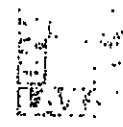


EXHIBIT C-4



City of Los Angeles Department of Airports  
Richard J. Riordan, Mayor

Board of Airport Commissioners

Daniel P. Garcia  
President  
Patricia Mary Schnegg  
Vice President  
William H. Dahl  
Edward P. Manning  
Warren W. Vakry  
  
John J. Driscoll  
Executive Director

Board File  
No. PIA-199

BOARD ORDER NO. AO-4586

ORDER AUTHORIZING AN AGRICULTURAL LEASE WITH EZ CARE GROWERS, INC. COVERING APPROXIMATELY 80 ACRES OF LAND AT PALMDALE REGIONAL AIRPORT.

Section 1. WHEREAS, there has been negotiated an Agricultural Lease with EZ Care Growers, Inc. covering approximately 80 acres of land at Palmdale Regional Airport; and

WHEREAS, the City has successfully leased land to EZ Care Growers, Inc. for approximately eight years. This property will be used for the agricultural production of lawn grass (sod). The tenant will be allowed to use a center-pivot irrigation system and use a water well located adjacent to the site at no cost to the City. Temporary storage facilities, a mobile home for a caretaker and other related equipment necessary for the successful operation of this lease will be allowed; and

WHEREAS, the proposed leasehold is located as follows:

E1/2, NE1/4, Section 9, T6N, R11W, SBBM; and

WHEREAS, the Lease would be for five years, effective March 1, 1997, subject to a one-year advance written notice of termination by either party. Upon expiration of the Lease and/or its earlier termination, the lessee would be required to remove all equipment and materials and restore the property to a clean condition; and

WHEREAS, the annual rental, effective March 1, 1997, would be as follows:

<u>Date</u>	<u>Rental</u>	<u>Rate</u>
March 1, 1997	\$2,000	\$25/acre/year
March 1, 1998	\$2,800	\$35/acre/year
March 1, 1999	\$3,600	\$45/acre/year
March 1, 2000	\$4,400	\$55/acre/year
March 1, 2001	\$4,800	\$60/acre/year; and

WHEREAS, a security deposit of \$1,200 will be deposited with the City; and

WHEREAS, the lessee will be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, and/or order of any Federal, State and/or local government entity and/or court regarding the storage and handling of diesel fuel, pesticides, herbicides, lubrication oil and solvents; and

WHEREAS, the City will pay the property tax. The lessee will be responsible for all other expenses including insurance, utilities, pump cost, etc.; and

WHEREAS, the Lease would be subject to the Department's Standard Terms and Conditions as approved by the City Attorney; and

WHEREAS, this Lease has been executed by the lessee and approved as to form by the City Attorney; and

WHEREAS, EZ Care Growers, Inc., has an approved Affirmative Action Plan on file with the Department; and

WHEREAS, EZ Care Growers, Inc., has a Business Tax Registration number and will also conform to the provisions of Resolution No. 18052 relative to Security Deposits; and

WHEREAS, this action is categorically exempt from the requirements of the California Environmental Quality Act as provided by Article VII, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 32.3;

NOW, THEREFORE, IT IS ORDERED that it is the best interest of the City of Los Angeles to adopt the Staff Report, and to make and enter into said Lease, which is exempt from CEQA requirements, and the Lease as now before this Board is hereby approved, and the Executive Director of the Department of Airports is hereby authorized and directed to execute the Lease on behalf of this Board and the City of Los Angeles.

Section 2. IT IS FURTHER ORDERED that the Secretary of the Board certify to the passage of this Order and cause the same to be published once in a newspaper of general circulation in the same manner as ordinances of the City of Los Angeles are published.

oOo

I hereby certify that the foregoing is a true and correct copy of Board Order No. AO-4586 adopted by the Board of Airport Commissioners at a regular meeting held Tuesday, February 18, 1997.

*Sandra J. Miller*  
ACTING SECRETARY.

Elaine E. Staniec - Secretary  
BOARD OF AIRPORT COMMISSIONERS

CITY OF LOS ANGELES  
DEPARTMENT OF AIRPORTS

Board File

LEASE

No. PIA-199

The CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners ("City") hereby leases to EZ CARE GROWERS, INC. ("Lessee") the following described premises, for the term, at the rental and for the uses hereinafter set forth, all subject to the Standard Terms and Provisions, as modified, attached hereto and made a part hereof.

Demised Premises: Approximately (eighty) 80 acres of land located west of 50th Street East and south of Avenue N and legally described as the E-1/2, NE-1/4, Section 9, T6N, R11W, SBBM at the Palmdale Regional Airport ("Airport"), as delineated in Exhibit A, incorporated by this reference and made part of this Lease.

Term: Five (5) years commencing March 1, 1997, and ending February 28, 2002, subject to termination by either party upon one (1) year written notice. Upon termination of the Lease, Lessee is required to remove all plants, equipment, temporary buildings, materials, and supplies on the leasehold and return the leasehold to its original condition.

Rental Rate:

<u>Date</u>	<u>Rental</u>	<u>Rate</u>
March 1, 1997	\$2,000	\$25/acre/year
March 1, 1998	\$2,800	\$35/acre/year
March 1, 1999	\$3,600	\$45/acre/year
March 1, 2000	\$4,400	\$55/acre/year
March 1, 2001	\$4,800	\$60/acre/year

A security deposit of \$1,200, which represents three months' rental at highest rate, will be deposited with City.

Use: Planting and harvesting of grass-sod and other agricultural uses.

Lessee is granted the right to place on and remove from the premises any or all of the following:

- ° Temporary storage structure;
- ° Mobile home domicile for a caretaker; and
- ° Fencing, machinery, fuel tanks, pumps, irrigation equipment and other materials required to properly operate this Lease.

City reserves the right to enter the premises to inspect the property at its discretion.

Expenses/Maintenance: City shall pay property tax.

Lessee shall be responsible for all other expenses, including but not limited, to plant materials, possessory taxes, water, labor, licenses, and required permits.

Water: Lessee is granted permission to install and use a center-pivot irrigation system and a water well located adjacent to the leasehold at no cost or expense to City.

Lessee will be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or order of any Federal, State, and/or local government entities and/or court regarding the storage and handling of diesel fuel, pesticides, herbicides, lubrication oil and solvents.

Taxes: City will pay property tax. Lessee shall pay all other taxes and expenses of whatever character and as more thoroughly set forth in paragraph 10 of the Standard Terms and Provisions attached hereto. Lessee shall pay all additional expenses of whatever character, including, but not limited to, pump, insurance, utilities, installation and maintenance of pumps and irrigation system.

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers caused this Lease to be executed this 28th day of February, 1997.

CITY OF LOS ANGELES

APPROVED AS TO FORM  
JAMES K. HAHN  
City Attorney

FEB 06 1997

By [Signature]  
FLORA TROSTLER  
Deputy City Attorney

By [Signature]  
Executive Director  
Department of Airports

ATTEST:

EZ CARE GROWERS, INC.

By \_\_\_\_\_  
Secretary (Signature)  
  
\_\_\_\_\_  
Print Name

[SEAL]

By [Signature]  
Signature  
Larry Le May  
Print Name  
District Manager  
Print Title

STANDARD TERMS AND PROVISIONS

(LEASE)

1. Use of Demised Premises.

(a) Lessee shall not use the demised premises, nor any portion thereof, for any purpose other than that hereinabove set forth without first having had and obtained the written consent of the Executive Director of the Department of Airports (hereinafter referred to as "Executive Director").

(b) There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Lessee agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Lessee's use and enjoyment of the demised premises which may result from noise emanating from the operation of aircraft to, from, or upon Airport except for claims or actions brought by third parties against Lessee arising from City's operation of Airport. [LEASE GUIDE, ¶1]<sup>1</sup>

(c) Lessee, by accepting this Lease, agrees for itself and its successors and assigns that it will not make use of the demised premises in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard to such operations. In the event the aforesaid covenant is breached, City reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of Lessee. [LEASE GUIDE, ¶14]

(d) Lessee shall conduct its, and cause its

<sup>1</sup>The paragraph references are to mandatory requirements contained in a document entitled, "LEASE AND USE AGREEMENT GUIDE", dated June 6, 1984, published by the Federal Aviation Administration.



sublessees to conduct their, operations on the demised premises in such manner as to reduce as much as is reasonably practicable, considering the nature and extent of said operations, any and all activities which interfere unreasonably with the use of other premises adjoining the demised premises or Airport, including, but not limited to, the emanation from the demised premises of noise, vibration, movements of air, fumes, and odors.

2. Improvements and Alterations.

(a) Lessee shall make no structural improvements, additions, or alterations in, to or upon the demised premises, nor erect, construct, or place any sign upon said premises, without the prior written consent of Executive Director being first had and obtained, and any conditions, restrictions, or limitations relating thereto then stated by said Executive Director shall be conditions hereof as if they had been originally stated at length herein. Lessee shall also keep the demised premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf (except when such improvement is constructed by City) and shall hold City harmless from liability with respect to any such improvements, additions, or alterations made thereto.

(b) City reserves the right to further develop or improve the landing area of Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. If any such development or improvement interferes substantially with Lessee's use and occupancy of the premises demised herein, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease. [LEASE GUIDE, ¶8]

(c) Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the demised premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the demised premises. [LEASE GUIDE, ¶12]

(d) Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation obstruction contours shown on Exhibit "A." In the event the aforesaid covenants are breached, City reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee. [LEASE GUIDE, ¶13]

(e) City reserves the right, but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. [LEASE GUIDE, ¶9]

3. Ownership of Improvements. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the demised premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City. In the event the removal of any fixture damages any part of the demised premises, Lessee shall repair such damage and restore the demised premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted.

4. Maintenance of Demised Premises. Except as otherwise expressly stated elsewhere in this Lease, Lessee, solely at its own cost and expense, shall:

(1) maintain the demised premises in good condition, in compliance with all requirements of law and in accordance with the "maintenance schedule" which, if applicable, shall be attached hereto; and

(2) keep the premises, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

If Lessee fails to so maintain the demised premises, City may serve a "Notice to Cure" upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the number of calendar days Lessee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence seven (7) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the demised premises in a conspicuous place.

If, in the opinion of Executive Director, any default is of such nature that it cannot physically be corrected within the period originally specified by City, and if the party in default has responded with a course of action and has commenced to remedy such default promptly after the receipt of such Notice, and shall continuously and diligently proceed in good faith to eliminate such default, then the period for correction may be extended at City's option for such length of time as is reasonably necessary to complete the same.

If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to Executive Director, and Lessee fails to correct such work within the time specified by City in the mailed Notice, City may, at City's sole option, and at Lessee's sole cost and expense, enter upon the demised premises and perform whatever work may, in the opinion of Executive Director, be required to correct the maintenance deficiencies. If City exercises this option, Lessee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost.

Notwithstanding any term, condition, or provision contained in this Section, including, but not limited to, the Notice to Cure provisions, either party may terminate this Lease at any time upon written notice in accordance with the term or termination sections of this Lease.

5. City's Right of Access and Inspection. City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Lessee, to enter upon the demised premises for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rental shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the demised premises as herein authorized.

6. Restrictions and Regulations. Lessee agrees to abide by any and all:

(1) applicable rules, regulations, orders, and restrictions which are now in force or which may be hereafter adopted by City with respect to the operation of Airport;

(2) orders, directives, or conditions issued, given or imposed by Executive Director with respect to the use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport; and

(3) applicable laws, ordinances, statutes, rules, regulations, or orders of any governmental authority, federal, state, or municipal, lawfully exercising jurisdiction over the Airport or Lessee's occupation or use of the demised premises.

Nothing herein contained shall be deemed to impair Lessee's right, to contest any such rules, regulations, orders, restrictions, directives, or conditions or the reasonableness thereof. City shall not be liable to Lessee for any damage to, or for any diminution or deprivation of, Lessee's rights hereunder on account of the exercise of any such authority, or as may arise from Airport development or operation in the area of the demised premises during the term of this Lease, unless the exercise thereof shall so interfere with Lessee's use and occupancy of the leasehold estate so as to constitute a constructive eviction or a termination, in whole or in part, of

this Lease by operation of law or otherwise.

7. Insurance.

(a) Lessee shall procure at its expense, and keep in effect at all times during the term of this Lease, the types and amounts of insurance specified on page 25 hereof. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board of Airport Commissioners, (hereinafter referred to as "Board") and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described on page 25 hereof as respects Lessee's acts or omissions in its operations, use, and occupancy of the premises hereunder or other related functions performed by or on behalf of Lessee in, on or about Airport.

(b) Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Lease with the City of Los Angeles."

All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airports where liability arises out of or results from the acts or omissions of Lessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Lessee. Such policies may provide for reasonable deductibles and/or retentions acceptable to Executive Director based upon the nature of Lessee's operations and the type insurance involved.

(c) City shall have no liability for any premiums

charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Lessee in Lessee's operations at Airport. In the event Lessee fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) day prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Lessee, and Lessee agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead.

At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Lessee shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

(d) Lessee shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Lessee occupying the demised premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right

to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

(e) City and Lessee agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Lease by Executive Director who may, thereafter, require Lessee, on thirty (30) days' prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

(f) Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1777, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency. Lessee agrees, except where exempted, to provide City proof of said insurance by and through a surplus lines broker licensed by the State of California.

8. City Held Harmless. In addition to the provisions of Section 7 herein, Lessee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the demised premises or arising out of Lessee's use or occupancy thereof or Airport, as a proximate result of the acts or omissions of Lessee, its agents, servants, or employees.

9. Nondiscrimination and Equal Employment Practices/  
Affirmative Action Program.

(a) Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the

property described in this Lease for a purpose for which a United States Department of Transportation (hereinafter referred to as "DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations (hereinafter referred to as "CFR"), DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶1]

(b) Lessee, in its operations at Airport, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities covered by this Lease; (2) in the construction of any improvements on, over, or under the premises authorized to be utilized herein and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) Lessee shall use said premises in compliance with all other requirements imposed pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶2]

(c) Lessee agrees that in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued. This provision shall not become effective until the procedures of 49 CFR, Part 21, are followed and completed including expiration of appeal rights. [LEASE GUIDE, ¶3]



(d) Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect. [LEASE GUIDE, ¶7]

(e) In addition, Lessee agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. Lessee further agrees to abide by the provisions of Section 10.8.3 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$500 BUT NOT IN EXCESS OF \$5,000, which Certification City acknowledges Lessee has previously submitted and which shall remain valid for one (1) year from the date thereof.

(f) If applicable, Lessee also agrees to abide by the provisions of Section 10.8.4 of City's Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$5,000, which Certification City acknowledges Lessee has previously submitted along with a copy of Lessee's Affirmative Action Plan. Said Plan, having been approved by City, shall remain valid for one (1) year from the date of approval and, with said Certification, shall be incorporated by reference in and become part of this Lease. Lessee agrees that prior to the expiration of said Plan, Lessee will again submit to City Lessee's revised and/or updated Affirmative Action Plan for approval as well as another completed Certification.

(g) Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory

basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers. [LEASE GUIDE, ¶4]

(h) Noncompliance with paragraph (g) above shall constitute a material breach thereof, and in the event of such noncompliance, City shall have the right to terminate this Lease without liability therefor, or at the election of City or the United States, either or both said governments shall have the right to judicially enforce the provisions in paragraphs (a), (b), and (g) above. Said termination, however, shall not take place until after Lessee has received written notice of such noncompliance as well as an opportunity to be heard regarding same and to correct the practice causing noncompliance. [LEASE GUIDE, ¶5]

(i) Lessee agrees that it shall insert the provisions found in paragraphs (a), (b), (g), and (h) above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased. [LEASE GUIDE, ¶6]

10. Taxes and Licenses. Lessee shall pay all taxes of whatever character that may be levied or charged upon the leasehold estate in the demised premises, or upon Lessee's improvements, fixtures, equipment, or other property thereon or upon Lessee's use thereof. Lessee shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Lessee's business or use of the demised premises.

If a claim is made against City for any of the above charges, City shall promptly notify Lessee in writing; provided, however, that failure by City to give such notice shall not constitute a waiver of Lessee's obligation to pay such taxes, license and/or permit fees.

The obligations of Lessee under this Section, however, shall not prevent Lessee from contesting the validity and/or applicability of any of the above charges and during the period of any such lawful contest, Lessee may refrain from making, or direct the withholding of, any such payment without being in breach of the above provisions. Upon a final determination in which Lessee is held responsible for such taxes and/or fees, Lessee shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, penalties, or surcharges are refunded to City, City shall remit to Lessee such sum(s) to which Lessee is legally entitled.

In addition, by executing this Lease and accepting the benefits thereof, a property interest may be created known as a "possessory interest". If such possessory interest is created, Lessee, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest.

11. Assignments and Subleases. Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of Board, nor sublet or sublease the whole or any part of the demised premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of Executive Director. Consent to one assignment, subletting, use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of City.

City shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the premises or any portion thereof; provided, however, that the use of said premises by any such assignee or sublessee must be consistent with the use authorized herein. A request by Lessee for assignment or subletting shall be submitted to City in writing along with a fully executed copy of the proposed assignment or sublease.

When the proper consent has been received, this Lease shall be binding upon and shall inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

12. Default, Termination, and Rental Payments.

(a) Not Involving Rent or Other Payments.

In the event Lessee fails to abide by the terms and conditions of this Lease, not involving the failure to pay rent or other payments, City shall give Lessee written notice to correct the defect or default and if the same is not corrected, or substantial steps are not taken toward accomplishing such correction, within ten (10) days after City's mailing such notification, City may terminate this Lease upon giving Lessee a thirty (30) day written notice.

(b) Failure to Pay Rent or Other Payments.

The failure of Lessee to pay the rent, or other required payments, on time is a breach of this Lease for which City may terminate or take such other legal action as it deems necessary or appropriate. City expects all rent to be paid on time and Lessee agrees to pay on time.

In the event Lessee fails to pay the rent, or other required payments, as provided for under the terms and conditions of this Lease, City shall have the right to give Lessee a three (3) day written notice to pay any and all amounts due or quit the demised premises pursuant to the provisions of California Code of Civil Procedure Section 1161.

(c) Rental Payments.

Rental shall be paid by Lessee to City on or before the first day of each calendar month of the term hereof. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the demised premises, or any part of same, were occupied by Lessee during said month.

All payments shall be mailed to the following

address:

City of Los Angeles  
Department of Airports  
Accounts Receivable  
Post Office Box 92216  
Los Angeles, CA 90009-2216

City may designate an alternate address at any time upon giving Lessee a thirty (30) day advance, written notice.

(d) Rental Acceleration.

If, during any calendar year of the term hereof, two or more monthly payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of the rental quarterly in advance. Thereafter, if, during any calendar year of the term hereof, two or more quarterly rental payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of rental annually in advance. The exercise of one or both of said options, however, shall not constitute an exclusive remedy for City with respect to delinquent rental payments and shall not be construed to affect the term of this Lease, or abridge City's right to terminate this Lease as otherwise provided herein.

(e) Rental Adjustments.

Upon any approved assignment or sublease of all or a portion of this Lease (other than to the Regional Airports Improvement Corporation, to subsidiaries of Lessee or for security purposes pursuant to paragraph 16 hereof), City shall be allowed to adjust the rental payable by Lessee for that portion of the demised premises being assigned or sublet hereunder using the rental rate established by Board by appropriate Blanket Resolution.

(f) Performance Guarantee.

