

CONSENT TO SUBLEASE AGREEMENT

THIS CONSENT TO SUBLEASE AGREEMENT ("Consent") is entered into by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), CLOVERDALE STABLES, INC., a California corporation ("CLOVERDALE"), and ANGEL ALBA an individual, d/b/a A&G Tree Company ("ALBA"), to be effective upon execution by the parties and approval by the San Diego City Attorney as follows:

RECITALS

- A. CITY and CLOVERDALE entered into that certain CITY OF SAN DIEGO PERCENTAGE RATE LEASE (the "Master Lease") dated September 30, 2005, recorded in the Office of the San Diego City Clerk as Document RR-300852, whereby CITY leased to CLOVERDALE and CLOVERDALE leased from CITY that certain real property (the "San Pasqual Property") located at 2460 Cloverdale Road in the community of San Pasqual Valley, City of San Diego, County of San Diego, State of California, and more particularly described in the Master Lease.
- B. CLOVERDALE would like to sublease a portion of the San Pasqual Property to ALBA under the SUBLEASE AGREEMENT (the "Alba Sublease") attached hereto as Exhibit A.
- C. The Master Lease requires CITY consent to any sublease of the San Pasqual Property.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

- 1. San Diego's Strong Mayor Form of Governance. All references to "City Manager" in the Master Lease shall be deemed to refer to "Mayor," for the duration CITY operates under the mayor-council (commonly referred to as "strong mayor") form of governance pursuant to Article XV of the San Diego City Charter.
- 2. Subsequent Sublease. This Consent does not constitute consent to any subsequent subletting of any portion of the San Pasqual Property, and does not relieve CLOVERDALE or any person claiming under or through CLOVERDALE of the obligation to obtain CITY'S consent under the Master Lease to any such future sublease.
- 3. Subtenant Acknowledgement. ALBA acknowledges and agrees that his rights and obligations as "Subtenant" under the Alba Sublease are subject and subordinate to the terms and conditions of this Consent and the Master Lease.
- 4. Brokerage Commission. CITY shall not be liable for any brokerage commission or finder's fee in connection with the consummation of the Alba Sublease or this Consent. CLOVERDALE and ALBA shall jointly and severally protect, defend, indemnify, and hold CITY, its elected officials, officers, representatives, agents, and employees

harmless from and against any claim for any brokerage commission or finder's fee related to the consummation of the Alba Sublease or this Consent, and from and against any cost or expense (including without limitation attorney fees) incurred by CITY in resisting any claim for any such brokerage commission or finder's fee.

5. Consideration. Consideration to the CITY for this sublease shall be a minimum of Five Hundred Dollars (\$500.) per month billed in advance, the continuing clean-up of the wholesale tree nursery area to include environmental and storm water run-off compliance, and the west portion of the sublease area shall be fenced in the white fencing to match the stable portion of the leasehold. The fencing shall be completed within 60 days following the execution of this agreement.
6. No Further Modification of Master Lease or Sublease. Except as provided herein, this Consent shall not be deemed or construed to modify, waive, impair, or affect any of the terms or conditions of the Master Lease or the Alba Sublease.
7. Controlling Law. The terms and conditions of this Consent shall be construed in accordance with the laws of the State of California.
8. Captions. Captions to the sections of this Consent are included for convenience only and do not modify any of the terms of this Consent.
9. Entire Agreement. This Consent constitutes the entire statement of the agreement of the parties pertaining to CITY'S consent to the Alba Sublease, 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. No modification of the terms or conditions of this Consent shall be effective unless made in a writing that expressly states that it modifies this Consent, and signed by the parties hereto.
10. Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of the terms and conditions of this Consent, or otherwise for any remedy and the enforcement thereof, the prevailing party shall be entitled to recover from the non-prevailing party its costs and reasonable attorney fees incurred.
11. Notice. Any notice required or permitted to be given to any party hereto shall be given in accordance with Master Lease Section 7.1, Notices, the address for ALBA shall be the same as that provided for CLOVERDALE in the Master Lease.
12. Authority. Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this

Consent is binding upon such person or entity in accordance with its terms. Each person executing this Consent on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to the Mayor, that such authority is valid and that such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

13. City's Consent. Subject to the terms and conditions of this Consent, CITY hereby consents to the Alba Sublease.

IN WITNESS WHEREOF, the parties hereto execute this Consent to be effective upon execution by CITY and approval by the City Attorney.

CLOVERDALE STABLES, INC., a California corporation

Date: 10/30/06 By: [Signature]
Name and Title: Paul B. Loftin, President

ANGEL ALBA, an individual, d/b/a A&G Tree Nursery

Date: 11/11/06 By: [Signature]

THE CITY OF SAN DIEGO, a California municipal corporation

Date: 11/28/06 By: [Signature]
James F. Barwick, Director
Real Estate Assets Department

APPROVED AS TO FORM AND LEGALITY:

MICHAEL J. AGUIRRE, San Diego City Attorney

Date: 11-30-06 By: [Signature]
~~Brook Ladewig, Deputy City Attorney~~
Tom Bradley

10/2/06

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SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Agreement"), dated as of September 25, 2006, is made between Cloverdale Stables, Inc., a California corporation ("Tenant") and Angel Alba dba A & G Tree Co ("Subtenant").

