

**CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS CONSENT TO ASSIGNMENT AND ASSUMPTION AGREEMENT [Consent] is entered into by and among THE CITY OF SAN DIEGO, a California municipal corporation [CITY], CLOVERDALE STABLES, INC., a California corporation [Lessee/Assignor], and SAN PASQUAL VALLEY RANCH, LLC, a California limited liability corporation [Assignee], to be effective upon execution by the parties and approval by the San Diego City Attorney [Effective Date], as follows:

RECITALS

- A. CITY owns the real property located at as 2460 Cloverdale Road consisting of approximately 44.754 acres currently leased to Cloverdale Stables, Inc., a California Corporation, under a lease filed September 20, 2005 as Document No. 300852 [Lease], which will expire September 30, 2017. San Pasqual Valley Ranch, LLC, is a current sublessee.
- B. Lessee/Assignor desires to assign its right, title, and interest in the remainder of the Lease to Assignee under the provisions of the Assignment and Assumption of Lease and Landlord Consent between Lessee/Assignor and Assignee (the "Assignment"), a copy of which is attached to this Consent as Exhibit A.
- C. Pursuant to Section 4.2 of the Lease, the Lessee/Assignor is required to obtain the consent of CITY prior to the assignment of any of Lessee/Assignor's leasehold, which is defined in the Lease under Section 1.1 as the Premises.
- D. Lessee/Assignor and Assignee desire to obtain CITY's consent to the assignment and CITY is willing to consent to the Assignment on the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Consent, and for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. CITY Consent. CITY is merely consenting to the act of assigning the Lease as requested by Lessee/Assignor. All of the terms and conditions of the Lease shall control and supersede any inconsistent or contrary provisions in the Assignment except as otherwise set forth herein.
2. Payment of Administrative Fees to CITY. Lessee/Assignor shall pay CITY all processing and/or administrative fees associated with this Consent, as set forth in the Lease, Administrative Regulation 95.25, and/or Council Policy 700-10. The Processing Fee for the assignment of long term agreements is \$2,000.00 and shall be paid at the commencement of this assignment.

3. Assumption and No Release. Assignee expressly agrees to assume, be bound by, and to conform and comply with, the terms and conditions of the Lease. Notwithstanding the Assignment or CITY's consent to the Assignment, Lessee/Assignor shall remain jointly and severally liable for the payment of rents and for the performance of all other obligations of Assignor under the Lease from and after the effective date of this Consent.
4. Assignments; Recapture. This Consent does not constitute a consent to any existing or subsequent subletting or assignment, and does not relieve Lessee/Assignor, Assignee, or any person claiming under or through Lessee/Assignor or Assignee, of the obligation to obtain the consent of the CITY pursuant to Section 4.2 of the Lease.
5. Additional Consideration to City. Section 4.2 of the Lease requires, as a condition of approval for any assignment, that the Lessee/Assignor pay additional consideration to CITY as set forth in Section 4.3 of the Lease. Lessee/Assignor shall pay such additional consideration to CITY in full prior to the effectiveness of this Consent. Additional consideration shall be two percent (25%) of the value of the Assignment, as received by Lessee/Assignor. Based on the information provided by Lessee/Assignor, the value of the Additional Consideration to be paid CITY shall be \$1,250.00, and shall be paid at commencement of this assignment.
6. Default Under the Lease. In the event of any default of Assignee under the Lease, CITY may proceed directly against Assignee, Lessee/Assignor, any guarantors, or anyone else liable under the Lease, without first exhausting CITY's remedies against any other person or entity liable under the Lease to CITY, pursuant to Section 4.5 of the Lease. Notwithstanding the foregoing, any act or omission of Assignee or anyone claiming under or through Assignee that violates any of the provisions of the Lease will be deemed a default under the Lease by Lessee/Assignor.
7. General Provisions.
 - 7.1 Consideration for Assignment. Lessee/Assignor and Assignee represent and warrant that there are no additional payments of rent or any other consideration of any type which has been paid or is payable by Assignee to Lessee/Assignor in connection with the Assignment or the Premises, other than as is disclosed in the Assignment.
 - 7.2 Controlling Law. The terms and provisions of this Consent shall be construed in accordance with, and governed by, the laws of the State of California.
 - 7.3 Captions. Captions to the sections in this Consent are included for convenience only and do not modify any of the terms of this Consent.

