



Dixieline Lumber

P.O. Box 85307, SAN DIEGO, CALIFORNIA 92186-5307
TEL (619) 224-4120 FAX (619) 225-8192

SERVING SAN DIEGO
COUNTY FOR OVER
EIGHTY YEARS

December 10, 2003

The City of San Diego
Mr. Gary Jones
Property Agent
1200 Third Avenue, Suite 1700
MS 51A
San Diego, CA 92101-4199

Dear Mr. Jones:

We enclose herewith a copy of the fully executed assignment and assumption of lease document, as requested by you.

Please note that the name "DLC Acquisition Corp." was officially changed to "Dixieline Lumber Company" shortly after the acquisition was completed.

Sincerely,

Hamid Daudani
Vice President, Finance

HD:av

Enclosure

RECEIVED
CITY OF SAN DIEGO
03 DEC 11 PM 3:05
REAL ESTATE ASSETS DEPT.

RECORDING REQUESTED BY:
COMMONWEALTH LAND TITLE CO.

AFTER RECORDING, RETURN TO:

DLC Acquisition Corp.
c/o Lanoga Corporation
17946 NE 65th Street
Redmond, WA 98052
Attn: William P. Brakken

THE ORIGINAL OF THIS DOCUMENT
WAS RECORDED ON AUG 22, 2003
DOCUMENT NUMBER 2003-1026951
GREGORY J. SMITH, COUNTY RECORDER
SAN DIEGO COUNTY RECORDER'S OFFICE
TIME: 1:11 PM

CONFORM

**ASSIGNMENT AND ASSUMPTION
OF LEASE (SPORTS ARENA)**

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made and delivered as of August 18, 2003 by and between **DIXIELINE LUMBER COMPANY**, a Delaware corporation, a/k/a Dixieline Lumber Company, a California corporation, a/k/a Dixieline Lumber Co. ("Assignor"), and **DLC ACQUISITION CORP.**, a Delaware corporation ("Assignee").

RECITALS

A. Assignor, Dixieline Builders Fund Control, Inc., DLC Holdings, Inc. (the "Dixieline Entities"), the shareholders of the Dixieline Entities, and Assignee, Lanoga Corporation, and DLC Builders Fund Control, Inc. have entered into that certain Asset Purchase and Sale Agreement dated as of July 21, 2003 (the "Purchase Agreement").

B. Pursuant to the Purchase Agreement, Assignor will herein assign to Assignee all of Assignor's right, title and interest in, to and under and Assignee will herein assume from Assignor all of Assignor's duties, obligations and liabilities under (i) that certain lease of the premises commonly known as 3250 Sports Arena Boulevard, San Diego, California 92110, and legally described on the attached Exhibit A (the "Premises"), dated as of April 6, 1992 and effective as of November 1, 1990, by and between Assignor, as lessee, and City of San Diego, as lessor ("Lessor"), evidenced by that certain Memorandum of Lease and Superseding of Prior Leases dated March 29, 1994 and recorded on March 30, 1994 in the Official Records of San Diego County as Instrument No. 1994-0211082, as amended by addendum dated July 6, 2000, First Amendment dated January 31, 1994, and Encroachment Removal Agreement dated April 20, 1994 (the "Lease"), and (ii) that certain unrecorded Parking Lot Sublease dated October 15, 2002 ("Parking Agreement") pertaining to a parking area adjacent to the Premises ("Parking Area"), by and between Assignor, as sublessee, and Arena Group 2000, a California limited partnership, as sublessor ("Sublessor"). The Parking Area is owned by Lessor and is being leased to Sublessor by Lessor pursuant to a separate Percentage Lease ("Master Parking Lease").

C. The buildings and improvements located on the Premises are owned by Assignor separate and apart from the leasehold estate under the Lease. The buildings and improvements located on the Premises are being separately and concurrently deeded to Assignee by a Grant Deed of even date from Assignor to Assignee ("Grant Deed").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective as of the date hereof, Assignor hereby grants, transfers, conveys, and assigns to Assignee all of the right, title and interest of Assignor in, to and under the Lease and Parking Agreement.

