

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
October 3, 2012

To: Dry Creek Advisory Committee

From: Department of Regional Parks

Subject: GRP 2011 LLC Proposed Operations Plan For 2013, GRP Funded Capital Project List, Equestrian Trust Fund Project List and County Funded Deferred Maintenance Project List.

Supervisorial  
District: MacGlashan

Contact: Jeff Leatherman 875-6132

**Overview**

The Lease Agreement between GRP 2011 LLC (GRP) and Sacramento County requires an annual submittal and review of the proposed Operations Plan, GRP Funded Capital Projects, Equestrian Trust Fund Projects and County Funded Deferred Maintenance Projects. Included with this report are staff recommendations which require the review of the Dry Creek Parkway Advisory Committee and the Parks and Recreation Commission prior to being submitted to the Board of Supervisors for final approval.

**Recommendation**

1. Approve the 2013 Operations Plan as presented in the attached matrix.
2. Approve the proposed County Funded Deferred Maintenance Projects.
3. Approve the proposed Equestrian Trust Fund Projects and staff recommendation for a coordination meeting with Boarders, GRP, and County Staff.

**Measures/Evaluation**

The proposed action fits into the "Livable and Sustainable Communities" County Strategic objective.

**Fiscal Impact**

There is no additional fiscal impact associated with the 2013 Operations Plan. Funding for County Funded Deferred Maintenance Projects is included in the Regional Parks Adopted Fiscal Year 2012-2013 budget.

## **BACKGROUND**

On March 23, 2011 the Board of Supervisors (Board) approved a lease agreement with GRP 2011 LLC (GRP) for Gibson Ranch Regional Park (Gibson Ranch). Gibson Ranch was closed at the time of Board approval of the lease, reopened in April 2011 and continues to be open to the public. GRP has maintained the park property consistent with the lease agreement and provided a number of activities and events for the community to enjoy.

The Lease obligates GRP to submit a number of documents for review by the County. Following submission, the plans are reviewed by the Director and presented for review by the Dry Creek Parkway Advisory Committee, and the County Recreation and Parks Commission with final approval by the Board to allow them to become effective for the 2013 calendar year.

## **DISCUSSION**

The Lease obligates GRP to submit a number of plans and recommendations to the County in September of each year. The following list was submitted to the Department of Regional Parks and reviewed by the Director.

1. 2013 Operations Plan
2. GRP Funded Proposed Capital Project List
3. GRP Proposed County Funded Capital Project List
4. County Funded Deferred Maintenance Project List
5. GRP Equestrian Trust Fund Project List (not included in the original submittal)

The initial submittal received by Parks did not include the required Equestrian Trust Fund Project list. Parks staff requested additional information from GRP on September 19, 2012 including the Equestrian Trust Fund Project list. GRP responded to staff's request and included projects to be funded with the Equestrian Trust Fund.

The following plans and documents are transmitted to the Dry Creek Parkway Advisory Committee for consideration with this report.

### **GRP Proposed 2012 Operations Plan (Attachments A/B)**

Gibson Ranch programs and services are defined each year in the Operations Plan. The Lease identifies a number of programs and services that GRP is required to provide during the term of the Lease, and lists optional programs and services that can be provided.

Attachment A is the summary of programs and services submitted by GRP. Attachment B provides a matrix of required and optional programs and services that GRP provided in 2011 and 2012, and the proposed services for 2013. In summary, GRP proposes to continue to provide all of the required and optional programs and services it provided in 2011 and 2012, and proposes additional programs and services for 2013.

### **GRP Funded Capital Projects (Attachment C)**

The Lease defines the process for GRP to propose GRP Funded Capital Projects. GRP is allowed to receive a financial return on capital funds invested in approved Gibson Ranch Regional Park improvements. GRP is not proposing any GRP Funded Capital Projects for 2013.

### **County Funded Capital Projects Proposed by GRP (Attachment C)**

Attachment C provides a list of capital projects that GRP proposes be funded by the County. The lease does not define a process for GRP to propose County investment in capital projects. However worthy the projects may be, individually or collectively, there are not County funds available to pursue these projects at this time. The Department will continue to research grant opportunities that might support projects at Gibson Ranch and other facilities in the Sacramento County Regional Park System.

