

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), and LINDSHIELD RANCHES AND DEVELOPMENT, INC., a California corporation (Master Lessee), to be effective upon execution by the parties and approval by the San Diego City Attorney (Effective Date), as follows:

RECITALS

- A. CITY and Master Lessee entered into that certain Lease Agreement dated March 6, 2000, filed as document RR292825-2 in the Office of the San Diego City Clerk (Master Lease), relating to certain real property more particularly described as 21345 San Pasqual Road in the community of San Pasqual Valley, City of San Diego, and which is further described in that Master Lease.
- B. Master Lessee would like to sublease a portion of its leasehold area under a sublease agreement, referred to as the "Hernandez Sublease", for certain areas of the Master Lease property on a rotational basis not to amount to a "majority" portion of the Master Lease property at any one time. The purpose of the rotation is to insure and preserve the integrity of the land under best management practices.
- C. The Master Lease requires CITY to consent to the subleasing of any of Master Lessee's leasehold.

NOW, THEREFORE, for valuable consideration the receipt and sufficiency of which is acknowledged, the parties agree as follows:

- 1. Subject to the terms and conditions herein, CITY hereby consents to Master Lessee's request to sublease a portion, not to amount to a "majority" portion of the Master Lease property at any one time, of its leasehold, as set forth in the Hernandez Sublease.
- 2. CITY's Consent shall be conditioned upon the sublessee agreeing in writing that it will assume the rights and obligations for the area subleased and that it will keep and perform all covenants, conditions, and provisions of the Master Lease which are applicable to the rights acquired.
- 3. It is also specifically agreed and acknowledged by Master Lessee, as a condition of this Consent, that a minimum of 80 percent of all rents paid to or received by Master Lessee as a result of the Hernandez Sublease shall first be applied to any and all outstanding rents and/or late fees that currently exist, or may exist in the future, under the Master Lease. Based on the rental rates set forth in the Hernandez Sublease and the total outstanding rents and/or late fees due and owing as of the Effective Date of this Consent, Master Lessee shall, at a minimum, pay to CITY, by the 10th day of each month, the sum of \$2,000.00 per month for the months of October 2009, November 2009, December 2009, January 2010, February 2010, and March 2010, and the sum of \$2,400.00, or portion thereof, per month for each subsequent month until said rents and/or late fees are paid in full. Thereafter, if at any time during the remaining term of the Master Lease, the Master Lessee should again become delinquent in its rental obligations, City shall have the right to receive directly from the Sublessee all rents which should be paid to or received by Master Lessee as a result of the Hernandez Sublease, in such

amounts and for such time periods that are necessary until all sums owing the CITY have been repaid. [DL Master Lessee's Initials]

4. The failure of Master Lessee to timely pay to CITY the amounts set forth in paragraph No. 3 above shall be considered a major default under the Master Lease and shall give CITY the right to rescind this Consent to Sublease Agreement and terminate the Master Lease.
5. This Consent does not constitute consent to any subsequent subletting of any portion of the Master Lease, and does not relieve Master Lessee or any person claiming under or through Master Lessee of the obligation to obtain CITY'S consent to any future sublease(s).
6. CITY shall not be liable for any brokerage commission or finder's fee in connection with the consummation of the Hernandez Sublease or this Consent. Further, Master Lessee agrees to 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 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.
7. 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.

IN WITNESS WHEREOF, this Consent to Sublease Agreement is executed by CITY acting by and through its Mayor, or his designee, and by Master Lessee acting by and through its lawful authorized designee.

LINDSHIELD RANCHES AND DEVELOPMENT, INC.,
a California corporation

Date: 9-23-09 By: Dennis L Lindshield
Name: DENNIS L LINDSHIELD
Title: PRESIDENT

Date: 9-23-09 By: M D Lindshield
Name: MARC D. LINDSHIELD
Title: V.P. CFO

Date: 9-23-09 By: Arhita A. Lindshield
Name: ARHITA A. LINDSHIELD
Title: Secretary

THE CITY OF SAN DIEGO, a California municipal
corporation

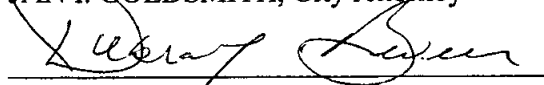
Date: 10/6/09

By:


James F. Barwick, Director, Real Estate Assets Dept.

APPROVED AS TO FORM AND LEGALITY
this 7th day of October, 2009.