Lessee shall furnish to City and maintain throughout the term of this Lease a Faithful Performance Guarantee to secure the faithful performance by Lessee of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of rent and any other specified

compensation. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Lessee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

Performance Guarantees of less than Five Thousand Dollars (\$5,000) shall be in the form of a Certificate of Deposit, Irrevocable Letter of Credit, Surety Bond, cash, cashier's check, business check, Irrevocable Assignment of Account or money order. Performance Guarantees for Five Thousand Dollars (\$5,000) or more shall be in the form of an Irrevocable Letter of Credit or Surety Bond. Letters of Credit shall be self-renewing from year-to-year, subject to termination upon sixty (60) days' written notice. All Performance Guarantees must be approved as to form by the City Attorney.

Lessee shall furnish such Guarantee in duplicate to the Chief Accounting Officer of City's Department of Airports not later than thirty (30) days following commencement of the term hereof or, if applicable, thirty (30) days following adjustment of rental. If, for any reason, said Guarantee is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City may terminate this Lease at any time upon giving Lessee a thirty (30) day advance, written notice. Upon the expiration or earlier termination of this Lease, and if Lessee has satisfied all of its obligations to City hereunder, City shall relinquish to Lessee said Guarantee not later than thirty (30) days following such expiration or earlier termination.

(g) Bankruptcy.

In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee, or if a receiver is appointed to take possession of the demised premises as a

result of any act or omission of Lessee, or if Lessee makes an assignment of this Lease for the benefit of creditors, or if possession of the demised premises is taken by virtue of any attachment, execution, or the levy of any judicial process, and such appointment or taking is not discharged or terminated within sixty (60) days, City, at its election, may, without notice, terminate this Lease.

(h) Liquidated Damages for Delinquent Payment.

Without waiving any rights available under this Lease or by law, in the event of late or delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to rental(s) owing, Lessee agrees to pay the liquidated damages set forth below to compensate City for all expenses and/or damages and loss resulting from said late or delinquent payments by Lessee.

The liquidated damages for late or delinquent payments shall be ten percent (10%) per annum, or that percent per annum equal to the prevailing rate on the 25th day of the month preceding the execution of this Lease as established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act plus four and one-half percent (4-1/2%) per annum, whichever is greater, on the balance of the unpaid monthly amount calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City.

(i) Cross-Default. A material default or breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of the terms of this Lease and shall give City the right to terminate this Lease for cause in accordance with the procedures set forth in Section 12(a) herein.

The failure of Lessee (if Lessee is an air carrier) to pay to City its landing fees and charges pursuant to the terms of Lessee's operating permit, or if no such permit exists, then in accordance with Board's resolution establishing

said fees and charges, is a material breach of this Lease for which City shall have the right to declare Lessee in default and to terminate this Lease in accordance with the procedures set forth in Section 12(a) herein.

13. Waiver. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other term, covenant, or condition, or of any subsequent breach of the same term, covenant, or condition. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease other than the failure of Lessee to pay the particular rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

14. Attorney's Fees. If City shall, without any fault, be made a party to any litigation commenced by or against Lessee arising out of Lessee's use or occupancy of the demised premises and as a result of which Lessee is finally adjudicated to be liable, then Lessee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. In any action by City or Lessee for recovery of any sum due under this Lease, or to enforce any of the terms, covenants, or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs, expenses, and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

15. Hazardous and Other Regulated Substances. Except for conditions existing prior to the original occupancy of the demised premises by Lessee or by Lessee's predecessors in interest, Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals,



toxic chemicals, toxic substances, pollutants, contaminants, or other similarly regulated substances (hereinafter referred to as "hazardous substances") regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the leasehold, on the user of the land, or on the user of the improvements. Said hazardous substances shall include, but not be limited to, gasoline, aviation, diesel and jet fuels, lubricating oils, and solvents, herbicides and pesticides. Lessee agrees that any damages, penalties, or fines levied on City and/or Lessee as a result of noncompliance with any of the above shall be the sole responsibility of Lessee. Further, Lessee shall indemnify and pay and/or reimburse City for any damages, penalties, or fines that City pays as a result of noncompliance with the above; provided, however, with respect to joint-use space, Lessee's responsibility is reduced to the extent Lessee, a sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Except for conditions existing prior to the original occupancy of the demised premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the leasehold or contamination of the leasehold by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any leakage, contamination, or contaminated ground. In the case of any hazardous substance spill, leak, discharge, or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's premises or as may be discharged in, on or under adjacent property which affects other property of City or its tenants' property, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage, or contamination. If Lessee fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Lessee's sole cost and expense and Lessee shall indemnify

and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

If Lessee installs or uses already installed underground storage tanks, pipelines, or other improvements on the demised premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of this Lease, to remove and/or clean up, at the sole option of Executive Director, the above-referred-to improvements. Said removal and/or cleanup shall be at Lessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of Executive Director.

Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee to any governmental entity regarding any hazardous substance spill, leak, discharge, or clean-up including all test results.

This Section and the obligations herein shall survive the expiration or earlier termination of this Lease.

16. Airfield Security. Lessee shall be responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, and/or orders of any federal, state, and/or local governmental entity regarding airfield security. Lessee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, that are located on the demised premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 [and Part 108 if Lessee is an air carrier], including the establishment and implementation of procedures acceptable to Executive Director to control access from the demised premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Lessee shall exercise exclusive security responsibility for the demised premises and, if Lessee is an air carrier, do so pursuant to Lessee's Federal

# EXHIBIT C-5

CONFIRMED COPY

CSD Contr #3801

LEASE BETWEEN THE CITY OF LOS ANGELES AND  
COUNTY SANITATION DISTRICT NO. 20 OF LOS  
ANGELES COUNTY FOR RECLAIMED WATER  
MANAGEMENT AT PALMDALE REGIONAL AIRPORT

Board File

No. PIA-208

The CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners, as City, hereby leases to COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, a special district organized under Health and Safety Code Section 4700, et seq., as District, the following described premises, for the term, at the rental and for the use hereinafter set forth, all subject to all applicable provisions of City's Standard Terms and Provisions, attached hereto and made a part hereof. In the case of any conflict between the terms of this Lease document and the terms of the Standard Terms and Provisions, the terms of this Lease document shall apply.

Sec. 1 Demised Premises: City hereby leases to District, and District leases from City, the area shown on Exhibit "A" hereto, at Palmdale Regional Airport ("Airport"), consisting of the following:

- (a) South 1/2 of Section 9 of Township 6. North, Range 11 West, S.B.M., containing a total of three hundred twenty (320) acres.

- (b) (i) Section 10 of Township 6 North, Range 11 West, S.B.M.; and
- (ii) West 1/2 of Section 11 of Township 6 North, Range 11 West, S.B.M., containing a total of nine hundred sixty (960) acres.
- (c) (i) NW 1/4 of Section 14 of Township 6 North, Range 11 West, S.B.M.;
- (ii) West 1/2 of NE 1/4 of Section 14 of Township 6 North, Range 11 West, S.B.M.;
- (iii) SE 1/4 of NE 1/4 of Section 14 of Township 6 North, Range 11 West, S.B.M.;
- (iv) South 1/2 of Section 14 of Township 6 North, Range 11 West, S.B.M.;
- (v) Section 15 of Township 6 North, Range 11 West, S.B.M.; and
- (vi) NE 1/4 of Section 16 of Township 6 North, Range 11 West, S.B.M., containing a total of One Thousand Four Hundred (1,400) Acres.

The entire Demised Premises, as described in subsections (a) (b) and (c) of this Section 1 contain a total of two thousand six hundred eighty (2,680) acres, as delineated and outlined in red on Exhibit "A", a copy of which is attached hereto, marked

Exhibit "A" and incorporated by reference herein. Said Lease of the Demised Premises shall include the right to the use of all existing City improvements on the Demised Premises, including all water distribution facilities located on the Demised Premises. Said City improvements are described in Exhibit "B", which is attached hereto and incorporated by reference herein.

As a consequence of the development of alternative uses and/or the management of reclaimed water, District may reduce the Demised Premises, upon the giving of one (1) year's prior written notice to City, and the approval of the Executive Director, or designated representative, in his or her sole discretion, which approval shall not be unreasonably denied.

Sec.2. Term.

(a) The Term of this Lease shall be twenty (20) years, which shall commence on February 04, 2002<sup>2</sup>, and which shall terminate on February 03, 2022<sup>2</sup>; subject, however, to earlier termination as set forth below.

(b) This Lease may be terminated at any time upon the mutual written agreement of the parties hereto.

(c) This Section 2(c) pertains solely to the portion of the Demised Premises described in Section 1 (a) hereof.

Commencing with the start of the fifth year of the Term of this Lease, City shall have the right to give District one (1) year's advance written notice requiring District to vacate the portion of the Demised Premises described above in the first paragraph of this Section 2(c) if said Demised Premises are needed for use by the City.

(d) This Section 2(d) pertains to the portion of the Demised Premises described in Section 1 (b) and Section 1(c) hereof.

Commencing with the start of the sixth year of the Term of this Lease, City shall have the right to give District five (5) years' advance written notice requiring District to vacate the portion of the Demised Premises described above in the first paragraph of this Section 2(d), and move, at District's sole cost and expense, to an alternate site on the Airport, as designated by the Executive Director, or his or her designated representative, if the Demised Premises are needed for use by the City. City shall provide access to any alternate site for pipelines and motor vehicles. It is understood and agreed that District may only be required to move one time pursuant to this Section 2(d). If District moves at a time when the remaining Term of this Lease is less than ten (10) years, City agrees to extend the Term hereof so that the remainder of the Term, immediately following said move, is ten (10) years.

[170902] Rev. 01/13/01  
JLS

(e) District may terminate this Lease, upon the giving of one (1) year's advance written notice, or earlier notice with the payment in full of the rent otherwise payable for said one (1) year period, in the event that District's Chief Engineer and General Manager or authorized representative reasonably determines that using the Demised Premises for the management of reclaimed water is not economically feasible, given applicable Federal, State, County, district, and local water reuse and/or disposal requirements or rent.

Sec. 3 Rental.

(a). Demised Premises Described in Section 1(a) hereof.

For the initial five (5) years of this Lease, District shall pay, on the first day of each calendar month of the Term hereof, the sum of one thousand six hundred (\$1,600) dollars which represents the fair rental value of this portion of the Demised Premises.

(b). Demised Premises Described in Section 1(b) hereof

For the initial five (5) years of this Lease, District shall pay, on the first day of each calendar month of the Term hereof, the sum of four thousand eight hundred (\$4,800) dollars, which represents the fair rental value of this portion of the Demised Premises.



(c). Demised Premises Described in Section 1(c)  
hereof.

District shall not be required to pay rent for this portion of the Demised Premises until District begins to spread effluent onto any part of this portion of the Demised Premises or the commencement of the sixth year of the Term hereof, whichever occurs first.

During the months, if any, during the initial five (5) years of this Lease in which District is required to pay rent for this portion of the Demised Premises, District shall pay, on the first day of each such month of the Term hereof, the sum of six thousand two hundred (\$6,200) dollars, which represents the fair rental value of this portion of the Demised Premises.

(d) District expended the approximate sum of forty thousand (\$40,000) dollars because of the inclusion of the SE 1/4 of Section 4 of Township 6 North, Range 11 West, S.B.M., and the North 1/2 of Section 9 of Township 6 North, Range 11 West, S.B.M., in the District's required Farm Management Plan. Subsequent to the completion of the District's Farm Management Plan, said portions of Section 4 and Section 9, respectively, were removed from the Demised Premises herein, in order to accommodate the future needs of the City. Therefore, during each month of the first year of the Term hereof, the City shall grant to the District a Rent Credit in the sum of Three Thousand

Three Hundred Thirty Three Dollars and Thirty Three Cents (\$3,333.33).

(e) District agrees to make a good faith effort to lease the thirty (30) acres of the Demised Premises containing City-owned pistachio trees. It is agreed that the Sublease Agreement(s) with respect to said thirty (30) acres shall require that the sublessee(s) shall, as requested by the City, deliver to the City a portion of the harvest of pistachio nuts to be designated by the City, which portion shall not exceed 1/3 of the harvest. If District is unable to lease said thirty (30) acres, after a good faith effort to do so, District shall be under no obligation to harvest the pistachio nuts and deliver a portion of the harvest of pistachio nuts to the City. In addition, if District is unable to lease said thirty (30) acres, after a good faith effort to do so, the pistachio trees may be moved to another site on the Demised Premises by District, at its sole cost and expense.

The pistachio orchard is located in the West 1/2 of the SW 1/4 of the NW 1/4 and West 1/2 of the East 1/2 of the SW 1/4 of Section 10 of Township 6 North, Range 11 West, S.B.M., containing a total of approximately thirty (30) acres.

(f) Until existing agricultural leases between City and its tenants/farmers, occupying a portion of the Demised Premises, either expire or are terminated, or are converted to subleases

from the District, pursuant to Section 4(c) hereof, the monthly rent payable to City shall be reduced in proportion to the reduction in acreage due to any outstanding non-District leases in the Demised Premises.

(g) If District does reduce the Demised Premises, as described in Section 1 hereof, the rental for the Demised Premises shall be reduced in proportion to the reduction in acreage.

(h) Rental Adjustments. District acknowledges that this Lease is made and entered into subject to the provisions of Section 607(b) of the Los Angeles City Charter. In accordance with the requirements of said section, it is agreed that on March 1, 2006, and every five (5) years thereafter, the Lease Rental payable under this Section 3 shall be readjusted to a fair rental value based upon the then-current fair rental value of the Demised Premises as agricultural land (excluding therefrom the value of improvements placed in or on the Demised Premises by District for the benefit or use of District), considering the proposed agricultural use and the development thereof.

(i) Adjustment Procedures. Said Lease Rental adjustments shall be in accordance with the following procedure, to-wit:

(1) At least one hundred eighty (180) days prior to each of the readjustment dates specified above, the Executive Director and District's Chief Engineer and General Manager or authorized representative shall, by mutual written agreement, adjust the annual Lease Rental for the Demised Premises thereafter payable by District during the next successive five (5) year period, commencing the first day of the new five (5) year period, but in no event shall the amount of monthly Lease Rental be reduced below the original Lease Rental rate per acre set for the initial five-year period of this Lease.

(2) If the Executive Director and District's Chief Engineer and General Manager or authorized representative are unable to agree voluntarily upon an adjusted Lease Rental one hundred twenty (120) days prior to each of said readjustment dates, the monthly Lease Rental shall be determined as outlined below.

(2.1) An appraiser, who holds a current General Certificate issued by the California Office of Real Estate Appraisers and who shall be an Accredited Rural Appraiser (ARA) of the American Society of Farm Managers and Rural Appraisers, and has experience appraising rural and

agricultural properties, shall be selected by each of the parties. Either District's Chief Engineer and General Manager or authorized representative, or the Executive Director, when notified in writing by the other party to do so, shall deliver to the other party the name and address of such appraiser. The Executive Director shall immediately fix the time and place for a conference between the parties hereto and their appraisers. At such conference, the parties shall agree upon the general instructions to be given to said appraisers. These general instructions shall be consistent with the provisions herein, but shall not, unless agreed to in writing by the Executive Director and District's Chief Engineer and General Manager or authorized representative, place any limitations upon the appraisal techniques to be employed by the appraisers in evaluating the fair rent provided for hereunder, except that the determination of the fair rental value shall be based on the present and future use as irrigated agricultural land and shall specifically exclude District's improvements, if any, placed in or on the Demised Premises, District's personal property and fixtures, and structures and facilities added by District in connection with the making of District's improvements, if any.

(2.2) Each of the two (2) appraisers shall, not later than ninety (90) days prior to the specific adjustment date involved, submit one (1) copy of their respective appraisal in its entirety to District and another copy to City. Each party shall pay the fee of the appraiser that it selects. The Executive Director or the authorized representative of the Executive Director and District's Chief Engineer and General Manager or authorized representative shall, immediately upon receipt of copies of the two (2) appraisals, by written notice, fix a time and place for a conference between District's representatives, representatives from City, and the two (2) appraisers. Those in attendance at the conference shall endeavor to voluntarily reach an agreement on the adjusted Lease Rental.

(2.3) If the parties cannot agree on the adjusted Lease Rental, the two appraisers shall select a third appraiser, who shall hold a current General Certificate issued by the California Office of Real Estate Appraisers and who shall have MAI designation by the Appraisal Institute and ARA designation by the American Society of Farm Managers and Rural Appraisers, and shall have

experience appraising rural and agricultural properties. City and District will request that the selected appraiser prepare a third appraisal. The third appraiser will be provided copies of the original two appraisals. Upon completion of the third appraisal, District and City shall each pay one-half (1/2) of the third appraisal fee. If, for any reason, the selected appraiser is unable to prepare the third appraisal, an alternate appraiser shall be selected by the two prior appraisers.

(2.4) If the representatives of District and City are still unable to reach agreement on the adjusted Lease Rental, or if the two appraisers cannot agree on the choice of a third appraiser, then all of the appraisal reports and any other relevant material shall be furnished to Board and said parties shall have the right to make oral presentations to Board during one of its meetings, the date of which shall be selected by the Executive Director with at least three (3) days written notice to District. Board shall review all facts and evidence submitted to it and shall then prescribe the adjusted Lease Rental to apply throughout the respective adjustment period provided that such Lease Rental shall not exceed the higher (highest) appraisal submitted. Nothing herein shall prejudice the

right of District to contest, in the appropriate forum, such adjusted Lease Rental in the event Board may have acted arbitrarily or unreasonably or if the rental rates set by Board are other than fair or reasonable.

(2.5) If, by the date set for rental readjustment, there has been a failure or refusal by either the Executive Director or District's Chief Engineer and General Manager or authorized representative to appoint an appraiser or to submit an appraisal report after the appraiser has been appointed, such failure or refusal shall constitute a waiver of that party's right to submit an appraisal or to object to or challenge the appraisal of the party submitting an appraisal, and, at the option of the complying party, such party may elect to proceed with the Lease Rental readjustment with the single appraisal report being utilized. If neither party has timely complied with the Lease Rental readjustment procedure, then the parties can renegotiate the time periods for said appraisal in order that readjustment of the Lease Rental as described above can occur on the date specified. It is agreed that failure by the parties to timely comply with the Lease Rental readjustment procedures herein shall not be construed to constitute a waiver of the right of City to a



Lease Rental readjustment at each applicable Lease Rental adjustment date throughout the term of this Lease.

(2.6) In the event such readjustment of rent shall not have been completed prior to the commencement of the respective period involved, District shall continue to pay Lease Rental as set in the preceding period at the intervals and the manner fixed for such preceding period, and if such Lease Rental is thereafter fixed or readjusted in a different amount, such new Lease Rental shall take effect retroactively to the beginning of the readjustment period. District shall pay to City that sum which is accrued as a result of such retroactive application no later than thirty (30) days after District receives notice of such readjustment. In the event of a decrease in Lease Rental, subject to the reduction restrictions provided in subsection 3 (h) (1) above, City will issue an immediate rent credit to District.

(2.7) It is understood and agreed that the Lease Rental will, without exception, be adjusted as of the dates described herein. Accordingly, any deviation from the adjustment procedure shall not be used by either party as

an excuse to avoid or delay the rental adjustment as of said dates.

(j) Annual Adjustment to Fair Market Rents.

Each year in which a fair rental value is not established through the above-described appraisal process, such fair rental value shall be adjusted by an index. The index for aeronautical properties at each airport, the "airport economic index" shall be computed in part on changes in economic conditions and in part on changes in activity at the Palmdale Regional Airport, as established by executive directive. The adjustment shall be established by the Board in the annual LAWA budget process. It is agreed by the parties hereto that, during the first five (5) years of the Term hereof, the index for this now commercial/non-industrial agricultural lease shall be zero (0).

