

Dos Pueblos Ranch Introduction

The year was 1542, October 16. Juan Rodriguez Cabrillo, the Spanish explorer was anchored off a small cove along the California coast. What he observed from the sea were two Canalino, later known as Chumash Indian villages located on bluffs either side of running creek. From that point on Dos Pueblos Ranch was given birth.

Today you can still find signs of those tribes who used to call Dos Pueblos home. And in all those years not much has really changed. However, rather than hunting and fishing for food, today Dos Pueblos has over 200 acres in avocados and about 40 more acres in cherimoyas, a south American tropical fruit. For over 35 years, the ranch has been held in the Schulte family and has operated each year as a successful farm and ranch. The open grasslands are leased for cattle and the wide-open hillsides afford wonderful unobstructed views up and down the coast from Santa Barbara to Point Conception.

Coupled with nearly perfect year-round weather, Dos Pueblos is home to a very rare private beach with some two hundred yards of shoreline. And you can walk for miles in either direction and never come across another person. The Channel Islands fill the horizon and the Los Padres National Forest touches the furthest reaches in the mountains.

The entire history of Dos Pueblos from Nicholas Den, the first owner from a Spanish land grant to Rudi Schulte, there have only been a handful of others in between. Dos Pueblos was where the first California cattle drive ever took place to take beef to the Sierras to feed the miners searching for gold. To what at one time was one of the largest orchid farms in the world and certainly close to being one of the largest single owned avocado farms.

Dos Pueblos also has another very unique and rare farming operation on site. Water is drawn a quarter mile offshore and pumped inland to provide the water needed to raise abalone. This operation is presently leased to another operator.

Dos Pueblos, with it's historic homes and barns, archeological history, orchards and beautiful hills and private beach offer more in one piece of land that would be difficult to find comparable anywhere in the world.

The farming operation could continue if a buyer chooses or you could simply build a dream home, have horses and ride a different trail everyday of the week and your only minutes away from shopping, dining, movies and golf while living and enjoying the country life.

Dos Pueblos Ranch

1. Approximately 22 existing parcels, however many are not of legal size. Need to discuss with Mark Lloyd for exact parcel number and what may or may not be legal. Roughly 200 acres. Proposed plan before Coastal Commission is 8 parcels, two which are not buildable and two existing. Henry's house (mobile home) and the Big House.
2. See attached.
3. See attached.
4. 8 Houses: Sizes vary from 900 sq feet to 4,000 plus/minus sq feet of Big House.
5. 6 Trailers: All old single or double wides. I included Henry's house in the 8 homes even though it's a mobile home.
6. 1 Ranch office: 2,000 sq ft. 1 Stable: Size ? 1 Workshop: 3,000 sq ft. 1 Mobile Trailer used for storage, double wide. 1 Packing house: 3,000 sq ft. Meat packing house. 5 Old Barns. Everything is a guesstimate. Some of the barns are nearly destroyed while others are still in decent shape.
7. No wells.
8. No pumps. Entire south is gravity fed on micro sprinklers.
9. Not additional meters except for sub-meters for the Orchid Company and the Williams property.
10. Orchid Property and old Williams (now owned by Greens) have easement on south side to access their properties. They do not have easements for beach use.
11. As for what is permitted and not permitted is a bit up in the air at the moment. My guess is the trailers will more-than-likely need to be removed. I'm fairly certain all the homes, including Henry's trailer will be allowed to stay.

Other

1. The ranch is owned by four sub-trusts.
2. The major impacts with the Osgood deal are to place an ACE on both sides of the ranch, go through the coastal commission process for approval of the 8 (6 actual) lots on the south and solidifying a water agreement.
3. Further development with Osgood cannot be suspended unless the coastal commission demands a public trail or beach access in order to move forward. Should those conditions be imposed we can walk away.
4. Trustees/trust all have a say in the sale. At this point we have 100% agreement to sell the north. The south side would take a little extra convincing, but not out of the equation.