- 7.4 Entire Agreement; Waiver. This Consent constitutes the final, complete and exclusive statement between the parties to this Consent pertaining to the terms of the CITY'S Consent, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. This Consent may be amended only in writing if mutually agreed to and signed by CITY, Lessee/Assignor and Assignee.
- 7.5 Brokerage Commission. Lessee/Assignor and Assignee agree that CITY will not be liable for any brokerage commission or finder's fee in connection with the consummation of the Assignment or this Consent. Lessee/Assignor and Assignee will protect, defend, indemnify and hold CITY harmless from any brokerage commission or finder's fee in connection with the consummation of the Assignment or this Consent, and from any cost or expense (including attorney fees) incurred by CITY in resisting any claim for any such brokerage commission or finder's fee. The provisions of this Section 7.5 shall survive the expiration or earlier termination of both the Assignment and this Consent.
- 7.6 Entire Agreement; Waiver. This Consent constitutes the final, complete and exclusive statement between the parties to this Consent pertaining to the terms of CITY's consent to the Assignment, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors and assigns. No party has been induced to enter into this Consent by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and specifically states that agreement modifies this Consent.
- 7.7 Equal Benefits. Assignee shall comply with San Diego Municipal Code sections 22.4301-22.4308, which require lessees of City-owned property to offer the same employment benefits to employees with spouses and employees with domestic partners. Assignee shall certify that it will maintain such equal benefits throughout the term of this Lease. Failure to maintain equal benefits as defined and required by these San Diego Municipal Code sections shall constitute a material breach of this Consent.
- 7.8 Waiver. Except as explicitly stated in this Consent, nothing contained herein will be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in

the Lease. In addition, the acceptance of rents by CITY from Assignee or anyone else liable under the Lease will not be deemed a waiver by the CITY of any provisions of the Lease.

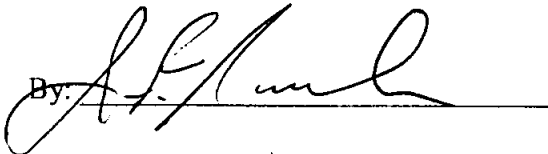
- 7.9 Notice. Any notice required or permitted to be given shall be done so in writing and may be served personally or by United States mail, postage prepaid, addressed to Assignee, or other address designated in writing by Lessee, as follows:

San Pasqual Valley Ranch, LLC
501 W. Broadway, Ste. 900
San Diego, CA 92101

IN WITNESS WHEREOF, this Consent is executed by CITY acting by and through its Mayor, or his designee, and by Lessee/Assignor and Assignee acting by and through their lawfully authorized designees.

THE CITY OF SAN DIEGO, a California
Municipal corporation

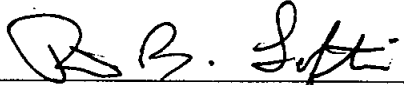
Date: 7/29/13

By: 

LESSEE/ASSIGNOR:

CLOVERDALE STABLES, INC., a
California Corporation

Date: 7-12-13

By: 

Name: Peter B. Loftin

Title: PRESIDENT

ASSIGNEE:

SAN PASQUAL VALLEY RANCH, LLC.
a California limited liability company

Date: JULY 25, 2013

By: 
Name: GREGG C. SINDLER
Title: MANAGING MEMBER

APPROVED AS TO FORM AND LEGALITY

This 7th day of August, 2013.

JAN I. GOLDSMITH, City Attorney

By: 
Kenneth So, Deputy City Attorney

DCM/cb
7-8-13

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EXHIBIT "A"

ASSIGNMENT AND ASSUMPTION OF LEASE

ASSIGNMENT AND ASSUMPTION OF LEASE AND LANDLORD CONSENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AND LANDLORD CONSENT ("Assignment") is made effective ~~April~~ ^{August} 1, 2013, by and between Cloverdale Stables, Inc., ("Assignor") and San Pasqual Valley Ranch, LLC, ("Assignee"), with the consent of the City of San Diego, ("Landlord"), with respect to the following facts.