Sec. 4. Use of the Demised Premises

(a) District shall use the Demised Premises and City's improvements thereon for reclaimed water operations, including, but not limited to, reclaimed water in excess of that which may be required at the Palmdale Water Reclamation Plant ("Palmdale WRP") (such as landscape, wash water, etc.) which results from the treatment of a maximum average annual influent flow to the Palmdale WRP of up to 25 mgd (millions of gallons per day

[mgd])(average annual reclaimed water effluent flow of 24 mgd). The reclaimed water provided by the District shall be secondary treated, oxidized wastewater effluent, in accordance with Section 7 hereof; provided, however, that nothing herei shall prevent the District from providing tertiary treated water.

(b) District may use reclaimed water for agricultural irrigation or for any other suitable uses approved by the Department of Health Services (DHS) per Title 22 of the California Administrative Code.

(c) District may sublease to others all or portions of the Demised Premises for agricultural production, subject to the prior, written consent of the Executive Director or his or her designated representative, which shall not be unreasonably withheld or unreasonably delayed.

(d) City shall not be charged for the secondary reclaimed water which is delivered by the District to the Demised Premises.

(e) District shall be responsible for metering the effluent flow from the Palmdale WRP and for submitting to City a monthly report setting forth the amount of effluent delivered to the Demised Premises during the previous month.

(f) Consistent with the frequency required by the Palmdale Water Reclamation Plant's Waste Discharge Requirements, District shall extract samples of the effluent placed on the Demised Premises. Said samples shall be analyzed and, within sixty (60) days thereafter, a report shall be given to the City setting forth the chemical content of the effluent, including trace elements.

(g) Nothing contained herein shall preclude the District from selling or providing reclaimed water from the Palmdale Water Reclamation Plant to other parties, including, but not limited to, any municipal corporation.

(h) City shall be granted the right of first refusal with respect to any tertiary-treated reclaimed water made available by District. City must exercise its right of first refusal within sixty (60) days of the date on which the District circulates a plan to provide tertiary-treated reclaimed water. Upon exercising its right of first refusal, City must enter into a formal contract with District within one hundred eighty (180) days for the use of the tertiary-treated reclaimed water. City must begin using the tertiary-treated effluent within one year of the date upon which the District first makes such water

available. City's right of first refusal is limited only to water it may use on its properties in the Antelope Valley.

If, at any time, City wishes to purchase tertiary-treated effluent from District, City shall pay the current rate for this water as determined by the District's reclaimed water pricing policy in effect at the time the City exercises its right of first refusal.

If City does not exercise its right of first refusal or begin using the tertiary-treated effluent within the prescribed time, or does not enter into a contract to use the entire quantity of effluent available, District shall be free to enter into agreements with other parties for the use and/or sale of tertiary-treated effluent not committed to City.

If, at some point after City's right of refusal expires, City wishes to obtain tertiary-treated effluent from District, City may enter into an agreement with District for purchase of tertiary-treated effluent that is not already committed to other parties.

Sec. 5. Points of Connection for Reclaimed Water.

District shall maintain the points of connection to the reclaimed water conveyance system. New points of connection may

be added by the District during the Term of this Lease with the prior, written approval of the Executive Director or his or her designated representative, which shall not be unreasonably withheld or unreasonably delayed.

Sec. 6. Operation and Maintenance of Reclaimed Water Facilities. District shall bear all permit, operation and maintenance costs of the reclaimed water conveyance system.

Sec. 7. Conditions, Regulations and Requirements Governing Use of Reclaimed Water and the Demised Premises. District agrees that all reclaimed water delivered to, and managed at, the Demised Premises shall comply with all Federal, State, County, district and local water reuse and effluent disposal requirements including, but not limited to, regulations set by the County of Los Angeles, Department of Health Services; the State of California, Department of Health Services; and the California Regional Water Quality Control Board, Lahontan Region, as all such provisions are existing now or in the future, as they relate to the performance of this Lease. District shall fully comply with any Board Order adopted by the California Regional Water Quality Control Board, Lahontan Region, for the Palmdale Water Reclamation Plant. The most

recent Board Order, No. 6-00-57, dated June 14, 2000, is attached hereto and marked Exhibit "C".

District shall be responsible for all water quality matters with respect to the Lease. District shall manage, maintain, monitor and prepare reports, with respect to its use and disposal of reclaimed water at the Demised Premises and at any alternate leasehold, to ensure that District's operations do not adversely impact ground water quality and create or increase ground water pollution. Said management, maintenance, monitoring and reports shall be at District's sole cost and expense. District shall eliminate or control any nuisance conditions caused by the use of the Demised Premises. District shall use said reclaimed water only for those uses or purposes which are permissible under the law and the regulations of the appropriate regulatory agencies.

District shall monitor the quality of ground water, both up gradient and down gradient of the Demised Premises, in accordance with a plan approved by the City. Monitoring shall be conducted at a minimum of once every six (6) months.

District shall submit a monitoring plan to the City for review and approval by the Executive Director or his or her

designated representative within sixty (60) calendar days of the execution of this Lease. Said approval shall not be unreasonably withheld. The monitoring plan shall present the number and location of monitoring wells, the frequency of sampling and the proposed list of constituents to be sampled. The list of constituents shall include the proposed type of analysis, method of detection and practical quantification limits. The plan shall also contain an appropriate Quality Assurance/Quality Control element.

The District agrees to continue monitoring for a period of five (5) years following expiration or earlier termination of this Lease. In addition, should the District relocate operations, or reduce the Demised Premises, as provided elsewhere in this Lease, District shall continue monitoring of the abandoned site(s) for a minimum of five (5) years thereafter.

District shall implement any conditions, in addition to those specified above, which may be stipulated by the California Regional Water Quality Control Board, Lahontan Region, and/or other government agencies having jurisdiction, including but not limited to, cleanup orders from any government agency.



Sec. 8. Termination and Non-Renewal of Unacceptable Leases. Following execution of this Lease, City shall either terminate or fail to renew any then-existing agricultural leases within the Demised Premises which are determined by District and Executive Director or his or her designated representative to be unacceptable or, for any other reason, appropriate to terminate or fail to renew. Unacceptable agricultural leases may include, but not be limited to, agricultural operations which apply fertilizers above reasonable agronomic rates and/or do not use reclaimed water. Upon written notice from District, and the agreement of the Executive Director or his or her designated representative, City shall terminate, at the earliest possible time, any existing leases within 1/2 mile of the Demised Premises, if, in District's best judgement, the activities by said lessees cause, or threaten to cause, groundwater pollution, as defined in the California Water Code. District shall reimburse City for City's reasonable administrative expenses incurred in terminating any of said agricultural leases.

Sec. 9. Resolution of Water Quality Disputes. The resolution of any disputes between the parties as to the quality of the reclaimed water shall be funded by the District. The resolution shall include, but not be limited to, the testing of the reclaimed water.

Sec. 10. Hold Harmless/Indemnification. District shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of District, sustained in, on, or about the Demised Premises or arising out of District's use or occupancy of the Demised Premises, as a proximate result of the acts or omissions of District, its agents, servants, or employees, including, but not limited to, any contamination resulting from District's operations. It is understood and agreed that the City shall have no liability or costs, as a land owner, with respect to all of the District's activities on the Demised Premises. The terms of this Section 10 shall apply to all third party claims and Orders of the California Regional Water Quality Control Board and any other governmental authority. Paragraphs 8 and 15 of the Standard Terms and Provisions, applying to environmental and regulatory requirements, are incorporated into this Section 10.

City shall indemnify, defend, keep and hold District, including its Board of Directors, officers, agents, servants and employees, harmless from any and all costs, liability, damage or

expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of City, sustained in, on, or about the Demised Premises and arising as the proximate result of the acts or omissions of City, its Board, officers or employees.

Sec. 11. Taxes and Expenses. City shall pay the property taxes on its interest in the Demised Premises. District shall pay all Possessory Interest Taxes and all other taxes and expenses of whatever character that are attributable to the District's occupation and use of the Demised Premises and as the same are more fully set forth in paragraph 10 of the City's Standard Terms and Provisions, which are attached hereto, including, but not limited to, Possessory Interest Taxes, pumping costs, costs to level the land and remove debris and vegetation, utilities and insurance.

Sec. 12. Equipment and Materials. District, or its sublessee, may place on, and remove from, the Demised Premises, all or some of the following:

- (a) Temporary Storage Structures;
- (b) Mobile Home(s) to Domicile a Caretaker(s); and

(c) Fencing, Machinery, Fuel Tanks, Pumps, Irrigation Equipment, and other materials required to operate on the Demised Premises, subject to the prior, written approval of the Executive Director, or his or her designated representative, which shall not be unreasonably withheld or unreasonably delayed.

Pre-approval of minor improvements and any electrical work pertaining thereto, such as monitoring wells and protective concrete pads, for wells, and center pivots and booster pumps, at the Demised Premises, is not required, subject to the following conditions:

1. District shall obtain all required construction permits from the California Regional Water Quality Control Board, Lahontan Region, the County of Los Angeles Building Department and any other government agency from which permits are required.

2. District shall submit to the Executive Director the types and numbers of sets of completed permits and as-build drawings as are determined to be required by the Executive Director or his or her designated representative.

Upon expiration or earlier termination of this Lease or upon earlier vacation of the Demised Premises by the District, District shall remove all equipment and material placed by

District on the Demised Premises. If mutually agreed upon by City and District, District may abandon in place any portion or all equipment and material placed by District on the Demised Premises.

Additions or alterations may be made to the reclaimed water conveyance system (effluent pipelines) by the District during the Term of this Lease with the prior, written approval of the Executive Director or his or her designated representative, which shall not be unreasonably withheld or unreasonably delayed. Unless otherwise provided, all facilities constructed by District shall be owned and maintained by District during the term of this Lease. Title to said additions and/or alterations shall pass to the City upon expiration or earlier termination of this Lease, unless the Executive Director or his or her designated representative, at the time of said expiration or earlier termination, shall indicate in writing that the City declines to take Title to any or all of said additions and/or alterations.

Sec. 13. Lease Contains Entire Agreement. The provisions of this Lease Agreement contain the entire agreement between the parties hereto and may not be changed or modified in any manner except by written amendment fully executed by City and District.

IN WITNESS WHEREOF, City has caused this Lease to be executed by the Executive Director of its Department of Airports, and District has executed the same all as of the day and year first hereinabove written.

DATE: February 06th, 2001

APPROVED AS TO FORM  
Rockard J. Delgadillo  
City Attorney

Date: DECEMBER 6, 2001

By: James P. Senter  
ASSISTANT CITY ATTORNEY

DATE: 2001

CITY OF LOS ANGELES

[Signature]  
Executive Director  
Department of Airports

COUNTY SANITATION DISTRICT  
NO. 20 OF LOS ANGELES COUNTY

By [Signature]  
James C. Ledford, Jr.

Chairperson

April 25, 2001

APPROVED AS TO FORM  
KNAPP, MARSH, JONES & DORAN, LLP

By [Signature]  
District Counsel  
Thomas A. Doran

ATTEST:

By [Signature]  
Secretary  
M. Alma Holzvath

[177609.03] Rev. 04/13/03  
0.5

27

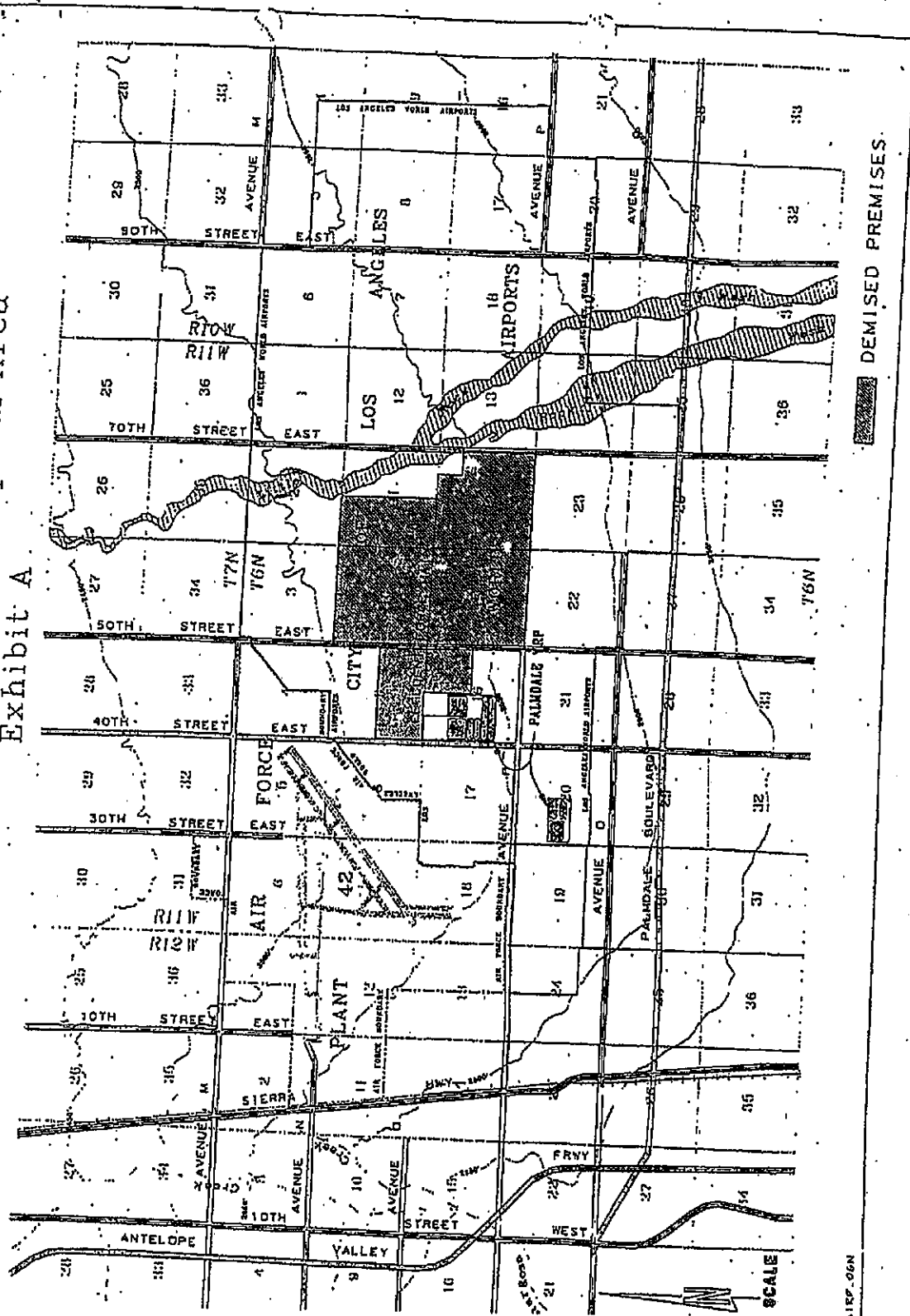
The within instrument approved by  
the Council of the City of Los  
Angeles at its meeting of

DEC 19 2001

[Signature]  
Deputy



Palmdale WRP Effluent Disposal Area  
Exhibit A



UICP-06N

City Improvements on the Demised Premises  
Exhibit B

1. Reclaimed Water Distribution System Underground Pipeline.
2. Reclaimed Water Distribution System Booster Pump.
3. Reclaimed Water Distribution System Booster Pump Filter Bank.
4. Reclaimed Water Distribution System Temporary, Aboveground, Pipeline Serving Pistachio Orchard.
5. Currently inactive groundwater wells that the District may use for monitoring purposes.





California Regional Water Quality Control Board  
Lahontan Region



Winston H. Hickox  
Secretary for  
Environmental  
Protection

Victorville Office  
Internet Address: <http://www.swrcb.ca.gov/rwqcb6>  
15428 Civic Drive, Suite 100, Victorville, California 92392  
Phone (760) 241-6383 • FAX (760) 241-2308

Gray Davis  
Governor

June 27, 2000

Charles W. Carry, General Manager  
County Sanitation District of Los Angeles County  
PO Box 4998  
Whittier, CA 90607-4998

WDID NO. 6B190107069

Dear Mr. Carry:

ADOPTED REVISED WASTE DISCHARGE REQUIREMENTS FOR LOS ANGELES COUNTY SANITATION DISTRICT NO. 20 AND THE CITY OF LOS ANGELES WORLD AIRPORTS; PALMDALE WATER RECLAMATION PLANT, LOS ANGELES COUNTY

ADOPTED BOARD ORDER NO. 6-00-57

Enclosed is a copy of Board Order No. 6-00-57 which was adopted at the Regional Board meeting held in Bishop, California on June 14 and 15, 2000.

Sincerely,

Rebecca Phillips  
Office Technician

Enclosure

California Environmental Protection Agency

Recycled Paper

Exhibit C

LAWA-VH DECL-0289

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD  
LAHONTAN REGION

BOARD ORDER NO. 6-00-57  
WDD NO. 6B190107069

REVISED WASTE DISCHARGE REQUIREMENTS  
FOR

LOS ANGELES COUNTY SANITATION DISTRICT NO. 20 AND  
THE CITY OF LOS ANGELES WORLD AIRPORTS  
PALMDALE WATER RECLAMATION PLANT

Los Angeles County

The California Regional Water Quality Control Board, Lahontan Region (Regional Board) finds:

1. Discharger

Mr. Charles W. Carry, Chief Engineer and General Manager of the County Sanitation Districts of Los Angeles County submitted a complete Report of Waste Discharge for the Los Angeles County Sanitation District No. 20 (LACSD) Palmdale Water Reclamation Plant (PWRP) on January 31, 2000. The City of Los Angeles World Airports (LAWA), previously the City of Los Angeles Department of Airports, is the land owner of the wastewater disposal/water recycling site. For the purposes of this Regional Board Order (Order), LACSD and LAWA are collectively referred to as the "Dischargers." For the purposes of wastewater reclamation (water recycling hereinafter), LACSD is designated as the "Producer" and LAWA is designated as the "Primary User." "Secondary Users" lease property from LAWA and apply a portion of the recycled water to various crops. Some lessees use only agricultural well water for irrigation supply. Secondary users are subject to change and are not named herein as Dischargers.

As the landowner, LAWA is a responsible party for the discharge and any condition or threatened condition of pollution or nuisance resulting from the discharge. Naming LAWA as a Discharger in this Order is consistent with past determinations by Regional Boards and the State Water Resources Control Board (SWRCB) in naming landowners as Dischargers. If LACSD fails to meet the requirements of this Order or future potential enforcement Orders with respect to wastewater disposal on LAWA land, the Regional Board will look to LAWA to meet and/or complete the requirements of this Order and/or potential future enforcement Orders. Before LAWA is required to meet and/or complete such requirements, LAWA will be so informed of such requirements in writing by the Regional Board Executive Officer, and a new time schedule for compliance with such requirements will be formally established. Hereinafter, the term "Dischargers" will be used to signify the scheme of primary responsibility for LACSD with respect to operation, monitoring and reporting for the collection and treatment system and disposal operations, and secondary responsibility for LAWA for disposal and water recycling operations, monitoring and reporting to implement this Order. LAWA, the Primary User, is responsible for the water quality effects and operations of its lessees, the unnamed Secondary Users for water recycling activities.