RECITALS:

A. Tenant has entered into a lease (the "Master Lease" or "Percentage Rate Lease") of certain premises, designated as 2460 Cloverdale Road, San Pasqual Valley, San Diego, California (the "Premises"), with an initial twelve year term commencing October 1, 2005, and continuing to September 30, 2017, with the City of San Diego, a municipal corporation ("Landlord"). A copy of the Percentage Rate Lease between Tenant and the City is attached hereto as Exhibit A and incorporated herein by this reference (the "Master Lease"). A plan of the Premises denoting generally the location of the portion of the Premises being subleased to the Subtenant (the "Sublease Premises") is attached hereto as Exhibit B and incorporated herein by this reference.

B. Subtenant desires to obtain the use of the Sublease Premises from Tenant in connection with the conduct of Subtenant's business activities as a Wholesale Nursery that consistent with Section 1.2 of the Master Lease or as otherwise permitted by the City as Landlord. Tenant desires to provide such space to Subtenant, upon the terms and conditions set forth herein.

AGREEMENT

In consideration of the foregoing, and of the promises, terms and conditions of this Agreement, the parties hereto agree as follows:

1. Sublease Premises. Tenant hereby subleases to Subtenant and Subtenant hereby subleases from Tenant the "Sublease Premises" as outlined in Exhibit B attached hereto, on all of the terms and conditions of this Agreement.

2. Use. The Sublease Premises are to be used for a Wholesale Nursery or as otherwise authorized by the City as Landlord.

3. Term. The term will commence on October 1, 2006 and continue for the remaining initial term of the Master Lease together with any and all options or extensions thereof.

4. Rent. Rent shall be paid in lawful money of the United States of America at such mailing address provided to Subtenant by the Tenant, or at such other place as the Tenant may designate in writing, in advance, on the 1st day of each month during the term of this Agreement, free from all claims, demands or set-offs against Tenant of any kind or character, whatsoever. Rent shall be the greater of One Thousand Dollars (\$1000.00) per month or Percentage Rent calculated in accordance with Sections 3.2b

through 3.2e of the Master Lease, as applicable, for the Sublease Premises plus any cost for water and other utilities serving the Nursery and pro rata property taxes for that portion of the leasehold property (unless such water, other utilities and/or taxes are billed directly to Subtenant).

5. Master Lease. The effectiveness of this Agreement is conditioned upon the effectiveness of the Master Lease. Any termination of the Master Lease prior to the expiration of the term hereof shall operate as a termination of this Agreement.

6. Master Lease Provisions. Subtenant shall assume and perform the obligations of Tenant as Lessee under the Master Lease provisions attached hereto as Exhibit A, to the extent said terms and conditions are applicable to the Sublease Premises. Further, except where the context indicates to the contrary, Subtenant shall undertake to perform and shall perform, in favor of and for the benefit of Tenant, all obligations, covenants, and conditions which the Master Lease provisions impose upon "Lessee" in favor of "Lessor" with respect to the Sublease Premises in the same manner as if such obligations, covenants, and conditions were set forth at length in this Agreement, as obligations, covenants, and conditions of Subtenant in favor of Tenant. Subtenant shall not commit, or permit to be committed, on the Sublease Premises any act or omission which shall violate any term or condition of the Master Lease Provisions. Such Master Lease provisions, along with all of the other terms set forth in this Agreement, shall be the complete terms and conditions of this Agreement. In the event of actual termination of Tenant's interest as Lessee under the Master Lease for any reason, then this Agreement shall terminate coincidentally therewith, without any liability of Tenant to Subtenant or Subtenant to Tenant. However, notwithstanding the preceding sentence, Tenant and Subtenant hereby agree:

a. That Tenant will exercise any and all option rights and/or make any and all discretionary decisions under the Master Lease strictly in accordance with the directions given to Tenant by Subtenant for such exercise, to the extent that such options or decisions affect, in any way, the Sublease Premises.

b. That Tenant will perform all covenants, obligations and agreements under the Master Lease in a complete and timely manner. Should Tenant receive any notice of default and/or request to cure default under Section 4.5 of the Master Lease, Tenant shall immediately notify Subtenant of that fact in writing including copies of all notices or communications delivered to Tenant by the City regarding the default and/or request to cure.

7. Insurance. Subtenant, at its sole expense, shall maintain public liability and property damage insurance relating to the Sublease Premises alone that complies with Section 5.2 of the Master Lease, naming the City of San Diego & Cloverdale Stables, Inc. as additional insured.

8. Assignment or Subletting. Subtenant shall not assign Subtenant's rights and obligations under this Agreement, or sublet or attempt to sublet any portion of the

Sublease Premises, without first obtaining the written consent of both the City in accordance with Section 4 of the Master Lease and of Tenant, which consent will not be delayed or withheld unreasonably. Tenant may reasonably require that any subletting be consistent with the current nature of use of the Sublease Premises, recognizing that Tenant and Subtenant work in close proximity and with frequent contact. Upon any subletting of the Sublease Premises in accordance with the provisions of this paragraph, Subtenant shall be fully and completely released from Subtenant's obligations hereunder and Subtenant shall thereupon be released from any further responsibility to pay rent or to perform any other obligations to be performed by Subtenant hereunder.