Agricultural Narrative for Dos Pueblos Ranch

Rudi Schulte purchased Dos Pueblos Ranch in 1977 from the Signal Oil and Company and the Morehart Land Company. The key figurehead of Signal Oil had passed away, Sam Mosher, and the company did not want to be in the land business.

Up to that point, Signal Oil had been operating a successful lemon operation and some cattle. Most of the peripheral items such as grain, butter and a butchering operation had already ceased. Maggie Mosher, Sam's widow, continued to operate the Orchid Company, all of which as one time was under one roof.

Lemon prices were on the decline and avocados offered a good tax deduction and promises of a higher net return. Rudi Schulte began a strong push of removing the lemon orchards and replanting with avocados. He also began to clear more land and terraced the slopes with roads and drainage and ultimately developed around 500 acres in avocados by the time he was done planting.

Because of the massive plantings in California and Florida, the first number of years produced more fruit statewide that was able to be marketed and hence the price per pound remained low for many years.

After the California Avocado Commission was formed, a more organized effort was in place, with a percentage of sales from growers, to launch large marketing campaigns. The effort paid off and today we're seeing prices over \$1/lb on an annual basis. And this is on top of competing with Chile and Mexico. Today it's become the norm to market a billion pounds in the United States.

Over the years, avocado root rot has taken its toll on the trees reducing the planted acreage to about 200. In order to take advantage of an irrigation infirmary, cherimoya's, a sub tropical fruit has been replanted into the flatter blocks. This fruit is sold primarily to an Asian market and commands prices over \$2/lb. Dos Pueblos produces sometimes upward of about 200,000 pounds a year or higher. The fruit is harvested over the winter and spring months providing income when there's no avocado harvest.

Despite the reduction in planted avocado acreage, the return has more than made up for it. Dos Pueblos has been a profitable farming operation for many years and continues to make healthy returns.

Though water continues to be an issue DPR has access to Goleta Water during those drier years as a back up source.

DPR orchards are defined by the year they were planted, i.e. 78, 77, 79 and 80. All the trees are on a mini-sprinkler system with fertilizer injectors. The irrigation system still remains for the orchards that had died from the fungus and could be

easily replanted. Today there are resistance rootstocks that if planted on mounds to keep the roots drier have a good chance of survival to become income-producing blocks.

The ranch is operated with about eight employees on staff, and a few outside contractors during irrigation season. The bulk of the heavy work such as pruning the cherimoyas, weeding and picking is all done with outside contractors. This has proven to be very effective utilizing people only when you need them and keeping worker's comp and other related employee expenses to a minimum.

Dos Pueblos Ranch also has a fair amount of lawns and garden areas to maintain, primarily at the Beach Park and Big House.

The primary day-to-day agricultural routine is weed control and irrigation. However we also have a number of weddings and events held on the property, which produce another source of income and our crew helps in prepping the site for these events.

Dos Pueblo Ranch
Water System Summary

At present DPR has approximately 200 acres planted in avocados and 40 acres in cherimoyas. All the water to maintain these orchards comes directly from the Dos Pueblos creek and has done so since Rudi Schulte took ownership in 1977. There have only been a couple of occasions when we've had to turn to our Goleta Water meter to make up a short fall.

The creek runs almost every year, year round. On drier years this is achievable because of four horizontal wells located high in the Los Padres National Forest. These wells were drilled in the mid-forties and have been permitted to be used exclusively for DPR. The wells are opened in the later summer months if they are needed (which is not every year) and closed after the first decent rainfall. Volume varies from the time they are opened to the end of the season but can amount to around 200 gpm or more. The water flows freely down the creek and is picked up on DPR property in a weir system.

The collected water is then run, via a pipe, into a collection box and spills over into a small holding pond located about three miles up the canyon from Highway 101.

At this point the water flows (via a valve system) at the base of the pond into two 8-inch pipelines. These two lines run parallel down the canyon and eventually split to the east side of the creek and the west.

