are or may be placed on the Property. Lessee agrees to promptly execute any documents to effectuate a subordination of this Lease to any said mortgages or deeds of trust upon written request by the Lessor.

18. Notice: Any notice, communication, amendments, additions, or deletions to this Lease, including change of address of any party during the term of this Lease, shall be made in writing. Any such writing may be personally served, but shall otherwise be sent by prepaid first class mail as follows:

To Lessor: Dan Lyster, Economic Development Director
County of Mono

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P.O. Box 2415
Mammoth Lakes, CA 93546

To Lessee: F.I.M. Corporation
P.O. Box 12
Smith, NV 89430

19. Assignment: Lessee shall not voluntarily, or by operation of law, assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in this Lease or in the Property without the prior written consent of the Lessor.

20. Inurement: Subject to the restrictions against assignment, this Lease shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, successors and assigns.

21. Amendment: This Lease sets forth the entire agreement between the parties and may be modified or amended only if so agreed upon in writing by all the parties hereto.

22. Headings: Paragraph and subparagraph headings used in this Lease are for reference and convenience purposes only and shall not affect the meaning or interpretation of this Lease.

23. Governing Law: This Lease is made and shall be construed in accordance with the laws of the State of California.

24. Severability: If any provision of this Lease shall be held invalid, such invalidity shall not affect the other provisions hereof, and to this extent, the provisions of this Lease are intended to be and shall be deemed severable.

25. Taxes and Assessments: Lessee agrees to pay all taxes and assessments (if any) lawfully imposed on Lessee by any governmental agency with respect to Lessee's activities under this Lease, including but not limited to taxes or assessments imposed against Lessee's property, inventory, activities, and employee wages. Pursuant to Revenue and Taxation Code § 107.6, notice is hereby given that in the event that this Lease creates a possessory interest that may be subject to property taxation, the party in whom the possessory interest is vested may be subject to the payment of property taxes levied on the interest.

26. Representation by Counsel: The parties acknowledge that this Lease is executed voluntarily by them, without duress or undue influence on the part of or on behalf of any other party. The parties further acknowledge that they have participated in the negotiation and preparation of this Lease and have had the opportunity to be represented by counsel with respect to such negotiation and preparation or do hereby knowingly waive their right(s) to do so, and that they are fully aware of the contents of this Lease and of its legal effect. Thus, any ambiguities in

APPENDIX A

this Lease shall not be resolved in favor of or against either party. The parties specifically acknowledge that the Mono County Counsel has only represented the County with respect to the negotiation and preparation of this Lease and that the parties have consented to such representation and have knowingly and voluntarily waived any actual or potential conflict with such representation.

27. Authorization to Execute Lease: Lessee shall have this Lease executed by an authorized agent or officer of Lessee's corporation as provided in Lessee's corporate articles and bylaws. Lessee shall immediately notify Lessor if there is any change in the corporate status of Lessee's corporation.

EXECUTION

Date: 9/5/11

Lessee / F.I.M. Corporation

Marianne F. Leinassar

Printed Name:

Marianne F. Leinassar

Title:

President

Date: 8/23/11

Lessor / Mono County

James M. Arkens

Printed Name:

JAMES M. ARKENS

Title:

CAO

APPROVED AS TO FORM

[Signature]
County Counsel

mfl
9-5-11

APPENDIX A

ATTACHMENT ONE

SCHEDULE OF RENT

Year	Rent Due for Year	Rental Due Dates
2012	\$17,000	05/15/2013 & 11/15/2013
2013	\$17,510.00	05/15/2014 & 11/15/2014
2014	\$18,035.30	05/15/2015 & 11/15/2015
2015	\$18,576.36	05/15/2016 & 11/15/2016
2016	\$19,133.65	05/15/2017 & 11/15/2017
2017	\$19,707.66	05/15/2018 & 11/15/2018

**WATER-MASTER AGREEMENT
BETWEEN THE COUNTY OF MONO
AND F.I.M. CORPORATION**

This Water-Master Agreement ("Agreement") between the County of Mono, a political subdivision of the State of California ("County") and F.I.M. Corporation, A Nevada Corporation ("FIM") is entered into on or about March 15, 2012. (The County and FIM are referred to collectively in this Agreement as "the Parties.")