9. Form of Agreement. Tenant and Subtenant understand and agree that this form of Agreement is an abbreviated one. Accordingly, they incorporate by this reference the Master Lease Provisions attached as Exhibit A hereto as the terms of the Agreement between them, with, however, Tenant occupying the position of Lessor, and Subtenant occupying that of Lessee. As between Tenant and Subtenant alone, the specific terms of this Agreement shall prevail over any inconsistent supplemental terms as so incorporated but, in all other respects, such supplemental terms shall constitute a part of this Agreement including, without limitation, the events of default and remedies therefor provided to Lessee/Tenant thereunder.

10. Attorneys' Fees. If as a result of any breach of default by Subtenant in the performance of any of the provisions of this Agreement, Tenant uses the services of an attorney in order to secure compliance with such provisions or recover damages therefor, or to terminate this Agreement and evict Subtenant, Subtenant shall reimburse Tenant upon demand for any and all reasonable attorneys' fees and expenses so incurred by Tenant.

IN WITNESS WHEREOF, Tenant and Subtenant have executed this Agreement as of the date first hereinabove written which shall become effective as of the Close of Escrow pursuant to the Purchase Contract executed by the parties on April 3, 2006.

TENANT:

Pete B. Loftin 10-3-06
Cloverdale Stables, Inc.
By: Pete B. Loftin, President

SUBTENANT:

Angel Alba 10/03/06
A & G Tree Co
By: Angel Alba, Its Managing Member

Legend

Leased Premises

Total
Acres:
44.754



1:1800

Vicinity Map



SanGIS
We Have San Diego Covered!

This map is prepared for the City of San Diego and is not intended for use in any other jurisdiction. The City of San Diego is not responsible for any errors or omissions in this map. The City of San Diego is not responsible for any damages or losses resulting from the use of this map. The City of San Diego is not responsible for any claims or liabilities arising from the use of this map. The City of San Diego is not responsible for any claims or liabilities arising from the use of this map.

Plot Date: 03/16/05

Exhibit A - Premises

PURCHASE CONTRACT

Buyer:

Gregg C. Sindici or his designee

Seller:

Cloverdale Stables, Inc. and Pete B. Loftin

Property Interest:

Assets of Cloverdale Stables, Inc. as set forth on Exhibit "A" hereto which is incorporated herein by this reference (but excluding the stock of Cloverdale Stables, Inc. and the equipment, implements, materials and other personalty not listed on Exhibit "A") together with a sublease to Buyer of approximately 25 acres of Seller's current leasehold interest in the property located at 2460 Cloverdale Road, San Pasqual Valley, San Diego, California which portion of the leasehold is currently used for the Horse Operation and is depicted in Exhibit "B" hereto. The sublease of the leasehold interest described above and further herein must be approved by the City of San Diego in writing prior to and as a condition to the close of escrow. Prior to the close of escrow and as a condition to the closing thereof, the Seller shall certify to escrow in writing that the list of the assets attached hereto as Exhibit "A" is a full and complete listing of the assets to be transferred by Seller to Buyer pursuant to this agreement. Seller shall assign to Buyer all right, title and interest to the stabling agreements in effect for the Horse Operation at close of escrow and shall deliver to Buyer complete contact information (name, address, and telephone number) for all persons who have boarded horses at the property during the 24 month period preceding the close of escrow.

Opening of Escrow:

Escrow to be opened following Seller's satisfaction of Terms 2 - 4 below and Buyer's written approval thereof.

Escrow:

Mission Valley Escrow (Sue D'Spain) with escrow fees to be split equally between Buyer and Seller.

Deposits:

Cash deposit of \$50,000 upon the opening of escrow which shall be fully refundable to Buyer should escrow not close due to any failure on the part of Seller to fully satisfy the provisions of Terms 1 - 4 and 6 - 9 set forth herein or due to any other failure of performance on the part of the Seller.

Purchase Price:

\$300,000 payable as follows: cash deposit totaling \$50,000 as described above shall be credited in full to the Purchase Price with the Seller to carry the balance of \$250,000 in a promissory note containing the following terms: (1) monthly payments of interest only at the rate of 6% on the unpaid principal balance for year 1 with a principal paydown of \$30,000 within 30 days following the end of the first year, (2) monthly payments of interest only at the rate of 7% on the unpaid principal balance for year 2 with a principal paydown of \$40,000 within 30 days following the end of the second year, (3) monthly payments of interest only at the rate of 8% on the unpaid principal balance for year 3 with a principal paydown of \$50,000 within 30 days following the end of the third year, (4) monthly payments of interest only at the rate of 9% on the unpaid principal balance for year 4 with a principal paydown of \$60,000 within 30 days following the end of the fourth year, and (5) monthly payments of interest only at the rate of 10% on the unpaid principal balance for year 5 with the remaining principal balance on the note becoming due and payable in full at the end of the fifth year. The promissory note shall be in the form of Exhibit "C" hereto and shall be secured by the assets listed in Exhibit "A" hereto.

Close of Escrow:

20 days after the satisfaction of Terms 1 - 4 and 6 - 9 set forth below (time to commence from the date the last item listed below that is deliverable by Seller is received by Buyer). Buyer shall not be obligated to perform hereunder unless and until all items listed in Terms 1 - 4 and 6 - 9 have been received and approved by Buyer in writing.