2. Assignee hereby accepts the foregoing assignment and assumes all of the Assignor's duties, obligations and liabilities under the Lease and Parking Agreement accruing from and after the date hereof.

3. Assignor represents and warrants to and covenants with Assignee that: (a) Assignor has completed all improvements required of lessee under the Lease, and there are no obligations under the Lease to make or pay for any improvements to the Premises that have not been completed and paid for at the time of the making and delivery of this Assignment; (b) the Lessor is the current lessor under the Lease and current lessor under the Master Parking Lease; (c) this Assignment is part of a sale, as a going concern, of a substantial part of Assignor's assets to Assignee and Assignee is a reputable buyer and therefore this Assignment does not constitute an "Assignment" as defined in Section 4.2 of the Lease; (d) Assignor has not employed any individual that would entitle Lessor to terminate the Lease as provided in Section 7.11 thereof; and (e) the Parking Agreement is a month-to-month lease.

4. The representations and warranties of Assignor contained in this Assignment are in addition to those contained in the Purchase Agreement and the Grant Deed. Assignee acknowledges and agrees that, except as contained in the Purchase Agreement, this Assignment and/or the Grant Deed, Assignor has not made, and Assignor specifically disclaims, any representation or warranty, express or implied, oral or written, regarding the Lease, Parking Agreement, the Premises and the Parking Area.

5. This Assignment shall not alter, modify or amend the terms of the Lease or Parking Agreement in any respect, nor shall it subject Assignee to any greater liabilities, obligations or duties in connection therewith than would have been enforceable against Assignor. If Assignee hereafter enters into any amendment of the Lease or Parking Agreement without Assignor's written consent, such amendment shall not result in any expansion of Assignor's liabilities as between Assignor and Assignee.

6. If Assignee defaults under the Lease or Parking Agreement and does not cure such default after notice and an opportunity to cure as provided in the Lease, Assignor shall have all rights against Assignee that are available at law or in equity, including the right to reenter and take possession, respectively, of the applicable parcel, i.e., the Premises or Parking Area (subject to the rights of Sublessor) from Assignee.

7. If Assignee defaults under the Lease and does not cure such default after notice and an opportunity to cure as provided in the Lease or Parking Agreement, (i) Assignee shall indemnify and hold Assignor harmless from all damages resulting from such default, and (ii) if Assignor pays rent or performs other obligations under the Lease or Parking Agreement in order to cure such default by Assignee under the Lease, Assignee shall, within ten (10) days after

receipt of an invoice evidencing the amount paid and providing documentation supporting the reasonableness of such expenditures, reimburse Assignor all such amounts with interest at the lesser of ten percent (10%) per annum or the maximum rate permitted by law until paid in full.

8. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that any future assignment of the Lease by Assignee shall be subject to any lessor consent requirements contained in the Lease and any future assignment of the Parking Agreement by Assignee shall be subject to any sublessor consent requirements contained in the Parking Agreement.

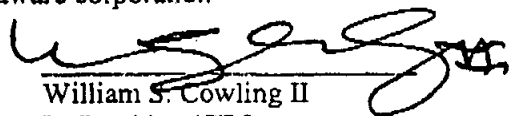
9. This Assignment shall be governed by and interpreted in accordance with the laws of the State where the Premises are located.

10. To the extent there is a conflict between the terms and provisions of this Assignment and the Purchase Agreement, the terms and provisions of the Purchase Agreement will govern. This Assignment shall be recorded in the real property records of the county where the Premises are located concurrently with the closing of the Purchase Agreement. This Assignment may be executed and acknowledged in multiple counterparts.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Assignment as of the day and year first above written.