### **County Funded Deferred Maintenance Project List (Attachment D)**

Attachment D provides the County Funded Deferred Maintenance Project List. The Lease obligates the County to provide a total of \$500,000 for Gibson Ranch Regional Parks deferred maintenance projects over six years. The allocation for 2013 is \$100,000. The 2013 projects are similar to those approved for 2012. Finding an alternate irrigation system remains the top priority, and staff does not recommend filling in the irrigation ditches. Staff has reviewed the existing condition of the flood irrigation system and recommends that the existing system remain due to its historical significance to Gibson Ranch. Staff does recommend constructing an alternate irrigation system to provide efficient irrigation to the lower pastures.

### **Additional Correspondence (includes Equestrian Trust Fund Projects) (Attachment E)**

Attachment E includes the additional correspondence between the County and GRP which also includes the Equestrian Trust Fund Project List. Funding for the Equestrian Trust Fund is provided by a Lease obligation to deposit 7.5% of GRP income derived from the Equestrian Center Program revenue into the fund for facility improvements. GRP proposes and the Department recommends using the fund balance for electrified paddock fencing, new security lighting, and new fencing/gates. Staff also recommends a coordination meeting with Boarders, GRP and County staff to discuss and prioritize the recommended Equestrian Trust Fund projects.

## **MEASURES/EVALUATION**

The proposed action fits into the “Sustainable and Livable” County Strategic Objective and supports Regional Parks stated Performance Measure:

To provide safe, accessible, and clean recreational facilities for Park users (County of Sacramento residents, residents/visitors from nearby counties, and tourists).

## **FINANCIAL ANALYSIS**

There is no additional fiscal impact associated with the 2013 Operations Plan. Funding for County Funded Deferred Maintenance Projects is included in the Regional Parks Adopted Fiscal Year 2012-2013 budget.

Respectfully submitted,

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JEFFREY R. LEATHERMAN, DIRECTOR  
Regional Parks

Attachments:

- A: 2013 Operations Plan Summary
- B: 2013 Operations Plan Matrix
- C: GRP Funded Capital Project List and GRP Proposed County Funded Capital Project List
- D: County Funded Deferred Maintenance Project List
- E: Additional Correspondence, includes Equestrian Trust Fund Project List

# ATTACHMENT A

## 2013 Operations Plan

The plan is to continue to offer the same passive and active recreational opportunities in 2013 as were approved for 2012, with the addition of the following as demand materializes.

Establish a more effective program for RC electric toys, including aircraft

- Aircraft would be limited to the vicinity of the lower parking lot and quarter mile track during specific times of day

Establish Pony Theater (includes camps, school events, Xmas events, etc.)

Greater use by local and regional soccer organizations etc. of lower fields

Continue to expand community yard sale and produce market

Establish an evening and/or summertime volleyball league and basketball league

By and large, the above additions to the available recreational opportunities at Gibson Ranch reflect inquiries received from the public. In particular, the volleyball courts have been mentioned to us on a regular basis (especially since the Olympics) as being inadequately served at present. If you will recall, volleyball was an activity identified last year also.

# ATTACHMENT B

REQUIRED PROGRAMS & SERVICES	2011 PROGRAM PROVIDED?	2012 PROGRAM PROVIDED?	2013 PROPOSED PROGRAM PROVIDED?
<b>EQUESTRIAN</b>			
• Boarding	Yes	Yes	Yes
• Riding	Yes	Yes	Yes
• Pub School Education Program	Yes	Yes	Yes
• Compost area	Yes	Yes	Yes
<b>ATHLETIC EVENTS</b>			
• Nature walks/ trail access	Yes	Yes	Yes
<b>FAMILY EVENTS</b>			
• Picnics	Yes	Yes	Yes
<b>PROGRAMS/ACTIVITIES FOR YOUNG PEOPLE</b>			
• Petting zoo	Yes	Yes	Yes
<b>OTHER</b>			
• Fishing	Yes	Yes	Yes