Terms:

1. Seller to provide 2004 and 2005 Profit & Loss and/or Operating Statements for Buyer's approval together with copies of the following: (1) all gross receipts rent statements provided by Seller to the City of San Diego from lease inception to present pursuant to Paragraph 3.3 of the current Percentage Rent Lease, (2) any Resource Management Plans provided by Seller to the City of San Diego pursuant to Paragraph 8.2 of the lease, (3) any reports provided by Seller to the Water Department pursuant to Paragraph 8.3 of the lease, and (4) documentation acceptable to Buyer for the period June 1, 2005 through the month preceding the close of escrow that supports all income from the Horse Operation from any source whatsoever as well as all expenses for water and other utilities, horse and cattle feed, wages and salaries, and insurance for Buyer's approval; Seller to

provide Buyer with written authorization allowing Buyer to contact all service providers and persons providing services to or for the property with respect to invoices or other data relating to the expenses identified in materials delivered by Seller pursuant to this paragraph.

2. Seller to provide Buyer with a full and complete copy of the current lease agreement with the City of San Diego for the leasehold interest located at 2460 Cloverdale Road, San Pasqual Valley, San Diego, California including all exhibits to said lease for Buyer's approval; Seller to provide Buyer with fully executed copies of all documents memorializing the City's written approval of Seller's sublease to Buyer for Buyer's approval.

3. Seller to sublease to Buyer, for the same lease term and option period as provided in the lease agreement currently in effect between Seller and the City of San Diego, that portion of the leasehold interest currently being used for the Horse Operation as depicted on Exhibit "B" hereto, on such terms and conditions as specified in the Sublease Agreement attached hereto as Exhibit "D" and incorporated herein by this reference.

4. Seller to obtain City's unconditional written approval of the Seller's sublease to Buyer of that portion of the leasehold as described above that is currently being used in connection with the Horse Operation.

5. Seller to remove all personalty from the storage barn located at the corner of Cloverdale Road and Highway 78 and elsewhere on that portion of the leasehold property sublet to Buyer for Horse Operations including, but not limited to, used furniture, old batteries, antique farm implements, and unusable materials and equipment as agreed to by Buyer and Seller and listed on Exhibit "E" hereto, within 60 days of the close of escrow. If not removed by Seller as provided herein, Buyer shall be entitled to arrange and pay for the removal of such items and to thereafter credit the cost of such removal against any monthly payments owing to Seller pursuant to the promissory note described herein until the cost of such removal has been fully reimbursed to Buyer.

6. Seller agrees to provide Buyer with a list of all contracts or agreements for personal or other services (whether oral or

written) and copies of all such contracts or agreements that are in writing; Seller agrees not to modify or terminate any of said contracts or agreements without Buyer's prior written consent, however Buyer acknowledges that Seller has given a provisional 60-day notice to the current managers of the Horse Operation which is contingent upon the closing of this Escrow. Seller hereby authorizes Buyer to contact all employees and service providers regarding said contracts or agreements and the services provided or performed thereunder, and will provide Buyer with written authorization to contact said employees and providers upon request of Buyer.

7. Seller to convey all personal property free of any debt, claim, or encumbrance of any kind and to hold Buyer harmless from any responsibility or liability for any such debt, claim or encumbrance.

8. Buyer is purchasing assets only from Seller and Buyer does not and shall not assume or be responsible for any debts or liabilities of Seller which existed or arose prior to Closing. Seller shall be solely responsible for all such debts and liabilities and shall hold Buyer harmless from such debts and liabilities, if any. Within 5 days prior to the close of escrow, an inventory will be taken of the hay, horse pellets, gasoline, and shavings at the property and the value of such inventory, as agreed upon by Buyer and Seller, will be paid for by Buyer either as a direct payment to Seller outside of escrow should the value of such inventory be \$5,000.00 or less, or as an addition to the Purchase Price should the value of such inventory be \$5001.00 or more. Within 5 days after Seller vacates the 1971 trailer located at the north end of the leasehold property, as described in Term 11 below, Seller and Buyer shall agree upon the value of the propane remaining in the tank servicing said trailer and Buyer shall thereupon pay Seller the value of said propane.

9. Seller to obtain any tax clearances required to convey clear title to personal property.

10. Should the Escrow provided for herein close on or before June 19, 2006, Seller shall, upon payment to Buyer of a reasonable agreed upon charge, have the right to sponsor and produce team penning jackpots on the Horse Operation portion of the leasehold property on April 2 and May 7, 2006 and a WCTPA sanctioned event on June 17 and 18, 2006.

11. Seller will have the right to reside in the 1971 trailer located on the north end of the leasehold property following the close of escrow on the following terms: (1) Seller shall pay Buyer no rent for the first 30 days of such period, (2) Seller shall pay Buyer \$500 per month in rent for the second 30 days of such period, and (3) should Seller continue to reside in or use said trailer following the expiration of such period, Seller shall forgive the monthly payments owing to Seller under the promissory note described herein for such period of time Seller continues to reside in or use said trailer.