RECITALS

- A. The County owns certain real property and appurtenant water rights on real property known generally in the County as Conway Ranch.
- B. Water from Virginia Creek diversion serves the northern part of the Conway Ranch and the County-owned property called the Mattly Property is served by Lundy Powerhouse tail-race diversion. The Conway Ranch and Mattly Property are referred to herein collectively as "the Property."

On the basis of the mutual covenants, conditions and understandings set forth in this Agreement, together with its Recitals, the Parties agree as follows:

I. TERM

The initial term of this Agreement shall be April 15, 2012, to April 14, 2013. The Agreement shall then automatically renew for a subsequent twelve-month term, and shall similarly renew every year thereafter, unless or until it is terminated in the manner provided herein

II. WATER-MASTER and PROPERTY MANAGEMENT RESPONSIBILITIES

A. Water-Master General Responsibilities.

FIM shall provide water-master services for North Conway and Mattly Property. "North Conway" refers to the land irrigated by Virginia Creek and located north of Wilson Creek. "Water-master services" generally refers to utilizing the Virginia Creek and Powerhouse diversions and existing irrigation measures to provide water to and irrigate the subject properties. FIM shall provide the County with the name of the individual primarily responsible for such services ("the FIM Water-Master"). All actions of FIM and its water-master shall be consistent with the County's existing water rights as related to these diversions. Notwithstanding the foregoing or any other provisions of the Agreement, FIM shall not divert water or otherwise purport to utilize the County's water rights in a manner that is directly contrary to any other water-rights holder.

B. Specific Responsibilities (Scope of Work).

FIM shall maintain the irrigation system on the Property, including but not limited to the following tasks:

APPENDIX B

1. Cleaning and repairing ditches and culverts.
2. Cleaning and clearing, constructing and repairing head gates and other water diversion structures where necessary. The parties agree that maintenance and repair work required for the Virginia Creek diversion is substantial as of the date this Agreement is entered into and will require work over several years to complete.
3. Reactivation of existing historic ditches for agricultural purposes if and when expressly requested by the County in consultation with the National Resource Conservation Service (NRCS).
4. Inspection of Property perimeter gates, fences, and roads on a regular basis and use reasonable efforts to detect evidence of trespassing, vandalism, dumping of trash, erosion and off-road activity.
5. Prevent fire hazards, including not allowing campfires, fireworks, and other combustible materials to be brought onto the Property.

III. Public Work

In accordance with § 1720 et seq. of the California Labor Code, FIM is advised that some or all of the services FIM is to provide County pursuant to this Agreement may constitute a "public work." Accordingly, FIM, and any subcontractor retained by FIM, shall pay to all workers employed in the performance of those services that constitute a public work not less than the general prevailing rate of per diem wages for regular, holiday, and overtime work. These general prevailing rates of per diem wages have been determined by the Director of the California Department of Industrial Relations; copies of the Director's determinations are on file at the Mono County Department of Public Works, 74 N. School Street, Bridgeport, California, and are available upon request.

IV. Compensation

A. **Base Compensation.** The County shall pay FIM Six Thousand Dollars (\$6,000.00) as full compensation for all services provided by FIM during the initial term of this Agreement. The payment to FIM for its services shall be made by the County in the form of a check on which FIM is the payee. The check shall be issued by the County within thirty (30) days after the effective date of this Agreement and shall be the sole payment to FIM during the initial one-year term of this Agreement. Upon any renewal of the Agreement, the compensation for the new one-year term shall be the same as the prior term unless it is changed by mutual agreement of the parties. In the event of any termination of the Agreement prior to the expiration of the then-current term, FIM shall refund to the County a reasonable, pro-rata portion of the aforementioned compensation based on the quantity of services rendered for that term as of the date of termination.

