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Randolph County, NC  
Ann Shaw, REGISTER of DEEDS

Recording Fee 107.00  
NC Real Estate ExTx1310.00

STATE OF NORTH CAROLINA

P.I.N. # 8716271069

COUNTY OF RANDOLPH

RETURN TO: ✓ Excise tax \$1310.00  
Brooks Pierce - SLR  
Piedmont Land Conservancy P.O. Box 26000  
P.O. Box 4025 Greensboro NC 27420  
Greensboro, NC 27404

**CONSERVATION EASEMENT AND EASEMENTS OF INGRESS AND EGRESS**

This Conservation Easement and Easements of Ingress and Egress ("Conservation Easement") is granted on this 29<sup>th</sup> day of December, 2003, by and between MEREDULL FARM, INC., a North Carolina corporation with an address of 4656 Ramseur Julian Road, Liberty, NC 27298 ("Grantor") and BUTTKE DAIRY ENTERPRISES, INC., a North Carolina Corporation with an address of 5796 Walker Mill Road, Randleman, NC 27317 ("Owner"), and THE PIEDMONT LAND CONSERVANCY, a North Carolina non-profit corporation with an address of Post Office Box 4025, Greensboro, NC ("PLC") and THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION, with an address of 1548 Mail Service Center, Raleigh, NC 27699-1548 ("NCDOT") (collectively, the "Grantees").

The designation Grantor, Owner and Grantees as used herein shall include said parties, their heirs, successors and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

**WHEREAS:**

Grantor was the sole owner in fee simple of approximately 374.4 acres in Liberty Township, Randolph County, State of North Carolina, being all of that certain tract as more particularly described in Exhibit A, attached hereto and incorporated herein (hereafter the "Property"), which Grantor conveyed to Owner by Special Warranty Deed with Reservation of Covenants, Conditions, Restrictions and Easements dated September 26, 2003 and recorded in the Randolph County Register of Deeds Office in Deed Book 1336 at Page 0034 ("Special Warranty Deed").

In its transfer of the Property to Owner, Grantor retained certain rights of ownership, with full knowledge and agreement by Owner that the transfer of such rights to Grantees would occur by the terms of this Conservation Easement. The Grantor and Owner collectively own the entire fee simple interest in the Property, including the entire mineral estate.

The Property, which currently includes farm buildings, structures and residences, is shown on Exhibit B, attached hereto and incorporated herein. The Property provides exceptional relatively natural wildlife habitat for a wide variety of land, air, and aquatic species, many of which are of great importance to the Grantor and Owner and the people of North Carolina. Sandy Creek, a tributary of the Deep River, flows through the property and supplies drinking water for the Town of Ramseur. Also, the Property provides open space and possesses outstanding scenic qualities. It is therefore a purpose of this Conservation Easement to protect these natural, wildlife habitat, water quality, open space and scenic resources through, among other things, maintaining and preserving, in perpetuity, the condition of the preserved, restored and/or enhanced streams on the Property.

The Property consists primarily of productive agricultural land. The Natural Resources Conservation Service ("NRCS"), United States Department of Agriculture, has classified the majority of the soils on the Property as prime soils and soils of statewide and local importance. It is an equal purpose of this Conservation Easement to protect the agricultural soils and agricultural viability and productivity of the Property.

The agricultural resources, including the protection of soils, and the natural, wildlife habitat, open space and scenic resources of the Property to be preserved by this Conservation Easement are collectively referred to as the "conservation values" of the Property.

The Conservation Easement will be granted over the entire Property; however, for purposes of administering the Conservation Easement, the Property will be divided into two geographic areas: a Farmland Conservation Area and a Stream Conservation Area, as defined below and shown on Exhibit C. Administration of the easement includes stewardship, monitoring, and enforcement. The PLC will administer the Conservation Easement in the Farmland Conservation Area, while the NCDOT will administer the Conservation Easement in

the Stream Conservation Area until the U.S. Army Corps of Engineers ("USACE") has provided final approval of the Stream Mitigation Project (defined below). After such approval, PLC will administer the Conservation Easement in the Stream Conservation Area.

The PLC is a "qualified conservation non-profit organization" within the meaning of Sections 501(c)(3) and 509(a)(2) of the Internal Revenue Code, established for the purpose of promoting the preservation of ecologically valuable lands, natural and wildlife habitat, agricultural lands, and lands with significant natural and open space values in the State of North Carolina for charitable, scientific, educational and aesthetic purposes. The PLC is authorized to accept, hold and administer conservation easements under the applicable laws of the State of North Carolina, and possesses the authority to accept and is willing to accept this Conservation Easement under the terms and conditions hereinafter described, and is a "qualified organization" and an "eligible donee" within the meaning of Section 170(h)(3) of the Internal Revenue Code and regulations promulgated thereunder;

The PLC desires to hold a conservation easement as described herein, with administrative authority over the Farmland Conservation Area of the Property, as shown on Exhibit C, for the purpose of protecting the conservation values of the Property and preventing conversion of the Property to non-agricultural uses;

The NCDOT is an agency of the State of North Carolina whose purpose includes the construction of transportation projects for public use and who has the authority to acquire land for the purpose of mitigating environmental impacts of these transportation projects;

The NCDOT desires to restore, enhance and preserve approximately 14,200 linear feet of stream in Randolph County on the Property (hereinafter, the "Stream Mitigation Project"), and to administer a Conservation Easement over said length of stream and surrounding land encompassing approximately 49 acres (hereinafter, the "Stream Conservation Area"), as described herein and shown on Exhibit C;

The NCDOT, under a Section 404 permit granted by the USACE, must conduct certain off-site stream mitigation work to compensate for impacts to streams resulting from road construction;

The Stream Mitigation Project will be undertaken pursuant to a Stream Mitigation Plan developed by NCDOT, in coordination with the Owner, for the restoration, enhancement and preservation of the streams on the Property, and kept on file with NCDOT;

The purposes of the Conservation Easement over the Stream Conservation Area are to protect the mitigation activities performed by the NCDOT, to preserve and protect the conservation values of the Stream Conservation Area, to prevent any use of the Stream Conservation Area that will significantly impair or interfere with these purposes, and to maintain permanently the dominant woodland, scenic

and natural character of the Stream Conservation Area designated on the Property as hereinafter described.

The specific conservation values of the Property and its current use and state of improvement are described in an Easement Documentation Report, of even date herewith, which was prepared by the PLC with the cooperation of the Grantor and Owner and acknowledged by PLC, the NCDOT, the Grantor, and Owner, on the form set forth as Exhibit D, to be complete and accurate as of the date of this Conservation Easement. The Easement Documentation Report may be used by the parties to document any future changes in the use or character of the Property in order to ensure the terms and conditions of this Conservation Easement are fulfilled. This Report, however, is not intended to preclude the use of other evidence to establish the present condition of the Property if there is a controversy over its use. The Grantor, Owner and Grantees have copies of this Baseline Documentation Report, and said report will remain on file at the main office of the Piedmont Land Conservancy.

The Grantor, Owner and Grantees agree that the current agricultural use of, and improvements to, the Farmland Conservation Area of the Property, as well as the planned stream restoration and enhancement and preservation activities within the Stream Conservation Area, are consistent with the conservation purposes of this Conservation Easement.

The Grantor and Owner intend that the conservation values of the Property be preserved and maintained, and further, Grantor and Owner intend to convey to the Grantees the right to preserve and protect the agricultural and other conservation values of the Property in perpetuity.