12. For the first 30 days following the Close of Escrow hereunder, Seller shall pay Buyer \$125.00 per month per horse for each horse of Seller or Seller's wife that is left on that portion of the leasehold that is being subleased to Buyer hereunder for the Horse Operation. Thereafter, Seller shall pay Buyer \$175.00 per month per horse for each such horse that is left on that portion of the leasehold that is being subleased to Buyer hereunder for the Horse Operation.

Effective Date:

This Purchase Contract shall become effective as of the date of the last signature below.

Dated: April 3, 2006

Signed: _____


Gregg C. Sindici

Acceptance:

The above terms are accepted as stated.

Dated: April __, 2006

Signed: _____

Pete B. Loftin, President
Cloverdale Stables, Inc.

Dated: April __, 2006

Signed: _____

Pete B. Loftin

Buyer Greg Sindici

Seller Cloverdale Stables, Inc.

Property interest: Seller conveys all the listed property is free of any debt, claim, or encumbrance of any kind and will hold Buyer harmless from any responsibility or liability for any such debt, claim or encumbrance.

1. List of assets sold in this agreement:

ITEM	AMOUNT
Arena Drag	1
Barn (20 Stall horse barn)	1
Breezeway Barn (Red Barn)	1
Brush Hog	1
Case 480LL Tractor	1
Feed Bens	4
Feeders	61
Ford Water Truck	1
Gannon Drag	1
Lights & Poles	6
Panel 10ft by 2 rail	26
Panel 12ft by 2 rail	15
Panel 12ft by 3 rail	9
Panel 12ft by 4 rail	69
Panel 12ft by 5 rail	3
Panel 12ft by 6 rail	26
Panel 24ft by 3 rail	34
Panel 24ft by 4 rail	230
Panel 24ft by 4 rail w/gate	50
Panel 24ft by 4 rail w/gate	36
Panel 24ft by 6 rail	61
Panel 24ft by 6 rail w/gate	13
Portable Booth	1
Powder River Feeder Panel	28
Powder River Gate 10ft	2
Powder River Gate 12ft	17
Powder River Gate 16ft	3
Powder River Gate 4ft	19
Powder River Gate 6ft	1
Powder River Panel 10ft	28
Powder River Panel 12ft	68
Powder River Panel 14ft	4
Powder River Panel 16ft	79
Powder River Panel 6ft	2
Powder River Panel 8ft	2
Pump	1
Ropping chute	1

Round Pen	1
Saddle Racks	3
Shades	61
Store Room	3
Tack Room	2
Tie Racks	5
Trailer House 1971	1
Trailer House 1995	1
Wash Rack	6
Water trophies	8
Waterers	56

2. Sub-Lease Aprox 30 acres at the following term and rates:

- a) Minimum rent of \$1250 per month + property tax attributed to stables.
- b) Percentage rent calculated at, Board 7.5%, Event Income 5% of Net, Lessons, Training 5% & 20% for any unauthorized uses.
- c) Sublease will be for the same lease term and option period as provided in the lease agreement with the City of San Diego that is held by Cloverdale Stables, Inc.

Deposits: Cash deposit of \$5,000 upon the opening of escrow which shall be fully refundable to Buyer should escrow not close due to any failure on the part of either party to fully satisfy any of the Terms set forth herein or due to any other failure of performance on the part of the Seller. An additional cash deposit of \$45,000 upon full satisfaction by both parties of Terms 1 through 3 listed below. This latter deposit shall be fully refundable to Buyer under the same terms as stated above.

Purchase price: \$300,000 payable as follows: Cash deposit of \$50,000 as described above with the Seller to carry the balance of \$250,000 in a promissory note, with all the assets and sub-lease as collateral, containing the following terms.

1. Monthly payments of interest only at the rate of 8% on any unpaid balance.
2. Yearly payments of \$50,000 paid on the anniversary of the date of close of escrow.
3. Buyer to have the right to make additional partial payments of principal at his discretion.

Escrow: Mission Valley Escrow (Sue D'Spain) with escrow fees to be split equally between Buyer and Seller. Buyers portion of escrow fees not to exceed \$750.00. Escrow will obtain any tax clearances required to convey clear title to personal property.

Terms:

- 1 Seller to provide 2004 and 2005 Profit & Loss for Buyer's approval.
- 2 Seller to provide Buyer with a copy of the current lease agreement with the City of San Diego.

- 3 Seller agrees to provide Buyer with a list of all contracts or agreements for the stables. At close of escrow all contracts will be terminated and Buyer will need to make new contracts with all parties. Seller to provide Buyer with written authorization allowing Buyer to contact all service providers and persons providing services to or for the property.
- 4 Seller to obtain City's approval of the Seller's sublease to Buyer of the aprox 30 acres. Close of Escrow will coincide with the date of approval of sublease from the City. (We will have to write up a sublease and submit it to the City for approval, this will be done after you approve 1 through 3.)
- 5 Seller will have 60 days from close of escrow to remove all personal property not listed above from premises including but not limited to, property in storage in barn, antique farm implements, old batteries, tack & horses.
- 6 Buyer is purchasing listed assets only and receiving a sublease from Cloverdale Stables, Inc. At close of escrow there will be an inventory taken of hay, feed & shavings. Buyer will pay Seller for that inventory at closing at what ever the cost was at time of purchase.
- 7 Seller will have the right to reside in 1971 trailer for 60 days after close of escrow.
- 8 Seller will have the right to produce team penning jackpots April 2, May 7 and a WCTPA event on June 17 & 18 at a reasonable cost if escrow closes before those dates.