ASSIGNOR:

DIXIELINE LUMBER COMPANY, a
Delaware corporation

By: 

William S. Cowling II
Its President/CEO

ASSIGNEE:

DLC ACQUISITION CORP., a Delaware
corporation

By: 

Paul W. Hylbert
Its Chairman

STATE OF CALIFORNIA)
) ss
 COUNTY OF San Diego)

On August 18, 2003, before me, Julia C Mandy personally
 appeared William S. Cowling II, ~~personally known to me~~ (or proved to me on the basis of
 satisfactory evidence) to be the person whose name is subscribed to the within instrument and
 acknowledged to me that he executed the same in his authorized capacity, and that by his
 signature on the instrument the person, or the entity upon behalf of which the person acted,
 executed the instrument.

WITNESS my hand and official seal.

Signature _____

Julia C Mandy



STATE OF CALIFORNIA)
) ss
 COUNTY OF _____)

On _____, before me, _____, personally
 appeared Paul W. Hylbert, personally known to me (or proved to me on the basis of satisfactory
 evidence) to be the person whose name is subscribed to the within instrument and acknowledged
 to me that he executed the same in his authorized capacity, and that by his signature on the
 instrument the person, or the entity upon behalf of which the person acted, executed the
 instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT A**LEGAL DESCRIPTION OF PREMISES**

All that certain real property situated in the County of San Diego, State of California, described as follows:

Those portions of Pueblo Lots 313, 314, 337 and 338 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe recorded in the Office of the County Recorder of San Diego County as Miscellaneous Map No. 36, described as follows:

Beginning at a $\frac{3}{4}$ - inch iron pipe marked L.S. 2412 monumenting a point in the Northerly line of Sports Arena Boulevard, 115.00 feet wide, distant along said line North $77^{\circ} 55' 15''$ West, 46.42 feet from a $\frac{3}{4}$ - inch iron pipe marked L.S. 2412 monumenting the Westerly terminus in said line of a tangent curve having a radius of 1,019.93 feet and being concave Southwesterly; thence along said Northerly line North $77^{\circ} 55' 15''$ West, 174.03 feet; thence leaving said line North $24^{\circ} 11' 14''$ East, 347.69 feet; thence North $35^{\circ} 56' 45''$ East, 222.00 feet to the Southwesterly line of Kurtz Street, 57.00 feet wide, said line being also a line parallel with and distant Southwesterly 7.00 feet measured at right angles from the Northeasterly line of said Pueblo Lots 337 and 338; thence along said Southwesterly line South $53^{\circ} 59' 00''$ East, 66.32 feet and South $53^{\circ} 58' 40''$ East, 383.68 feet; thence leaving said line South $35^{\circ} 56' 45''$ West, 147.26 feet; thence North $54^{\circ} 03' 15''$ West, 50.00 feet; thence South $35^{\circ} 56' 45''$ West, 93.80 feet; thence North $75^{\circ} 04' 35''$ West, 182.12 feet; thence South $35^{\circ} 56' 45''$ West, 185.00 feet to the Point of Beginning.

Assessor's Parcel Number: **760-102-01**

Excepting therefrom all buildings and improvements located thereon.

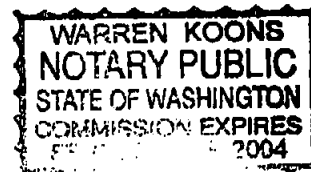
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 16th day of August, 2003, before me, a Notary Public in and for the State of Washington, personally appeared PAUL W. HYLBERT, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the Chairman of DLC ACQUISITION CORP. to be the free and voluntary act and deed of said corporation for the uses and purposes mentioned in the instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.



NOTARY PUBLIC in and for the State of
Washington, residing at Redmond, WA
My appointment expires February 28, 2004
Print Name: Warren Koons





THE CITY OF SAN DIEGO

CITY OF SAN DIEGO REAL ESTATE ASSETS DEPT.	
☐	DIRECTOR
☐	DEPUTY MANAGER
☒	FILE COPY
☐	CHRON COPY
☐	ORIGINATOR

December 3, 2003

Dixieline Lumber
3250 Sports Arena Blvd
San Diego, CA 92110

Attention: Mr. Hamid Daudani

Reference: Dixieline Lease Assignment

Dear Mr. Daudani:

Thank you for confirming the completion of the recent assignment of the ground lease from Dixieline Lumber Co. to DLC Acquisition Corp. Please forward a copy of the fully executed assignment and assumption of lease for the City's files. Should you have any questions, please contact me at (619) 236-6264 or at gjones@sanidiego.gov.