The conservation purposes of this Conservation Easement are recognized by, and the grant of this Conservation Easement will serve, the following clearly delineated governmental conservation policies:

- (1) The Uniform North Carolina Conservation and Historic Preservation Agreements Act, N.C.G.S. § 121-34 *et seq.*, which provides for the enforceability of restrictions, easements, covenants or conditions "appropriate to retaining land or water areas predominantly in their natural, scenic, or open condition or in agricultural, horticultural, farming or forest use," N.C.G.S. § 121-35(1); and which provides for tax assessment of lands subject to such agreements "on the basis of the true value of the land and improvement less any reduction in value caused by the agreement," N.C.G.S. § 121-40;
- (2) The North Carolina Conservation Tax Credit Program, N.C.G.S. §§ 105-130.34 and 105-151.12 *et seq.*, which provides for state income tax credits for donations of land that are useful for fish and wildlife conservation and other similar land conservation purposes;
- (3) Sections 1238 H and 1238 I of the Food Security Act of 1985, as amended, which authorizes the Farm and Ranch Lands Protection Program, administered through the United States Department of Agriculture, Natural Resources Conservation Service, which provides funds for the acquisition of

Conservation Easements or other interests in prime, unique, or other productive soils for the purpose of limiting conversion to nonagricultural uses of that land;

- (4) The establishment of the North Carolina Farmland Preservation Trust Fund established in 1986 (N.C.G.S. § 106-744(c)) to preserve important farmland in North Carolina;
- (5) The Soil and Water Conservation Districts Act, N.C.G.S. § 139-1, *et seq.*, which provides for the preservation of farm, forest and grazing lands;
- (6) North Carolina General Statute § 106-583 *et seq.*, which states that "It is declared to be the policy of the State of North Carolina to promote the efficient production and utilization of the products of the soil as essential to the health and welfare of our people and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum prosperity;"
- (7) The special use assessment of farm and forestland as set forth in N.C.G.S. §105-277.2 *et seq.*; and
- (8) The Cape Fear River Basinwide Management Plan, developed by the State of North Carolina for the purpose of protecting water quality, public water supplies, significant wetlands and natural areas along the corridor.

The Grantor, Owner and Grantees have the common purpose of protecting the above-described conservation values and current condition of the Property and preventing conversion of the Property to nonagricultural uses, and Owner agrees to create and implement a conservation plan (hereinafter the "Conservation Plan") that is developed utilizing the standards and specifications of the NRCS field office technical guide and 7 CFR part 12, and is approved by the local Soil and Water Conservation District.

NOW, THEREFORE, for the reasons given, for valuable monetary consideration, and in consideration of their mutual covenants, terms, conditions and restrictions contained herein, the Grantor and Owner hereby grant and convey unto the Grantees a Conservation Easement, of the nature and character and to the extent hereinafter set forth, in respect of the Property; together with a Temporary Access Easement of Ingress and Egress ("Temporary Access Easement") and a Permanent Access Easement of Ingress and Egress ("Permanent Access Easement"), as more particularly described in Paragraph 4. All subsequent references to the Conservation Easement shall include, where appropriate, references to the Temporary and Permanent Access Easements.

The terms, conditions and restrictions of the Conservation Easement are as hereinafter set forth:

1. Grant of Conservation Easement

Grantor and Owner hereby voluntarily grant and convey to the Grantees, and the Grantees hereby voluntarily accept, a perpetual Conservation Easement, which is an immediately vested interest in real property of the nature and character described herein. Owner agrees that it will not perform, nor knowingly allow others to perform, any act on or affecting the Property that is inconsistent with the covenants herein. Owner authorizes the Grantees or the USDA, as provided in Paragraph 16, to enforce these covenants in the manner described below.

Grantor and Owner hereby voluntarily grant and convey to the Grantees all development rights for the Property, except as otherwise reserved and provided by the terms of this Conservation Easement, that are now or hereafter inherent in the Property. The parties agree that such rights are terminated and extinguished, and may not be used on or transmitted to any portion of the Property, as it now or hereafter may be bounded or described, or to any other property.

2. Statement of Purposes

The two primary purposes of this Conservation Easement are: 1) to protect the NCDOT's mitigation activities within the Stream Conservation Area, including the restored, enhanced, and preserved stream areas and 2) to protect the Farmland Conservation Area by enabling the Property to remain in agricultural use by preserving and protecting its agricultural soils and agricultural viability and productivity. Except as specifically permitted herein, no activity that shall significantly impair the actual or potential agricultural use or the condition of the restored, enhanced or preserved stream areas on the Property shall be permitted. To the extent that the preservation and protection of other natural, historic, recreational, habitat or scenic values referenced in this Conservation Easement are consistent with the primary purposes stated above, it is within the purpose of this Conservation Easement to also protect those values, and, except as specifically permitted herein, no activity which shall significantly impair those values shall be permitted.

This Conservation Easement shall be perpetual. It is an easement in gross, runs with the land and is enforceable by Grantees or the United States, as provided in Paragraph 16, against the Grantor and Owner, their representatives, heirs, successors and assigns, lessees, agents, and licensees.

3. Description of Stream Conservation Area and Farmland Conservation Area

In general, the Stream Conservation Area shall encompass all perennial and intermittent streams located on the Property. There are two distinct areas of protection covered under the Stream Conservation Area as shown on Exhibit C. They include (1) stream preservation areas and (2) stream enhancement and restoration areas. The stream preservation areas encompass seventy-five (75') foot "no-touch" buffers on both sides of the stream as measured from the top of the stream bank from the outside meander bends. The stream enhancement and restoration

areas encompass fifty (50') foot "no-touch" buffers on both sides of the stream as measured from the top of the stream bank from the outside meander bends, and an additional twenty-five (25') foot buffer zone (the "Buffer Zone") that must be maintained in a permanently grassed or naturally vegetated buffer strip. Exhibit C further describes the Stream Conservation Area as depicted on a 1993 aerial photograph. The Stream Conservation Area is comprised of stream enhancement and restoration and buffers, and stream preservation and buffers.

A more detailed description of the Stream Conservation Area will be provided after the completion of stream restoration activities and final delineation of the protected stream areas are confirmed as part of the Stream Mitigation Plan. Accordingly, an amendment to this Conservation Easement may be made by the parties pursuant to Paragraph 19 below, "Amendment of Conservation Easement". The Farmland Conservation Area consists of all land on the Property excluding the Stream Conservation Area.

4(a). Temporary Access Easement to Stream Conservation Area.

Grantor and Owner hereby grant and convey to the NCDOT a Temporary Access Easement of Ingress and Egress (the "Temporary Access Easement") across the entire Property to the Stream Conservation Area. NCDOT and its authorized representatives will use existing roads on the Property for access whenever practicable, and the Temporary Access Easement shall be located in a manner that is mutually agreed upon by the Grantees and Owner and shall minimize impact to agricultural operations. NCDOT and its authorized representatives are hereby granted access to the Property for purposes of this Temporary Access Easement in order to conduct the mitigation activities, and shall have the right to place equipment and materials on the Temporary Access Easement as necessary. The Temporary Access Easement will be valid until the completion of the construction and monitoring of the Stream Mitigation Project. Upon final approval by the USACE of the Stream Mitigation Project, the Temporary Access Easement will dissolve and no longer be a part of this Conservation Easement. NCDOT will return any land in the Farmland Conservation Area that is disturbed as a result of the mitigation activities to its pre-disturbance state after completion of the mitigation activities and final approval by the USACE.

4(b). Permanent Access Easement to Stream Conservation Area.

In addition to the access provided by the Temporary Access Easement described above, and continuing in perpetuity after said Temporary Access Easement has dissolved, Grantor and Owner hereby grant and convey to the NCDOT a Permanent Access Easement of Ingress and Egress (the "Permanent Access Easement") across the entire Property to the Stream Conservation Area. The Permanent Access Easement shall be located in a manner that is mutually agreed upon by the Grantees and Owner and shall minimize the impact to agricultural operations conducted on the Property.

The PLC and NCDOT, and their authorized representatives, shall have the right in perpetuity to enter the Stream Conservation Area through the Property over this Permanent Access Easement, at all reasonable times, for the purpose of inspecting the Stream Conservation

Area to determine if the Owner is complying with the terms, conditions, restrictions, and purposes of this Conservation Easement, and to perform maintenance or restorative work to the streams as may be necessary to further the purposes of this Conservation Easement. The Grantees will notify the Owner by phone, email, or other correspondence before entering the Property for this purpose. However, if either Grantee, in its sole discretion, determines that circumstances require immediate entry, such party is not required to notify Owner or the other Grantee prior to entry but will notify Owner and the other Grantee within two business days of such entry.

4(c). Access to Property from State Road.

Owner hereby grants and conveys to Grantees the right to use the right-of-way from State Road 2442 over those properties identified as PIN 8706975747 and PIN 87006972417 in the Randolph County tax records, to the Property, in perpetuity. Owner shall not impair or hinder Grantees' right of access to the Property for the purposes stated herein.

5. Rights and Responsibilities Conveyed or Retained by Grantor and Owner

Grantor has retained rights under the Special Warranty Deed that are being conveyed to Grantees as set forth herein. Upon execution of this Conservation Easement, Grantor shall have no remaining interest in the Property.