JAN I. GOLDSMITH, City Attorney



Debra J. Bevier
Deputy City Attorney

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("Agreement") is entered into by and between S.P.C.T.F. Inc. / Marc Lindshield, a California corporation (Master Leasee), and Miguel Hernandez and Gerardo Rivera individuals, d/b/a Hernandez Produce - Company ("Subleasee"), to be effective upon execution by the parties and consented to by the City of San Diego:

RECITALS

- A. Master Leasee currently leases property at 21345 San Pasqual Road, Escondido, CA 92027 and in an effort to expand, enhance and improve the operation and provide onsite presence and security hereby enters into this FLAT RATE SUBLEASE with Hernandez Produce.
- B. The area covered by this sublease will rotate and vary based on crop rotation, growing season and cycles as dictated by "Best management practices" but at no time will be considered to be the "majority of the lease" as referred to in section 4.2 of the master lease.
- C. Map attached hereto as Exhibit A.
- D. Subleasee agrees to adhere and abide by all terms and conditions of the Master Lease Document number RR-292825-2 and delivered to Hernandez Produce prior to signing this agreement.

AGREEMENT

- 1. **Uses.** It is agreed that the area(s) leased to SUBLEASEE are solely and exclusively for the purpose of commercial agricultural and horticultural activities, including education, demonstration and exhibits for farming and agriculture practices found in the region and previously conducted by MASTERLEASEE.
- 2. **Term.** The term of this agreement shall be Three (3) years from the date of commencement with the opportunity to renegotiate an extension prior to the end of the lease. Either party may terminate early with a written 90 day notice and cause showing substantial hardship or necessity. At no time shall the Sublease extend beyond the expiration or termination of the Master lease.
- 3. **Rent.** The flat rate rent for this agreement shall be for the nonexclusive rights to the farm, farm store, orchard and related facilities, fixtures, coolers and animals. All existing fixtures and furnishing remain the property of the Masterleasee unless otherwise provided for in the master lease. Hernandez may provide and retain ownership of all personal equipment used on site as long as it would not be considered a "permanent improvement" by the master lease or "method of attachment". Rent shall be \$2,500.00 per month for the first 6 months followed by \$3,000.00 per month for the remainder of the Sublease agreement paid in advance of each calendar month. **Payment of rent on time is critical. Late fees accrue as called for in the Master Lease. 15 Days late constitutes a substantial default in the lease.**
- 4. **Defaults and Remedies** Defaults and Remedies are handled in the same manner as contained in the master lease section 4.4. Basically 30 days to correct any major issues.
- 5. **Insurance.** Subleasee will obtain and maintain all provisions of Section 5 (Insurance Risks / Security) of the Master Lease and indemnify both the City of San Diego and Master Leaseholder of all liability and loss.
- 6. **Utilities / Repairs** Subleasee agrees to pay for the electric bills for both meters currently installed on the property. Additionally Hernandez agrees to maintain in good order the irrigation system and other improvement located on the property and used by Hernandez.

7. **General Provisions** In addition to section 7 of the Master Lease, Marc Lindshield agrees to assist Subleasee with the development of this operation and Organic Procedures. To the best of his ability Lindshield will be available to assist with any permitting and regulatory needs of Subleasee. As the masterleasee Lindshield retains the right to nonexclusive use of the premises for other related and approved uses to be coordinated with Subleasee as to not interfere with their operation.
8. **Agriculture Provisions** In addition to section 8 of the Master Lease, Subleasee agrees to utilize Best Management Practices and provide for a safe, fun, friendly and enjoyable experience.
9. **Signage** Signs placed on the property shall be kept neat, orderly and professional appearance. They may be "home made" to add to the "local farm stand style" but clean and neat.
10. **Security** Subleasee must keep the property secure and free from dumping and illegal activities. When necessary Subleasee has full authority to contact San Diego Police for any assistance in this matter.
11. **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.
12. **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.
13. **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 S.P.C.T.F.Inc shall be Marc Lindshield, P.O. Box 744, Escondido CA 92033-0744 & Hernandez Produce shall be 950 Taylor St. Vista, CA 92084

IN WITNESS WHEREOF, the parties hereto execute this Sublease Agreement to be effective upon the signed consent of the City of San Diego.