2. Location

The treatment and disposal and water recycling facilities are located approximately two miles northeast of central Palmdale, in the Lancaster Hydrologic Area of the Antelope Hydrologic Unit within portions of Sections 3, 9, 10, 11, 16, and 20, T6N, R14W, SBB&M as shown on Attachment "A", which is made a part of this Order. Primary treatment facilities are located at the LACSD's 30th Street East site. LACSD's approximately 170 acres of oxidation ponds are located at the 30th and 40th Street East sites. LACSD and LAWA are currently engaged in negotiations, which may result in changes in the disposal site(s) location(s). This move to an alternate disposal location is not expected to occur until at least five to ten years, pending agreement between the Dischargers.

3. Permit History

The Regional Board previously established Waste Discharge Requirements (WDRs) for LACSD under Board Order No. 6-93-18, which was adopted on March 11, 1993. The Regional Board previously adopted water recycling requirements (WRRs) for LAWA under Board Order No. 6-90-64, which was adopted on October 11, 1990.

4. Reason For Action

The Regional Board is revising Waste Discharge Requirements (WDRs) in accordance with a Statewide program to review and update WDRs and WRRs, to combine the previous WDRs and WRRs into one Board Order, and to address a threat to ground water quality beneath the disposal/water recycling site.

5. Description of Palmdale WRP

The PWRP currently collects, treats, and disposes of an average of 8.2 mgd of domestic wastewater generated from a population of approximately 125,000. Secondary wastewater treatment is provided by primary sedimentation tanks, anaerobic digesters, and six active oxidation ponds (approximately 170 acres). A seventh oxidation pond (Pond No. 7) is currently not in use, but the structure remains intact and operational. The oxidation ponds are underlain by low permeability native soils. Additional treatment is provided by the oxidation pond aeration system. Sludge from the anaerobic digesters is dried in drying beds and hauled off site for disposal. In 1993, the Facility's design capacity was increased from 8.0 to 15.0 million gallons per day (mgd). The major features of the expansion project included five primary sedimentation tanks, two digesters, additional oxidation pond aerators, additional effluent disposal pipeline, additional ground water monitoring wells and general upgrades of plant infrastructure systems. Typically, due to seasonal pond turn over, higher BOD values exceeding the limits in this Order are experienced in the spring and fall.

6. Disposal/Water Recycling Operations

The Primary User (LAWA) receives the recycled water of which a portion is subsequently distributed to Secondary Users (users who lease portions of the primary user's water recycling site for application of recycled water for agricultural purposes). Undisinfected treated effluent from the LACSD's 30th and 40th Street East site is conveyed by two gravity pipelines and a force main to the LAWA disposal/water recycling sites where effluent is discharged to land surface spreading (no crops grown on the landspreading site) and a portion is used to surface irrigate pasture, fodder and barley crops, pistachio trees, chestnut trees, Christmas trees and various other types of trees harvested for firewood. In 1999, approximately 7.72 mgd (99 percent) was disposed by landspreading, and 0.08 mgd (1 percent) was recycled as crop irrigation supply water. All crop harvesting is conducted by personnel employed by the primary or secondary users of recycled water, after harvest areas have been allowed to dry. Recently, a new crop of barley was planted at the disposal site, all of which uses recycled water. Accordingly, the current use of recycled water for crop irrigation is significantly greater than that reflected above (approximately 5 to 10 percent of the plant effluent). The capacities of the two gravity pipelines are 1.0 mgd and 3.1 mgd. The force main capacity is 16 mgd. The area available for water recycling is 2,560 acres. LACSD is currently negotiating with LAWA to provide additional and/or alternative areas for effluent disposal and water recycling. On March 14, 1989 the LAWA entered into an agreement with LACSD to use up to 9.5 mgd of recycled water at the LAWA Irrigation Site through March 1, 2001. The projected maximum flow now proposed to be disposed/recycled is 15.0 mgd. LACSD is currently negotiating with LAWA to provide additional and/or alternative areas for effluent disposal and water recycling. The LAWA disposal/water recycling site received an average of 7.8 mgd of treated secondary effluent from the LACSD PWRP in 1999.

The Dischargers are discussing a potential shift in disposal operations to maximize water recycling for agricultural use. The current agreement between the Dischargers for the acquisition and conveyance of recycled water will expire March 1, 2001. Negotiations underway to renew this agreement will define the authority and scope of the Dischargers to implement changes in water recycling and disposal operations.

7. Water Recycling Criteria

Regulations set forth by the State Department of Health Services in Chapter 3 (Water Recycling Criteria), Title 22, Division 4, California Administrative Code require that sewage effluent which is used to irrigate fodder and fiber crops, and orchards where fruit does not contact irrigation waters must have a quality at least equivalent to that of primary effluent. Effluent limits contained in these revised waste discharge requirements are set at levels which require that all wastewater discharged to the LAWA water recycling site receive a secondary level of treatment to protect ground water quality. Treated effluent discharged to the water recycling sites will therefore be of higher quality than required by the State Department of Health Services.

8. Department of Health Services Consultation

In accordance with Section 13523 of the California Water Code, the Regional Board consulted with and received the recommendations of the State Department of Health Services concerning water recycling requirements, which are incorporated within the Order.

9. Authorized Disposal/Water Recycling Sites

The LAWA land spreading and water recycling sites described in Finding Nos. 2 and 6, and as shown on Attachment "A," are the only authorized disposal/water recycling sites.

10. Geohydrology

Soils of low permeability underlie portions of the oxidation pond sites. It is not conclusively known whether the low permeability soils are continuous under the oxidation ponds or whether these soils retard the percolation of effluent towards the ground water. A ground water monitoring program has been included in the monitoring and reporting program. The program is being used to determine if wastewater is percolating from the unlined oxidation ponds to ground water. Depth to ground water in the vicinity of the oxidation ponds is estimated to be 350 to 400 feet; and at the water recycling site, depth to ground water is estimated to be 260 to 400 feet. Background water quality in the area, represented by monitoring well MW1 is excellent with the 1999 average total dissolved solids occurring at concentration of approximately 150 mg/L and an average nitrate as N concentration of approximately 0.26 mg/L.

11. Ground Water Quality Degradation

Monitoring wells MW4 and MW18 in the disposal/water recycling agricultural irrigation area indicate elevated total dissolved solids (TDS) and nitrate (NO<sub>3</sub>-N) concentrations. Values of NO<sub>3</sub>-N in these wells had exceeded the drinking water maximum contaminant level (MCL) of 10 mg/L but have dropped to less than the MCL for more than a year and are declining. Local ground water quality degradation has occurred, which appears to be associated with treated wastewater landspreading disposal practices and irrigated agriculture operations. Additionally, lysimeter TDS and NO<sub>3</sub>-N data from the vadose zone indicate a condition of threatened pollution exists in the effluent landspreading disposal area and irrigated agricultural areas. The concentrations decrease with depth and extend beneath both the effluent landspreading disposal area and non-effluent irrigated agricultural area. Agricultural practices by application of fertilizers and/or soil amendments to the area irrigated with recycled water or agricultural water supply well water may contribute to the ground water quality degradation and condition of threatened pollution if not managed properly. This Board Order contains requirements and time schedules to expand the degraded water plume investigation, develop and implement a corrective action plan, an effluent management plan, and a farm management plan to mitigate water quality degradation and reduce the threatened pollution of ground water.

12. Land Ownership

The Discharger's wastewater disposal/water recycling site is located on land owned by LAWA. The treatment facilities and oxidation ponds are located on land owned by the LACSD.

13. Lahontan Basin Plan

The Regional Board adopted a Water Quality Control Plan for the Lahontan Region (Basin Plan) which became effective on March 31, 1995, and this Order implements the Plan, as amended.

14. Beneficial Uses

The beneficial uses of the ground waters of the Lancaster Hydrologic Area of the Antelope Hydrologic Unit as set forth and defined in the Water Quality Control Plan for the Lahontan Region are:

- a. municipal and domestic supply (MUN);
- b. agricultural supply (AGR);
- c. industrial service supply (IND); and
- d. freshwater replenishment (FRSH).

15. California Environmental Quality Act (CEQA) Compliance

These WDRs govern an existing Facility, which the Dischargers are currently operating. The project consists only of the continued operation of the Facility and is therefore categorically exempt from provisions of the California Environmental Quality Act (Public Resources Code § 21000 et seq.) in accordance with Section 15301 of the CEQA Guidelines.

16. Notification of Interested Parties

The Regional Board has notified the Discharger and interested agencies and persons of its intent to update waste discharge requirements for the discharge.

17. Consideration of Public Comments

The Regional Board, in a public meeting, heard and considered all comments pertaining to the discharge.

IT IS HEREBY ORDERED that the Discharger shall comply with the following:

1. DISCHARGE SPECIFICATIONS

A. Effluent Limitations

1. The flows of wastewater to the secondary treatment and disposal facilities shall not exceed the following limits:

<u>Average<sup>1</sup> Daily Flow (MGD)</u>	<u>Maximum Instantaneous Flow (MGD)</u>
15.0	37.5

2. All effluent discharged to the authorized disposal/water recycling sites shall not contain concentrations of parameters in excess of the following limits:

<u>Parameter</u>	<u>Units</u>	<u>30-Day Mean<sup>2</sup></u>	<u>Maximum</u>
BOD <sup>3</sup>	mg/L	30	45
Methylene Blue Active Substances	mg/L	1.0	2.0

3. All effluent discharged to the authorized disposal/water recycling sites shall have a pH of not less than 6.0 pH units nor more than 9.0 pH units.
4. All effluent discharged to the authorized disposal/water recycling sites shall have a dissolved oxygen concentration not less than 1.0 mg/L.

B. Water Recycling Requirements

The water recycling requirements are consistent with the California Department of Health Services (CDHS) Water Recycling Criteria in accordance with proposed Water Recycling Regulations.

1. The recycled water shall be confined to those lands described in Findings Nos. 2 and 6 of this Order. A revised engineering report shall be submitted for approval and these WDRs revised prior to discharged to any proposed areas unauthorized herein.
2. Discharge of recycled water to the Little Rock Wash is prohibited.
3. Discharge of recycled water, or runoff commingled with the recycled water, from the authorized water recycling site is prohibited.
4. No sod or food crop, with the exception of nut bearing or ornamental trees as specified in Water Recycling Requirement Nos. 5-6 below, shall be irrigated with recycled water. The Primary User must submit a revised engineering report for water recycling and revised water recycling requirements must be issued by the Regional Board before the application of recycled water to any existing or future sod or food crop may occur.
5. The spray irrigation of nut bearing or ornamental trees and/or the harvesting of nuts from the ground surface is prohibited.

<sup>1</sup> The arithmetic mean of total daily flow values for each month.  
<sup>2</sup> The arithmetic mean of lab results for effluent samples collected in a period of 30 consecutive days.  
<sup>3</sup> Biochemical Oxygen Demand (5 day, 20°C of a filtered sample).

6. Christmas trees flood irrigated with recycled water shall be harvested no earlier than 30 days after the cessation of irrigation with the recycled water. The trees shall be cut at a point on the trunk that is a minimum of two feet above the ground surface for the protection of worker and public health.
7. The use of recycled water shall not cause a pollution or threatened pollution as defined in Section 13050(l) of the California Water Code.
8. The use of recycled water shall not cause a nuisance as defined in Section 13050(m) of the California Water Code.
9. The use of recycled water for irrigation of fiber or fodder crops shall be in accordance with DHS current water recycling criteria and guidelines.

C. Receiving Water Limitation

This discharge shall not cause a violation of any applicable water quality standard for receiving water (ground water) adopted by the Regional Board or the SWRCB as required by the Federal Water Pollution Control Act and regulations adopted thereunder. If more stringent applicable water quality standards are promulgated or approved pursuant to Section 303 of the Federal Clean Water Act or amendments thereto, the Regional Board will revise and modify this Order in accordance with such more stringent standards.

The discharge shall not cause the presence of the following substances or conditions in ground or surface waters of the Antelope Hydrologic Unit:

1. Nondegradation

State Water Resources Control Board Resolution No. 68-16 "Statement of Policy With Respect to Maintaining High Quality of Waters In California", known as the Nondegradation objective, requires maintenance of existing high quality in surface waters, ground waters, or wetlands. Whenever the existing quality of water is better than the quality of water established in the Basin Plan, such existing quality shall be maintained unless appropriate findings are made under Resolution No. 68-16.

2. Bacteria - Waters shall not contain concentrations of coliform organisms attributable to human wastes. The median number of coliform organisms, over any seven day period, shall be less than 1.1/100 ml in ground waters.

3. Chemical Constituents

Ground waters designated as MUN shall not contain concentrations of chemical constituents in excess of the maximum contaminant level (MCL) or secondary maximum contaminant level (SMCL) based upon drinking water standards specified in the following provisions of Title 22 of the California Code of Regulations: Table 64431-A of Section 64431 (Inorganic



Chemicals), Table 64431-B of Section 64431 (Fluoride), Table 6444-A of Section 64444 (Organic Chemicals), Table 64449-A of Section 64449 (Secondary Maximum Contaminant Levels-Consumer Acceptance Limits), and Table 64449-B of Section 64449 (Secondary Maximum Contaminant Levels-Ranges). This incorporation-by-reference is prospective including future changes to the incorporated provisions as the changes take effect.

4. Chemicals Affecting the AGR Use - Waters designated as AGR shall not contain concentrations of chemical constituents in amounts that adversely affect the water for beneficial uses (i.e., agricultural purposes).
5. Chemicals - Waters shall not contain concentrations of chemical constituents that adversely affect the water for beneficial uses.
6. Radionuclides - Waters shall not contain concentrations of radionuclides in excess of limits specified in the California Code of Regulations, Title 22, Chapter 15, Article 5, Section 64443.
7. Taste and Odors - Ground waters shall not contain taste or odor-producing substances in concentrations that cause nuisance or that adversely affect beneficial uses. For ground waters designated as MUN, at a minimum, concentrations shall not exceed adopted secondary maximum contaminant levels specified in Table 64449-A of Section 64449 (Secondary Maximum Contaminant Levels-Ranges), and Table 64449-B of Section 64449 (Secondary Maximum Contaminant Levels-Ranges) of Title 22 of the California Code of Regulations, including future changes as the changes take effect.

D. General Requirements and Prohibitions

1. The discharge of wastewater except to the authorized disposal/water recycling sites is prohibited.
2. The discharge to waters of the State shall not contain substances in concentrations that are toxic to, or produce detrimental physiological responses in humans, plants, animals, or aquatic life.
3. There shall be no discharge, bypass, or diversion of raw or partially treated sewage, sewage sludge, grease, or oils from the collection, transport, treatment, or disposal facilities to adjacent land areas or surface waters.
4. Surface flow or visible discharge of sewage or sewage effluent from the authorized disposal/water recycling sites to adjacent land areas or surface waters is prohibited.
5. The vertical distance between the liquid surface elevation and the lowest point of a pond dike shall not be less than 2.0 feet.
6. The discharge shall not cause a pollution as defined in Section 13050(I) of the California Water Code, or a threatened pollution.

7. Neither the treatment nor the discharge shall cause a nuisance as defined in Section 13050(m) of the California Water Code.
8. The disposal of waste residue, including biosolids, shall be in a manner approved by the Regional Board's Executive Officer and in compliance with all local, State, and federal requirements. Waste biosolids shall be discharged only at a legal point of disposal in accordance with the provisions of Title 23 of the California Code of Regulations, Division 3, Chapter 15, and in accordance with 40 CFR Part 503.
9. The Dischargers shall comply with all existing federal and state laws and regulations that apply to biosolids use and disposal practices. The Dischargers shall further comply with all requirements regarding biosolids use and disposal specified in the Clean Water Act Section 405(d).
10. To address the condition of threatened pollution described in Finding No. 11, the discharge of treated wastewater effluent by landspreading at the authorized disposal/water recycling site is prohibited in accordance with the time schedule specified in Provision II.B.4, unless an acceptable antidegradation analysis is submitted and approved by the Regional Board Executive Officer.
11. Excessive ponding of treated wastewater effluent disposed by landspreading is prohibited.

## II. PROVISIONS

### A. Rescission of Waste Discharge Requirements and Water Recycling Requirements

Board Order Nos. 6-93-18 and 6-90-64 are hereby rescinded.

### B. Time Schedules

The Discharger shall comply with the following time schedules in order to achieve compliance with Discharge Specifications I.D.2 and I.D.6 concerning the discharge to waters of the state of substances producing toxic or detrimental physiological responses to humans or animals, and conditions of pollution or threatened pollution. This time schedule is limited to the constituents of nitrates and total dissolved solids in ground water at the current disposal location.

#### 1. Corrective Action Plan

By January 31, 2001 the Dischargers shall submit a Corrective Action Plan (CAP) and time schedule to address the condition of degraded ground water and previous pollution described in Finding No. 11. The Dischargers shall prepare and submit the CAP for approval by the Regional Board's Executive Officer in accordance with SWRCB Resolutions No. 92-49 "Policies and Procedures for Investigation and Cleanup and Abatement of Discharges Un-

Water Code Section 13304" and No. 68-16 "Statement of Policy With Respect to Maintaining High Quality of Waters in California". The CAP shall contain, at a minimum, the following:

- a. Additional delineation of the areal and vertical extent of the degraded and/or polluted ground water plume(s) at the disposal/water recycling/irrigated agricultural site.
  - (1) Installation and monitoring of an additional ground water monitoring well(s) in the vicinity of monitoring well MW4.
  - (2) Installation and monitoring of an additional ground water monitoring well(s) in the vicinity of monitoring well MW18.
- b. An evaluation of the need for and method of ground water quality restoration in the existing plume(s) of degraded and/or polluted ground water. Included in this evaluation should be a time schedule for an antidegradation analysis, if appropriate, to address existing areas of degradation or areas affected by potential degradation and threatened pollution from alternate disposal methods.
- c. The Dischargers shall provide a Workplan and time schedule for identifying and properly destroying abandoned wells within the authorized disposal/water recycling sites. The Workplan must be prepared under the supervision of a Registered Civil Engineer. Upon approval by the Regional Board's Executive Officer, implementation of this Workplan must begin within 90 days. This Workplan must comply with all California State Regulations for well destruction.

2. Effluent Disposal Plan

By January 31, 2001 the Dischargers shall submit an Effluent Disposal Plan (EDP) for approval by the Regional Board's Executive Officer. The EDP shall propose methods and a schedule to attain a shift from landspreading of effluent to maximize utilization of the recycled water for irrigated agriculture purposes or disposal by other means protective of ground water quality. An antidegradation analysis must be performed for any option (such as a percolation pond) which allows deep percolation.

3. Farm Management Plan

By January 31, 2001 the Dischargers shall submit a Farm Management Plan (FMP) for approval by the Regional Board's Executive Officer. The FMP shall propose any changes in crop selection, fertilizer, soil amendment and/or chemical application rates, changes in crop locations, recycled water and agricultural supply well water application rates and nutrient loadings to minimize the threat to ground water quality. Nutrient loadings and application rates for recycled water or agricultural well water shall be proposed to reflect crop agronomic rates using best management practices. Time schedules for implementation of the FMP shall be included.

4. Implementation

- a. Immediately upon preparation, and upon approval of critical plan elements by the Regional Board's Executive Officer, the CAP, EDP and FMP shall be implemented.
- b. By June 14, 2003 the Dischargers shall have implemented the following plan elements and demonstrated compliance with Discharge Specifications I.D.2 and I.D.6.

CAP - Ground Water Investigation and installation of new wells  
- Engineering Alternatives analysis to address existing conditions of ground water degradation

EDP - Modifications to Optimize Disposal Operations  
- Crop Utilization Pilot Studies  
- Completed approval of an anti-degradation analysis for continued use of land spreading or comply with General Requirement and Prohibition I.D.10.