Subject to the terms and restrictions hereof, the Owner reserves to and for itself and its successors all customary rights and privileges of ownership, including without limitation the rights to sell, lease, encumber, impose restrictions on and devise the Property, provided such transaction is subject to the terms of this Conservation Easement and written notice is provided to the Grantees. This reservation of rights by Owner includes any rights not specifically prohibited by or limited by this Conservation Easement and not inconsistent with the Statement of Purposes in Paragraph 2. Unless otherwise specified below, nothing in this Conservation Easement shall require the Owner to take any action to restore the condition of the Property after any Act of God or other event over which it had no control. Owner understands that nothing in this Deed relieves it of any obligation or restriction on the use of the Property imposed by law.

6. Right to Farm

Farming, grazing, horticultural and animal husbandry operations are permitted in the Farmland Conservation Area only if conducted consistently with Best Management Practices promulgated by the State of North Carolina and in conformity with a conservation plan as described in Paragraph 10 (the "Conservation Plan"). Such activities are prohibited in the Stream Conservation Area, except within the Buffer Zone, and any such activities conducted in the Farmland Conservation Area may not adversely affect the Stream Conservation Area or violate any provision of Paragraph 14 of this Conservation Easement.

7. Right to Privacy

Owner retains the right to privacy and the right to exclude any member of the public from trespassing on the Property. This Conservation Easement does not create any rights of the public in, on or to the Property.

8. Subdivision

The Property may not be subdivided, partitioned nor conveyed, except in its current configuration as a single entity or block of property.

9. Prohibited Activities

Any activities, practices, or uses of the Property that would in any way alter, impede, or interfere with the conservation values, including but not limited to, (1) the agricultural goals within the Farmland Conservation Area as well as (2) the stream restoration, enhancement and preservation goals within the Stream Conservation Area sought to be protected by this Conservation Easement are strictly prohibited. Without limiting the generality of the foregoing, any use or activity that causes or is likely to cause significant soil degradation or erosion or significant pollution of any surface or sub-surface waters is prohibited.

The use of herbicides, insecticides, fungicides, fertilizers or other potentially harmful substances or the use or disposal of agricultural products and by-products on the Property must be controlled and limited so as not to have a material adverse effect on the waters or wildlife habitat associated with the Property, and such substances must be utilized in accordance with the Conservation Plan. No herbicides, insecticides, fungicides, fertilizers or other potentially harmful substances may be used in the Stream Conservation Area, except within the Buffer Zone. No agricultural products or by-products may be disposed of in the Stream Conservation Area or result in or cause discharge or runoff directly into the Stream Conservation Area..

10. Conservation Plan

As required by section 1238 I of the Food Security Act of 1985, as amended, the Owner, its heirs, successors, or assigns, shall conduct all agricultural operations on the Property in a manner consistent with a "Conservation Plan" prepared in consultation with NRCS and approved by the Conservation District. This Conservation Plan shall be developed using the standards and specifications of the NRCS Field Office Technical Guide and 7 CFR Part 12 that are in effect on date of execution of this Conservation Easement. However, the Owner may develop and implement a Conservation Plan that proposes a higher level of conservation and is consistent with the NRCS Field Office Technical Guide standards and specifications. NRCS shall have the right to enter upon the Property, with advance notice to the Owner, in order to monitor compliance with the Conservation Plan.

In the event of noncompliance with the Conservation Plan, NRCS shall work with the Owner to explore methods of compliance and give the Owner a reasonable amount of time, not to exceed twelve months, to take corrective action. If the Owner does not comply with the conservation plan, NRCS will inform the PLC of the Owner's noncompliance. The PLC shall take all reasonable steps (including efforts at securing voluntary compliance and, if necessary,

appropriate legal action) to secure compliance with the conservation plan following written notification from NRCS that (a) there is a substantial, ongoing event or circumstance of non-compliance with the conservation plan, (b) NRCS has worked with the Owner to correct such noncompliance, and (c) Owner has exhausted their appeal rights under applicable NRCS regulations.

If the NRCS standards and specifications for highly erodible land are revised after the date of this Grant based on an Act of Congress, NRCS will work cooperatively with the Owner to develop and implement a revised Conservation Plan. The provisions of this Paragraph apply to the highly erodible land conservation requirements of the Farm and Ranch Lands Protection Program and are not intended to affect any other natural resources conservation requirements to which the Owner may be or become subject.

#### 11. Water Rights

Owner shall retain and reserve the right to use any appurtenant water rights sufficient to maintain the agricultural productivity of the Property subject to the prohibitions contained in Paragraph 14(L). Owner shall not transfer, encumber, lease, sell or otherwise separate such water rights from title to the Property itself.

#### 12. Passive Recreational Use of the Property

Owner retains the right to engage in passive recreational uses of the Property (requiring no surface alteration of the land and posing no threat to the conservation values set forth herein), including, without limitation, walking, fishing, hunting or animal and plant observation as long as such activity is consistent with the purposes of this Conservation Easement, does not adversely impact the soils or agricultural operations and is not prohibited by Paragraph 14. Owner reserves the right to extend existing hunting leases and to grant additional hunting leases on or over the Property.

#### 13. Permitted and Restricted Activities in the Farmland Conservation Area

Within that area identified as the Farmland Conservation Area in Exhibit C, the following activities and uses are expressly prohibited, restricted or reserved as indicated hereunder.

##### *A. Right to Use the Property for Customary Rural Enterprises; Prohibition on Industrial and Commercial Use*

Owner retains the right to develop and operate one or more otherwise lawful and customary rural enterprises, including, by way of illustration, but not limitation, a bed and breakfast, saw mill, farm machinery repair enterprise, boarding of horses, mechanical shop, or heritage tourism or educational programs, so long as such uses are subordinate to the agricultural operations conducted on the Property, do not interfere with or diminish the conservation purposes of this Conservation Easement as described in Paragraph 2 and are clustered in or adjacent to existing farm buildings. Any construction of buildings related to such rural enterprise(s) shall be clustered in order to (1) minimize any negative impact on the open space

character of the Property; (2) protect prime or state and locally important agricultural soils; (3) avoid any interference with the agricultural uses of the Property as a dairy; and (4) be contained within the 15-acre building envelope described in Paragraph 13(B) and identified as Site "A" on Exhibit B. At least thirty (30) days prior to the commencement of operation of such rural enterprise(s), Owner must obtain advance written permission from PLC, which shall not be unreasonably withheld.

Customary Rural Enterprises are not permitted in the Stream Conservation Area. Industrial and any other commercial activities (other than permitted Customary Rural Enterprises) and any right of passage for such purposes are prohibited on the Property, except to the extent the agricultural operations specifically permitted by Paragraph 6 are deemed to be industrial or commercial activities. Under no circumstances shall athletic fields, golf courses or ranges, commercial airstrips or helicopter pads, motorcross biking, or any other improvement or activity inconsistent with current or future agricultural production be permitted on the Property.

*B. Procedure to Construct Buildings and Other Improvements*

Owner's right to construct or reconstruct buildings and other improvements are described in subparagraphs (i) through (v) below. Owner may construct or reconstruct any building or other structure existing on the date of this Conservation Easement in substantially the same location and size, or may construct an approved building or other structure as described below, provided that said buildings or other structures are located outside of the Stream Conservation Area and are not unnecessarily located on prime or state and locally important soils, and would not otherwise significantly diminish the agricultural production capacity, open space character, or scenic qualities of the Property as compared to those conditions existing on the date of this Conservation Easement. Except as indicated below, Owner shall give written notice to PLC at least 30 days prior to commencing construction of any such building, structure, or other improvement on the Property and, if required by the terms of this Conservation Easement, shall obtain PLC's consent prior to beginning such construction. Notice and consent requirements shall be governed by Paragraph 24.

- (i) *Fences* - Existing fences may be repaired and replaced, and new fences may be built anywhere on the Farmland Conservation Area for purposes of reasonable and customary management of livestock and wildlife, without notice to PLC. The no-touch zones of the Stream Conservation Area must be bounded by a fence running their entire length if the area adjacent to it is used for livestock grazing.
- (ii) *Agricultural Structures and Improvements* - New buildings and other structures and improvements to be used solely for agricultural purposes, such as trench silos, commodity barns, lounging barns and milking parlors, may be built within the 15-acre building envelope identified as Site "A" on Exhibit B, provided such structures are clustered around existing agricultural structures. It is the intent of the Owner and PLC that any agricultural structures and improvements so constructed will be built for the modernization, expansion and improvement of the agricultural uses of the Property in existence at the time of their construction.