The east pipeline irrigates orchards designated as 78 and 77 and numbers 2, 3 and 4. It then continues down the canyon where it can run over a hill and fill the large reservoir. DPR no longer use this portion of the pipe to fill the reservoir but the pipe still remains. At present, the reservoir is also owned by First Bank. Today there's a four-inch T off this line we use to run over the hill and add water to the reservoir when there's excess. It is all gravity fed.

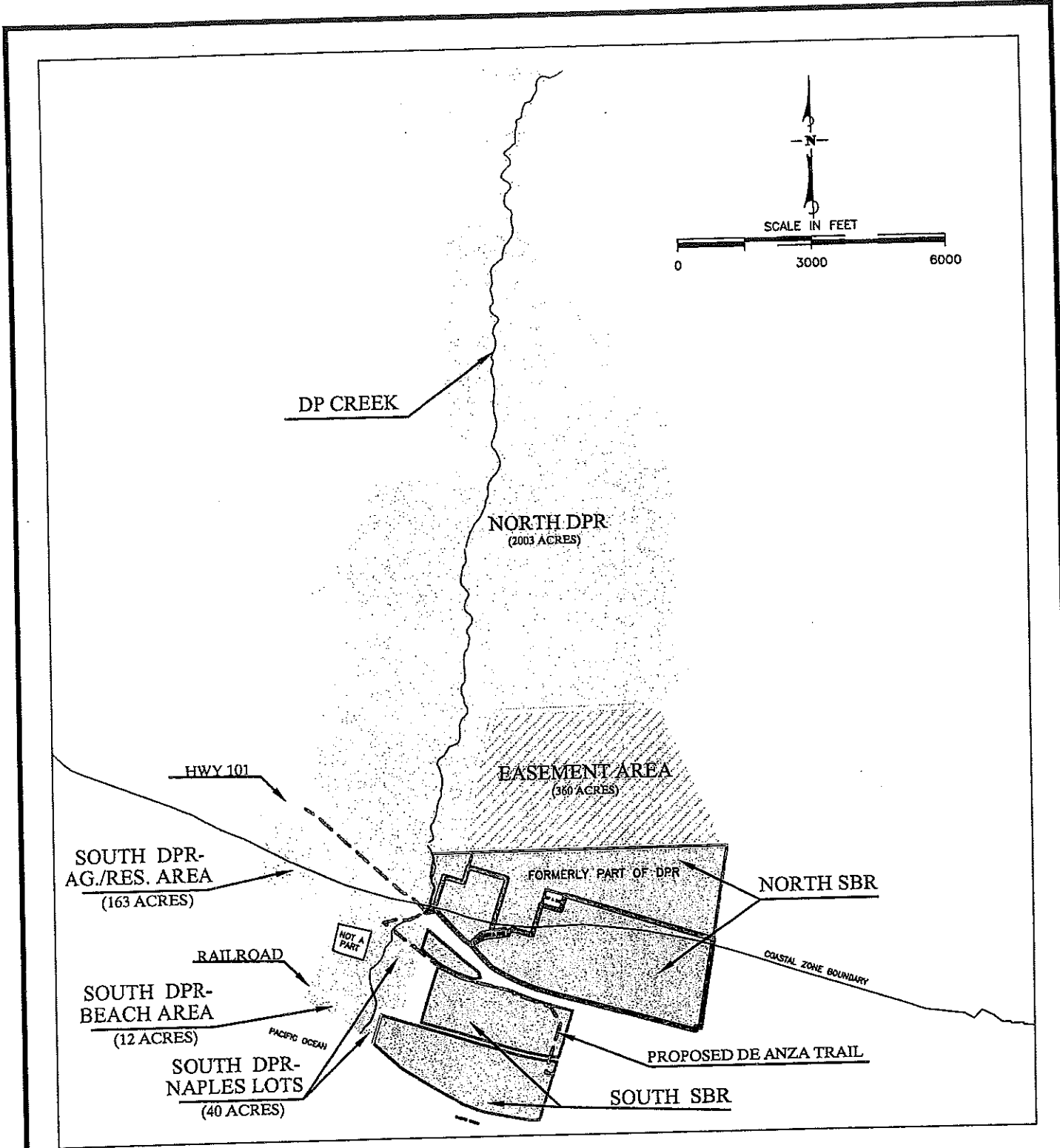
The second pipeline, the western line, continues to what is called the 2 million gallon reservoir, an open concrete storage pool. This concrete reservoir is critical to keeping an adequate balance of water to service our 79 and 80 blocks and also everything south of the freeway, including the avocado blocks, cherimoyas and landscaping around the Big House and beach park.