B. **Contract Limit.** The total sum of all payments made to FIM during any twelve-month term of this Agreement shall not exceed six thousand dollars (\$6,000) ("the contract limit"). County expressly reserves the right to deny any payment or

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APPENDIX B

reimbursement requested by Contractor for services or work performed which is in excess of the contract limit.

V. GENERAL PROVISIONS

A. County Property

Any personal property provided to FIM by the County pursuant to this Agreement is, and at the termination of the Agreement remains, the sole and exclusive property of the County. FIM will use reasonable care to protect, safeguard and maintain such items while they are in FIM's possession. FIM will be financially responsible for any loss or damage to such items, partial or total that is the result of FIM's negligence.

B. Insurance

A certificate of insurance, for all stated insurances, shall be provided to the Mono County Risk Management at least ten (10) days prior to the start of services to be performed by FIM. The policies shall maintain a provision prohibiting the cancellation or modification of said policy except upon thirty (30) days prior written notice to the County Risk Manager.

1. General Liability

FIM shall procure and maintain during the entire term of this Agreement, a policy of general liability insurance which covers all the work and services to be performed by FIM under this Agreement. Such insurance policy will have a per occurrence combined single limit coverage of not less than \$1,000,000.00. Such policy will not exclude or except from coverage any of the services and work required to be performed by FIM under this Agreement. The required policy of insurance will be issued by an insurer authorized to sell such insurance by the State of California, and having at least a "Best's" policyholder's rating of "A" or "A+". County will be named as "an additional named insured" on this policy. FIM will provide the County a copy of the policy and certificate of insurance showing the County as "an additional named insured" and indicating that the policy will not be terminated, cancelled, or modified without thirty (30) days written notice to the County Risk Manager.

2. Business Vehicle

If FIM utilizes motor vehicles in performing any of the work or services described herein, FIM shall procure and maintain in force throughout the duration of this Agreement, a business auto liability insurance policy with minimum coverage levels of \$300,000.00 per occurrence, combined single limit for bodily injury liability and property damage liability. The coverage shall include all FIM owned vehicles and all hired and non-owned vehicles used in performance under this agreement.

3. Workers' Compensation

FIM shall provide workers' compensation insurance coverage, in the legally required amount, for all FIM's employees utilized in providing work and services pursuant this Agreement. By executing a copy of this Agreement, FIM acknowledges its obligations

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APPENDIX B

and responsibilities to its employees under the California Labor Code, and warrants that FIM has complied with and will comply during the term of this Agreement with all provisions of the California Labor Code with regard to its employees.

4. Deductible and Self Insured Retentions

Any deductibles or self insured retentions must be declared and approved by the Mono County Risk Manager. If possible the Insurer shall reduce or eliminate such deductibles or self insured retentions as respects to Mono County, its officials, officers, employees and volunteers; or FIM shall provide evidence satisfactory to Mono County Risk Manager guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

C. **Status of FIM**

All acts of FIM, its agents, officers, and employees, relating to the performance of this Agreement, shall be performed by independent FIM's, and not as agents, officers, or employees of the County. FIM, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of, or exercise any right or power vested in, the County, except as expressly provided by law or set forth herein. No agent, officer, or employee of the County is to be considered an employee of FIM. It is understood by both FIM and the County that this Agreement shall not, under any circumstances, be construed to create an employer/employee relationship or a joint venture. As an independent contractor:

1. FIM shall determine the method, details and means of performing the work and services to be provided by FIM under this Agreement.

2. FIM shall be responsible to County only for the requirements and results specified in this Agreement, and excepts as expressly provided in this Agreement, shall not be subjected to County's control with respect to the physical action or activities of FIM in fulfillment of this Agreement.