- (iii) *Farm Labor Housing* – The Owner shall have the right to locate no more than two mobile homes on the Farmland Conservation Area for housing for farm laborers working on the Property, provided such mobile homes are located adjacent to the road leading to the agricultural structures and placed near the farm residences existing as of the date this Conservation Easement is recorded..
- (iv) *Rural Enterprise Improvements* – Any buildings constructed in conjunction with the Rural Enterprise(s) permitted by Paragraph 13(A) must be located within the 15-acre building envelope described as Site “A” on Exhibit B.
- (v) *Utility Services and Septic Systems* – Owner reserves the right to construct and maintain utilities, including but not limited to wells, electricity, telephone, and sewer, necessary to the operation of the existing mobile homes; the farm laborers’ mobile homes permitted under Paragraph 13(B)(iii); the rural enterprise improvements permitted under Paragraph 13(A); and for agricultural structures permitted under Paragraph 13(B)(ii); provided that placement and location of such utilities shall not be in the Stream Conservation Area or have a negative impact on the conservation values of the Property including, but not limited to, productive agricultural soils, the water quality of Sandy Creek and any of its tributaries or other streams on the Property, and the open space, wildlife habitat and scenic characteristics of the Property. At least thirty (30) days prior to the commencement of construction of any such utilities, Owner must obtain advance written permission from PLC, which shall not be unreasonably withheld. In no event shall cellular or other obtrusive communication towers be allowed on the Property.

None of the activities described in this Paragraph may take place within or impair the Stream Conservation Area. If there is any damage to the Stream Conservation Area as a result of the above activities all practicable and reasonable steps will be taken to repair and restore the conservation values impaired by said activities.

*C. Silvicultural Use and Land Clearing*

Except within the Stream Conservation Area, Owner may remove, cut and otherwise manage trees to control insects and disease, to prevent personal injury and property damage, to remove non-native species, for firewood and other non-commercial uses, including construction of permitted improvements and fences on the Farmland Conservation Area. The cutting, removal or harvesting of trees, including clearing land for cultivation, or use of livestock or commercial timber harvesting, may only be undertaken on the Farmland Conservation Area if in accordance with the Conservation Plan and with a written forest management plan and the timber management is conducted on a sustainable yield basis. The written forest management plan must meet all requirements set forth in Exhibit E and will be kept on file with the PLC.

*D. Paving and Road Construction*

Owner may maintain roads on or over the Property existing as of the date this Conservation Easement is recorded, and may construct access roads to the buildings and other structures permitted by Paragraph 13(B). However, no roads may be constructed in the Stream

Conservation Area, and any new road must not be unnecessarily located on prime and unique agricultural soils or in a position that diminishes the conservation values of the Property. Only the existing road leading to the lounging barns and milk parlor, and any extension of that road permitted hereunder, may be covered in asphalt or other impervious surface. All other roads may not be covered with pavement, asphalt, concrete, or any other impermeable surface.

*E. Mineral Use, Excavation, and Dredging*

There shall be no filling, excavation, dredging, mining or drilling, removal of topsoil, sand, gravel, rock, peat, minerals or other materials; and no change in the topography of the land in any manner except as necessary for the purpose of combating erosion or flooding, or as may be necessary to construct animal waste treatment lagoons, as permitted herein.

*F. Dumping and Trash*

Dumping or storage of soil, trash, refuse, debris, ashes, garbage, waste, abandoned vehicles or parts, appliances, machinery, or hazardous substances, or toxic or hazardous waste, or any placement of underground or aboveground storage tanks or other materials on the Farmland Conservation Area is prohibited. Provided, however, that the storage of agricultural products generated on the Property and byproducts (including the composting of biodegradable material for on-farm use) and agricultural equipment used on the Property (other than in the Stream Conservation Area) is permitted, so long as such storage is done in accordance with all applicable government laws and regulations and in such a manner so as to not impair the conservation values of the Property.

*G. Signs.*

No trespassing signs; local, state or federal traffic or similar informational signs; and for sale or lease signs are permitted on the Farmland Conservation Area. No other signs shall be permitted in the Farmland Conservation Area except interpretive signs describing activities and the conservation values of the Farmland and Stream Conservation Areas, signs identifying the owner of the Property and the holder of the Conservation Easement, and signs giving directions or proscribing rules and regulations for the use of the Conservation Areas.

*H. Animal Waste Treatment*

Owner may continue to operate the animal waste treatment lagoons on the Farmland Conservation Area provided that operation of the lagoons is in accordance with all applicable State, local and Federal laws and regulations. Additional animal treatment lagoons may be constructed in the Farmland Conservation Area provided they do not result in or cause discharge or runoff directly into the Stream Conservation Area.

14. Permitted and Restricted Activities in the Stream Conservation Area

Within that area identified as the Stream Conservation Area in Exhibit C, the following activities and uses are expressly prohibited, restricted or reserved as indicated hereunder:

A. *Disturbance of Natural Features.*

Any changes, disturbance, alteration or impairment of the natural, scenic and aesthetic features of the Stream Conservation Area or any introduction of non-native plants and/or animal species is prohibited unless the NCDOT gives its prior written consent or unless otherwise expressly permitted herein.

B. *Agricultural, Grazing, Horticultural Use, and Fencing.*

Agricultural, grazing and horticultural use, including landscaping, of the Stream Conservation Area is prohibited except as permitted in the Buffer Zone. Livestock shall only cross or access water at areas appointed and agreed upon in the Stream Mitigation Plan, a copy of which will be maintained in the NCDOT Office of Natural Environment in Raleigh and the PLC offices in Greensboro. In an emergency situation, in which no other water source is available, livestock may access the streams for water at areas designated in the Stream Mitigation Plan. Such emergency access is limited to one side of the stream for a length not to exceed 30 linear feet and the Owner shall notify the NCDOT in writing at the address shown below within 3 business days of such access. Existing fences may be repaired and replaced, and new fences may be built as described in the Stream Mitigation Plan.

C. *Silvicultural Use and Land Clearing.*

There may be no destruction or cutting of trees or plants in the Stream Conservation Area, except in accordance with the Stream Mitigation Plan, or upon written approval of NCDOT. The gathering of firewood in the Stream Conservation Area shall be limited to dead trees, such that the gathering is consistent with purposes of this Conservation Easement. Removal of large live trees may be allowed in some cases provided that any such request is consistent with the purposes of this Conservation Easement and the Owner obtains prior written approval from the NCDOT. The provisions of this Paragraph do not apply to the Buffer Zone.

D. *Dumping and Storage.*

Dumping or storage of soil, trash, refuse, debris, ashes, garbage, waste, abandoned vehicles or parts, appliances, machinery, or hazardous substances, or toxic or hazardous waste, or any placement of underground or aboveground storage tanks or other materials on the Stream Conservation Area is prohibited. No agricultural products or by-products, or agricultural equipment, may be dumped or stored in the Stream Conservation Area.

E. *Mineral Use, Excavation, and Dredging.*

There shall be no filling, excavation, dredging, mining or drilling; no removal of topsoil, sand, gravel, rock, peat, minerals or other materials, and no change in the topography of the land in any manner on the Stream Conservation Area or on the Farmland Conservation Area which would cause erosion or siltation on the Stream Conservation Area.

*F. Industrial Use.*

Industrial activities in the Stream Conservation Area are prohibited.

*G. Residential Use.*

Residential use of the Stream Conservation Area is prohibited.

*H. Commercial Use.*

Commercial activities in the Stream Conservation Area are prohibited.

*I. Construction, Roads and Road Building, Stream Crossings.*

There shall be no building, shed, facility, mobile home, or other structure constructed or placed in the Stream Conservation Area. Further, no new roads, either paved or unpaved, may be constructed in the Stream Conservation Area, except as allowed and described in the Stream Mitigation Plan. Motorized vehicles, including off-road vehicles, are prohibited in the Stream Conservation Area unless used on roads existing as of the date of this Conservation Easement. However, the NCDOT expressly reserves the right to install, operate, and maintain structures or unpaved roads, and to use motorized vehicles in any manner necessary, for the purpose of reestablishing, protecting, and enhancing stream functional values, including those described in the Stream Mitigation Plan for the Stream Conservation Area. All structures allowed under this paragraph, but not necessary for maintenance of the stream mitigation activities, will be removed once the USACE has given final approval of the Stream Mitigation Project.

The Owner hereby reserves the right to maintain certain stream crossings as agreed upon in the Stream Mitigation Plan, including three (3) crossings within the Stream Conservation Area. The NCDOT may agree to allow Owner to move existing crossings, install new crossings, or widen existing crossings, if needed in the future, provided that any such request is consistent with the purposes of this Conservation Easement, the Owner obtains prior written approval from the NCDOT, and the work is done with all necessary state and federal permits. These crossings shall not exceed a width of fifty (50) feet and will be constructed in such a way that minimizes negative impacts to the stream and riparian vegetation.