On top of DPR's creek supply of water there are two Goleta Water meters on the property located about mid-way up canyon. One is a two inch domestic meter servicing all homes north and south of highway 101 and the other is a six inch irrigation meter used for our 79 and 80 orchards should it become necessary. The cost for the irrigation meter per gallon is about half of the domestic water though they derive from the same source.

DPR also has three active wells. Combined they may produce 60 gpm at best, more after a heavier rainy season and less during drier years. There are numerous abandoned wells, some which still have water and would only require installing new pipe and a pump. Others are more questionable as to their value. Nearly all run along the creek and are drawing creek water that is running underground. Two of DPR's better and existing wells are in a sandstone shelf that runs east to west that generally produces the better water along the coast.

All the ranch orchards are on a mini sprinkler system with automatic fertilizer injectors installed. This allows for continuous fertilization throughout the irrigation season.

Though DPR only has about 200 acres left in production, it did have 500 acres planted at its peak in the early 80's. All the irrigation is still in place and could easily be replanted. The reason for the loss of the trees is root rot, a lethal fungus for avocados. However, over the years new resistant rootstock strains have been developed with very good success. Using this rootstock and planting the new trees on large mounds to allow the water flow away from the roots have had good success planting trees back into infected orchards.



3 WEST CARRILLO STREET
SUITE 205
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03

1"=3000'

EXHIBIT A - DPR & SBR
CONFIDENTIAL INTRODUCTION
TO DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

EXHIBIT A

1. DOS PUEBLOS 2200 AC - ~~\$21,000,000~~ ⁶⁵ \$11,000,000
- 1B. DP NORTH 2000 AC - \$15,000,000
2. SB RANCH 1100 AC - \$50,000,000 ?
3. DP ORCHID 50 AC - \$8,700,000
4. Baldwin 23 AC - \$11,900,000
* currently NOT FOR SALE
5. CAS VITAS 1500 AC. \$120,000,000
* currently not for sale

4900 ACRES

LA VITAS Ranch
(Doherty)
1522 AC.
NOT FOR SALE
but MAY consider
\$180,000,000

DPR ON TITLE
(2363 ACRES)

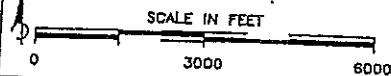
PARSONS
1900 AC.
NOT FOR SALE

SOUTH RANCH
(198 ACRES)

DPR BEACH
(17 ACRES)