Expiration of offer: This offer shall expire at 5:00 p.m. PST on Monday, March 20, 2006 if not accepted by Seller according to its terms.



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Gregg C. Sindici



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Email: gsindici@littler.com



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Emphasis

Trial of Employment Law Claims in State and Federal Courts
Wrongful Termination
Discrimination

Biography

Mr. Sindici's expertise covers the range of issues arising out of employer-employee relations including terminations, discipline, layoffs, discrimination, and workplace torts.

Education

J.D., Hastings College of the Law, 1973

A.B., University of California at Berkeley, 1967

Activities

California State Bar

Cases/Courts/Judges

Mr. Sindici has been counsel of record in a number of precedent setting cases published in the state and federal reporters including:

Briley v. State of California [defining the statute of limitations for section 1981 discrimination claims]

Young v. Anthony's Fish Grottos [defining the scope of federal preemption of state wrongful discharge claims]

Schneider v. TRW Inc. [standard of proof for summary judgment in a discrimination case]

Branch v. HomeFed Bank [emotional distress damages not recoverable for misrepresentations in the hiring process]

Jacobs v. UDC Homes, Inc. [managers not individually liable on public policy claims]

Litigation Experience

Mr. Sindici has recently tried the following cases to verdict:

McKee v. Rohr, Inc. [breach of contract, age discrimination, ERISA section 510]

Brinton v. TRW Inc. [breach of contract, violation of public policy, Labor Code section 970]

Reitman v. Miller [wrongful termination, fraud]

Patel v. Rohr, Inc. [wrongful termination, national origin discrimination, fraud]

Senter v. TRW Inc. [breach of contract, sex discrimination]

Gamboa v. TRW Inc. [wrongful termination, discrimination, and slander]

Burns v. Rohr, Inc. [pregnancy discrimination, harassment and wrongful termination]

Tarver v. TRW Inc. [race and sex discrimination]

Herberth v. TRW Inc. [pregnancy discrimination and wrongful termination]

Merendon v. Rohr, Inc. [race discrimination, harassment, and defamation]

Weisgerber v. Rohr, Inc. [pregnancy discrimination]

Branch v. HomeFed Bank [wrongful termination and misrepresentation]

Peairs v. TRW Inc. [sexual harassment and wrongful termination]

Vann v. KGTV-10, McGraw Hill [sexual harassment, race discrimination and wrongful termination]

Rodriguez v. City of Vista [sexual harassment]

Nicholson v. Lear Siegler [age discrimination, ERISA section 510 and promissory estoppel]

Mota v. TRW Inc. [race discrimination and wrongful termination]

DISCLAIMER © 2006 Littler Mendelson P.C.

CONSENT TO SUBLEASE AGREEMENT

THIS CONSENT TO SUBLEASE AGREEMENT ("Consent") is entered into by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), CLOVERDALE STABLES, INC., a California corporation ("CLOVERDALE"), and GREGG C. SINDICI, an individual ("SINDICI"), to be effective upon execution by the parties and approval by the San Diego City Attorney, as follows:

RECITALS

- A. CITY and CLOVERDALE entered into that certain CITY OF SAN DIEGO PERCENTAGE RATE LEASE (the "Master Lease") dated September 30, 2005, recorded in the Office of the San Diego City Clerk as Document RR-300852, whereby CITY leased to CLOVERDALE and CLOVERDALE leased from CITY that certain real property (the "San Pasqual Property") located at 2460 Cloverdale Road, in the community of San Pasqual Valley, City of San Diego, County of San Diego, State of California, and more particularly described in the Master Lease.
- B. CLOVERDALE would like to sublease a portion of the San Pasqual Property to SINDICI under the SUBLEASE AGREEMENT (the "Sindici Sublease") attached hereto as Exhibit A.
- C. The Master Lease requires CITY'S consent to any sublease of the San Pasqual Property.

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

- 1. San Diego's Strong Mayor Form of Governance. All references to "City Manager" in the Master Lease shall be deemed to refer to "Mayor," for the duration CITY operates under the mayor-council (commonly referred to as "strong mayor") form of governance pursuant to Article XV of the San Diego City Charter.
- 2. Subsequent Sublease. This Consent does not constitute consent to any subsequent subletting of any portion of the San Pasqual Property, and does not relieve CLOVERDALE or any person claiming under or through CLOVERDALE of the obligation to obtain CITY'S consent under the Master Lease to any such future sublease.