*J. Signs.*

No signs shall be permitted in the Stream Conservation Area except interpretive signs describing activities and the conservation values of the Stream Conservation Area, signs identifying the owner of the Property and the holder of the Conservation Easement, and signs giving directions or proscribing rules and regulations for the use of the Conservation Area.

*K. Utilities.*

The installation of utility systems, including, without limitation, water, sewer, power, fuel, and communication lines and related facilities, is prohibited. For existing utility easements

located in or affecting the Stream Conservation Area, Owner shall notify the NCDOT if right-of-way clearing or other work in the Stream Conservation Area is scheduled by the utility. Any such clearing should be in keeping with the conservation values of this Conservation Easement.

*L. Water Quality and Drainage Patterns.*

Owner shall conduct no activities in the Stream Conservation Area that would be detrimental to water quality or to any of the plants or habitats within the Stream Conservation Area, or that would alter natural water levels, drainage, sedimentation and/or flow in or over the Stream Conservation Area, or cause soil degradation or erosion. Diking, dredging, alteration, draining, filling or removal of wetlands or stream by the Owner is prohibited. In addition, Owner is prohibited from diverting or causing or permitting the diversion of surface or underground water into, within or out of the Stream Conservation Area by any means; polluting or discharging into waters, springs, seeps, or wetlands; or using pesticides or biocides in the Stream Conservation Area, except in the Buffer Zone, unless agreed to in writing by the NCDOT.

*M. NCDOT's Rights.*

The NCDOT reserves the right to use the Stream Conservation Area in any way necessary, consistent with the terms herein, to undertake any activities to protect, restore, manage, maintain, or enhance stream functional values, and monitor the mitigation work, as described in the Stream Mitigation Plan in order to mitigate for impacts to streams resulting from road construction. These mitigation activities include, but are not limited to, construction of new stream channels; restoration/stabilization of existing stream channels; installation of natural and manmade materials as needed to direct in-stream, above ground, and subterraneous water flow; planting of trees, shrubs and herbaceous vegetation; and utilization of heavy equipment to grade, fill, and prepare the soil. The NCDOT further reserves the right to monitor the results of the mitigation activities in perpetuity and to repair or restore any damage to the Stream Conservation Area occurring after initial completion of the construction associated with mitigation activities.

15. Ongoing Responsibilities of Grantor, Owner and Grantees

Other than as specified herein, this Conservation Easement is not intended to impose any legal or other responsibility on the Grantees or the United States, or in any way to affect any existing obligation of the Owner as owner of the Property. Among other things, this shall apply to:

(A) *Taxes* -- The Owner shall continue to be solely responsible for payment of all taxes and assessments levied against the Property. If the Grantees are ever required to pay any taxes or assessments on its interest in the Property, the Owner will reimburse the Grantees for the same.

(B) *Upkeep and Maintenance* -- Owner shall continue to be solely responsible for the upkeep and maintenance of the Property, to the extent it may be required by law. The Grantees shall have no obligation for the upkeep or maintenance of the Property.

(C) *Liability and Indemnification* -- Owner agrees to indemnify and hold Grantees and the United States harmless from any and all costs, claims or liability, including but not limited to reasonable attorneys' fees arising from any personal injury, accidents, negligence or damage relating to the Property, or any claim thereof, unless due to the intentional misconduct or negligence of Grantees or their agents, in which case liability shall be apportioned accordingly. In addition, Owner warrants that the PLC is an additional insured on Owner's liability insurance policies covering the Property.

#### 16. Enforcement

With reasonable advance written notice to the Owner, the Grantees shall have the right to enter the Property for the purpose of inspecting for compliance with the terms of this Conservation Easement. The Grantees, or either of them, shall have the right to prevent violations and remedy violations of the terms of this Conservation Easement through judicial action, which shall include, without limitation, the right to bring proceedings in law or in equity against any party or parties attempting to violate the terms of this Conservation Easement. Except when an ongoing, or imminent violation could irreversibly diminish or impair the conservation values of the Property, the Grantees shall give the Owner written notice of the violation and thirty (30) days to cure the violation, before commencing any legal proceedings. If a court with jurisdiction determines that a violation may exist or has occurred, the Grantees may obtain an injunction to stop the violation, temporarily or permanently. The parties agree that a court may issue an injunction or order requiring the Owner to restore the Property to its condition prior to the violation as restoration of the property may be the only appropriate remedy. In any case where a court finds that a violation has occurred, the Owner shall reimburse the Grantees for all its expenses incurred in stopping and correcting the violation, including but not limited to court costs, attorneys' fees, and any other costs incurred with onsite remediation. If legal action is brought by the Grantees, or either of them, and the court finds that no violation has occurred, each party shall bear its own costs. The failure of the Grantees to discover a violation or to take immediate legal action shall not bar it from doing so at a later time.

In the event that Grantees fail to enforce any of the terms of this Conservation Easement as to the Farmland Protection Area, as determined in the sole discretion of the Secretary of the United States Department of Agriculture, the said Secretary of Agriculture and his or her successors and assigns shall have the right to enforce the terms of the Conservation Easement as to the Farmland Conservation Area through any and all authorities available under Federal or State law. In the event that the PLC attempts to terminate, transfer, or otherwise divest itself of any rights, title, or interests of this Conservation Easement without the prior consent of the Secretary of the United States Department of Agriculture and payment of consideration to the United States, then, at the option of such Secretary, all right, title, and interest of PLC in this Conservation Easement shall become vested in the United States.

#### 17. Transfer of Conservation Easement

Subject to the contingent rights of the United States as specified in Paragraph 16, and with timely written notice and approval of the United States Department of Agriculture, the Grantees, or either of them, shall have the right to transfer this Conservation Easement to any public agency or private nonprofit organization that, at the time of transfer, is a qualified organization under §170(h) of the U.S. Internal Revenue Code, as amended and under NCGS 121-34 *et seq.*, provided the agency or organization expressly agrees to assume the responsibility imposed on the transferring party or parties by this Conservation Easement. As a condition of such transfer, the Grantees shall require that the conservation purposes intended to be advanced hereunder shall be continued to be carried out. If either of the Grantees ever ceases to exist or no longer qualifies under §170(h) of the U.S. Internal Revenue Code, or applicable state law, a court with jurisdiction shall transfer this Conservation Easement to another qualified organization having similar purposes that agrees to assume the responsibility imposed by this Conservation Easement. Further, NCDOT may transfer its interest in the Conservation Easement at any time to the PLC without notice to or consent by the United States Department of Agriculture.

18. Transfer of Property

Owner agrees to incorporate by reference the terms of this Conservation Easement in any deed or other legal instrument by which it transfers or divests itself of any interests, including leasehold interests, in all or a portion of the Property. Failure of Owner to comply with this Paragraph shall not impair the validity of this Conservation Easement as to successor owners or limit its enforceability in any way, nor shall Owner's failure to comply with this Paragraph constitute a default under this Conservation Easement.

19. Amendment of Conservation Easement

This Conservation Easement may be amended by a written instrument executed by the Grantees and the Owner. Any such amendment shall be consistent with the Statement of Purpose of this Conservation Easement and shall comply with Section 170(h) of the Internal Revenue Code or any regulations promulgated in accordance with that section. Any such amendment shall be duly recorded. Grantees shall give notice of any amendment to and secure advance approval from the United States.

All parties to this Conservation Easement agree that the Stream Mitigation Plan, once finalized, may more accurately delineate those streams and buffers currently identified in the Stream Conservation Area as depicted in Exhibit C, through GPS or other forms of sub-meter coordinate mapping, including but not limited to a survey, approved by NCDOT. All parties further agree that NCDOT has the one-time, temporary right to unilaterally amend the Conservation Easement ("Unilateral Amendment"), to be executed by Owner, Grantees, and the United States, in order that the Stream Conservation Area description reflect the more accurate stream and buffer delineation. This Unilateral Amendment only serves to clarify and correct the Stream Conservation Area boundary and will not convey any additional land interest requiring additional consideration. NCDOT must exercise this right before the USACE gives final approval of the project, or within eight years of execution of the Conservation Easement.

NCDOT agrees to cover the cost associated with the Unilateral Amendment. Before executing the Unilateral Amendment, Owner, Grantees and the United States shall have the opportunity to review and comment on it. Upon execution, the Unilateral Amendment shall be recorded with the Randolph County Register of Deeds.