WHEREAS, Assignor and Landlord are parties to that certain Percentage Rate Lease effective October 1, 2005 (and filed on September 20, 2005 as Document No. RR-300852) , for the premises located at 2460 Cloverdale Road, San Diego, California, a copy of which Lease is attached as Exhibit "A" hereto and incorporated by reference herein ("Lease");

WHEREAS, Assignor has agreed to assign, and Assignee has agreed to assume, the rights and obligations under the Lease as of the Effective Date, as defined in Section 2 hereof.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Definitions. Any capitalized terms used and not otherwise defined in this Agreement, but defined in the Lease, shall have the meaning set forth in the Lease.

2. Effective Date. The terms of this Agreement shall become effective, without the further action of any party hereto, as of 12:01 a.m., Pacific Time on the day following Landlord's written consent hereto ("Effective Date").

3. Assignment. Assignor hereby assigns, conveys, transfers and delivers to Assignee all of Assignor's rights, title and interest in and to the Lease accruing on and after the Effective Date.

4. Assumption. Assignee hereby assumes and agrees to be bound by all of the of the terms and provisions of the Lease and to perform all of the obligations of Assignor, as tenant, under the Lease, which pertain to and are to be performed on and after the Effective Date.

5. Consideration. Assignee agrees to pay Assignor \$5,000.00 for Assignor's assignment of the Lease to Assignee, and Assignee further agrees that it will be responsible for all percentage rent owed to the Landlord from and after November 1, 2011.

6. Indemnity. Assignee agrees to indemnify and hold Assignor harmless from any and all claims, liability, loss, damage and expense (including attorneys' fees

and costs) relating to the Lease arising out of any acts, occurrences or omissions by Assignee during the period on or after the Effective Date. Assignor agrees to indemnify and hold Assignee harmless from any and all claims, liability, loss, damage and expense (including attorneys' fees and costs) relating to the Lease arising out of any acts, occurrences or omissions by Assignor during the period before the Effective Date.

7. Successors and Assigns. This Assignment shall be binding upon and shall inure to the benefit of the respective permitted assigns, transferees and successors hereto.

8. Governing Law. This Assignment shall be construed and enforced in accordance with the laws of the State of California.

9. Counterpart; Authority. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any individual signing this Assignment on behalf of any entity hereby represents and warrants in his or her individual capacity that he or she has full authority to do so on behalf of the entity.

IN WITNESS WHEREOF, the undersigned have executed this Assignment as of the date first above written.

Assignor:

By: Cloverdale Staff, Inc. by B. Lofrin
Pete B. Lofrin, President
(Print Name)

Date: 4-11-13

Address for Notices to Assignor:
CLOVERDALE STABLES, INC.
— PO Box 609
— Aliso Viejo 92614
—

Assignee:

By: Gregg C. Sindici
MANAGING MEMBER
SAN PASQUAL VALLEY RANCH LLC
(Print Name)

Date: APRIL 18, 2013

Addresses for Notices to Assignee:
SAN PASQUAL VALLEY RANCH LLC
— 501 W. Broadway #900
— SAN DIEGO, CA 92101
—

[Consent appears on following page]

CONSENT OF LANDLORD

Landlord hereby consents to the foregoing Assignment of the Lease.

LANDLORD:

By: _____

Print: _____

Title: _____

CITY ATTORNEY

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CIVIL DIVISION

Cloverdale Stables, Inc.

PO Box 609
Cisco TX 76437

(254) 442 4030
FAX (254) 442-4080
Cell (254) 595-1338

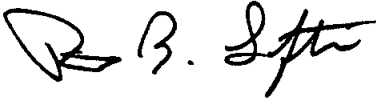
May 6, 2013

City of San Diego
Real Estate Assets Department
Dave Martens
1200 Third Ave., Ste. 1700
San Diego, CA. 92101.

Dear Dave.

Per section 4.2 of the master lease Cloverdale Stables, Inc. holds with the City of San Diego I am sending you 3 signed originals of my request for the assignment and assumption of the master lease to San Pasqual Valley Ranch. After the City agrees to this please send a signed original to both Gregg Sindici & I.

Thank you for your speedy response.

A handwritten signature in black ink, appearing to read "Pete B. Loftin". The signature is stylized with a large initial "P" and a cursive "Loftin".

Pete B. Loftin, President
Cloverdale Stables, Inc