OPTIONAL PROGRAMS & SERVICES	2011 PROGRAM PROVIDED	2012 PROGRAM PROVIDED	2013 PROPOSED	APPROVAL RECOMMENDED	APPROVAL NOT RECOMMENDED
<b>EQUESTRIAN</b>					
• Events (i.e. gymkana)	No	No	Yes	X	
• Lessons (child/adult)	Yes	Yes	Yes	X	
• Training (child/adult)	Yes	Yes	Yes	X	
• Day Camps	Yes	Yes	Yes	X	
<b>ATHLETIC EVENTS</b>					
• Disc golf & Frisbee events	No	No	Yes	X	
• Athletic sporting events	Yes	Yes	Yes	X	
• Cross country trng./races	Yes	Yes	Yes	X	
• 5k & 10k Fun Runs	Yes	Yes	Yes	X	
• Bicycle Races	Yes	Yes	Yes	X	
• Aerobics/Fitness Training	Yes	Yes	Yes	X	
• Athletic Training Camps	Yes	Yes	Yes	X	
• Horseshoe practices, games & tournaments	Yes	Yes	Yes	X	
<b>FAMILY EVENTS</b>					
• Movie nights	No	No	Yes	X	
• Wild Things animal exhibit or comparable	No	No	Yes	X	
• Engagement parties	Yes	Yes	Yes	X	
• Weddings	Yes	Yes	Yes	X	
• Wedding showers	Yes	Yes	Yes	X	
• Wedding receptions	Yes	Yes	Yes	X	
• Baby showers	Yes	Yes	Yes	X	
• Birthday parties	Yes	Yes	Yes	X	
• Anniversary celebrations	Yes	Yes	Yes	X	
• Memorial gatherings	Yes	Yes	Yes	X	
• Catered/non-catered breakfast/lunch/brunch/teas /dinners	Yes	Yes	Yes	X	
• Hay rides	Yes	Yes	Yes	X	
<b>COMMUNITY EVENTS</b>					
• Carnivals (short term)	No	No	Yes	X	
• Chili/BBQ cook offs & comparable events	No	No	Yes	X	
• Dog trials	No	No	Yes	X	
• Trade shows (no gun shows)	No	No	Yes	X	
• Country Western dances	No	No	Yes	X	
• Amateur/professional variety shows	Yes	Yes	Yes	X	
• Market directed home & garden shows & vendor booths	Yes	Yes	Yes	X	
• Holiday celebrations	Yes	Yes	Yes	X	
• Campfire shows	Yes	Yes	Yes	X	
• Outdoor concerts with or without vendor booths	Yes	Yes	Yes	X	
• Religious services	Yes	Yes	Yes	X	
• Large gatherings/reunions	Yes	Yes	Yes	X	
• Graduation ceremonies	Yes	Yes	Yes	X	
• Catered/non-catered breakfast/lunch/brunch/teas /dinners	Yes	Yes	Yes	X	
• Ice cream socials	Yes	Yes	Yes	X	
• Historical Re-enactments	Yes	Yes	Yes	X	

OPTIONAL PROGRAMS & SERVICES	2011 PROGRAM PROVIDED	2012 PROGRAM PROVIDED	2013 PROPOSED	APPROVAL RECOMMENDED	APPROVAL NOT RECOMMENDED
<b>COMMUNITY PROGRAMS</b>					
• FFA/4H events & mkt directed livestock	No	No	Yes	X	
• Arts & crafts classes/exhibits	No	No	Yes	X	
• Farmers' Markets	Yes	Yes	Yes	X	
• Community garden	Yes	Yes	Yes	X	
• Urban gardening & produce stand	Yes	Yes	Yes	X	
• Service club events and gatherings	Yes	Yes	Yes	X	
• Landscape demonstration projects	Yes	Yes	Yes	X	
• Urban Forest	Yes	Yes	Yes	X	
<b>PROGRAMS/ACTIVITIES FOR YOUNG PEOPLE</b>					
• Pumpkin patch	No	No	Yes	X	
• Haunted House	No	No	Yes	X	
• Children's parties	Yes	Yes	Yes	X	
• Pony parties	Yes	Yes	Yes	X	
• FFA & 4H events/gatherings	Yes	Yes	Yes	X	
• Cub Scout events/gatherings	Yes	Yes	Yes	X	
• Boy Scouts events/gatherings	Yes	Yes	Yes	X	
• Brownies events/gatherings	Yes	Yes	Yes	X	
• Girl Scouts events/gatherings	Yes	Yes	Yes	X	
• Camp Fire Girls events/gatherings	Yes	Yes	Yes	X	
• Petting zoo	Yes	Yes	Yes	X	
• Day camps	Yes	Yes	Yes	X	
• Academic tutoring	Yes	Yes	Yes	X	
• Areas for special interest recreation activities	Yes	Yes	Yes	X	
<b>OTHER</b>					
• Training for law enforcement search and rescue teams	No	No	Yes	X	
• First aid training courses	No	No	Yes	X	
• Demonstration landscape nursery	No	No	Yes	X	
• Horticultural landscape nursery	No	No	Yes	X	
• Paddle boats for rent	No	No	Yes	X	
• Mobile snack bar for in-park sales	No	No	Yes	X	
• Tree farm	No	No	Yes	X	
• Speaker series	No	No	Yes	X	
• Non-gambling card tournaments	No	No	Yes	X	
• Canine Day Care	No	No	NO		X
• Sustainable Ag/food production	Yes	Yes	Yes	X	
• Overnight camping	Yes	Yes	Yes	X	
• Use of rental cabins	Yes	Yes	Yes	X	
• Neighborhood/community based events & gatherings	Yes	Yes	Yes	X	
• Company sponsored events with and without temp advertising	Yes	Yes	Yes	X	
• Motorcycle club shows, events and gatherings	Yes	Yes	Yes	X	
• Car club shows, events, gatherings	Yes	Yes	Yes	X	
• RV Campground (No Services)	No	Yes	Yes	X	
• Dog/cat/pet Hotel	No	No	Yes	X	
• Convenience store for in-park retail sales	Yes	Yes	Yes	X	
• Fishing	Yes	Yes	Yes	X	
• Swimming hole	No	No	No		X
• Athletic courts and Fields	No	Yes	Yes	X	