20. Procedure in the Event of Termination of Conservation Easement

If it determines that conditions on or surrounding the Property change so much that it becomes impossible to fulfill the conservation purposes of this Conservation Easement, a court with jurisdiction may, at the joint request of both the Owner and the Grantees and with prior consent of the United States as provided herein, terminate or modify this Conservation Easement in accordance with applicable state law. Owner and Grantees agree that the Conservation Easement is a currently vested real property right with a value equal to the proportionate value of the Conservation Easement to the unencumbered value of the fee, as of the date of this Conservation Easement. If the Conservation Easement is terminated and the Property is sold, the Grantees shall be entitled to fifty percent (50%) of the gross sale proceeds representing an amount equal to the ratio of the appraised value of this Conservation Easement to the unrestricted fair market value of the Property, as these values are determined on the date of this Conservation Easement. The United States and the NCDOT shall divide the resulting proceeds in accordance with the percentage of the purchase price of the Conservation Easement that each party contributed. The percentages are 42.5% for the United States and 57.5% for the NCDOT. If this Conservation Easement is extinguished or terminated, the PLC shall disperse as soon as practicable to the United States and the NCDOT their respective shares of the proceeds.

All termination related expenses incurred by the Owner and the Grantees shall be paid out of any recovered proceeds prior to distribution of the net proceeds as described herein.

21. Procedure in the Event of Condemnation or Eminent Domain

Owner and Grantees recognize that the partial donation and partial sale of this Conservation Easement gives rise to a property right, immediately vested in the Grantees, with a fair market value equal to the proportionate value that this Conservation Easement bears to the value of the Property prior to the restrictions imposed by this Conservation Easement. Accordingly, if any condemnation or eminent domain action shall be taken, on all or part of the Property, by any authorized public authority, said authority shall be liable to the Grantees and the United States for the value of the property right vested in the Grantees at the time of the signing of this Conservation Easement.

If condemnation or a taking by eminent domain of a part of the Property or the entire Property by a public authority renders it impossible to fulfill any of the conservation purposes of this Conservation Easement on all or part of the Property, the Conservation Easement may be terminated or modified accordingly through condemnation proceedings. Owner and Grantees agree that the Conservation Easement is a currently vested real property right with a value equal to the proportionate value of the Conservation Easement to the unencumbered value of the fee, as of the date of this grant. If the Conservation Easement is terminated or modified and any or all of the Property is sold or taken for public use, then, the Grantees shall be entitled to the

proportionate value of the Conservation Easement which has been predetermined at fifty percent (50%) of the Property's unrestricted value. If this Conservation Easement is extinguished or terminated, the United States and the NCDOT shall receive their proportional share of the value of this Conservation Easement at the time of termination. Those proportional shares of the value of this Conservation Easement are as follows: 42.5% to United States and 57.5% to the NCDOT.

However, if after the condemnation or eminent domain proceedings, a court of competent jurisdiction does not include in the just compensation awarded as a result of the taking, the amount of the Conservation Easement value, then the Owner shall not be responsible to share any proceeds awarded.

All condemnation-related expenses incurred by the Owner and the Grantees shall be paid out of any recovered proceeds prior to distribution of the net proceeds as described herein.

22. Interpretation

This Conservation Easement shall be interpreted under the laws of the State of North Carolina and the laws of the United States, resolving any ambiguities and questions of the validity of specific provisions so as to give maximum effect to its conservation purposes.

23. Perpetual Duration; Severability

This Conservation Easement shall be a servitude running with the land in perpetuity. Every provision of this Deed that applies to the Grantor, Owner or the Grantees shall also apply to their respective agents, heirs, executors, administrators, assigns, and all other successors as their interests may appear. Invalidity of any of the covenants, terms or conditions of this Conservation Easement, or any part thereof by court order or judgment shall in no way affect the validity of any of the other provisions hereof, which shall remain in full force and effect.

24. Notices

Any notices required by this Conservation Easement shall be in writing and shall be personally delivered or sent by first class mail to the parties at the following addresses, unless a party has been notified in writing by the other of a change of address:

To Owner:  
Buttke Dairy Enterprises  
5796 Walker Mill Rd.  
Randleman, NC 27317  
Attn: Arlin Buttke, President

To Grantee PLC:  
Piedmont Land Conservancy  
P.O. Box 4025  
Greensboro, NC 27404-4025  
Attn: Executive Director

To Grantor:  
Meredell Farm, Inc.  
3917 Guinevere Lane.  
Winston-Salem, NC 27104

To Grantee NCDOT:  
Office of Natural Environment  
1548 Mail Service Center  
Raleigh, NC 27699-1548

Attn: David Meredith

Attn: Lynn Smith

To USDA:  
State Conservationist  
Natural Resources Conservation Service  
United States Dept. of Agriculture  
4405 Bland Rd., Suite 205  
Raleigh, NC 27609

In any provision of this Conservation Easement in which the Owner is required to provide advance notice to the Grantees, or either of them, of any activity on the Property, such notice shall be given not less than thirty days prior to the planned commencement of the activity. If the Grantees' approval is required, such approval shall be deemed withheld unless Grantees provide to the Owner written notice of approval within 30 days of receipt of said request. If Owner has received no response after said 30 days, Owner may send a second written notice to Grantees requesting a statement of the reasons for the disapproval and the Grantees shall respond within 30 days with an explanation for the specific reasons and basis for its decision to disapprove.

#### 25. Title Warranty

The Owner warrants that it holds fee simple title to the Property, free from all encumbrances and hereby promises to defend the same against all claims that may be made against it, except for the following:

- (a) All easements and rights of way currently recorded in the Randolph County Registry; and
- (b) Public Road rights of way affecting the Property.
- (c) Those rights retained by the Grantor in the Special Warranty Deed.

The Grantor covenants and represents that the Grantor is the sole owner and is seized of those rights and interests in the Property that were reserved in the Special Warranty Deed, and hereby promises to defend the same against all claims that may be made against it. Grantor and Owner represent that there is legal access to the Property, and covenant that the Grantees and the United States shall have the use of and enjoy all the benefits derived from and arising out of this Conservation Easement to the extent of their respective interests therein.

#### 26. Subsequent Liens on Property

No provisions of this Conservation Easement should be construed as impairing the ability of Owner to use the Property as collateral for subsequent borrowing. Any such liens shall be subordinated to this Conservation Easement.

#### 27. Subsequent Easements/Restrictions on the Property

The grant of any easements or use restrictions that might diminish or impair the agricultural viability or productivity of the Property or otherwise diminish or impair the conservation values of the Property are prohibited. Any such easements or restrictions shall be subordinated to this Conservation Easement.

#### 28. Environmental Warranty

The Grantor and Owner warrant that they have no actual knowledge of a release or threatened release of hazardous substances or wastes on the Property, as such substances and wastes are defined by applicable federal and state law, and hereby promise to defend and indemnify Grantees and United States against all litigation, claims, demands, penalties and damages, including reasonable attorneys' fees, arising from or connected with any release of hazardous waste caused by the intentional or negligent act of the Grantor or Owner or violation of federal, state or local environmental laws caused by the negligent or intentional act of the Grantor or Owner. Without limiting the generality of the foregoing, nothing in this Conservation Easement shall be construed as giving rise to any right or ability in Grantees or the United States, nor shall Grantees or the United States have any right or ability, to exercise physical or managerial control over the day-to-day operations of the Property, or otherwise to become an operator with respect to the Property within the meaning of The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

#### 29. Recording

This Conservation Easement and any amendments hereto shall be recorded in timely fashion in the official records of Randolph County, North Carolina, and may be re-recorded at any time as may be required.

#### 30. Entire Agreement

This instrument sets forth the entire agreement of the parties with respect to this Conservation Easement and supersedes all prior discussions, negotiations, understandings or agreements relating to the Conservation Easement. The parties hereto intend this document to be an instrument executed under seal. If any party is an individual, partnership or limited liability company, such party hereby adopts the word "SEAL" following his/her signature and the name of the partnership or limited liability company as his/her/its legal seal. The Recitals set forth above and the Exhibits attached hereto are incorporated herein by reference.

#### 31. Merger

The Parties agree that the terms of this Conservation Easement shall survive any merger of the fee and easement interest in the Property.

TO HAVE AND TO HOLD this Deed of Conservation Easement, the Temporary Access Easement and the Permanent Access Easement unto Grantees, their respective successors and assigns, forever.

IN WITNESS WHEREOF, the Grantor, Owner, and Grantees, intending to legally bind themselves, have set their hands on the date first written above.

