

LEASE AGREEMENT

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by and between the LAKE COUNTY WATERSHED PROTECTION DISTRICT, (the "DISTRICT") and the SCOTTS VALLEY ENERGY CORPORATION, a wholly tribally owned company established under the Scotts Valley Band of Pomo Indians of California's Tribal Business Corporation Code, ("SCOTTS VALLEY") for the lease of real property more particularly described herein-below (the "Leased Property").

I. THE LEASED PROPERTY

DISTRICT hereby leases to SCOTTS VALLEY and SCOTTS VALLEY hereby leases from DISTRICT on the terms and conditions herein set forth, the following described real property situated in the County of Lake, State of California, to wit:

A Parcel Beginning at the Northwest corner of the Northeast quarter of Section 18, Township 15 North, Range 9 West, M.D.B.& M.; thence running North 13° East 13.40 chains to the center of creek; thence following the meanders of said creek North 3° East 5 chains; thence North 34° 30' East 6.33 chains; thence North 12° East 4.87 chains; thence North 43° East 11.66 chains; thence North 6° 30' East 4 chains to the County Road; thence East 25.08 chains to the quarter corner between Sections 7 and 8 of said Township and Range; thence South along the Section line 15.11 chains; thence West 20 chains; thence South 24.89 chains to the North line of said Section 18; thence West 20 chains to the place of beginning.

II. LEASE TERM AND COMPENSATION

Subject to Section III herein-below, the term of this Lease Agreement shall be for a maximum term of fifteen (15) years for a rental amount of one hundred dollars (\$100.00) per year. The lease may be renewed for an additional term pursuant to the terms and

conditions mutually agreed upon by the parties and memorialized in writing. This Lease Agreement is of benefit to the DISTRICT because it reduces the maintenance burden for the DISTRICT and maintains a mutually beneficial government-to-government relationship between the DISTRICT and SCOTTS VALLEY. The biomass processing depot will increase fire fuel reduction efforts by serving as a central processing system for forest thinning biomass collected throughout Lake County. Moreover, the proposed system will produce biochar, which has potential to provide environmental benefits such as increasing soil carbon sequestration, crop yield, and soil fertility while reducing greenhouse gas emissions and nitrogen leaching. The biochar produced from this facility will also greatly improve water quality with its use as a filtration medium.

### III. TERMINATION

This agreement may be terminated as follows:

- (a) By mutual consent of the parties,
- (b) By the Director of Water Resources thirty (30) days after delivery of written notice to the other party.

In the event this agreement is terminated, SCOTTS VALLEY at its sole expense shall remove such structures or improvements from said property as it may have erected thereon and shall return the leased property to the same conditions existing at the time this Lease Agreement was entered into within ninety (90) days of such termination.

### IV. PERMISSIBLE USE OF LEASED PROPERTY

SCOTTS VALLEY may use said property for the following purposes only:

1. The establishment, maintenance and operation of a biochar production and wood / biomass processing facility which may include storage and operation of heavy equipment, wood staging facility and equipment,

materials for the biochar unit and products from the biochar unit and wood processing equipment.

2. Construction of additional facilities within the designated area providing that all such construction, development plans, lay-out plans, construction plans, alteration of land or improvements for the area are approved in advance in writing by the DISTRICT. Trees or shrubbery in the project area may be removed or destroyed only if the DISTRICT has expressly approved such removal and/or destruction in writing and marked or otherwise designated those that may be removed or destroyed.
3. EXCEPT AS SPECIFIED HEREIN BELOW, SCOTTS VALLEY is prohibited from using, storing, or placing on the Lease Property for any length of time any materials deemed to be "Hazardous Materials" as defined by California Health and Safety Code section 25115 or 25117 and California Administrative Code of Regulations, Title 22, Chapter 11; or the Code of Federal Regulations, Title 40, Sections 261.31 through 261.33.
4. SCOTTS VALLEY shall be permitted to store diesel fuel on the Leased Property in the form of an above-ground container with a volume no greater than fifty (50) gallons. SCOTTS VALLEY shall install and maintain a spill containment and prevention area where said diesel fuel is stored is satisfactory to the DISTRICT.

Throughout the term of this Lease Agreement, all fuel storage containers and/or tanks shall be securely fixed and so situated to reduce their visual impacts. Said containers/tanks shall not leak and must have effective

filling and venting arrangements. Such containers/tanks must be isolated and/or insulated from engines and other equipment and must have easily-accessible means of shutting off the fuel supply.