3. FIM, its agents, officers and employees are, and at all times during the term of this Agreement shall represent and conduct themselves as, independent contractors, and not employees of the County.

D. **Defense and Indemnification**

FIM shall defend, indemnify, and hold harmless the County, its agents, officers, and employees from and against all claims, damages, losses, judgments, liabilities, expenses, and costs, including litigation costs and attorney's fees, arising out of, resulting from, or in connection with, the performance of this Agreement by FIM, or FIM's agents, officers, or employees. FIM's obligation to defend, indemnify, and hold harmless the County, its agents, officers, and employees harmless applies to any actual or alleged personal injury, death, damage or destruction to tangible or intangible property, including the loss of use. FIM's obligation under this paragraph extends to any claim, damage, loss, liability, expense, or other costs that are caused in whole or in part by any act or omission of the FIM, its agents, employees, suppliers, or anyone directly or

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APPENDIX B

indirectly employed by any of them, or anyone for whose acts or omissions any of them may be liable.

FIM's obligation to defend, indemnify, and hold the County, its agents, officers, and employees harmless under the provisions of this paragraph is not limited to, or restricted by, any requirement in this Agreement for FIM to procure and maintain a policy of insurance.

E. Records, Inspections and Audits

If and when requested by the County, FIM will keep reasonable records of its activities under this Agreement. Any authorized representative of the County shall have access to any books, documents, papers, or other records that the County determines to be pertinent to this Agreement, for the purposes of making audit, evaluation, examination, excerpts, and transcripts. Further, the County has the right, at all reasonable times, to audit, inspect, or otherwise evaluate the work performed or being performed under this Agreement.

F. Nondiscrimination

During the performance of this Agreement, FIM, its agents, officers, and employees shall not unlawfully discriminate in violation of any federal, state or local law, against any employee, or applicant for employment, or person receiving services under this Agreement, because of race, religion, color, ancestry, national origin, disability, medical condition, marital status, age, sex, sexual orientation, or any other status under state or federal law. FIM and its agents, officers, and employees shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), and the applicable regulations promulgated there under in the California Code of Regulations. FIM shall also abide by the Federal Civil Rights Act of 1964 (PL 88-352) and all amendments thereto, and all administrative rules and regulations issued pursuant to said Act.

G. Termination

This Agreement may be terminated by the County without cause, and at will, for any reason by giving to FIM thirty (30) days written notice of such intent to terminate. FIM may terminate this Agreement without cause, and at will, for any reason whatsoever by giving to the County thirty (30) days written notice of such intent to terminate.

H. Assignment

This is an Agreement for the personal services of FIM. County has relied upon the skills, knowledge, experience, and training of FIM as an inducement to enter into this Agreement. FIM may subcontract but shall not assign this Agreement, or any part of it, without the express written consent of the County. Further, FIM shall not assign any moneys due or to become due under this Agreement without the prior written consent of the County.

I. Default

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APPENDIX B

If FIM abandons the work, or fails to proceed with the work and services requested by the County in a timely manner, or fails in any way as required to conduct the work and services required by the County, the County may declare FIM in default and terminate this Agreement upon five (5) days written notice to FIM.

J. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided in paragraph K below.

K. Amendment

This Agreement may be modified, amended, changes, added to, or subtracted from. By the mutual consent of the parties hereto, if such amendment or change is in written form, and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

L. Notice

Any notice, communication, amendments, additions or deletions to this Agreement, including changing of address of any party during the term of this Agreement, which FIM or County shall be required, or may desire to make, shall be in writing and may be personally served, or sent by prepaid first-class mail to the respective parties as follows:

County of Mono
Attn: Economic Development Department
PO Box 2415
Mammoth Lakes CA 93546

F.I.M. Corporation
P.O. Box 12
Smith, NV 89430

(This space left intentionally blank.)