3. Subtenant's Acknowledgement. SINDICI acknowledges and agrees that his rights and obligations as "Subtenant" under the Sindici Sublease are subject and subordinate to the terms and conditions of this Consent and the Master Lease.
4. Brokerage Commission. CITY shall not be liable for any brokerage commission or finder's fee in connection with the consummation of the Sindici Sublease or this Consent. CLOVERDALE and SINDICI shall jointly and severally protect, defend, indemnify, and hold CITY, its elected officials, officers, representatives, agents, and employees harmless from and against any claim for any brokerage commission or finder's fee related to the consummation of the Sindici Sublease or this Consent, and from and against any cost or expense (including without limitation attorney fees) incurred by CITY in resisting any claim for any such brokerage commission or finder's fee.
5. No Further Modification of Master Lease or Sublease. Except as provided herein, this Consent shall not be deemed or construed to modify, waive, impair, or affect any of the terms or conditions of the Master Lease or the Sindici Sublease.
6. Controlling Law. The terms and conditions of this Consent shall be construed in accordance with the laws of the State of California.
7. Captions. Captions to the sections of this Consent are included for convenience only and do not modify any of the terms of this Consent.
8. Entire Agreement. This Consent constitutes the entire statement of the agreement of the parties pertaining to CITY'S consent to the Sindici Sublease, 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. No modification of the terms or conditions of this Consent shall be effective unless made in a writing that expressly states that it modifies this Consent, and signed by the parties hereto.
9. Attorney Fees. If any party commences litigation against any other party for the specific performance of this Consent, for damages for the breach of the terms and conditions of this Consent, or otherwise for any remedy and the enforcement thereof, the prevailing party shall be entitled to recover from the non-prevailing party its costs and reasonable attorney fees incurred.
10. Notice. Any notice required or permitted to be given to any party hereto shall be given in accordance with Master Lease Section 7.1 Notices; the address for SINDICI shall be the same as that provided for CLOVERDALE in the Master Lease.

11. Authority. Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Consent is binding upon such person or entity in accordance with its terms. Each person executing this Consent on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to the Mayor, that such authority is valid and that such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.
12. CITY'S Consent. Subject to the terms and conditions of this Consent, CITY hereby consents to the Sindici Sublease.

IN WITNESS WHEREOF, the parties hereto execute this Consent to be effective upon execution by CITY and approval by the City Attorney:

Date: 5-10-06

CLOVERDALE STABLES, INC.,
A California corporation

BY: [Signature]
Name & Title: Pete B. Loftin, President

Date: 5/11/06

[Signature]
GREGG C. SINDICI, an individual

Date: 5/16/06

THE CITY OF SAN DIEGO,
A California municipal corporation

BY: [Signature]
Name & Title: Acting Director, READ

APPROVED AS TO FORM AND LEGALITY:

Date: 5/17/06

MICHAEL L. AGUIRRE, San Diego City Attorney

BY: [Signature]
BRAN LARSEN, Deputy City Attorney

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Agreement"), dated as of May 8, 2006, is made between Cloverdale Stables, Inc., a California corporation ("Tenant") and San Pasqual Valley Ranch LLC ("Subtenant").

RECITALS:

A. Tenant has entered into a lease (the "Master Lease" or "Percentage Rate Lease") of certain premises, designated as 2460 Cloverdale Road, San Pasqual Valley, San Diego, California (the "Premises"), with an initial twelve year term commencing October 1, 2005, and continuing to September 30, 2017, with the City of San Diego, a municipal corporation ("Landlord"). A copy of the Percentage Rate Lease between Tenant and the City is attached hereto as Exhibit A and incorporated herein by this reference (the "Master Lease"). A plan of the Premises denoting generally the location of the portion of the Premises being subleased to the Subtenant (the "Sublease Premises") is attached hereto as Exhibit B and incorporated herein by this reference.

B. Subtenant desires to obtain the use of the Sublease Premises from Tenant in connection with the conduct of Subtenant's business activities consistent with Section 1.2 of the Master Lease or as otherwise permitted by the City as Landlord. Tenant desires to provide such space to Subtenant, upon the terms and conditions set forth herein.

AGREEMENT

In consideration of the foregoing, and of the promises, terms and conditions of this Agreement, the parties hereto agree as follows:

1. Sublease Premises. Tenant hereby subleases to Subtenant and Subtenant hereby subleases from Tenant the "Sublease Premises" as outlined in Exhibit B attached hereto, on all of the terms and conditions of this Agreement.

2. Use. The Sublease Premises are to be used for those Uses specified in Section 1.2 of the Master Lease or as otherwise authorized by the City as Landlord.

3. Term. The term will commence on June 1, 2006 and continue for the remaining initial term of the Master Lease together with any and all options or extensions thereof.

4. Rent. Rent shall be paid in lawful money of the United States of America at such mailing address provided to Subtenant by the Tenant, or at such other place as the Tenant may designate in writing, in advance, on the 1st day of each month during the term of this Agreement, free from all claims, demands or set-offs against Tenant of any kind or character, whatsoever, excepting only those set offs described in Terms 5 and 11 of the Purchase Contract between Tenant and Subtenant dated April 3, 2006. Rent shall be the greater of One Thousand Two Hundred Fifty Dollars (\$1250.00) per month

or Percentage Rent calculated in accordance with Sections 3.2b through 3.2e of the Master Lease, as applicable, for the Sublease Premises plus any cost for water and other utilities serving the Horse Operation and pro rata property taxes for that portion of the leasehold property (unless such water, other utilities and/or taxes are billed directly to Subtenant).

5. Master Lease. The effectiveness of this Agreement is conditioned upon the effectiveness of the Master Lease. Any termination of the Master Lease prior to the expiration of the term hereof shall operate as a termination of this Agreement.

