

January 23, 2023

SENT VIA CERTIFIED MAIL #7011 1150 0000 1971 4857
SENT VIA GOLDEN STATE OVERNIGHT #558622906
SENT VIA EMAIL Canyonsidemail@aol.com

Canyonside Ranch, LLC
Attention: Robert Osborne
12115 Black Mountain Road
San Diego, CA 92129

Reference: NOTICE OF TERMINATION – Percentage Lease Agreement between the City of San Diego ("City") and Canyonside Ranch, LLC ("Lessee"), dated February 16, 2017 ("Agreement"), for 12115 Black Mountain Road, San Diego, CA 92129 ("Premises")

Dear. Mr. Osborne:

This letter shall constitute a 30-day written notice from the City to Lessee terminating Lessee's occupancy of the Premises under the Agreement as of February 23, 2023 ("Termination Date"). The Agreement terminated by its own terms on January 31, 2020, and has been in post-termination holdover status since that time. Under Section 2.2 (Holdover) of the Agreement, Lessee's holdover tenancy is a month-to-month tenancy that may be terminated on 30 days' notice.

This letter also constitutes the City's written demand under Section 2.3 (Quitclaim and Surrender of Premises) of the Agreement for Lessee to sign and deliver to the City, within five (5) days after the Termination Date (i.e., March 2, 2023) ("Deed Delivery Deadline"), a valid and recordable quitclaim deed covering all of the Premises ("Deed"). For your convenience, a form of Deed that is acceptable to the City is enclosed with this letter. Lessee's failure to deliver the required Deed by the Deed Delivery Deadline shall entitle the City to prepare and record a notice reciting Lessee's failure to execute the Deed, and the notice shall be conclusive evidence of the termination of the Agreement and all of Lessee's rights to the Premises.

Additionally, the City is aware that Lessee has breached at least the following terms of the Agreement:

1. Section 1.2 Uses; Exhibit B Other Rules and Regulations: These sections require that Lessee is solely responsible for the daily removal of horse manure from stalls and the scheduled weekly horse manure removal from the Premises. During the City's September 16, 2021 inspection of the Premises, City staff observed that the horse stalls were full of manure. During the City's February 17, 2022 inspection of the Premises, City staff observed that horse stalls were full of manure, the bin used to haul manure offsite was full, and piles of manure were laying outside of the bin underneath a tarp. City staff found the Premises in the same condition during a June 23, 2022 inspection of the Premises.

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2. Section 1.7 Competent Management: This section requires that Lessee provide full time, onsite, competent management of the Premises, meaning a demonstrated ability in the management of an equestrian center and all related activities. As described above, City staff observed during its three site inspections that manure had accumulated in the horse stalls, bins, and in piles on the Premises. City staff also received numerous complaints from horse boarders that Lessee has not adequately fed the horses or maintained the Premises.
3. Section 1.10 Public Use: This section requires that the general public shall not be wholly or permanently excluded from any portion of the Premises. During its three inspections of the Premises, City staff found that the public restrooms were closed and not available to the public.
4. Section 7.8: This section requires that Lessee, at its sole cost and expense, maintain the Premises in a decent, safe, healthy, and sanitary condition. During the City's September 16, 2021 inspection of the Premises, City staff observed that the public restroom was in an unsanitary condition and required immediate attention. During the City's February 17, 2022 inspection of the Premises, City staff observed weeds throughout the Premises. Further, as described above, during the City's three inspections of the Premises, City staff found that the horse stalls were full of manure and that the manure had accumulated in a bin and in piles on the Premises.

Notwithstanding the fact that the Agreement is terminated, and that Lessee is required to vacate the Premises, the City continues to reserve all of its rights and remedies with respect to Lessee's breaches of the Agreement.

Lessee must vacate the Premises no later than February 23, 2023 and return the Premises to City free and clear of all liens and encumbrances and in a decent, safe, and sanitary condition. Lessee must not remove any City-owned property from the Premises, including, but not limited to, all tack sheds and stables on the Premises, and all other improvements, fixtures, structures, and installations that existed on the Premises at the beginning of the Term.

If you have any questions about the termination of the Agreement, please contact Heide Farst at hfarst@sandiego.gov or 619-236-6727.

Sincerely,

Penny Maus

Penny Maus (Jan 20, 2023 17:59 PST)

Penny Maus

Director, Department of Real Estate and Airport Management

cc: Erika Ferreira, Deputy Director, Department of Parks and Recreation
Matthew Ostlund, Interim Program Manager, Department of Real Estate and Airport Management