GRANTOR:

MEREDELL FARM, INC.,  
A North Carolina Corporation

By: Everett Phillip Wright  
Everett Phillip Wright  
Vice President

OWNER:

BUTTKE DAIRY ENTERPRISES, INC.,  
A North Carolina corporation

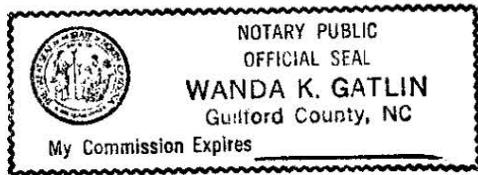
By: Arlin Buttke  
Arlin Buttke  
President

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Acknowledgments

North Carolina  
Guilford County

I, the undersigned Notary Public of the County and State aforesaid, certify that Everett Phillip Wright personally came before me this day and acknowledged that he is the Vice-President of MEREDULL FARM, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal this 29<sup>th</sup> day of December, 2003.

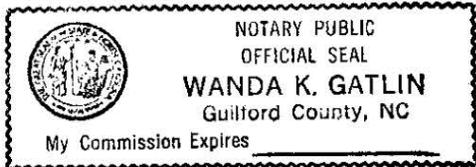


Wanda K. Gatlin  
Notary Public

My commission expires: Feb. 11, 2005

North Carolina  
Guilford County

I, the undersigned Notary Public of the County and State aforesaid, certify that Arlin Buttke personally came before me this day and acknowledged that he is the President of BUTTKE DAIRY ENTERPRISES, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal this \_\_\_\_ day of December, 2003.



Wanda K. Gatlin  
Notary Public

My commission expires: Feb. 11, 2005

GRANTEE:

PIEDMONT LAND CONSERVANCY,  
a North Carolina Non-profit Corporation

By: *C Royce Hough*  
C Royce Hough  
President



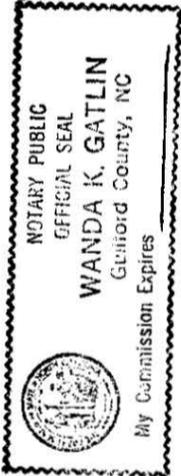
ATTEST:

By: *Bethany W. Olmstead*  
Assistant Secretary  
(SEAL)

NORTH CAROLINA  
GUILFORD COUNTY

I, *Wanda K. Gatlin*, a Notary Public of Guilford County, North Carolina do hereby certify that Bethany Olmstead personally came before me this day and acknowledged that she is the Assistant Secretary of Piedmont Land Conservancy, a North Carolina nonprofit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by herself as Assistant Secretary.

Witness my hand and official stamp or seal this the *29<sup>th</sup>* day of *December*, 2003.



*Wanda K. Gatlin*  
Notary Public (SEAL)  
My commission expires: *Feb. 11, 2005*

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GRANTEE:

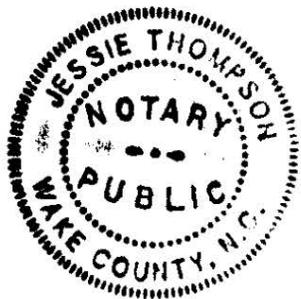
NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

By: [Signature]  
A. D. Allison, II  
Assistant Branch Manager, NC DOT Right of Way Branch

NORTH CAROLINA  
Wake COUNTY

I, Jessie Thompson, a Notary Public of Wake County, North Carolina do hereby certify that A. D. Allison, II personally came before me this day and acknowledged that he is the Asst. Branch Manager of the North Carolina Department of Transportation, an agency of the State of North Carolina, and that by authority duly given he executed the foregoing instrument.

Witness my hand and official stamp or seal this the 29<sup>th</sup> day of December, 2003.



Jessie Thompson  
Notary Public (SEAL)  
My commission expires: 8-29-07

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NORTH CAROLINA — RANDOLPH COUNTY

The foregoing certificate(s) of Jessie Thompson, Wanda K Gatten

Notary/Notaries Public is/are certified to be correct.

This 30 day of December, 2003.

ANN SHAW, REGISTER OF DEEDS  
by: Cookie Barnes Deputy Register of Deeds

ACCEPTANCE OF PROPERTY INTEREST BY THE NATURAL RESOURCES  
CONSERVATION SERVICE

The Natural Resources Conservation Service, an agency of the United States Government, hereby accepts and approves the foregoing Conservation Easement deed, and the rights conveyed therein, on behalf of the United States of America.

*Dick Fowler* Assist. State Conservationist  
Authorized Signatory for the NRCS Dec. 29, 2003

This instrument should be returned to:

Piedmont Land Conservancy  
P.O. Box 4025  
Greensboro, NC 27404

EXHIBIT "A"

PROPERTY DESCRIPTION

Liberty Township, Randolph County, NC

All that certain tract of land consisting of 374.43 acres, more or less, as shown on survey for MEREDULL FARM, INC., recorded at Book 19, Page 34, Randolph County Registry.

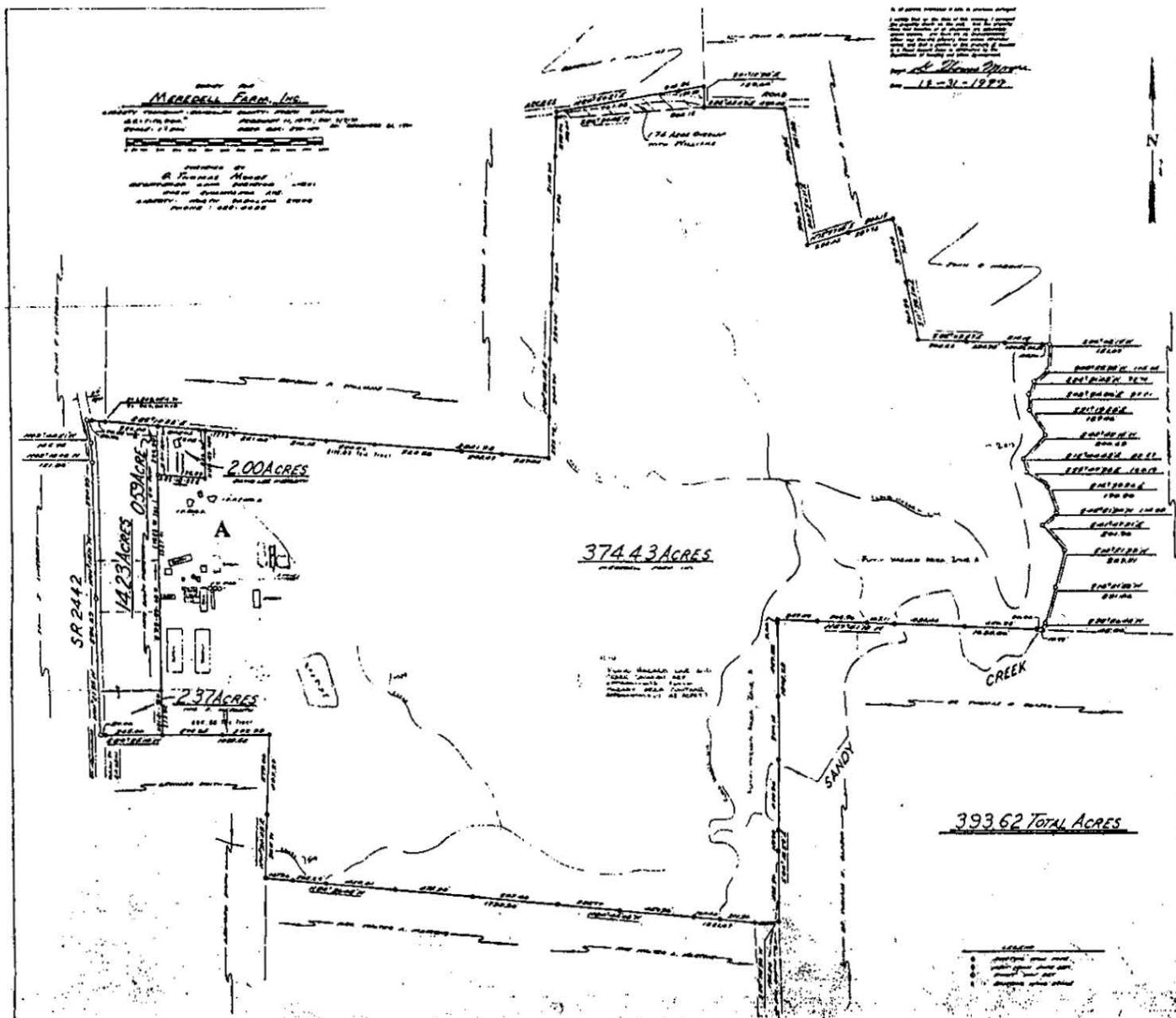
Together with a non-exclusive right of way 60 feet wide for ingress and egress running from Secondary Road No. 2442 immediately south of Benjamin Williams' south line and running south along and within the western boundary of the 2.00-acre tract as shown on the recorded plat referenced above. The terms of this Conservation Easement do not apply to this 60 feet wide right of way for ingress and egress except as to provide Grantees temporary and permanent access to 374.43 acres as shown on the recorded plat referenced above.