6. Master Lease Provisions. Subtenant shall assume and perform the obligations of Tenant as Lessee under the Master Lease provisions attached hereto as Exhibit A, to the extent said terms and conditions are applicable to the Sublease Premises. Further, except where the context indicates to the contrary, Subtenant shall undertake to perform and shall perform, in favor of and for the benefit of Tenant, all obligations, covenants, and conditions which the Master Lease provisions impose upon "Lessee" in favor of "Lessor" with respect to the Sublease Premises in the same manner as if such obligations, covenants, and conditions were set forth at length in this Agreement, as obligations, covenants, and conditions of Subtenant in favor of Tenant. Subtenant shall not commit, or permit to be committed, on the Sublease Premises any act or omission which shall violate any term or condition of the Master Lease Provisions. Such Master Lease provisions, along with all of the other terms set forth in this Agreement, shall be the complete terms and conditions of this Agreement. In the event of actual termination of Tenant's interest as Lessee under the Master Lease for any reason, then this Agreement shall terminate coincidentally therewith, without any liability of Tenant to Subtenant or Subtenant to Tenant. However, notwithstanding the preceding sentence, Tenant and Subtenant hereby agree:

a. That Tenant will exercise any and all option rights and/or make any and all discretionary decisions under the Master Lease strictly in accordance with the directions given to Tenant by Subtenant for such exercise, to the extent that such options or decisions affect, in any way, the Sublease Premises. Should Tenant fail to follow such directions or should Tenant decide to surrender or abandon the Master Lease or to cease conducting permitted Uses as specified in Section 1.2 of the Master Lease on that portion of the Master Lease leasehold retained by Tenant, Tenant shall thereupon unconditionally assign the entire leasehold interest to Subtenant for the consideration of \$100.00.

b. That Tenant will perform all covenants, obligations and agreements under the Master Lease in a complete and timely manner. Should Tenant receive any notice of default and/or request to cure default under Section 4.5 of the Master Lease, Tenant shall immediately notify Subtenant of that fact in writing including copies of all notices or communications delivered to Tenant by the City regarding the default and/or request to cure. Should Tenant not cure the default to the satisfaction of the City within the 30 day period prescribed in Section 4.5a(1) of the Master Lease, Tenant shall thereupon

immediately assign the Master Lease in full to Subtenant for the consideration of \$100.00.

7. Insurance. Subtenant, at its sole expense, shall maintain public liability and property damage insurance relating to the Sublease Premises alone that complies with Section 5.2 of the Master Lease.

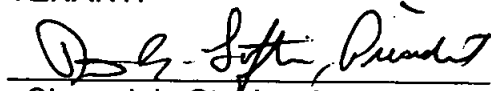
8. Assignment or Subletting. Subtenant shall not assign Subtenant's rights and obligations under this Agreement, or sublet or attempt to sublet any portion of the Sublease Premises, without first obtaining the written consent of both the City in accordance with Section 4 of the Master Lease and of Tenant, which consent will not be delayed or withheld unreasonably. Tenant may reasonably require that any subletting be consistent with the current nature of use of the Sublease Premises, recognizing that Tenant and Subtenant work in close proximity and with frequent contact. Upon any subletting of the Sublease Premises in accordance with the provisions of this paragraph, Subtenant shall be fully and completely released from Subtenant's obligations hereunder and Subtenant shall thereupon be released from any further responsibility to pay rent or to perform any other obligations to be performed by Subtenant hereunder.

9. Form of Agreement. Tenant and Subtenant understand and agree that this form of Agreement is an abbreviated one. Accordingly, they incorporate by this reference the Master Lease Provisions attached as Exhibit A hereto as the terms of the Agreement between them, with, however, Tenant occupying the position of Lessor, and Subtenant occupying that of Lessee. As between Tenant and Subtenant alone, the specific terms of this Agreement shall prevail over any inconsistent supplemental terms as so incorporated but, in all other respects, such supplemental terms shall constitute a part of this Agreement including, without limitation, the events of default and remedies therefor provided to Lessee/Tenant thereunder.

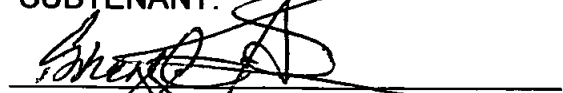
10. Attorneys' Fees. If as a result of any breach of default by Subtenant in the performance of any of the provisions of this Agreement, Tenant uses the services of an attorney in order to secure compliance with such provisions or recover damages therefor, or to terminate this Agreement and evict Subtenant, Subtenant shall reimburse Tenant upon demand for any and all reasonable attorneys' fees and expenses so incurred by Tenant.

IN WITNESS WHEREOF, Tenant and Subtenant have executed this Agreement as of the date first hereinabove written which shall become effective as of the Close of Escrow pursuant to the Purchase Contract executed by the parties on April 3, 2006.

TENANT:


Cloverdale Staples, Inc.
By: Pete B. Loftin, President

SUBTENANT:


San Pasqual Valley Ranch LLC
By: Gregg C. Sindici, Its Managing Member



Legend

Leased Premises

Total Acres:

~~44.754~~

SPV Ranch

8.2

19.8

28.0

ACRES



1:1800

Vicinity Map



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Exhibit ^B_A - Premises

Plot Date: 03/16/05