FMP - Define and Implement Best Management Practices

5. Status Reports

The Dischargers shall submit semi-annual status reports due July 31 and January 31 of each year to the Regional Board summarizing the status of efforts to implement the CAP, EDP, and FMP, and to achieve compliance with Discharge Specifications I.D.2 and I.D.6. The semi-annual reports shall be submitted beginning January 31, 2001 and shall continue until the plans are fully implemented.

C. Secondary User Agreements

1. The Primary User shall include the following conditions in any oral or written provision for disposition of recycled water:
  - a. Any Secondary User of reclaimed wastewater from the above Primary User hereby authorizes, at all reasonable times, the Primary User or any authorized representative of the Regional Board to enter upon the property where the recycled water is being used and to investigate such person's use of recycled water.
  - b. Any Secondary User of recycled water from the Primary User shall report to the Primary User at least once each month the method of irrigation used and the name and final usage of all crops irrigated with recycled water during such period. Such user of recycled water from the Primary User agrees to insert the substance of this clause in any oral or written provision for disposition of recycled water.

D. Reporting Requirements

Pursuant to Section 13267 of the California Water Code, LACSD shall comply with Monitoring and Reporting Program No. 00-57 and the "Standard Provisions For Waste Discharge Requirements" dated September 1, 1994 (Attachment "C").

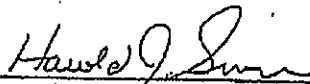
E. Plant Supervision

The LACSD wastewater treatment plant shall be supervised by persons possessing a Wastewater Treatment Plant Operator Certificate of appropriate grade pursuant to Chapter 14, Division 3, Title 23, California Code of Regulations.

F. Monitoring Program Availability

A copy of this Order and the Monitoring and Reporting Program shall be available at all times at the treatment plant for immediate reference by the plant operator.

I, Harold J. Singer, Executive Officer, do hereby certify that the foregoing is a full, true, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Lahontan Region, on June 14, 2000.

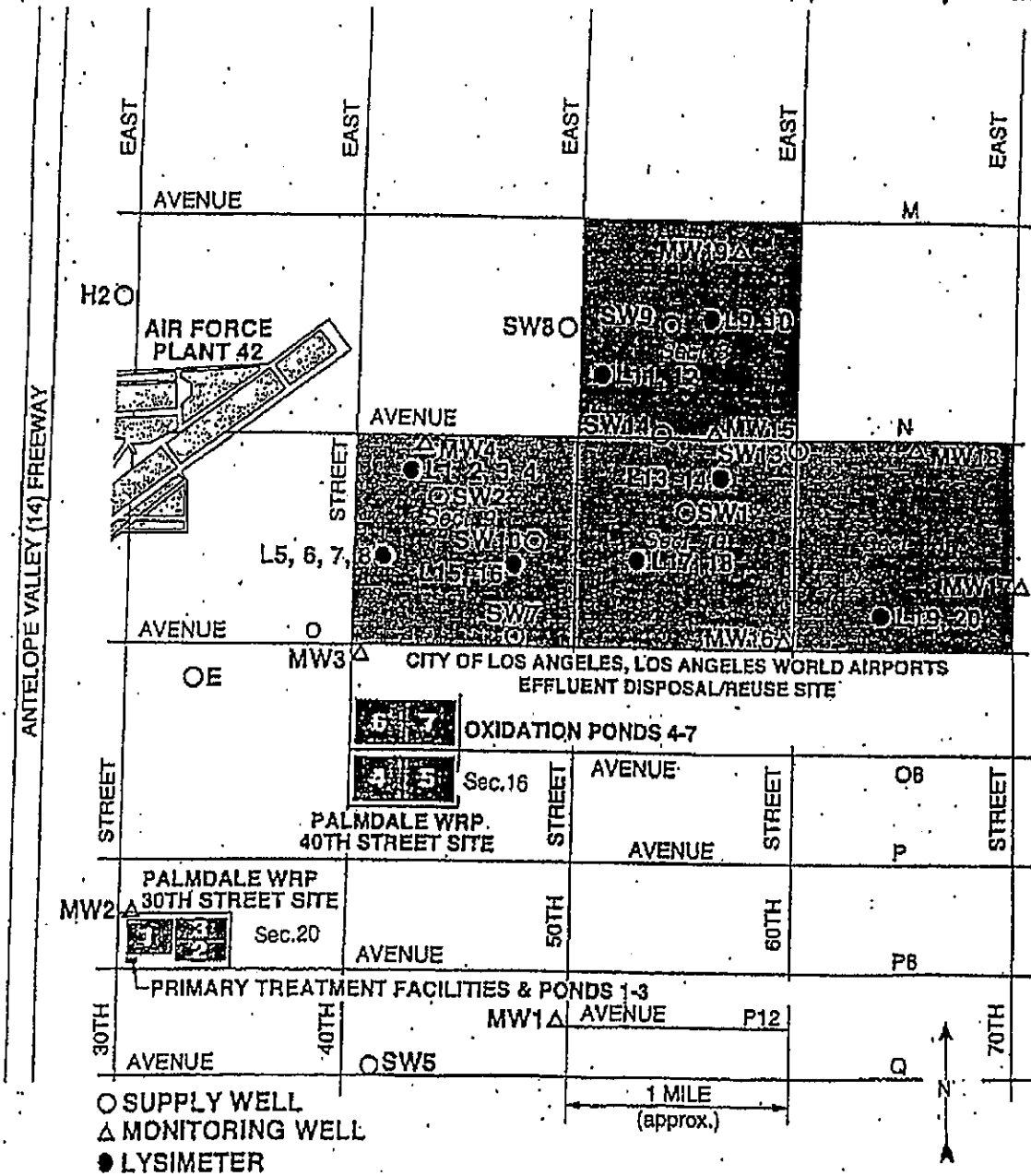


HAROLD J. SINGER  
EXECUTIVE OFFICER

Attachments: A. Location Map  
B. Facility Process Schematic  
C. Standard Provisions

6/2000 PalmWDR

**PALMDALE WATER RECLAMATION PLANT  
Disposal/Reuse Sites, Wells and Lysimeters**





CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD

STANDARD PROVISIONS  
FOR WASTE DISCHARGE REQUIREMENTS

1. Inspection and Entry

The Discharger shall permit Regional Board staff:

- a. to enter upon premises in which an effluent source is located or in which any required records are kept;
- b. to copy any records relating to the discharge or relating to compliance with the Waste Discharge Requirements;
- c. to inspect monitoring equipment or records; and
- d. to sample any discharge.

2. Reporting Requirements

- a. Pursuant to California Water Code 13267(b), the Discharger shall immediately notify the Regional Board by telephone whenever an adverse condition occurred as a result of this discharge; written confirmation shall follow within two weeks. An adverse condition includes, but is not limited to, spills of petroleum products or toxic chemicals, or damage to control facilities that could affect compliance.
- b. Pursuant to California Water Code Section 13260(e), any proposed material change in the character of the waste, manner or method of treatment or disposal, increase of discharge, or location of discharge, shall be reported to the Regional Board at least 120 days in advance of implementation of any such proposal. This shall include, but not limited to, all significant soil disturbances.
- c. The Owners/Discharger of property subject to Waste Discharge Requirements shall be considered to have a continuing responsibility for ensuring compliance with applicable Waste Discharge Requirements in the operations or use of the owned property. Pursuant to California Water Code Section 13260(c), any change in the ownership and/or operation of property subject to the Waste Discharge Requirements shall be reported to the Regional Board. Notification of applicable Waste Discharge Requirements shall be furnished in writing to the new owners and/or operators and a copy of such notification shall be sent to the Regional Board.
- d. If a Discharger becomes aware that any information submitted to the Regional Board is incorrect, the Discharger shall immediately notify the Regional Board, in writing and correct that information.
- e. Reports required by the Waste Discharge Requirements, and other information requested by the Regional Board, must be signed by a duly authorized representative of the Discharger. Under Section 13268 of the California Water Code, any person failing or refusing to furnish technical or monitoring reports, or falsifying any information provided therein, is guilty of a misdemeanor and may be liable civilly in an amount of up to one thousand dollars (\$1,000) for each day of violation.

ATTACHMENT "A"



- f. If the Discharger becomes aware that their Waste Discharge Requirements (or permit) is no longer needed (because the project will not be built or the discharge will cease) the Discharger shall notify the Regional Board in writing and request that their Waste Discharge Requirements (or permit) be rescinded.

3. Right to Revise Waste Discharge Requirements

The Regional Board reserves the privilege of changing all or any portion of the Waste Discharge Requirements upon legal notice to and after opportunity to be heard is given to all concerned parties.

4. Duty to Comply

Failure to comply with the Waste Discharge Requirements may constitute a violation of the California Water Code and is grounds for enforcement action or for permit termination, revocation and reissuance, or modification.

5. Duty to Mitigate

The Discharger shall take all reasonable steps to minimize or prevent any discharge in violation of the Waste Discharge Requirements which has a reasonable likelihood of adversely affecting human health or the environment.

6. Proper Operation and Maintenance

The Discharger shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) that are installed or used by the Discharger to achieve compliance with the Waste Discharge Requirements. Proper operation and maintenance includes adequate laboratory control, where appropriate, and appropriate quality assurance procedures. This provision requires the operation of backup or auxiliary facilities or similar systems that are installed by the Discharger, when necessary to achieve compliance with the conditions of the Waste Discharge Requirements.

7. Waste Discharge Requirement Actions

The Waste Discharge Requirements may be modified, revoked and reissued, or terminated for cause. The filing of a request by the Discharger for waste discharge requirement modification, revocation and reissuance, termination, or a notification of planned changes or anticipated noncompliance, does not stay any of the Waste Discharge Requirements conditions.

8. Property Rights

The Waste Discharge Requirements do not convey any property rights of any sort, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any infringement of federal, state or local laws or regulations.

9. Enforcement

The California Water Code provides for civil liability and criminal penalties for violations or threatened violations of the Waste Discharge Requirements including imposition of civil liability or referral to the Attorney General.

10. Availability

A copy of the Waste Discharge Requirements shall be kept and maintained by the Discharger and be available at all times to operating personnel.

11. Severability

Provisions of the Waste Discharge Requirements are severable. If any provision of the requirements is found invalid, the remainder of the requirements shall not be affected.

12. Public Access

General public access shall be effectively excluded from disposal/treatment facilities.

13. Transfers

Providing there is no material change in the operation of the facility, this Order may be transferred to a new owner or operator. The owner/operator must request the transfer in writing and receive written approval from the Regional Board's Executive Officer.

14. Definitions

- a. "Surface waters" as used in this Order, include, but are not limited to, live streams, either perennial or ephemeral, which flow in natural or artificial water courses and natural lakes and artificial impoundments of waters. "Surface waters" does not include artificial water courses or impoundments used exclusively for wastewater disposal.
- b. "Ground waters" as used in this Order, include, but are not limited to, all subsurface waters being above atmospheric pressure and the capillary fringe of these waters.

15. Storm Protection

- a. All facilities used for collection, transport, treatment, storage, or disposal of waste shall be adequately protected against overflow, washout, inundation, structural damage or a significant reduction in efficiency resulting from a storm or flood having a recurrence interval of once in 100 years.

form: standard

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD  
LAHONTAN REGION

REVISED MONITORING AND REPORTING PROGRAM NO. 00-57  
WDID NO. 6B190107069  
FOR

LOS ANGELES COUNTY SANITATION DISTRICT NO. 20  
AND CITY OF LOS ANGELES WORLD AIRPORTS  
PALMDALE WATER RECLAMATION PLANT

Los Angeles County

The Dischargers shall be responsible for compliance with this Monitoring and Reporting Program as follows. Los Angeles County Sanitation Districts (LACSD) shall be responsible for compliance with monitoring and requirements I. A-E, I.H, and II.A-B. Los Angeles World Airports (LAWA) shall be responsible for compliance with monitoring and reporting requirements I.F-G.

I. MONITORING

A. Flow Monitoring

The following shall be recorded in a permanent log book:

1. The total volume, in millions of gallons (MGallons), of wastewater flow to the secondary treatment facilities for each day.
2. The total volume, in MGallons, of wastewater flow to the secondary treatment facilities for each month.
3. The maximum instantaneous flowrate, in MGallons/Day, of wastewater to the secondary treatment facilities that occurs each day.
4. The calculated average flowrate, in MGallons/Day, of wastewater to the secondary treatment facilities for each month.
5. The volume, in MGallons, of wastewater flow to the LAWA Irrigation Site for each month. Separate flow volumes shall be recorded for effluent disposed by landspreading (without crop growth) and for recycled water applied for irrigated agricultural purposes).
6. The calculated average flow rates, in MGallons/Day of wastewater to the LAWA Irrigation Site for each month.
7. The freeboard (distance from the top of the lowest part of the dike to the wastewater surface in a pond) measured once each month in each pond. If the pond does not contain wastewater, indicate that it is empty.

B. Facility Influent Monitoring

Influent samples taken prior to the primary clarifiers shall be analyzed to determine the magnitude of the following parameters:

<u>Parameter</u>	<u>Units</u>	<u>Type of Sample</u>	<u>Frequency</u>
BOD <sup>1</sup>	mg/L	24-hour composite	Weekly
COD <sup>3</sup>	mg/L	24-hour composite	Weekly
MBAS <sup>2</sup>	mg/L	24-hour composite	Monthly
Nitrate Nitrogen	mg/L as N	24-hour composite	Monthly
Kjeldahl Nitrogen	mg/L as N	24-hour composite	Monthly
Ammonia Nitrogen	mg/L as N	24-hour composite	Monthly
Total Petroleum Hydrocarbons <sup>3</sup>	µg/L	24-hour composite	Quarterly
Bromoform	µg/L	Grab	Semiannually
Chloroform	µg/L	Grab	Semiannually
Dibromochloromethane	µg/L	Grab	Semiannually
Dichlorobromomethane	µg/L	Grab	Semiannually
Total Dissolved Solids	mg/L	24-hour composite	Annually
Total Cyanides	µg/L	24-hour composite	Annually
Total Phenols	µg/L	24-hour composite	Annually
Purgeable Organics <sup>4</sup>	µg/L	Grab <sup>4</sup>	Annually
Base/Neutral Extractable Organics <sup>5</sup>	µg/L	24-hour composite	Annually
Acid Extractable Organics <sup>6</sup>	µg/L	24-hour composite	Annually
Heavy Metals <sup>6</sup>	mg/L	24-hour composite	Annually

C. Facility Effluent Monitoring

Samples of the wastewater effluent from the treatment Facility shall be collected downstream of all treatment units and analyzed to determine the magnitude of the following parameters:

<u>Parameter</u>	<u>Units</u>	<u>Type of Sample</u>	<u>Frequency</u>
BOD <sup>1</sup>	mg/L	24-hour composite	Weekly
Total Suspended Solids	mg/L	24-hour composite	Weekly
COD <sup>3</sup>	mg/L	24-hour composite	Weekly
Dissolved Oxygen	mg/L	Grab <sup>4</sup>	Weekly
pH	pH units	Grab <sup>4</sup>	Weekly
Temperature	°C	Grab <sup>4</sup>	Weekly
MBAS <sup>2</sup>	mg/L	24-hour composite	Monthly
Total Dissolved Solids	mg/L	24-hour composite	Monthly
Chlorides	mg/L	24-hour composite	Monthly
Sodium	mg/L	24-hour composite	Monthly
Sulfate	mg/L	24-hour composite	Monthly
Nitrate Nitrogen	mg/L as N	24-hour composite	Monthly
Kjeldahl Nitrogen	mg/L as N	24-hour composite	Monthly
Ammonia Nitrogen	mg/L as N	24-hour composite	Monthly
Total Organic Carbon	mg/L	24-hour composite	Quarterly
Copper	mg/L	24-hour composite	Quarterly
Zinc	mg/L	24-hour composite	Quarterly

<u>Parameter</u>	<u>Units</u>	<u>Type of Sample</u>	<u>Frequency</u>
Selenium	mg/L	24-hour composite	Quarterly
Total Petroleum Hydrocarbons <sup>3</sup>	µg/L	24-hour composite	Quarterly
Oil and Grease	mg/L	Grab	Quarterly
Bromoform	µg/L	Grab	Quarterly
Chloroform	µg/L	Grab	Quarterly
Dibromochloromethane	µg/L	Grab	Quarterly
Dichlorobromomethane	µg/L	Grab	Quarterly
Total Cyanides	µg/L	24-hour composite	Annually
Total Phenols	µg/L	24-hour composite	Annually
Purgeable Organics <sup>6</sup>	µg/L	Grab <sup>4</sup>	Annually
Base/Neutral Extractable Organics <sup>6</sup>	µg/L	24-hour composite	Annually
Acid Extractable Organics <sup>6</sup>	µg/L	24-hour composite	Annually
Heavy Metals <sup>6</sup>	mg/L	Grab <sup>4</sup>	Annually
Methyl t-Butyl Ether	µg/L	24-hour composite	Annually

D. Ground Water and Vadose Zone Monitoring

The existing ground water and vadose zone monitoring system consists of approximately eighteen (18) wells (eleven monitoring and seven supply wells) and approximately seven lysimeters identified as follows and located as indicated on Attachment "A" of Board Order No. 6-00-57:

Baseline sampling and analyses must be conducted on any additionally proposed ground water and/or vadose zone monitoring system prior to discharge of wastewater to any new areas not now monitored.

Ground Water Monitoring Wells

MW1  
MW2  
MW4  
MW15  
MW16  
MW17  
MW18

Supply Water Monitoring Wells

E  
H2  
SW1  
SW2  
SW5  
SW7  
SW8  
SW9  
SW10  
SW13  
SW14

Vadose Zone Monitoring Lysimeters

- L1
- L3
- L4
- L6
- L8
- L13
- L16

Beginning immediately, grab samples shall be collected from the seven (7) monitoring wells, the eleven (11) water supply wells, and the seven (7) lysimeters. Monitoring well (except supply well) samples shall be collected from the top five feet of the ground water or uppermost portion of the aquifer measuring from the anticipated low water level; water supply samples shall be collected from the uppermost portion of the aquifer, to the maximum extent possible. The Discharger must monitor these systems at the required frequencies, unless there are factors beyond the Discharger's control that prevent the sampling of these systems. These factors include, but are not limited to: supply well is dismantled, out of service, or turned off.

All monitoring and supply well samples shall be analyzed to determine the magnitude of the following parameters:

<u>Parameter</u>	<u>Units</u>	<u>Frequency</u>
Kjeldahl Nitrogen	mg/L as N	Semiannually
Nitrate Nitrogen	mg/L as N	Semiannually
Ammonia Nitrogen	mg/L as N	Semiannually
MBAS <sup>2</sup>	mg/L	Semiannually
Chloride	mg/L	Semiannually
Sodium	mg/L	Semiannually
Sulfate	mg/L	Semiannually
Total Organic Carbon	µg/L	Semiannually
Total Dissolved Solids	mg/L	Semiannually
Total Petroleum Hydrocarbons <sup>5</sup>	µg/L	Semiannually
Bromoform	µg/L	Semiannually
Chloroform	µg/L	Semiannually
Dibromochloromethane	µg/L	Semiannually
Dichlorobromomethane	µg/L	Semiannually
Total Cyanides	µg/L	Annually
Total Phenols	µg/L	Annually
Purgeable Organics <sup>6</sup>	µg/L	Annually
Base/Neutral Extractable Organics <sup>6</sup>	µg/L	Annually
Acid Extractable Organics <sup>6</sup>	µg/L	Annually
Heavy Metals <sup>6</sup>	mg/L	Annually
Methyl Tertiary Butyl Ether	µg/L	Annually

The depth to ground water in each well and the field parameters of pH, electrical conductivity, temperature and dissolved oxygen shall be measured and recorded each time a well is sampled. The flow direction of the ground water shall be estimated annually. A graphical representation of the annual ground water flow direction shall be included in the annual monitoring report.