Sincerely,

Gary Jones
Property Agent

GJ/cdj

I:\WPO\2003\JONES\L-DAUDANI2.doc

Real Estate Assets

1200 Third Avenue, Suite 1700, MS 51A • San Diego, CA 92101-4199
Tel (619) 236-6020 Fax (619) 236-6706



DAILY CASH RECEIPT DEPOSIT FORM

Date: 8-4-03 Requesting Agent: GARY JONESDivision: _____ Agent Job No.: 220475

Engineering Work Order No.: _____

Name: DIXIELINE LUMBER CO. (Person or Company to
Address: 3250 SPORTS ARENA BLVD whom monies are to be
credited.)P.O. BOX 85307
SAN DIEGO, CA 92186-5307

Lessee: _____ Sublessee: _____

PROJECT NAME & DESCRIPTIVE LOCATION: _____

DIXIELINE ASSIGNMENT OF LEASEDESCRIPTION OF PAYMENT: (i.e., Proceeds of Sale, Earnest Money Deposit, Proceeds of
Easement, Processing Fee, Security Deposit, Interest, Refund from Escrow, Trust Fund, et...)ESTOPPEL PROCESSING FEE.

OFFICIAL RECEIPT NO.: _____ CHECK NO.: _____

BANK CHECK DRAWN: _____ DATED: 180918

FILL IN CORRECT ACCOUNTING DATA: *

FUND	DEPT.	ORG.	REVENUE	JOB ORDER	FACILITY	AMOUNT
<u>10331</u>			<u>77438</u>			<u>\$1,680⁰⁰</u>

FOR TRUST DEPOSIT	*FUND	REVENUE ACCOUNT
PROCESSING FEES: WATER DEPT.	63021	9022
AIRPORT	41500	77438
SPORTS ARENA	41100	77438
PARK & REC.	10331	77438
GENERAL FUND	100	77438
	100	77438

**DIXIELINE LUMBER CO.**

3250 SPORTS ARENA BLVD.
P.O. BOX 85307
SAN DIEGO, CA 92186-5307
(619) 224-4120

CITY TREASURER

8/01/03

REMITTANCE
STATEMENT

CHECK NO.

180918

DATE	REFERENCE	DESCRIPTION	GROSS	DISCOUNT	NET AMOUNT
80103	80103 assignment of lease processing fee		1,680.00		1,680.00
Manual Check					
VENDOR NO.	DETACH AND RETAIN STATEMENT THE CHECK BELOW IS IN PAYMENT OF ABOVE ITEMS. NOTIFY US IMMEDIATELY IF INCORRECT.		TOTAL GROSS	TOTAL DISCOUNT	TOTAL NET
2268			1,680.00		1,680.00



THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND - NOT A WHITE BACKGROUND - SPECIAL SECURITY PAPER WITH WHITE WATERMARK

**DIXIELINE LUMBER CO.**

3250 SPORTS ARENA BLVD.
P.O. BOX 85307
SAN DIEGO, CA 92186-5307
(619) 224-4120

PAY *****1,680 DOLLARS AND 00/100 CENTS

TO
THE
ORDER
OF

CITY TREASURER

PO BOX 122289
SAN DIEGO CA 92112 4165

Drawn on
WACHOVIA BANK, N.A.
Greenville, South Carolina
In Cooperation with & Payable If Desired at
WELLS FARGO BANK, N.A.
#4759-611528

67-1/532

180918

DATE	CHECK NO.	CHECK AMOUNT
8/01/03	180918	*****1,680.00

DIXIELINE LUMBER COMPANY

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈ 180918 ⑆ ⑆ 053200019 ⑆ 5404 63684 ⑈