The above 374.43-acre tract includes a tract designated on the aforesaid recorded plat as "1.74 acre Overlap with Williams." Grantor quitclaims all its right, title and interest in said 1.74-acre tract; however, it does not warrant title to said area.

EXHIBIT "B"

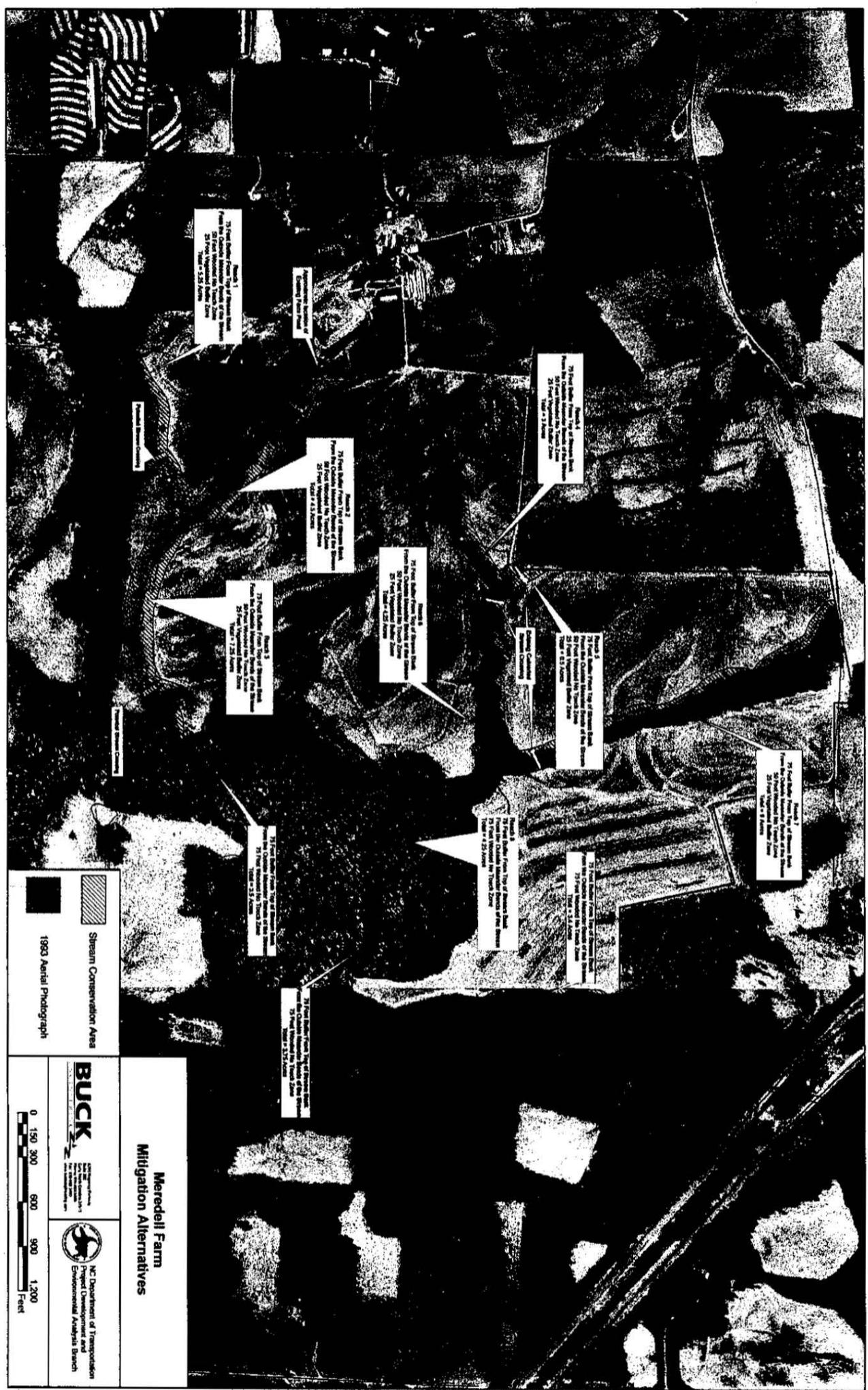
SITE MAP SHOWING BUILDING LOCATIONS AND ENVELOPES

This map is not a certified survey and has not been reviewed by a local Government agency for compliance with any applicable land development regulations.



This map is not a certified survey and has not been reviewed by a local Government agency for compliance with any applicable land development regulations.

EXHIBIT "C"  
BOUNDARIES OF FARMLAND CONSERVATION AREA AND STREAM  
CONSERVATION AREA



This map is not a certified survey and has not been reviewed by a local Government agency for compliance with any applicable land development regulations.

Record of poor quality  
due to condition  
of original document.

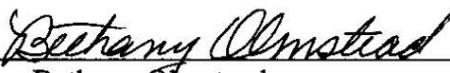
EXHIBIT D

This is to certify that Meredell Farm, Inc., the Grantor, Buttke Dairy Enterprises, Inc, the Owner and the Piedmont Land Conservancy and the North Carolina Department of Transportation as the Grantees, do accept and acknowledge the terms of a documentation report, which sets forth an accurate description of the current land uses and physical features as of December, 2003 on the Meredell Farm, Inc. Property (the "Property"). This report, which is maintained at the offices of the Piedmont Land Conservancy, contains documentation data, a survey, a biological inventory, photographs, maps and other information necessary to accurately describe the condition of the Property as of the date of this Conservation Easement. The Grantor, Owner and Grantees further certify that to the best of their knowledge there have been and currently are no activities on the Property, which are inconsistent with the terms and covenants contained in the Conservation Easement.

GRANTOR:  
MEREDELL FARM, INC.

By:   
David Meredith, Secretary

GRANTEE:  
PIEDMONT LAND CONSERVANCY

By:   
Bethany Olmstead,  
Associate Director

OWNER:  
BUTTKE DAIRY ENTERPRISES, INC.  
a North Carolina corporation

By:   
Arlin Buttke, President

GRANTEE:  
N.C. DEPT. OF TRANSPORTATION:

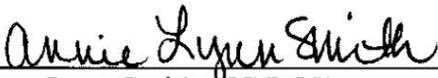
By:   
Lynn Smith, NC DOT

EXHIBIT E

FORESTRY PLAN

Any Forestry Plan governing the Property must be consistent with the purposes of this Conservation Easement and must be reviewed and approved by the PLC. The Forestry Plan must have been prepared not more than ten (10) years prior to the date any timber harvesting commences, or shall have been reviewed and updated as required by a North Carolina Registered Forester or other qualified person at least thirty (30) days prior to the date timber harvesting commencing. The Forestry Plan shall include at minimum: (1) landowner objectives; (2) timber harvest goals; (3) an appropriately scaled, accurate map indicating such items as forest stands, streams, wetlands, major access routes, and topographic contours; (4) forest stand descriptions, including but not limited to, stocking levels, stand quality, soils, insect and disease occurrence, previous management history, and prescribed silvicultural treatment; (5) water quality considerations for the Stream Conservation Area including Sandy Creek and any of its tributaries; (6) plant and wildlife considerations; and (7) aesthetic and recreational considerations. The Forestry Plan shall be updated at least once every ten (10) years if Grantor intends to harvest timber or other wood products. Amendments to the Forestry Plan shall be required if Grantor proposes a treatment that is not included in the approved sequence of treatments but no such amendment shall be required for any change in timing or sequence of treatments if such change does not vary more than five (5) years from the prescription schedule set forth in the approved Forestry Plan. In the event that any forest stand is substantially damaged by natural causes such as insect infestations, disease, ice, fire or wind, Grantor may elect to conduct an alternative treatment for the affected forest stand in which event Grantor shall submit an amendment to the Forestry Plan for PLC's approval prior to conducting any alternative treatment.