V. COMPLIANCE WITH ALL FEDERAL, STATE, AND LOCAL LAWS

1. SCOTTS VALLEY shall, at its sole cost and expense, comply with all requirements of all County, State and Federal authorities now in force, or which may hereafter be in force, pertaining to said premises, and shall faithfully observe in the use of the premises all County ordinances and State and Federal Statutes now in force or which may hereafter be in force.

2. SCOTTS VALLEY shall be solely responsible for ensuring that all environmental compliance requirements of state and federal law are met, and SCOTTS VALLEY's use of the Leased Property shall be subject to meeting all permit and environmental compliance requirements.

VI. ASSUMPTION OF RISK AND WAIVER OF CLAIMS

SCOTTS VALLEY, hereby expressly assumes any and all risks associated with its use of the Leased Property and, as a material part of the consideration to be rendered to DISTRICT, hereby waives all claims against DISTRICT, County of Lake, State of California, and their agents for damages to property in, upon or about said premises and for injuries to SCOTTS VALLEY, its agents, or third persons in or about the premises from any cause arising at any time.

VII. HOLD HARMLESS

SCOTTS VALLEY shall indemnify, defend, protect, and hold harmless DISTRICT and DISTRICT's officers, employees, and agents against all liabilities, claims, demands, damages, and costs (including attorneys' fees and litigation costs) to the extent caused by

the negligent or intentional acts or omissions of SCOTTS VALLEY or SCOTTS VALLEY's officers, employees, or agents. SCOTTS VALLEY's obligation under this Section covers, but is not limited to liabilities, claims, demands, damages, and costs arising from injury to or death of any person (including SCOTTS VALLEY's and DISTRICT's officers, employees and agents), and from damage to or destruction of any property (including SCOTTS VALLEY's and DISTRICT's real and personal property). SCOTTS VALLEY is not obligated, however, to the extent that the negligent or intentional acts or omissions of DISTRICT or DISTRICT's officers, employees and agents cause such liabilities, claims demands, damages, or costs. SCOTTS VALLEY's obligation under this Section shall survive this Agreement.

#### VIII. INSURANCE REQUIREMENTS

SCOTTS VALLEY further agrees to obtain and continue in force at all times during the term of this agreement comprehensive public liability insurance. The certification of insurance shall contain a provision that coverage afforded under the policies will not be cancelled until at least twenty (20) days prior written notice has been give to DISTRICT. Certification evidencing the insurance described herein shall be filed with the DISTRICT within ten (10) days after the date of execution of this lease by SCOTTS VALLEY.

SCOTTS VALLEY shall procure and shall maintain, during the life of this lease, at the SCOTTS VALLEY's expense during the term hereof, Comprehensive Public Liability Insurance, both bodily injury and property damage, in an amount of not less than (five hundred thousand) \$500,000 combined single limit coverage per occurrence, including but not limited to endorsements for the following coverages: personal injury, premises-operations, products and completed operations, blanket contractual, and independent contractors' liability. SCOTTS VALLEY shall deliver to DISTRICT an "Additional Insured

Endorsement” naming DISTRICT, its officers, employees and agents and the County of Lake, its officers, employees, and agents as additional insureds.

IX. ASSIGNMENT

SCOTTS VALLEY shall not assign this Agreement or any interest therein; and shall not sublet the said premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of SCOTTS VALLEY excepted) to occupy or use the said premises or any portion thereof, without the written consent of DISTRICT first had and obtained, and a consent to one assignment, subletting, occupation or use by another shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void, and shall, at the option of DISTRICT, terminate this agreement.

X. ADVERTISING SIGNAGE PROHIBITED

No advertising, price lists, signs or billboards may be displayed by SCOTTS VALLEY without the approval of DISTRICT.

XI. LIMITED PUBLIC ACCESS

SCOTTS VALLEY covenants and agrees that the general public shall have the right to limited access to the Leased Premises from time to time under such reasonable conditions and days and times as determined by SCOTTS VALLEY to be appropriate.

XII. COUNTY, DISTRICT, STATE RIGHT OF INGRESS AND EGRESS

The officers, agents, employees and permittees of the County of Lake, the DISTRICT, and the State of California shall at all times and places, have the right to full ingress to, passage over, and egress from, all of said lands for the purpose of carrying on operations of the County of Lake, the DISTRICT and the State of California.