Programs Proposed for 2012		APPROVAL RECOMMENDED	APPROVAL NOT RECOMMENDED
<b>ATHLETIC EVENTS</b>			
• Archery Range		X	
<b>OTHER</b>			
• RV Camping (with services)			X
• RV Camping (without services)		X	
• Dog Park		X	
• Nature walk/center (bird viewing platform into wetlands)			X
• Area-radio controlled toys (cars, trucks, boats)		X	

Programs Proposed for 2013		APPROVAL RECOMMENDED	APPROVAL NOT RECOMMENDED
<b>EQUESTRIAN</b>			
• Pony Theater		X	
<b>ATHLETIC EVENTS</b>			
• Greater use by local and regional soccer organizations of lower fields		X	
• Establish and evening and/or summertime volleyball league		X	
• Establish and evening and/or summertime basketball league		X	
<b>COMMUNITY EVENTS</b>			
• Continued expansion of community yard sale and produce market		X	
<b>OTHER</b>			
• Area-radio controlled toys (airplanes)		X	

# ATTACHMENT C

GRP 2011 LLC Funded Proposed Capital Projects.

None.

The reality remains that with a term of less than ten years, the necessary annual amortization schedule precludes using private capital to improve the park.

GRP 2011 LLC Proposed – County Funded Capital projects (Additional information – Not required in Lease)

Consistent with last year's report, the following improvements would add significant value to the park. The single impediment to using private capital to accomplish these objectives is that the term of the lease is too short to allow private investors to recover their capital. The estimated cost of each project is included below.

Holding tanks/pumps for water conservation/reuse (\$20,000.00). Operations at Gibson Ranch require the pumping of a considerable amount of groundwater. The potable water is used for flood irrigation of pastures and for piped irrigation of turf areas. In those areas where flood irrigation is being used, a significant amount of water is wasted due to runoff and evaporation. Holding tanks and pumps will allow for the capture and reuse of the water that is otherwise "just going down the drain" for no purpose.

Photovoltaic systems to offset the expense of SMUD for pumping water (\$100,000.00). The monthly electrical bill for Gibson Ranch can be as high as \$5,000.00. In the long run, reducing the need to purchase power will have a direct impact on the bottom line of the overall operation.

Expand the parking lot in front of the Ranch House (\$10,000.00). It would be highly beneficial to have parking nearer to the Ranch House, particularly for our elderly or physically limited patrons. At present, the nearest parking is about 150' from the Ranch House. This project would expand the parking area immediately adjacent to the Ranch House. The new parking area would be level with appropriate drainage. The surface would be gravel or decomposed granite.

Three permanent stage "platforms" approximate dimensions 120' wide and 80' deep (\$20,000.00 each). Gibson Ranch remains a highly desirable venue for large community events. Providing a ready-made level staging area for such events will allow a higher fee to be collected for use of the premises. Add lights and fencing as needed (\$25,000.00 per platform).