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APPENDIX B

IV. Execution

IN WITNESS of the foregoing provisions the parties hereto execute this Agreement as set forth below.

F.I.M. Corporation
A Nevada Corporation

Marianne J. Lemassar

Title: President
Date: June 12th, 2012

COUNTY OF MONO,
A political subdivision of the State of California

James M. Arkens

By: Jim Arkens, CAO
Date: 6/21, 2012

APPROVED AS TO FORM:

Marshall S. Rudolph
Marshall S. Rudolph
Mono County Counsel
Date: 6/21, 2012

APPROVED AS TO INSURANCE:

Rita Seeman
Mono County Risk Manager
Date: 6/21, 2012

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APPENDIX C

Conway Ranch and Mattly Ranch
Approximate Infrastructure Valuation

CONWAY					
	Price Per Unit	Estimated Units In Place	Unit cost		
Fencing ¹	\$1.51/ft	8,066 ²			\$12,179
Irrigation Ditch ³	\$2.00/ft	26,400 ²			\$52,800
Underground Pipe ⁴	\$2.73/ft	7,533 ²			\$20,565
Existing Wells ³			\$32,000		\$32,000
Surge Valve ³			\$1,675		\$1,675
Pump/ gearhead ³			\$27,500		\$27,500
Power ³			\$12,500		\$12,500
Checks (20) ³	\$40	20	\$800		\$800
Construction Costs ⁵	\$1.00	10,000	10,000		\$10,000
Acre Feet H2O	\$250 ⁶	6562 ²			\$1,640,500
CONWAY TOTAL					\$1,810,519
MATTLY					
Fencing ¹	\$1.51	4,033 ²			\$6,089
Flood Irrigation ²	\$2.00	34,833 ²			\$69,666
MATTLY TOTAL					\$75,755
TOTAL					\$1,886,274

¹ Mayer, Ralph. "Estimated costs for livestock fencing." Iowa State University. 2005. Print

² Mono County Public Works. "Conway Ranch 2014 Annual Report and 2015 Operations Plan." Mono County, 2014. Print

³ O'Brien, Daniel M., and Troy J. Dumler. "Irrigation Capital Requirements and Energy Costs." Manhattan, Kan.: Kansas State U Agricultural Experiment Station and Cooperative Extension Service, 1998. Print

⁴ Byelich, Boyd; Cook, Jennifer; Rowley, Chayla. "Small Acreage Irrigation Guide." Colorado State University NRCS Extension. 2013. Print

⁵ Knapp, Gunnar. "Simple Financial Analysis for a Small Fish Processing Plant." University of Alaska Anchorage. 2008. Print

⁶ Cline, Harry. "How much is Ag Water Worth?" Western Farm Press. 2007. Print.

APPENDIX D

List of Prioritized Projects at Conway and Mattly Ranch

(as ranked during public meetings 3/15 and 3/23)

	Corresponding # of 'dots' Both meetings combined
1. Invasive Weed Control	(16)
2. Historic Barn Stabilization	(14)
3. Diversion and Ditch Maintenance	(12)
4. Fence Removal and Repair	(12)
5. Virginia Creek Diversion and Maintenance	(12)
6. Livestock RFP/RFB	(11)
7. Aquaculture RFP/RFB	(10)
8. Groundwater Study	(9)
9. Diversion and Flow Measurement	(9)
10. Stock Water	(8)
11. Irrigation Efficiency	(8)
12. Corral Renovation	(8)
13. Education and Interpretive Programs	(7)
14. Organic Agriculture	(6)
15. Livestock Fencing	(6)
16. Interpretive Signage	(6)
17. Asphalt Removal and Recycling	(5)
18. Walking Trails	(4)
19. Recreation Activities Development	(4)
20. Bowl Meadow Enhancement	(3)
21. Tailwater Aquaponics	(2)
22. Conway Access	(1)
23. Public Park	(0)
24. Do Nothing	(0)

APPENDIX D