Lysimeter samples shall be analyzed for the following parameters:

<u>Parameter</u>	<u>Units</u>	<u>Frequency</u>
Kjeldahl Nitrogen	mg/L as N	Semiannually
Nitrate Nitrogen	mg/L as N	Semiannually
Ammonia Nitrogen	mg/L as N	Semiannually
Total Dissolved Solids	mg/L	Semiannually
Chloride	mg/L	Semiannually
Sodium	mg/L	Semiannually
Sulfate	mg/L	Semiannually
Methylene Blue Active Substances	mg/L	Semiannually

E. Biosolids Disposal

The following shall be recorded monthly:

1. Total quantity of biosolids generated during the monitoring period.
2. Date and quantity of biosolids removed off site, location of use, recipient (including name and address) and biosolids disposal method (including crops grown if appropriate) for all biosolids removed off site.
3. Cumulative total quantity of biosolids currently on site including the quantity of biosolids added during this monitoring period.

By July 1 of each year, the Discharger shall submit a copy of its annual federal biosolids report.

F. Reclamation Monitoring

The following shall be recorded in a permanent log book annually:

1. Names, addresses, and telephone numbers of all secondary users of reclaimed wastewater.
2. Names, types, method and number of harvests, quantity, and end uses of all crops irrigated with reclaimed wastewater.
3. Number of acres of each type of crop irrigated with reclaimed wastewater and method of irrigation.

4. Location of each type of crop irrigated with reclaimed wastewater (locations shall also be indicated on a map of appropriate scale, such as a USGS 7.5 Minute Topographic Quadrangle map).
5. Information that demonstrates that all recycled water applied complied with the State Department of Health Services water recycling requirements specified in the Order. The information should include verification that the level of treatment required for water recycling was achieved and that the methods of recycled water application were implemented as required.

G. Chemical Use Monitoring

LAWA shall record the names and chemical compositions, quantities and dates of application of all chemical fertilizers, herbicides and pesticides applied to any crop grown on the water recycling site and other irrigated agriculture sites on LAWA property in a permanent log book quarterly.

H. Operation and Maintenance

A brief summary of any operational problems and maintenance activities that may affect effluent quality shall be submitted to the Regional Board with each monitoring report.

This summary shall discuss:

1. Any modifications or additions to the wastewater conveyance system, treatment facilities, or disposal/water recycling facilities.
2. Any major maintenance conducted on the wastewater conveyance system, treatment facilities, or disposal/water recycling facilities.
3. Any major problems occurring in wastewater conveyance system, treatment facilities, or disposal/water recycling facilities.
4. The calibration of any wastewater flow measuring devices.

II. REPORTING

A. General Provisions

The Discharger shall comply with the "General Provisions for Monitoring and Reporting," (GPMR) dated September 1, 1994, which is attached to and made part of this Monitoring and Reporting Program. Pursuant to General Provision 1.d of the GPMR, the Discharger shall submit by July 30, 2000 a Sampling and Analysis Plan (SAP) to the Regional Board for approval.




B. Submittal Periods

Monthly and annual reporting due dates have been extended from the state-wide standard guidelines at the Discharger's justified request. Beginning on August 1, 2000, monthly monitoring reports including the preceding information shall be submitted to the Regional Board by the 1st day of the third month following each monthly monitoring period.

An annual monitoring report containing summaries of all the above information, compliance status, and the names and grades of all the certified operators shall be submitted to the Regional Board by April 1 of each year.

Ordered by:

  
HAROLD J. SINGER  
EXECUTIVE OFFICER

Dated: June 14, 2000

Attachment: General Provisions for Monitoring and Reporting

- 1 Biochemical Oxygen Demand (5 day, 20°C) of an unfiltered influent sample; filtered sample for final effluent.
- 2 Methylene Blue Active Substances.
- 3 Chemical Oxygen Demand of an unfiltered influent sample; filtered sample for final effluent.
- 4 Grab samples as defined for respective parameters in current Sampling and Analysis Plan.
- 5 Use USEPA Test Method SW 8013 with method calibration based on an appropriate fuel standard. When a test result is below the method detection limit, the result shall be reported as "less than "x" micrograms/liter" ("x" shall be the numeric method detection limit value for the test method).
- 6 Analysis shall be conducted for those substances included on the USEPA list of priority pollutants and all other toxic substances known to be discharged to the sewer system.

PalmdaleMRP 6/2000

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD  
LAHONTAN REGION

GENERAL PROVISIONS  
FOR MONITORING AND REPORTING

1. SAMPLING AND ANALYSIS

- a. All analyses shall be performed in accordance with the current edition(s) of the following documents:
  - i. Standard Methods for the Examination of Water and Wastewater
  - ii. Methods for Chemical Analysis of Water and Wastes, EPA
- b. All analyses shall be performed in a laboratory certified to perform such analyses by the California State Department of Health Services or a laboratory approved by the Regional Board. Specific methods of analysis must be identified on each laboratory report.
- c. Any modifications to the above methods to eliminate known interferences shall be reported with the sample results. The method used shall also be reported. If methods other than USEPA approved methods or Standard Methods are used, the exact methodology must be submitted for review and must be approved by the Regional Board prior to use.
- d. The Discharger shall establish chain-of-custody procedures to ensure that specific individuals are responsible for sample integrity from commencement of sample collection through delivery to an approved laboratory. Sample collection, storage and analysis shall be conducted in accordance with an approved Sampling and Analysis Plan (SAP). The most recent version of the approved SAP shall be kept at the facility.
- e. The Discharger shall calibrate and perform maintenance procedures on all monitoring instruments and equipment to ensure accuracy of measurements, or shall ensure that both activities will be conducted. The calibration of any wastewater flow measuring device shall be recorded and maintained in the permanent log book described in 2.b, below.
- f. A grab sample is defined as an individual sample collected in fewer than 15 minutes.
- g. A composite sample is defined as a combination of no fewer than eight individual samples obtained over the specified sampling period at equal intervals. The volume of each individual sample shall be proportional to the discharge flow rate at the time of sampling. The sampling period shall equal the discharge period, or 24 hours, whichever period is shorter.

## 2. OPERATIONAL REQUIREMENTS

### a. Sample Results

Pursuant to California Water Code Section 13267(b), the Discharger shall maintain all sampling and analytical results including: strip charts; date, exact place, and time of sampling; date analyses were performed; sample collector's name; analyst's name; analytical techniques used; and results of all analyses. Such records shall be obtained for a minimum of three years. This period of retention shall be extended during the course of any unresolved litigation regarding this discharge, or when requested by the Regional Board.

### b. Operational Log

Pursuant to California Water Code Section 13267(b), an operation and maintenance log shall be maintained at the facility. All monitoring and reporting data shall be recorded in a permanent log book.

## 3. REPORTING

- a. For every item where the requirements are not met, the Discharger shall submit a statement of the actions undertaken or proposed which will bring the discharge into full compliance with requirements at the earliest time and submit a timetable for correction.
- b. Pursuant to California Water Code Section 13267(b), all sampling shall be made available to the Regional Board upon request. Results shall be retained for a minimum of three years. This period of retention shall be extended during the course of any unresolved litigation regarding this discharge, or when requested by the Regional Board.
- c. The Discharger shall provide a brief summary of any operational problems and maintenance activities to the Regional Board with each monitoring report. Any modifications or additions to, or any major maintenance conducted on, or any major problems occurring to the wastewater conveyance system, treatment facilities, or disposal facilities shall be included in this summary.
- d. Monitoring reports shall be signed by:
  - i. In the case of a corporation, by a principal executive officer at least of the level of vice-president or his duly authorized representative, if such representative is responsible for the overall operation of the facility from which the discharge originates;
  - ii. In the case of a partnership, by a general partner;

- iii. In the case of a sole proprietorship, by the proprietor;
  - iv. In the case of a municipal, state or other public facility, by either a principal executive officer, ranking elected official, or other duly authorized employee.
- e. Monitoring reports are to include the following:
- i. Name and telephone number of individual who can answer questions about the report.
  - ii. The Monitoring and Reporting Program Number.
  - iii. WDID Number.
- f. Modifications

This Monitoring and Reporting Program may be modified at the discretion of the Regional Board Executive Officer.

4. NONCOMPLIANCE

Under Section 13268 of the Water Code, any person failing or refusing to furnish technical or monitoring reports or falsifying any information provided therein, is guilty of a misdemeanor and may be liable civilly in an amount of up to one thousand dollars (\$1,000) for each day of violation under Section 13268 of the Water Code.

form:general5.pro

STANDARD TERMS AND PROVISIONS

(LEASE)

1. Use of Demised Premises.

(a) Lessee shall not use the demised premises, nor any portion thereof, for any purpose other than that hereinabove set forth without first having had and obtained the written consent of the Executive Director of the Department of Airports (hereinafter referred to as "Executive Director").

(b) There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Lessee agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Lessee's use and enjoyment of the demised premises which may result from noise emanating from the operation of aircraft to, from, or upon Airport except for claims or actions brought by third parties against Lessee arising from City's operation of Airport. [LEASE GUIDE, ¶11]

(c) Lessee, by accepting this Lease, agrees for itself and its successors and assigns that it will not make use of the demised premises in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard to such operations. In the event the aforesaid covenant is breached, City reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of Lessee. [LEASE GUIDE, ¶14]

(d) Lessee shall conduct its, and cause its sublessees to conduct their, operations on the demised premises in such manner as to reduce as much as is reasonably practicable, considering the nature and extent of said operations, any and all activities which interfere unreasonably with the use of other premises adjoining the demised premises or Airport, including, but not limited to, the emanation from the demised premises of noise, vibration, movements of air, fumes, and odors.

<sup>1</sup>The paragraph referenced are the mandatory requirements contained in the Federal Aviation Administration's "LEASE AND RITE AGREEMENT GUIDE", dated June 6, 1984, published by the Federal Aviation Administration.

Aviation Administration  
For 1984-1985

(Standard Language) 004 000001

2. Improvements and Alterations.

(a) Lessee shall make no structural improvements, additions, or alterations in, to or upon the demised premises, nor erect, construct, or place any sign upon said premises, without the prior written consent of Executive Director being first had and obtained, and any conditions, restrictions, or limitations relating thereto then stated by said Executive Director shall be conditions hereof as if they had been originally stated at length herein. Lessee shall also keep the demised premises and any improvements constructed thereon free and clear of liens for labor and material expended by or for Lessee or on its behalf (except when such improvement is constructed by City) and shall hold City harmless from liability with respect to any such improvements, additions, or alterations made thereto.

(b) City reserves the right to further develop or improve the landing area of Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance. If any such development or improvement interferes substantially with Lessee's use and occupancy of the premises demised herein, Lessee shall be entitled to an appropriate reduction in rental or termination of this Lease. [LEASE GUIDE, ¶18]

(c) Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Administration Regulations in the event any future structure or building is planned for the demised premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the demised premises. [LEASE GUIDE, ¶12]

(d) Lessee, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation obstruction contours shown on Exhibit "A." In the event the aforesaid covenants are breached, City reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of Lessee. [LEASE GUIDE, ¶13]

(e) City reserves the right, but shall not be obligated to Lessee to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. [LEASE GUIDE, ¶19]

3. Ownership of Improvements. During the term of this Lease, title to all structures, improvements, facilities, or alterations constructed or installed by Lessee shall remain in Lessee. Upon the termination of this Lease, said structures, improvements, facilities, or alterations, other than machines, equipment, trade fixtures, and similar installations of a type commonly removed without structural damage to the demised premises, shall become a part of the land upon which they are constructed, or of the building to which they are affixed, and title thereto shall thereupon vest in City unless, however, City requests Lessee to remove some or all of said structures, improvements, facilities, or alterations, in which case Permittee shall promptly remove said items at Lessee's sole cost and expense. In the event the removal of any fixture damages any part of the demised premises, Lessee shall repair such damage and restore the demised premises to as good condition as the same was in prior to said damage, reasonable wear and tear excepted.

4. Maintenance of Demised Premises. Except as otherwise expressly stated elsewhere in this Lease, Lessee, solely at its own cost and expense, shall:

(1) maintain the demised premises in good and safe condition, in compliance with all requirements of law and in accordance with the "maintenance schedule" which, if applicable, shall be attached hereto; and

(2) keep the premises, at all times, free and clear of weeds, wastepaper, discarded plastic, graffiti, discarded pallets, and all other trash and debris of any kind.

If Lessee fails to so maintain the demised premises, City may serve a "Notice to Cure" upon Lessee. Said Notice shall prescribe the work to be accomplished by Lessee in order to correct the maintenance deficiencies and shall state the number of calendar days Lessee shall have to complete the work as prescribed in the Notice. The period of "calendar days" in said Notice shall commence seven (7) days following City's deposit of said Notice in the mail. In addition, a copy of the "Notice to Cure" shall be posted on the demised premises in a conspicuous place.

If, in the opinion of Executive Director, any default is of such nature that it cannot physically be corrected within the period originally specified by City, and if the party in default has responded with a course of action and has commenced to remedy such default promptly after the receipt of such Notice, and shall continuously and diligently proceed in good faith to eliminate such default, then the period for correction may be extended at

City's option for such length of time as is reasonably necessary to complete the same.

If the work prescribed in the "Notice to Cure" is not completed by Lessee in a manner reasonably satisfactory to Executive Director, and Lessee fails to correct such work within the time specified by City in the mailed Notice, City may, at City's sole option, and at Lessee's sole cost and expense, enter upon the demised premises and perform whatever work may, in the opinion of Executive Director, be required to correct the maintenance deficiencies. If City exercises this option, Lessee shall pay to City a sum equal to the direct cost of labor and materials expended for said work, plus a surcharge equal to fifty percent (50%) of said direct cost.

Notwithstanding any term, condition, or provision contained in this Section, including, but not limited to, the Notice to Cure provisions, either party may terminate this Lease at any time upon written notice in accordance with the term or termination sections of this Lease.

5. City's Right of Access and Inspection: City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Lessee, to enter upon the demised premises for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Lease, or otherwise, and no abatement of rental shall be claimed by or allowed to Lessee by reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Lessee's business on the demised premises as herein authorized.

6. Restrictions and Regulations. Lessee agrees to abide by any and all:

(1) applicable rules, regulations, orders, and restrictions which are now in force or which may be hereafter adopted by City with respect to the operation of Airport;

(2) orders, directives, or conditions issued, given or imposed by Executive Director with respect to the use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport; and

(3) applicable laws, ordinances, statutes, rules, regulations, or orders of any governmental authority, federal, state, or municipal, lawfully exercising jurisdiction over the

Printed and distributed by  
BY 1050 11/1/04

Standard Language/Forms Series





Lessee's operations and the type insurance involved.

(c) City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Lessee in Lessee's operations at Airport. In the event Lessee fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) day prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Lessee, and Lessee agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead.

At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Lessee shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

(d) Lessee shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Lessee occupying the demised premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

(e) City and Lessee agree that the insurance policy limits specified herein shall be reviewed for adequacy annually

1. City of Los Angeles  
2. City of Los Angeles

1. City of Los Angeles  
2. City of Los Angeles

throughout the term of this Lease by Executive Director, who may, thereafter, require Lessee, on thirty (30) days' prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

(f) Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1777, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency. Lessee agrees, except where exempted, to provide City proof of said insurance by and through a surplus lines broker licensed by the State of California.

8. City Held Harmless. In addition to the provisions of Section 7 herein, Lessee shall indemnify, defend, keep, and hold City, including Board, and City's officers, agents, servants, and employees, harmless from any and all costs, liability, damage, or expense (including costs of suit and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, including property of Lessee, sustained in, on, or about the demised premises or arising out of Lessee's use or occupancy thereof or Airport, as a proximate result of the acts or omissions of Lessee, its agents, servants, or employees.

9. Nondiscrimination and Equal Employment Practices/Affirmative Action Program.

(a) Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Lease for a purpose for which a United States Department of Transportation (hereinafter referred to as "DOT") program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations (hereinafter referred to as "CFR"), DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶1]

(b) Lessee, in its operations at Airport, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby

covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities covered by this Lease; (2) in the construction of any improvements on, over, or under the premises authorized to be utilized herein and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) Lessee shall use said premises in compliance with all other requirements imposed pursuant to Title 49, CFR, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the DOT-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. [LEASE GUIDE, ¶2]

(c) Lessee agrees that in the event of breach of any of the above nondiscrimination covenants, City shall have the right to terminate this Lease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

This provision shall not become effective until the procedures of 49 CFR, Part 21, are followed and completed including expiration of appeal rights. [LEASE GUIDE, ¶3]

(d) Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this Subpart. Lessee assures that it will require that its covered suborganizations provide assurances to Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect. [LEASE GUIDE, ¶7]

(e) In addition, Lessee agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. Lessee further agrees to abide by the provisions of Section 10.8.3 of City's Administrative Code.

10/1/78  
10/1/78

10/1/78

(f) If applicable, Lessee also agrees to abide by the provisions of Section 10.8.4 of City's Administrative Code.

(g) Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service; provided that Lessee shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers. [LEASE GUIDE, ¶4]

(h) Noncompliance with paragraph (g) above shall constitute a material breach thereof, and in the event of such noncompliance, City shall have the right to terminate this Lease without liability therefor, or at the election of City or the United States, either or both said governments shall have the right to judicially enforce the provisions in paragraphs (a), (b), and (g) above. Said termination, however, shall not take place until after Lessee has received written notice of such noncompliance as well as an opportunity to be heard regarding same and to correct the practice causing noncompliance. [LEASE GUIDE, ¶5]

(i) Lessee agrees that it shall insert the provisions found in paragraphs (a), (b), (g), and (h) above in any sublease, assignment, license, or permit by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased. [LEASE GUIDE, ¶6]

10. Taxes and Licenses. Lessee shall pay all taxes of whatever character that may be levied or charged upon the leasehold estate in the demised premises, or upon Lessee's improvements, fixtures, equipment, or other property thereon or upon Lessee's use thereof. Lessee shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Lessee's business or use of the demised premises.

If a claim is made against City for any of the above charges; City shall promptly notify Lessee in writing; provided, however, that failure by City to give such notice shall not constitute a waiver of Lessee's obligation to pay such taxes, license and/or permit fees.

The obligations of Lessee under this Section, however, shall not prevent Lessee from contesting the validity and/or applicability of any of the above charges and during the period of any such lawful contest, Lessee may refrain from making, or

direct the withholding of, any such payment without being in breach of the above provisions. Upon a final determination in which Lessee is held responsible for such taxes and/or fees, Lessee shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, penalties, or surcharges are refunded to City, City shall remit to Lessee such sum(s) to which Lessee is legally entitled.

In addition, by executing this Lease and accepting the benefits thereof, a property interest may be created known as a "possessory interest". If such possessory interest is created, Lessee, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest.

11. Assignments and Subleases. Lessee shall not, in any manner, assign, transfer, or encumber this Lease, or any portion thereof or any interest therein, without the prior written consent of Board, nor sublet or sublease the whole or any part of the demised premises, nor license or permit the use of the same, in whole or in part, without the prior written consent of Executive Director. Consent to one assignment, subletting, use, or occupation shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the prior written consent of Board.