### XIII. MAINTENANCE OF PREMISES

SCOTTS VALLEY shall:

1. Be responsible for securing and remitting payment for, and maintaining all utilities, insurance, licenses, use permits, and all other regulatory costs, and all other expenses in connection with the operation of the activities herein referred to.
2. Exercise due diligence in protecting from damage the land and property of DISTRICT, covered by and used in connection with the permitted use of the Leased Property, and shall pay to the DISTRICT the full and complete cost for all damages resulting from SCOTTS VALLEY's negligent or willful misconduct, including in its performance of this Lease Agreement actions or from the violation of the terms of this Agreement, or the violation of any law or regulation applicable to these particular Public Lands, by SCOTTS VALLEY, which shall include, but not be limited to actions by its agents, employees, and officials, Be responsible for the daily and continuous maintenance of the Leased Property and shall keep the same clean and in good order, as directed by DISTRICT.
3. Maintain the improvements and premises to standards of repair, sanitation, and safety acceptable to the DISTRICT.

### XIV. UTILITIES

SCOTTS VALLEY shall maintain and be responsible for establishing, maintaining, operating, any water, power, sewer or other desired or needed utility on the parcel necessary to the safe operation of the Biochar facility. Unless another agreement exists, the SCOTTS VALLEY will bear the cost of any needed utility for the biochar facility.

Any utility established shall be approved by the DISTRICT prior to commencing and notification of status of utilities shall be provided to the DISTRICT monthly.

XV. NO COUNTY COMMITMENT TO APPROVE ANY PROJECT ASSOCIATED WITH THE USE OF THE LEASED PROPERTY

Although the County of Lake may be deemed a third-party beneficiary of Sections V, VI, and VIII of this Lease Agreement, the parties understand and agree that entering into this Lease Agreement does not in any way obligate and/or commit the County of Lake to approve any project application submitted by Scotts Valley relating to its use of the Leased Property as described herein. The County of Lake retains and shall exercise its police power authority, including the authority to exercise its independent judgment to approve, approve with conditions or deny any such project application.

XVI. LIMITED WAIVER OF SOVEREIGN IMMUNITY

SCOTTS VALLEY hereby expressly and irrevocably waives its sovereign immunity (and any defense based thereon) in favor of the DISTRICT as to any dispute which arises out of or relates to this Lease Agreement. SCOTTS VALLEY hereby consents to the jurisdiction of the Superior Court of the State of California, County of Lake (hereinafter "Superior Court"), for the limited purpose of adjudicating any dispute arising out of this Lease Agreement. SCOTTS VALLEY and the DISTRICT agree that the venue of any action arising in any way out of the obligations of the parties under this Lease Agreement shall be, if in State Court, in the Superior Court and, if in Federal Court, in the Northern District Court in San Francisco, California.

XVII. MISCELLANEOUS PROVISIONS

SCOTTS VALLEY further agrees that it shall do the following:

1. Immediately report any violations of the law which come to the attention of SCOTTS VALLEY to the Lake County Sheriff.
2. Refrain from representing to the public in any manner that it is an agent



or employee of the DISTRICT.

3. No camping or overnight occupancy is allowed.

XVIII. ADDITIONAL PROVISIONS

This agreement shall be governed by the laws of the State of California. It constitutes the entire agreement between the parties regarding its subject matter. This agreement supersedes all proposals, oral and written, and all negotiations, conversations, or discussions heretofore and between the parties related to the subject matter of this agreement. Executed at Lakeport, California, on the day and year first written above.

LAKE COUNTY WATERSHED  
PROTECTION DISTRICT

SCOTTS VALLEY ENERGY  
CORPORATION

\_\_\_\_\_  
Chairman, Board of Directors

DocuSigned by:  
  
75A6D8E1380B442...  
\_\_\_\_\_  
Council Chair

ATTEST:  
SUSAN PARKER  
Clerk of the Board

By: \_\_\_\_\_

APPROVED AS TO FORM:  
LLOYD GUINTIVANO  
County Counsel

By:   
\_\_\_\_\_  
Lloyd Guintivano (Apr 16, 2024 14:08 PDT)






# Lease\_SVEC

Final Audit Report

2024-04-16

Created:	2024-04-16
By:	Johanna Delong (Johanna.DeLong@lakecountyca.gov)
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-  Document created by Johanna Delong (Johanna.DeLong@lakecountyca.gov)  
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