Re-design the rental cabin compound to add at least four units and improve security (\$200,000.00). Our experience has been that there is significant demand for a low-cost "rural cabin" type of camping. The primary impediments to fully utilizing this opportunity are available parking, the lack of a secure perimeter, and to a lesser degree the need to use community bathrooms and showers. Our ultimate goal should be to increase the number of rental cabins to a minimum of twelve, to secure the perimeter of the compound, increase the number of dedicated parking spaces for the cabins, and to

install private bathrooms and showers in each cabin. Add kennels for use by cabin occupants so as to keep animals out of the cabins (\$3,500.00)

Create RV camping sites with services (\$300,000.00). We have established that there is a market for RV use at Gibson Ranch. The primary feedback we get is "Great location. When are you going to provide sewer, water and electrical hookups?" Our current thinking is to create 35 – 50 spaces focused largely on the area around the swimming hole and entry kiosk.

Create home landscaping improvement demonstration areas (\$0). There may be an opportunity to approach retailers throughout the community with a proposal to lease them an area approximately 200' x 200' in which they would spend their money to create a showcase of what homeowners could do on their property. Per the Master Lease, any such lease would require prior County approval. It would be helpful to have the Board give conceptual approval to this initiative and delegate to staff the authority to approve the details.

Wetland education and observation improvements; cost unknown. There is some demand for the opportunity to walk through the wetland area. This project envisions constructing an elevated walkway on piers that would allow people to "get up close and personal" with wildlife in the wetland area. Educational and interpretive signage would be incorporated into the walkway.

Convert all remote small electrical needs to photovoltaic source. Cost unknown.

# ATTACHMENT D

## GRP 2011 LLC Proposed 2012 – Deferred Maintenance Projects

The work on a ranch never ends. Much has been accomplished since last year and much remains to be done. The projects identified in the original approval are either finished or continue to be worked on as funding allows. In particular, the sprinkler and flood irrigation systems remain a challenge. Due to cost, functionality and liability reasons, converting open irrigation ditches underground pipe and backfilling the ditches remains a priority.

The following list closely mirrors the list from last year. Many of these projects are multi-year efforts. The only absolute prioritization is with the first project listed. All projects proceed as funding allows.

Replace the flood irrigation system with underground sprinklers. Fill in open ditches.

Replace the pasture fencing where needed. Many of the posts and boards are rotted.

Repair the post and cable system. Many of the posts are rotted.

Repair the picnic tables throughout the park.

Eradicate the star thistle and blackberry growth

Repair the horse shoe pits.

Update and upgrade the irrigation system in the turf areas of the park.

Replace the barbeques throughout the park.

Repair the sewer line connection that services the horse washout area.

Repair the sewer line connection that services the Ranch Store and bunkhouse.

Clear the fire hazard brush and undergrowth along the toe of the levee.

Complete the repairs to the rental cabins.

Complete the repairs to the aerator equipment for the lake.

Trim trees to eight foot "bottom branch" height

Obtain and place 100 cyds of engineered wood chips for childrens' play area.

Level and rehabilitate pasture 3 – 4 – 5 and install replacement irrigation system.

Clear and level the 23 acres for additional pasture.

Municipal Services Agency

Department of Regional Parks  
Jeffrey R. Leatherman, Director



Bradley J. Hudson,  
County Executive

Robert B. Leonard,  
Chief Deputy County Executive

## County of Sacramento

September 19, 2012

Doug Ose  
8552 Gibson Ranch Road  
Elverta, CA 95626

### RE: GRP 2011, LLC Submittals for 2013

Dear Mr. Ose,

I have reviewed the GRP 2011, LLC submittals for 2013, as required per the lease agreement and have identified the following deficiencies:

- 1) The Operation Plan needs to specifically list all proposed activities for 2013, and clearly designate any new activities that have not previously been approved so that it can be used as a stand-alone document without referring back to prior years' Operation Plans.
- 2) Please identify how Equestrian Programs will be provided, with a listing of key personnel associated with this program.

As per the lease agreement, the following Equestrian Programs are required, and are to be included with the Operations Plan:

Equestrian Boarding  
Riding, ponies and/or horses for children and/or adults  
Public school and private school education programs  
Compost area—include specific location

The 2012 Operations Plan included the following *optional* Equestrian Programs:

Lessons—ponies and/or horses, children and/or adult  
Training—ponies and/or horse, children and/or adult  
Day Camps

Please identify which optional programs, if any, will be provided, how they will be accomplished, with a listing of key personnel associated with the programs.