SBR NORTH OF HWY 101

SBR SOUTH OF HWY 101



3 WEST CARRILLO STREET
SUITE 305
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 01-003.03 1"=3000'

MOREHART PARCELS
NOT FOR SALE

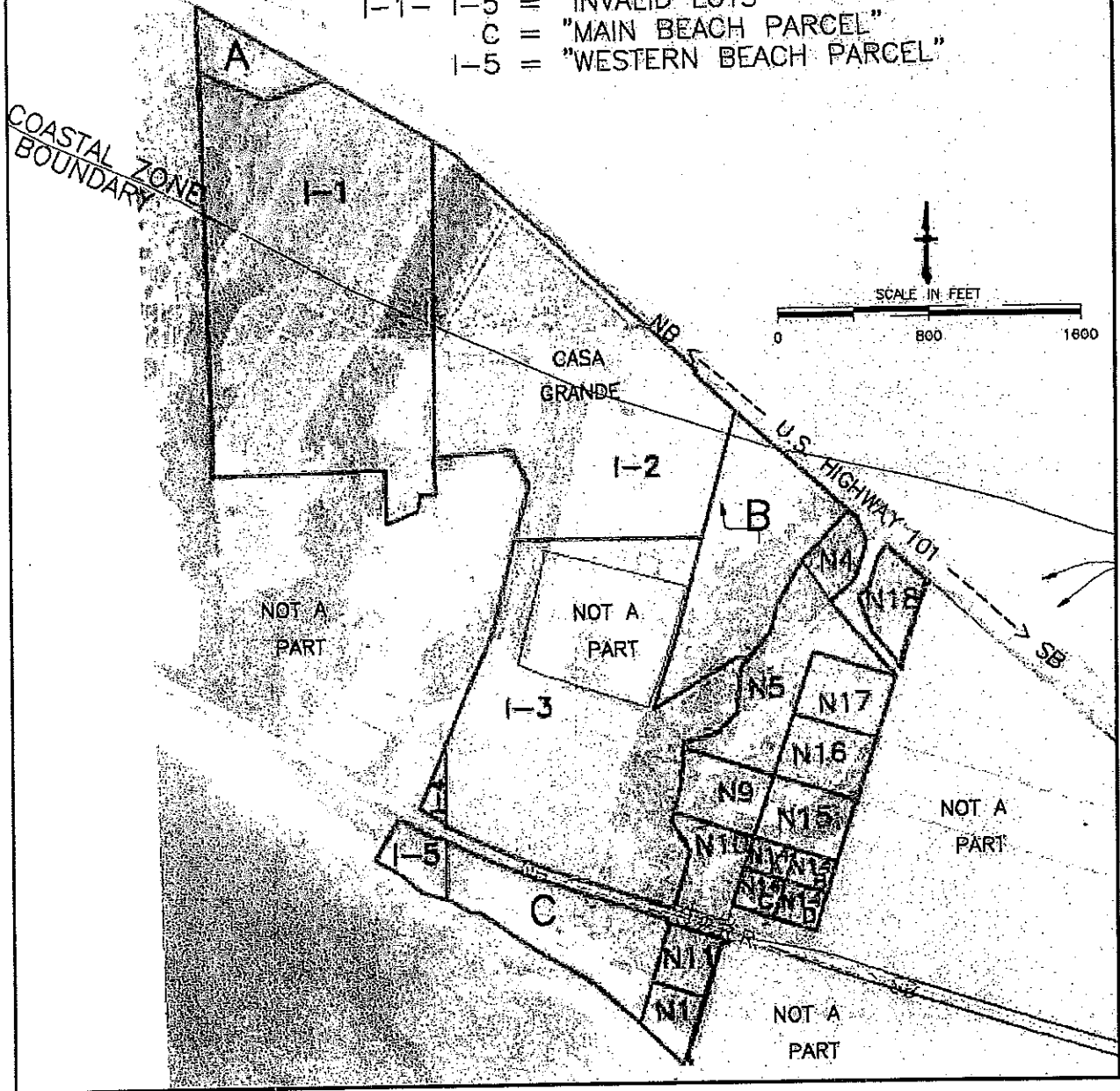
Parcels 4 AC.
FOR SALE \$2,395,000

DPR LAND
DOS PUEBLOS RANCH
COUNTY OF SANTA BARBARA, CALIFORNIA

PA EXH 09-07

LEGEND - SOUTH DPR CURRENT LOTS

- N# = "NAPLES LOTS"
- A,B,C = "CERTIFICATES OF COMPLIANCE LOTS"
- I-1 - I-5 = "INVALID LOTS"
- C = "MAIN BEACH PARCEL"
- I-5 = "WESTERN BEACH PARCEL"



5 WHEAT CARRIAGE DRIVE
SUITE 204
SANTA BARBARA, CA 93101
(805) 962-4611

P.N. 08-024.01

1"=800'

EXHIBIT C - SOUTH DPR CURRENT LOTS
"CONFIDENTIAL INTRODUCTION
TO DOS PUEBLOS RANCH"
 COUNTY OF SANTA BARBARA, CALIFORNIA

DP LLA