Clariece A. Tally
Direct Dial: (619) 515-3260
E-mail: cat@procopio.com

August 1, 2003

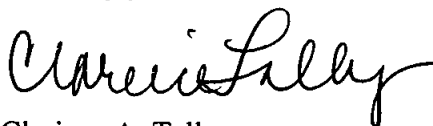
Mr. Gary Jones
Property Agent
Real Estate Assets Department
City of San Diego
1200 Third Avenue, Suite 1700
San Diego, CA 92101

Re: Dixieline/Sports Arena Property

Dear Gary:

Pursuant to the City of San Diego's request for a processing fee for the 3250 Sports Arena Blvd. property, enclosed is Dixieline Lumber Co.'s check, number 180918, in the amount of \$1,680 as payment for the City's processing fee.

Sincerely yours,



Clariece A. Tally
Legal Secretary to Jeffrey R. Stoke
Procopio, Cory, Hargreaves
& Savitch, LLP

JRS/ct
Enclosure

CITY OF SAN DIEGO

REAL ESTATE ASSETS #070

DATE

8/6/2003

DCR No. 2004-0002479

08-08-2003/09:38 AM

USER: Amount: \$1,680.00

6999/DCR OTHER

002-00003195

DAILY CASH RECEIPTS

(46-54)

EXPLANATION	FUND (16-21)	DEPT (21-27)	ORG LEVEL (28-33)	ACCOUNT	JOB ORDER (40-45)	FACILITY (67-72)	AMOUNT (89-99)
CHECK #180918 DATED 8/01/03	10330			77438			1,680.00
RECEIVED FROM DIXIELINE LUM-							
BER CO. - ESTOPPEL PROCESSING							
SEE. GJ/JOB NO. 220475							

AGENT: GARY JONES

JOB NO.: 220475



DIXIELINE LUMBER CO.

3250 SPORTS ARENA BLVD.
P.O. BOX 85307
SAN DIEGO, CA 92186-5307
(619) 224-4120

Drawn on
WACHOVIA BANK, N.A.
Greenville, South Carolina
In Cooperation with & Payable If Desired at
WELLS FARGO BANK, N.A.
#4759-611528

67-1/532

180918

PAY *****1,680 DOLLARS AND 00/100 CENTS

CITY TREASURER

TO
THE
ORDER
OF

PO BOX 122289
SAN DIEGO CA 92112 4165

DIXIELINE LUMBER COMPANY

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

VOID AFTER 6 MONTHS

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈ 180918 ⑈ ⑆053200019⑆ 5404 63684⑈

PREPARED BY:	PHONE	DEPOSITED BY:	AUDITED BY:	KEY PUNCH:	TOTAL	
EFREN BUENSUCESO X66062 MS51A		03 AUG 13 AM 5:49		DATE:	DEPOSIT	\$1,680.00

AC - 1221 (REV. 7-79)

DCRISHELL.EXCEL

REAL ESTATE ASSETS DEPT.

CC: NVA + [Signature]

LESSOR'S ESTOPPEL CERTIFICATE (Sports Arena)

WHEREAS, City of San Diego ("Lessor") has leased to Dixieline Lumber Company, a Delaware corporation ("Tenant") certain real property in the city of San Diego, state of California, commonly known as 3250 Sports Arena Boulevard, and legally described on the attached Exhibit A (the "Premises"), pursuant to a lease agreement, dated as of April 6, 1992, and effective as of November 1, 1990 (City Clerk Doc. No. RR-279654), by and between Tenant, as lessee, and Lessor, as amended by the First Amendment to Agreement to Lease dated January 31, 1994 (City Clerk Doc. No. RR-283339), and further amended by an addendum dated July 6, 2000, and Encroachment Removal Agreement dated April 20, 1994, a copy of which and all amendments thereto is attached hereto as Exhibit B (the "Lease");

WHEREAS, Tenant intends to assign all of its rights and interests in and under the Lease to DLC Acquisition Corp., a Delaware corporation (hereinafter "Assignee") as part of the closing of the Asset Purchase and Sale Agreement by and among Assignee, Lanoga Corporation, DLC Builders Fund Control, Inc. (collectively, "Purchaser"), Tenant, and the other parties named therein, dated as of July 21, 2003 ("Asset Purchase Agreement") which transaction is scheduled to close on or about August_____, 2003; and

WHEREAS, Purchaser's obligation to close the Asset Purchase Agreement may depend, among other things, on Lessor's providing Purchaser with this Estoppel Certificate, in form and substance satisfactory to Purchaser, prior to the closing of the Asset Purchase Agreement.