- 3) Please label Deferred Maintenance Projects as "County Funded Deferred Maintenance Projects ("CF Projects"), to be consistent with the language of the lease.
- 4) A list of Equestrian Trust Fund Projects was not included with your submittal; please provide this information with your revised submittal.
- 5) A list of hazardous materials to be used by GRP 2011, LLC at Gibson Ranch in 2013 was not included with your submittal; please provide this information with your revised submittal.

Please submit revised documents including the missing information no later than September 27, 2012 so that staff can prepare a report for the Dry Creek Parkway Advisory Committee for their meeting of October 3, 2012.

Cordially,

A handwritten signature in blue ink, appearing to read "Jeff Leatherman". The signature is fluid and cursive, with a long horizontal flourish at the end.

Jeff Leatherman, Director

GRP 2011, LLC

8556 Gibson Ranch Road

Elverta, CA 95626

916-806-3868

We operate Gibson Ranch.

September 27, 2012

Mr. Jeff Leatherman

Director

County of Sacramento Department of Regional Parks

Via Email

Dear Mr. Leatherman,

Thank you for your letter of September 19, 2012.

Our key permanent personnel are as follows: Doug Ose, Managing Partner; Stephanie La Fazia, Operations Manager; Tamara Mondragon, Sales; Debbie Wagner, Stable Manager.

In response to question 1, our progress over the past twelve months allows us to say with confidence that the activities we plan to offer for 2013 include all those outlined in the Exhibit D of the lease by which we hold possession of the subject property. This is a significant expansion in programs and services from what we offered during 2012. We direct your particular attention to the inclusion of the following programs, which were not previously offered by us but in some cases have been historically available at Gibson Ranch: Wild Things, carnivals, chili/bbq cook off competitions, dog trials, trade shows, FFA/4H events, and card tournaments. We are seeking partners who can assist us in the presentation and delivery of these activities and programs.

In response to question 2, equestrian programs will be provided by us. Key personnel who have been hired to manage the equestrian facility include Ms. Debbie Wagner, who has considerable experience with such operations. Assisting her on a contract basis with re-establishing the childrens' pony rides (which were terminated approximately sixty days ago by L&M apparently due to a loss of insurance coverage) is Mr. Lloyd Cooper. Upon the departure of L&M Concession Management, we will begin the process of finding a contractor to provide hired trail rides to the public. We will continue to provide the annual Civil War Days event in May; in fact, we have been meeting regularly with the docents and the re-enactors to keep them fully apprised of our plans. In addition, we are developing a children's Pony Theater that will incorporate "learning moments" about gold panning, the Pony Express, the history of Gibson Ranch, and agriculture in the general area. With the departure of L&M we will control the disposition of the horse manure and have identified a site in the northeast corner of the front pasture

for the proper treatment of the manure and its conversion to compost material; this location will allow us to make the compost available to the general public without requiring the general public to pay a vehicle entry fee to access the compost area. We remain hopeful that a contractor will be identified that will allow us to continue to provide the optional programs for equestrian lessons and training for children "of all ages and sizes". After September 30, 2012, we will commence the process of finding an operator for Day Camps during vacation and summer periods. As stated above, the optional programs we hope to offer span virtually the entire list of what was identified in Exhibit D of the lease. As those programs are developed with contractors, any key permanent personnel will be identified.

With the departure of L&M, there are any number of items that require replacement. In particular, fence panels and paddock gates have been removed. These items will need to be replaced at the County's expense.

The Equestrian Trust Fund, which is deposited monthly in a segregated account controlled by GRP, will be used to fund the acquisition of such items that do not reasonably fall under the deferred maintenance and repair category. The list is incomplete because the departure of L&M has not yet occurred. The public can look forward to the consideration of such things as electrified paddock fencing and new security lighting in the equestrian area (the new security lighting will replace lighting presently being provided by SMUD at an exorbitant price). In accordance with the lease, such improvements are subject to the availability of funds derived from the boarding operation percentage dedicated to the Equestrian Trust Fund.

Hazardous materials to be used during 2013 may include the following:

- |               |  |
|---------------|--|
| RoundUp       | for weed control                       |
| Fertilizer    | for turf areas                         |
| Milestone VM  | for star thistle and blackberry bushes |
| Accord XRT II | for star thistle and blackberry bushes |
| Edict 2SC     | for star thistle and blackberry bushes |

I look forward to the timely presentation of this material in accordance with the schedule laid out in the lease agreement. Please call if you should have any questions.

Sincerely,

GRP 2011, LLC



Douglas A. Dose  
Managing Partner