City shall not unreasonably withhold its consent to the assignment of this Lease or the subletting of the premises or any portion thereof; provided, however, that the use of said premises by any such assignee or sublessee must be consistent with the use authorized herein. A request by Lessee for assignment or subletting shall be submitted to City in writing along with a fully executed copy of the proposed assignment or sublease, as well as a copy of all contracts or writings which set forth payments from subtenant(s) to Lessee and/or which describe the acts or services to be performed by or for the subtenant(s) in connection with the use of the space covered by this agreement.

12. Default, Termination, and Rental Payments.

(a) Not Involving Rent or Other Payments.

In the event Lessee fails to abide by the terms and conditions of this Lease, not involving the failure to pay rent or other payments, City shall give Lessee written notice to correct the defect or default and if the same is not corrected, or substantial steps are not taken toward accomplishing such

correction, within ten (10) days after City's mailing such notification, City may terminate this Lease upon giving Lessee a thirty (30) day written notice.

(b) Failure to Pay Rent or Other Payments.

The failure of Lessee to pay the rent, or other required payments, on time is a breach of this Lease for which City may terminate or take such other legal action as it deems necessary or appropriate. City expects all rent to be paid on time and Lessee agrees to pay on time.

In the event Lessee fails to pay the rent, or other required payments, as provided for under the terms and conditions of this Lease, City shall have the right to give Lessee a three (3) day written notice to pay any and all amounts due or quit the demised premises pursuant to the provisions of California Code of Civil Procedure Section 1161.

(c) Rental Payments.

Rental shall be paid by Lessee to City on or before the first day of each calendar month of the term hereof. In the event the commencement or termination date of this Lease falls on any date other than the first day of the calendar month, the applicable rental for that month shall be calculated pro rata according to the number of days during which the demised premises, or any part of same, were occupied by Lessee during said month.

All payments shall be mailed to the following address:  
City of Los Angeles  
Department of Airports  
Accounts Receivable  
File 54989  
Los Angeles, CA 90074-4989

City may designate an alternate address at any time upon giving Lessee a thirty (30) day advance, written notice.

(d) Rental Acceleration.

If, during any calendar year of the term hereof, two or more monthly payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of the rental quarterly in advance. Thereafter, if, during any calendar year of the term hereof, two or more quarterly rental payments are delinquent ten (10) or more business days, City may, at its sole option, require the payment of rental annually in advance. The exercise of one or both of said options, however, shall not constitute an exclusive remedy for City with respect to

delinquent rental payments and shall not be construed to affect the term of this Lease, or abridge City's right to terminate this Lease as otherwise provided herein.

(e) Rental Adjustments.

Upon any approved assignment or sublease of all or a portion of this Lease (other than to the Regional Airports Improvement Corporation, to subsidiaries of Lessee or for security purposes pursuant to paragraph 16 hereof), City shall be allowed to adjust the rental payable by Lessee for that portion of the demised premises being assigned or sublet hereunder using the rental rate established by Board by appropriate Blanket Resolution.

(f) Performance Guarantee.

Lessee shall furnish to City and maintain throughout the term of this Lease a Faithful Performance Guarantee to secure the faithful performance by Lessee of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of rent and any other specified compensation. The initial amount of said Guarantee shall be three (3) times the highest monthly rental prescribed herein.

If Lessee has previously provided such Guarantee to City and if, for any reason, Lessee's monthly monetary obligation to City is thereafter increased in excess of ten percent (10%), then the amount of Lessee's Guarantee shall, within thirty (30) days after receiving written notice from City, correspondingly be increased to a sum three (3) times the new amount.

Performance Guarantees of less than Five Thousand Dollars (\$5,000) shall be in the form of a Certificate of Deposit, Irrevocable Letter of Credit, Surety Bond, cash, cashier's check, business check, Irrevocable Assignment of Account or money order. Performance Guarantees for Five Thousand Dollars (\$5,000) or more shall be in the form of an Irrevocable Letter of Credit or Surety Bond. Letters of Credit shall be self-renewing from year-to-year, subject to termination upon sixty (60) days' written notice. All Performance Guarantees must be approved as to form by the City Attorney.

Lessee shall furnish such Guarantee in duplicate to the Chief Accounting Officer of City's Department of Airports not later than thirty (30) days following commencement of the term hereof or, if applicable, thirty (30) days following adjustment of rental. If, for any reason, said Guarantee is not provided by Lessee and/or is not thereafter maintained in sufficient amount throughout the term hereof, City may terminate this Lease at any

1. City of Honolulu, Hawaii  
2. State of Hawaii

1. City of Honolulu, Hawaii  
2. State of Hawaii



time upon giving Lessee a thirty (30) day advance, written notice. Upon the expiration or earlier termination of this Lease, and if Lessee has satisfied all of its obligations to City hereunder, City shall relinquish to Lessee said Guarantee not later than thirty (30) days following such expiration or earlier termination.

(g) Bankruptcy.

In case of the bankruptcy of Lessee, or the appointment of a receiver for Lessee, or if a receiver is appointed to take possession of the demised premises as a result of any act or omission of Lessee, or if Lessee makes an assignment of this Lease for the benefit of creditors, or if possession of the demised premises is taken by virtue of any attachment, execution, or the levy of any judicial process, and such appointment or taking is not discharged or terminated within sixty (60) days, City, at its election, may, without notice, terminate this Lease.

(h) Liquidated Damages for Delinquent Payment.

Without waiving any rights available under this Lease or by law, in the event of late or delinquent payments, Lessee recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to rental(s) owing, Lessee agrees to pay the liquidated damages set forth below to compensate City for all expenses and/or damages and loss resulting from said late or delinquent payments by Lessee.

The liquidated damages for late or delinquent payments shall be ten percent (10%) per annum, or that percent per annum equal to the prevailing rate on the 25th day of the month preceding the execution of this Lease as established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act plus four and one-half percent (4-1/2%) per annum, whichever is greater, on the balance of the unpaid monthly amount calculated from the date of the delinquency until the close of the business day upon which the delinquency payment is received by City.

(i) Cross-Default. A material default or breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of the terms of this Lease and shall give City the right to terminate this Lease for cause in accordance with the procedures set forth in Section 12(a) herein.

The failure of Lessee (if Lessee is an air carrier) to pay to City its landing fees and charges pursuant to the terms of

1-11-1964  
1-11-1964

1-11-1964

Lessee's operating permit, or if no such permit exists, then in accordance with Board's resolution establishing said fees and charges, is a material breach of this Lease for which City shall have the right to declare Lessee in default and to terminate this Lease in accordance with the procedures set forth in Section 12(a) herein.

13. Waiver. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other term, covenant, or condition, or of any subsequent breach of the same term, covenant, or condition. The subsequent acceptance of rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease other than the failure of Lessee to pay the particular rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

14. Attorney's Fees. If City shall, without any fault, be made a party to any litigation commenced by or against Lessee arising out of Lessee's use or occupancy of the demised premises and as a result of which Lessee is finally adjudicated to be liable, then Lessee shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

15. Hazardous and Other Regulated Substances. Except for conditions existing prior to the original occupancy of the demised premises by Lessee or by Lessee's predecessors in interest, Lessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants, or other similarly regulated substances (hereinafter referred to as "hazardous substances") regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the leasehold, on the user of the land, or on the user of the improvements. Said hazardous substances shall include, but not be limited to, gasoline, aviation, diesel and jet fuels, lubricating oils, and solvents. Lessee agrees that any damages, penalties, or fines levied on City and/or Lessee as a result of noncompliance with

1-11-1987

1-11-1987

any of the above shall be the sole responsibility of Lessee. Further, Lessee shall indemnify and pay and/or reimburse City for any damages, penalties, or fines that City pays as a result of noncompliance with the above; provided, however, with respect to joint-use space, Lessee's responsibility is reduced to the extent Lessee, a sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Except for conditions existing prior to the original occupancy of the demised premises by Lessee or Lessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the leasehold or contamination of the leasehold by any person, Lessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any leakage, contamination, or contaminated ground. In the case of any hazardous substance spill, leak, discharge, or contamination by Lessee or its employees, servants, agents, contractors, or subcontractors on Lessee's premises or as may be discharged in, on or under adjacent property which affects other property of City or its tenants' property, Lessee agrees to make or cause to be made any necessary corrective actions to clean up and remove any spill, leakage, or contamination. If Lessee fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Lessee's sole cost and expense and Lessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

If Lessee installs or uses already installed underground storage tanks, pipelines, or other improvements on the demised premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Lessee agrees, upon the expiration and/or termination of this Lease, to remove and/or clean up, at the sole option of Executive Director, the above-referred-to improvements. Said removal and/or cleanup shall be at Lessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of Executive Director.

Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee

Lessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Lessee

Standard Language, 10A Lease.

to any governmental entity regarding any hazardous substance spill, leak, discharge, or clean-up including all test results.

This Section and the obligations herein shall survive the expiration or earlier termination of this Lease.

16. Airfield Security. Lessee shall be responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, and/or orders of any federal, state, and/or local governmental entity regarding airfield security. Lessee shall be responsible for the maintenance and repair of that portion of the Airport perimeter fence, including gates and doors, that are located on the demised premises or controlled by Lessee. Lessee shall comply fully with applicable provisions of the Federal Aviation Administration Regulations, 14 CFR, Part 107 (and Part 108 if Lessee is an air carrier), including the establishment and implementation of procedures acceptable to Executive Director to control access from the demised premises to air operation areas in accordance with the Airport Security Program required by Part 107. Further, Lessee shall exercise exclusive security responsibility for the demised premises and, if Lessee is an air carrier, do so pursuant to Lessee's Federal Aviation Administration approved Air Carrier Standard Security Program used in accordance with 14 CFR, Part 129.

In addition to the foregoing, gates and doors located on the demised premises which permit entry into restricted areas at Airport shall be kept locked by Lessee at all times when not in use or under Lessee's constant security surveillance. Gate or door malfunctions which permit unauthorized entry into restricted areas shall be reported to Department of Airports' Operations Bureau without delay and shall be maintained under constant surveillance by Lessee until repairs are affected by Lessee or City and/or the gate or door is properly secured.

All civil penalties levied by the Federal Aviation Administration for violation of Federal Aviation Regulations pertaining to security gates or doors located on the demised premises or otherwise controlled by Lessee shall be the sole responsibility of Lessee. Lessee agrees to indemnify City for any federal civil penalties amounts City must pay due to any security violation arising from the use of Lessee's leasehold or the breach of any obligation imposed by this Section.

17. Business Tax Registration. Lessee represents that it has registered its business with the City Clerk of City and has obtained and presently holds from that Office a Business Tax

City of Las Vegas, Nevada  
City Clerk's Office

Standard Employment Contract

Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of City's Municipal Code). Lessee shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

18. Signs. No identification signs pertaining to Lessee's operations shall be installed or placed in or on the demised premises or airport until Lessee has submitted to Executive Director, for approval in writing, drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein. Any conditions with respect to the use of said signs stated by Executive Director in the latter's written approval thereof shall be conditions thereof as if set forth herein at length.

Lessee shall not, at any time, under any circumstances, install, place, or maintain any type of advertising on the demised premises.

In addition, Lessee's ticket counter, ticket lifts, and podiums leased hereunder shall be free of all advertising, signs, credit card application dispensing units, posters, and banners, including, but not necessarily limited to, those showing Lessee's name, destinations, rates, rent-a-car arrangements, or other services. Noncompliance by Lessee with this provision shall result, following a three (3) day written notice by City to Lessee, in City's right to remove said unauthorized signs, advertising, or other written materials and to store same at Lessee's expense.

19. Disabled Access. Lessee shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws, and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the leasehold including any services, programs, or activities provided by Lessee. Lessee shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Lessee's noncompliance. Further, Lessee agrees to cooperate fully with City in its efforts to comply with Title II of the Americans With Disability Act of 1990.

20. Living Wage and Service Worker Retention Requirement.

(a) Living Wage Ordinance. Lessee agrees, as a part of its obligations under this lease, that it shall comply with the terms of the Living Wage Ordinance as set forth in Los

Angeles Administrative Code Section 10.37, et seq., including any future amendments, a copy of which is attached hereto and incorporated herein by this reference.

(b) Service Contractor Worker Retention Ordinance. Lessee agrees, as a part of its obligations under this Lease, that it shall comply with the terms of the Service Contractor Worker Retention Ordinance as set forth in Los Angeles Administrative Code Section 10.36, et seq., including any future amendments, a copy of which is attached hereto and incorporated herein by this reference.

(c) No Retaliation. Lessee shall not retaliate against any employee lawfully asserting noncompliance with the provisions of either the Living Wage Ordinance or Service Contractor Workers Retention Ordinance.

(d) City Remedies. Lessee's violation of the Living Wage Ordinance or Service Contractor Worker Retention Ordinance shall be deemed to be a default under Section 12 hereof and City shall be entitled to pursue all remedies available under such Section, including, but not limited to, terminating this Lease.

(e) Pledge of Lessee. Lessee hereby pledges, and shall require each of its subcontractors, within the meaning of the Living Wage Ordinance with respect to the demised premises, to pledge to and comply with the terms of federal law proscribing retaliation for union organizing. Lessee shall deliver the executed pledges from each such subcontractor to City within ninety days of the full execution of this Lease. Lessee's delivery of executed pledges from each such subcontractor shall fully discharge Lessee's obligations with respect to such pledges and fully discharge the obligation of the Lessee and the subcontractors to comply with the provision in the Living Wage Ordinance, contained in Section 10.37.6(c), concerning compliance with such federal law.

(f) Subcontractor Compliance. Lessee agrees to include, in every subcontract or sublease covering the demised premises entered into between Lessee and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the Living Wage Ordinance and the Service Contractor Worker Retention Ordinance with respect to the demised premises; (B) agrees not to retaliate against any employee lawfully asserting noncompliance on the part of the Subcontractor with the provisions of either the Living Wage Ordinance or the Service Contractor Worker Retention Ordinance; and (C) agrees and acknowledges that City, as the intended third-party beneficiary,

EXHIBIT A  
PARTIAL SCHEDULE

STANDARD LANGUAGE FOR LESSEES

of this provision may (i) enforce the Living Wage Ordinance and Service Contractor Worker Retention Ordinance directly against the subcontractor with respect to the demised premises, and (ii) invoke, directly against the subcontractor with respect to the demised premises, all the rights and remedies available to City under Section 10.37.5 of the Living Wage Ordinance and Section 10.36.3 of the Service Contractor Worker Retention Ordinance, as same may be amended from time to time.

21. Child Support Orders. Lessee agrees, as part of its obligations under this Lease, that it shall comply with the terms of the Child Support Assignment Orders Ordinance as set forth in Los Angeles Administrative Code Section 10.10, et seq., Ordinance No. 172,401, a copy of which is attached hereto and incorporated by this reference.

22. Visual Artists' Rights Act.

(a) Lessee shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., hereinafter collectively "VARA" on or about the demised premises without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

(b) Lessee is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the demised premises without the prior, written approval and waiver of the Executive Director. Any work of art installed on the demised premises without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Executive Director, upon three (3) days' written notice, all costs, expenses, and liability therefor to be borne exclusively by Lessee.

(c) Lessee, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in this Lease, shall indemnify and hold harmless City from all liability resulting from Lessee's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision.

(d) The rights afforded City under this provision shall not replace any other rights afforded City in this Lease or otherwise, but shall be considered in addition to all its other rights.

10/10/00 10/10/00 10/10/00  
10/10/00 10/10/00

10/10/00 10/10/00 10/10/00

23. Interpretation.

(a) Fair Meaning. The language of this Lease shall be construed according to its fair meaning, and not strictly for or against either City or Lessee.

(b) Section Headings. The section headings appearing herein are for the convenience of City and Lessee, and shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning, or intent of the provisions of this Lease.

(c) Void Provisions. If any provision of this Lease is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Lease, and all such other provisions shall remain in full force and effect.

(d) Two Constructions. It is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

(e) Laws of California. This Lease shall be construed and enforced in accordance with the laws of the State of California.

(f) City's Consent. In each instance herein where City's, Board's or Executive Director's approval or consent is required before Lessee may act, such approval or consent shall not be unreasonably withheld.

(g) Gender. The use of any gender herein shall include all genders, and the use of any number shall be construed as the singular or the plural, all as the context may require.

(h) Section 308 Exclusivity. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act [49 U.S.C. 40103 (Public Law 103-272; 108 STAT. 1102)]. [LEASE GUIDE, ¶15]

(i) Rights of United States Government. This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation, or maintenance of Airport. [LEASE GUIDE, ¶10]



(j) War or National Emergency. This Lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency. [LEASE GUIDE, ¶16]

(k) Time. Time shall be of the essence in complying with the terms, conditions, and provisions of this Lease.

(l) Integration Clause. It is understood that no alteration or variation of the terms of this Lease/Permit shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto.

24. Other Agreements Not Affected. Except as specifically stated herein, this Lease, and the terms, conditions, provisions and covenants hereof, shall apply only to the demised premises herein particularly described and shall not in any way change, amend, modify, alter, enlarge, impair, or prejudice any of the rights, privileges, duties, or obligations of either of the parties hereto, under or by reason of any other agreement between said parties, except that nothing contained in such other agreement shall limit the use by Lessee of the within demised premises for the herein referred to purpose.

25. Noise Abatement Procedures (applicable to LAX air carriers only). Pursuant to the requirements of the 1993 LAX Noise Variance and in order to limit the use of auxiliary power units (APU's), Lessee hereby agrees to provide a sufficient number of ground power units at each gate and maintenance area used by Lessee's aircraft on the demised premises. Said ground power units shall be made available for use by Lessee's aircraft within ninety (90) days from the effective date of this Lease. Further, Lessee hereby agrees to comply with the Department of Airports' Noise Abatement Rules and Regulations.

26. Notices. Written notices to City hereunder and to the City Attorney of the City of Los Angeles shall be given by registered or certified mail, postage prepaid, and addressed to said parties at Department of Airports, 1 World Way, Post Office Box 92216, Los Angeles, CA 90009-2216, or to such other address as these parties may designate by written notice to Lessee.

Written notices to Lessee hereunder shall be given by registered or certified mail, postage prepaid, and addressed to County Sanitation District No. 20 of Los Angeles County, P.O. Box 4998, Whittier, CA 90607-4998, or to such other address as Lessee may designate by written notice to City.

The execution of any such notice by Executive Director shall be as effective as to Lessee as if it were executed by Board or by Resolution or Order of said Board, and Lessee shall not question the authority of Executive Director to execute any such notice.

All such notices, except as otherwise provided herein, may either be delivered personally to Executive Director or to the Office of the City Attorney, Airport Division, in the one case, or to Lessee in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid by certified or registered mail, return receipt requested, and shall be effective five (5) days after deposit in the mail.



EXHIBIT C-6

CONFORMED COPY

CSD CONTR NO. 3871B

Board File

No. ~~PIA-~~ 208

CONSENT TO SUBLEASE AGREEMENT BETWEEN COUNTY SANITATION DISTRICT  
NO. 20 OF LOS ANGELES COUNTY AND ANTELOPE VALLEY FARMING, LLC,  
UNDER GROUND LEASE NO. PIA-208 AT PALMDALE REGIONAL AIRPORT

---

The SUBLEASE AGREEMENT, and the Amendment thereto, between COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, a Special District organized under the County Sanitation District Act ("Sublessor"), and ANTELOPE VALLEY FARMING, LLC, a California Limited Liability Corporation ("Sublessee"), a copy of which is attached hereto and identified as Exhibit "A" ("Sublease Agreement") and incorporated by this reference with regard to certain premises at Palmdale Regional Airport ("Airport") and leased by the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through its Board of Airport Commissioners ("City"), to Sublessor pursuant to Lease No. PIA-208 ("Master Lease"), is approved and consented to subject to the following terms and conditions:

Section 1. The Sublease Agreement and all rights and obligations thereunder shall be subordinate to, and Sublessee shall strictly comply with, all terms, covenants, and conditions of Master Lease No. PIA-208, as amended, or hereinafter amended, without reservation, qualification, or change except as City and Sublessee may otherwise agree in writing.