NOW THEREFORE, Lessor hereby certifies to Purchaser as follows:

- a) The Lease is in full force and effect.
- b) The attached Exhibit B is a true and complete copy of the Lease. Except as set forth in Exhibit B attached hereto, the Lease has not been supplemented, modified or otherwise amended nor have any rights thereunder been waived, and there are no other agreements between Lessor and Tenant concerning the Premises.
- c) The interests of Lessor under the Lease have not been assigned.
- d) To the best of Lessor's actual knowledge, without duty of inquiry or investigation, Tenant has not assigned the Lease nor sublet the Premises.
- e) Tenant is the current lessee under the Lease and holds the leasehold estate thereunder, and Lessor is the current lessor under the Lease and holds fee title to the Premises (except for the buildings and improvements located on the Premises, which are owned by Tenant).

- f) Lessor has not assigned, transferred, or hypothecated the Premises or any interest in the Premises.
- g) To the best of Lessor's actual knowledge, without duty of inquiry or investigation, there are no known defaults or claimed defaults under the Lease.
- h) To the best of Lessor's actual knowledge, without duty of inquiry or investigation, Tenant has not employed anyone that would entitle Lessor to terminate the Lease pursuant to Section 7.11 of the Lease.
- i) Rent under the Lease is currently \$27,588 per month.
- j) Tenant is not in default of payment of any rent under the Lease.
- k) The commencement date of the Lease was November 1, 1990.
- l) The current term of the Lease expires on November 7, 2015.
- m) There are no extension options in favor of lessee under the Lease.
- n) There is no security deposit required under the Lease.
- o) Tenant has completed all improvements required of lessee under the Lease, and all buildings and improvements on the Premises have been constructed and completed in accordance with the terms of the Lease. To the best of Lessor's actual knowledge, without duty of inquiry or investigation, Tenant owns fee title to all buildings and improvements on the Premises. There are no obligations under the Lease to make or pay for any improvements to the Premises that have not been completed and paid for.

Lessor acknowledges that after the assignment of the Lease to Assignee, until further notice from Assignee, notices to the lessee under the Lease are to be given to Assignee at the following address:

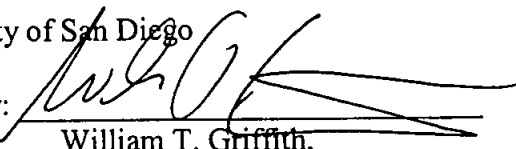
DLC Acquisition Corp.
C/o Lanoga Corporation
17946 NE 65th Street
Redmond, Washington 98052
Attn: William P. Brakken

This Estoppel Certificate is provided by Lessor with the understanding that it constitutes a material inducement for Purchaser to close the Asset Purchase Agreement and that Purchaser will rely on this Estoppel Certificate in proceeding to close said transaction.

Dated: 8/12/03, 2003.

LESSOR:

City of San Diego

By: 

William T. Griffith,
Real Estate Assets Director

Exhibits attached:

Exhibit A – Legal Description of Premises

Exhibit B – Copy of Lease (and all amendments)

I:\Jones\Dixieline Estoppel.doc

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

All that certain real property situated in the County of San Diego, State of California, described as follows:

Those portions of Pueblo Lots 313, 314, 337 and 338 of the Pueblo Lands of San Diego, in the City of San Diego, County of San Diego, State of California, according to Map thereof made by James Pascoe recorded in the Office of the County Recorder of San Diego County as Miscellaneous Map No. 36, described as follows: Beginning at a $\frac{3}{4}$ - inch iron pipe marked L.S. 2412 monumenting a point in the Northerly line of Sports Arena Boulevard, 115.00 feet wide, distant along said line North 77° 55' 15" West, 46.42 feet from a $\frac{3}{4}$ - inch iron pipe marked L.S. 2412 monumenting the Westerly terminus in said line of a tangent curve having a radius of 1,019.93 feet and being concave Southwesterly; thence along said Northerly line North 77° 55' 15" West, 174.03 feet; thence leaving said line North 24° 11' 14" East, 347.69 feet; thence North 35° 56' 45" East, 222.00 feet to the Southwesterly line of Kurtz Street, 57.00 feet wide, said line being also a line parallel with and distant Southwesterly 7.00 feet measured at right angles from the Northeasterly line of said Pueblo Lots 337 and 338; thence along said Southwesterly line South 53° 59' 00" East, 66.32 feet and South 53° 58' 40" East, 383.68 feet; thence leaving said line South 35° 56' 45" West, 147.26 feet; thence North 54° 03' 15" West, 50.00 feet; thence South 35° 56' 45" West, 93.80 feet; thence North 75° 04' 35" West, 182.12 feet; thence South 35° 56' 45" West, 185.00 feet to the Point of Beginning.

Assessor's Parcel Number: **760-102-01**

Exhibit B

(Copy of Lease and all Amendments)

03 JUL -7 AM 7:48

REAL ESTATE ASSETS DEPT.

Jeffrey R. Stoke
Direct Dial: (619) 515-3286
E-mail: jrs@procopio.com

July 3, 2003

Mr. Vladimir Balotsky
Property Agent
City of San Diego/Real Estate Assets Department
1200 Third Avenue, Suite 1700
San Diego, CA 92101

Re: Dixieline/Lease Assignment – 2350 Sports Arena Blvd.

Dear Mr. Balotsky:

The office represents Dixieline Lumber Company (Dixieline). As you may be aware, Dixieline is currently in negotiations with Lanoga Corporation (Lanoga) to sell to Lanoga substantially all of Dixieline's assets, including the ground lease and improvements located at 2350 Sports Arena Boulevard, San Diego (the "Property"). The parties anticipate closing the transaction on **July 28, 2003**. At the time of closing, the Fleet Capital loan, which is a current lien against the ground lease, will be paid off in full and the lien will be extinguished.

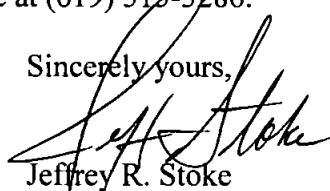
Please refer to Paragraph 4.2(iv) of the Flat Rate Lease dated March 30, 1992 ("Lease") which provides that the City Manager's consent is not required for "the sale, as a going business, of a substantial or material part of [Dixieline's] assets, including this lease, to a reputable buyer...." In fact, Lanoga's financial condition is substantially stronger than Dixieline's financial condition. Lanoga's 2002 Annual Report is enclosed for your review. The annual report and any other information reasonably requested by the City will show Lanoga to be a "reputable" buyer.

Also enclosed is an Assignment and Assumption of Lease ("Assignment"), pursuant to which Dixieline intends to assign to DLC Acquisition Corp., a wholly-owned subsidiary of Lanoga, all of Dixieline's interest in the Lease, and the Parking Lot Sublease dated October 15, 2002 (the "Sublease") between Dixieline and Arena Group 2002. No action is required regarding the Assignment, but the City's approval of the enclosed Estoppel Certificate is required for the sale transaction. Dixieline would appreciate obtaining the signed Estoppel by **July 15, 2003**.

Mr. Vladimir Balotsky
July 3, 2003
Page 2

If you have any questions regarding this matter, please feel free to contact Mr. Hamid Daudani at Dixieline (619) 224-4120 or me at (619) 515-3286.

Sincerely yours,



Jeffrey R. Stoke
Procopio, Cory, Hargreaves
& Savitch, LLP

JRS/ct

Enclosures

cc: Mr. Hamid Daudani
Mr. William Brakken
Warren Koons, Esq.