San Pasqual Christmas Tree Farm Inc (S.P.C.T.F. Inc.), a
California corporation

Date: 5-22-2009

By: Marc D. Lindshield
Name and Title: Marc D. Lindshield V.P. CFO

Miguel Hernandez and Gerardo Rivera individuals, d/b/a
Hernandez Produce

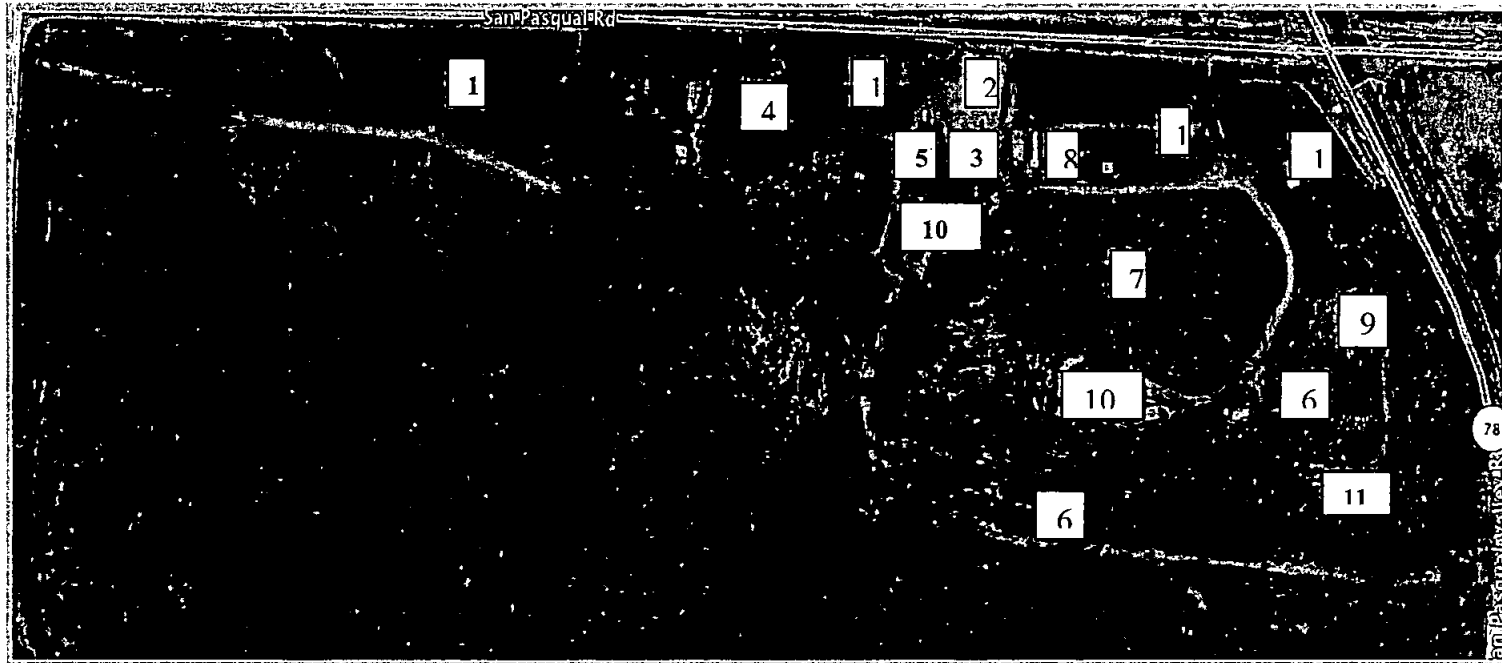
Date: 5-25-2009

By: Miguel Hernandez
Miguel Hernandez

By: Gerardo Rivera
Gerardo Rivera

Exhibit A

Numbers indicate areas of crop rotation and other uses to be conducted onsite. Please note that the areas used by the subleasee's operation will rotate as needed for seasonal produce and best management practices. All uses here are ongoing and considered part of the sublease for non-exclusive use.



1. Organic and Conventionally grown row crops.
2. Parking Area (Existing and ongoing)
3. Farm Stand / Retail Sales (Existing and ongoing)
4. Picnic and education area (Firewood removed from this area to buffer houses)
5. Corn Maze (Existing)
6. Firewood (Existing, new area)
7. "Walk of Trees" Orchard Demonstration area of Fruit Trees found in the region.
8. Petting Coral and Animal Education. (Existing)
9. Excluded Cultural Area protecting Historical Indian Camp. (Existing)
10. Caretaker Home and Farm Labor Housing
11. Eucalyptus Orchard to be harvested as time and need permits.