Section 2. Neither Sublessor nor Sublessee shall, by amendment or otherwise, alter the rights and obligations contained in said Sublease Agreement, approved by this Consent to Sublease Agreement, without the prior written consent of City, and consent to one such change shall not be deemed to be a consent to any subsequent change.

Section 3. Any improvements placed upon the subleased premises by Sublessee shall strictly comply with the terms of Lease No. PIA-208, as amended, or hereinafter amended.

Section 4. Sublessee shall permit inspection of the subleased premises subject to the terms of Lease No. PIA-208, as amended, or hereinafter amended.

Section 5. Sublessee agrees to observe, obey, and abide by all ordinances, field rules, and other regulations of City applicable to the subleased premises and the common and joint use of Airport facilities, and in the maintenance and conduct of all operations thereon pursuant to the provisions of said Lease No. PIA-208, as amended, or hereinafter amended, including all orders, directives, conditions, rules or regulations issued, given or imposed by the Executive Director of City's Department of Airports ("Executive Director") or the Board of Airport Commissioners ("Board"). The obligations imposed herein are in addition to the obligations imposed under the Master Lease and, in the event of a conflict, the provisions of this Consent to Sublease Agreement shall control.

Section 6. Sublessee shall not assign, sell, sublease, or otherwise transfer its interest in the demised premises, nor license or permit the use of same in whole or part, without the prior, written consent of City, and a consent to one assignment, sub-letting, or renting by another person shall not be deemed to be a consent to any subsequent assignment, subletting, or use by any other person. Any such assignment or subletting without such consent shall be voidable at City's option. Lease No. PIA - 208 shall not, nor shall any interest therein, be assignable as to the interest of Sublessee by operation of law without the prior, written consent of City.

Section 7. Hazardous and Other Regulated Substances. Except for conditions existing prior to the original occupancy of the demised premises by sublessee or by Sublessee's predecessors in interest, Sublessee agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes,

laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing and/or disposal of hazardous wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants, or other similarly regulated substances ("hazardous substances") regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the leasehold, on the user of the land, or on the user of the improvements. Said hazardous substances shall include, but not be limited to, gasoline, aviation, diesel and jet fuels, lubricating oils and solvents. Sublessee agrees that any damages, penalties, or fines levied on City and/or Sublessee as a result of noncompliance with any of the above shall be the sole responsibility of Sublessee. Further, Sublessee shall indemnify and pay and/or reimburse City for any damages, penalties, or fines that City pays as a result of noncompliance with the above; provided, however, with respect to joint-use space, Sublessee's responsibility is reduced to the extent a sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Except for conditions existing prior to the original occupancy of the demised premises by Sublessee or Sublessee's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, or improper storage on the leasehold or contamination of the leasehold by any person, Sublessee agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any leakage, contamination, or contaminated ground. In the case of any hazardous substance spill, leak, discharge, or contamination by Sublessee or its employees, servants, agents, contractors, or subcontractors on Sublessee's premises or as may be discharged in, on, or under adjacent property which affects other property of City or its tenants' property, Sublessee agrees to make or cause to be made any necessary corrective actions to clean

up and remove any spill, leakage or contamination. If Sublessee fails to repair, clean up, properly dispose of or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Sublessee's sole cost and expense and Sublessee shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, cleanup, or corrective action it takes.

If Sublessee installs or uses already installed underground storage tanks, pipelines, or other improvements on the demised premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Sublessee agrees, upon the expiration and/or termination of this Lease, to remove and/or clean up, at the sole option of Executive Director, the above-referred to improvements. Said removal and/or cleanup shall be at Sublessee's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of Executive Director.

Sublessee shall promptly supply City with copies of all notices, reports, correspondence, and submissions made by Sublessee to any governmental entity regarding any hazardous substance spill, leak, discharge, or clean-up including all tests results.

This Section and the obligations herein shall survive the expiration or earlier termination of the Sublease Agreement and this Consent to Sublease Agreement.

**Section 8. Cross-Default.** A default or breach of the terms of any other lease, permit, or contract held by Sublessor and/or Sublessee with City shall constitute a material breach of the terms of this Consent to Sublease Agreement and shall be grounds for the



termination for cause of the Master Lease and shall give the City the unilateral right to terminate this Consent to Sublease Agreement for cause.

The failure of Sublessor and/or Sublessee to pay its airport rents, landing fees, and other charges to City in full and on time, in accordance with the resolutions of the Board shall constitute a material breach and default of the Consent to Sublease Agreement.

**Section 9. Insurance.**

(a) Sublessee shall procure at its expense, and keep in effect at all times during the term of this Consent to Sublease Agreement, the types and amounts of insurance specified in Exhibit "B" hereof. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board, and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described on Exhibit "B" hereof as respects Sublessee's acts or omissions in its operations, use, and occupancy of the premises hereunder or other related functions performed by or on behalf of Sublessee in, on, or about Airport.

(b) Each specified insurance policy (other than Worker's Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Consent to Sublease Agreement with the City of Los Angeles.."

(c) All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airports where liability arises out of or results from the acts or omissions of Sublessee, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Sublessee. Such policies may provide for reasonable deductibles and/or retentions acceptable to Executive Director based upon the nature of Sublessee's operations and the type insurance involved.

(d) City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them a partner or joint venturer with Sublessee in Sublessee's operations at Airport. In the event Sublessee fails to furnish City evidence of insurance and maintain the insurance as required, City, upon a ten (10) day prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Sublessee, and Sublessee agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead.

At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Sublessee shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

(e) Sublessee shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to Executive Director in both form and

content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with provisions in Section 11.47 through 11.56 of City's Administrative Code prior to Sublessee occupying the demised premises. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

(f) City and Sublessee agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Consent to Sublease Agreement by Executive Director who may, thereafter, require Sublessee, on thirty (30) days' prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

(g) Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1777, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency. Sublessee agrees, except where exempted, to provide City proof of said insurance by and through a surplus lines broker licensed by the State of California.

Section 10. The waiver by Sublessor of any term, covenant, or condition herein contained shall not be deemed to be a waiver by City of any such term, covenant, or condition or by said parties of any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of compensation hereunder by Sublessor shall not be deemed to be a waiver of any preceding breach by Sublessee of any term, covenant, or condition of this Consent to Sublease or of Lease No. PIA - 208, other than the failure of Sublessee to pay the particular sum(s) so accepted, regardless of any preceding breach at the time of acceptance of such amount(s).

Section 11. Disabled Access. Sublessee will be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government entity and/or court regarding handicapped access to improvements located on the leasehold. Sublessee will be solely responsible for any damages caused and/or penalties levied as the result of its non-compliance. However, with respect to the joint-use areas, Sublessee's responsibility is reduced to the extent another sublessee or permittee sharing such joint-use space is legally determined to be responsible therefor.

Should Sublessee's compliance responsibility for Sublessee's operated facilities covered by this Consent to Sublease Agreement shift to City due to Sublessee's failure to respond, then the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge, shall be recovered by City from Sublessee.

Section 12. City Held Harmless. In addition to the provisions of Section 9 herein, Sublessee shall defend, indemnify, and keep and hold City, including its Board and City's officers, agents, servants and employees, harmless from any and all loss, costs, liability, damage

or expense (including court costs, interest and fees and reasonable expenses of legal services) claimed by anyone by reason of injury to or death of persons, or damage to or destruction of property, real or personal, including property of Sublessor and/or Sublessee, sustained in, on or about the Demised Premises or other jointly used Airport areas, or arising out of, resulting from or in connection with Sublessee's use or occupancy thereof or as arising out of, resulting from or in connection with the acts or omissions of Sublessee, its agents, servants, employees, contractors, customers, concessionaires, vendors or invitees.

Section 13. Attorney's Fees. Except for the sole and exclusive fault of City, if City shall be made a party to any litigation commenced by or against Sublessee arising out of or relating in any way to Sublessee's operations, acts and/or omissions and as a result of which Sublessee is held liable, in whole or in part, by settlement, compromise, adjudication, arbitration or otherwise, then Sublessee shall pay all costs and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

Section 14.

(a) Sublessee, in its operations at Airport, for itself, its personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color or national origin shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of the facilities covered by this Sublease; (2) that in the construction of any improvements on, over or under the premises authorized to be utilized herein and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or

otherwise be subjected to discrimination; and (3) that Sublessee shall use said premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally - Assisted programs of the Department of Transportation- Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. Sublessee agrees that in the event of breach of any of the above-nondiscrimination covenants, City shall have the right to terminate this Sublease and to reenter and repossess said land and the facilities thereon, and hold the same as if said Sublease had never been made or issued. This provision does not become effective until the procedures of 49 CFR, Part 21, are followed and completed including expiration of appeal rights.

(b) Sublessee, during the term of this Sublease, agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age or physical handicap. Sublessee further agrees to abide by the provisions of Section 10.8.3 of City's Administrative Code, if applicable, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$500 BUT NOT IN EXCESS OF \$5,000, which Certification City acknowledges Sublessee has previously submitted and which shall remain valid for one (1) year from the date hereof.

(c) Sublessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Sublessee may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

(d) Noncompliance with paragraph (c) above shall constitute a material breach thereof, and in the event of such noncompliance, City shall have the right to terminate this Sublease and the estate hereby created without liability therefor, or at the election of City or the United States, either or both said governments shall have the right to judicially enforce the provisions of paragraphs (a) and (c) above.

Section 15. In any dispute involving or relating to this Consent to Sublease Agreement to which the City is a party, this Consent to Sublease Agreement shall be governed by the laws of the State of California and venue shall lie in Los Angeles County.

IN WITNESS WHEREOF, City has caused this Consent to Sublease Agreement under Lease No. PIA-208 to be executed by the Executive Director of its Department of Airports.

DATED: August 20, 200<sup>3</sup>.

CITY OF LOS ANGELES

Rockard J. Delgadillo, City Attorney

Date: AUGUST 6, 2003

By: James J. [Signature]  
City Attorney

By [Signature]  
Executive Director  
Department of Airports  
Karen L. Simon, CFO

The foregoing provisions are hereby accepted and the undersigned agree to be bound by the conditions herein stated.

DATED: FEB 23 2002, ~~2002~~

By M. Alma Horvath  
Secretary (Signature)

M. ALMA HORVATH  
Print Name

SUBLESSOR:

COUNTY SANITATION DISTRICT  
NO. 20 OF LOS ANGELES COUNTY

By James F. Stahl  
Signature

JAMES F. STAHL  
Print Name

CHIEF ENGINEER & GENERAL MANAGER  
Print Title

[SEAL]

DATED: FEBRUARY 19, 2002<sup>3</sup>

By [Signature]  
Secretary (Signature)

[Signature]  
Print Name

SUBLESEE:

ANTELOPE VALLEY FARMING, LLC

By [Signature]  
Signature

[Signature]  
Print Name

[Signature]  
Print Title

[SEAL]

County Sanitation District No. 20  
Consent to Sublease Agreement  
196449v1 - JLS - 10/28/02



Manning  
CSD Contr #3871

## SUBLEASE AGREEMENT

This Sublease Agreement is made and entered into this 23<sup>rd</sup> day of January, 2002 by and between COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, a special District organized under the County Sanitation District Act (Health and Safety Code Section 4700 et. seq.), hereinafter referred to as the "DISTRICT," and ANTELOPE VALLEY FARMING, LLC, a California Limited Liability Corporation, hereinafter referred to as "AVF."

### RECITALS

WHEREAS, the DISTRICT owns and operates the Palmdale Water Reclamation Plant ("Palmdale WRP") located at 39300 30th Street East, Palmdale, California, 93550; and

WHEREAS, Palmdale WRP treats wastewater and discharges effluent known as "reclaimed water"; and

WHEREAS, the DISTRICT is authorized to sell or otherwise put to beneficial use any reclaimed water produced at Palmdale WRP, subject to governmental regulations; and

WHEREAS, the DISTRICT is entering into a twenty (20) year lease, hereinafter referred to as "Lease," for 2,680 acres of land, hereinafter referred to as "Leased Premises," which is owned by the City of Los Angeles, a municipal corporation, and is located adjacent to the Palmdale WRP; and

WHEREAS, the DISTRICT currently discharges reclaimed water produced at the Palmdale WRP at the Leased Premises; and

WHEREAS, the Waste Discharge Requirements prescribed for the Palmdale WRP by the California Regional Water Quality Control Board, Lahontan Region, require the DISTRICT to increase agricultural reuse of reclaimed water at the Leased Premises by June 2003 in order to protect groundwater quality; and

WHEREAS, the DISTRICT will be authorized under the terms of the DISTRICT's Lease with the City of Los Angeles, a copy of which is attached hereto as Exhibit A, to sublease, with written consent of the City of Los Angeles, a portion of the Leased Premises, hereinafter referred to as "Subleased Premises," for agricultural reuse operations; and

EXHIBIT A

WHEREAS, the Subleased Premises shown on attached Exhibit "B" are legally described as:

*A parcel of land consisting of approximately 320 acres comprised of the southeast quarter of Section 10, Township 6 North, Range 11 West, of the San Bernardino Baseline and Meridian, and the southwest quarter of Section 11, Township 6 North, Range 11 West, of the San Bernardino Baseline and Meridian; and*

WHEREAS, reclaimed water currently produced at the Palmdale WRP is suitable for non-potable uses including, but not limited to, irrigation of alfalfa and other fodder crops; and

WHEREAS, the DISTRICT desires to sublease the Subleased Premises to a qualified farming entity to conduct a water reuse agricultural demonstration/research project and to increase agricultural reuse of reclaimed water at the Leased Premises; and

WHEREAS, the DISTRICT published a Request for Proposals to solicit proposals from farming entities interested in conducting a water reuse agricultural demonstration/research project at the Subleased Premises; and

WHEREAS, the DISTRICT reviewed and rated the proposals submitted and selected AVF as the most qualified farming entity; and

WHEREAS, AVF desires to sublease the Subleased Premises from the DISTRICT for the purpose of cultivating alfalfa and other fodder crops approved by the DISTRICT; and

WHEREAS, the DISTRICT has a goal of protecting groundwater quality at the Leased Premises and AVF recognizes this and plans to run its operation to not only be profitable, but also to protect the groundwater at the Leased Premises; and

NOW, THEREFORE, the DISTRICT and AVF mutually agree, as follows:

1. **SUBLEASED PREMISES**

DISTRICT shall sublease to AVF and AVF shall sublease from DISTRICT the Subleased Premises described above and shown on Exhibit "B," which is attached hereto and by reference made a part hereof.

2. **USE OF SUBLEASED PREMISES**

AVF's use of the Subleased Premises shall be limited to the farming of alfalfa, or other fodder crops approved by the DISTRICT, utilizing two (2) center-pivot irrigation systems. AVF shall be allowed to use, subject to DISTRICT approval, other means of irrigation for the areas of the Subleased Premises that are beyond the reach of the two (2) center-pivots. AVF agrees not to use the Subleased Premises for any other purpose nor to engage in or permit any other activity within or from the Subleased Premises.

3. **LIMITATION OF LEASEHOLD**

This Sublease and the rights and privileges granted AVF in and to the Subleased Premises are subject to all covenants, conditions, restrictions, and exceptions of record or apparent, including the DISTRICT's Lease with the City of Los Angeles, attached as Exhibit "A." Nothing contained in this Sublease or in any document related hereto shall be construed to imply the conveyance to AVF of rights in the Subleased Premises that exceed those held by the DISTRICT, or any representation or warranty, either expressed or implied, relating to the nature or condition of the Subleased Premises or the DISTRICT's interest therein. AVF acknowledges that AVF has conducted a complete and adequate investigation of the Subleased Premises and that AVF has accepted the Subleased Premises in its "as is" condition.

4. **SECURITY**

AVF agrees to be responsible for the security of the Subleased Premises.

5. **ACCESS**

AVF hereby authorizes, at all times, the DISTRICT or any authorized representative of the California Regional Water Quality Control Board, Lahontan Region and the City of Los Angeles, to enter upon the Subleased Premises where the reclaimed water is being used and to inspect such use of reclaimed water.

The DISTRICT hereby authorizes AVF to utilize existing roads within the Leased Premises to access the Subleased Premises

6. LAND PREPARATION

The DISTRICT shall remove all debris stockpiled and all sand dunes at the Subleased Premises. AVF, at its own cost, shall be responsible for all additional necessary land preparation including, but not limited to, clearing, grubbing, leveling, discing, plowing, and addition of soil amendments.

7. BEST MANAGEMENT PRACTICES

AVF agrees to conform agricultural practices to the Natural Resources Conservation Services recommendations concerning soil erosion. This includes, but is not limited to, implementation of the following practices where appropriate: deep furrow plowing when land is not in active use, planting of a cover crop to resist wind erosion, and irrigation of the soil sufficient to retard wind erosion.

AVF agrees not to create or permit any public or private nuisance in, on, or from the Subleased Premises, or to commit or permit to be committed any waste within the Subleased Premises. In particular, AVF agrees to make every effort to maintain the Subleased Premises as dust free and as aesthetically pleasing as practically possible.

AVF shall cooperate with the DISTRICT concerning fertilizer, pesticide, herbicide, and fungicide application; crop tissue analysis; soil sampling; and nuisance prevention/elimination. AVF agrees to implement Best Management Practices (BMPs) that are customary within the farming community. The BMPs for the operation of the Subleased Premises should include, but are not limited to, the following:

- A. No use of nitrogen fertilizers or other amendments without prior approval from the DISTRICT.
- B. Use of new nozzle packs on each center-pivot to ensure optimum irrigation uniformity, or testing of the system by a qualified individual to verify a field Distribution Uniformity of 85%.
- C. No use of end-cannons on the center-pivots.
- D. Design and operation of irrigation system to minimize atomization of water droplets and subsequent drift of irrigated reclaimed water off-site. AVF and the DISTRICT shall agree on sprinkler nozzle sizes, pressures, acceptable height, and/or the use of drop tubes to minimize drift of reclaimed water spray.

- E. No discharge or runoff of reclaimed water beyond the Subleased Premises.
- F. Maintenance of the Subleased Premises in an orderly and clean condition.
- G. Reduction of irrigation during rain events.
- H. Application of pesticides and soil amendments, when needed, at agronomic rates approved by the DISTRICT at the annual meetings specified in Section 9.C.
- I. Cultivation of land within the reach of the center-pivots, and minimization of wind erosion and tumbleweeds in the areas outside the reach of the center-pivots.
- J. Restriction of access to the Subleased Premises.
- K. Avoidance of operations/actions that could adversely impact groundwater quality.
- L. Implementation of measures, such as planting willow trees, installing nets, berms, or similar structures, to minimize the drift of dust and reclaimed water spray, if necessary.
- M. Maintenance of "Recycled Water - Do Not Drink" signs that shall be installed by the DISTRICT adjacent to the irrigation operations at the Subleased Premises.

8. **IRRIGATION RATES**

AVF shall accept and use a volume of reclaimed water each month that shall not be less than the demand for irrigation of alfalfa or other fodder crops approved by the DISTRICT. A reclaimed water irrigation schedule that lists minimum monthly deliveries for alfalfa is shown in Table 1. If another crop is approved by the DISTRICT, the DISTRICT shall provide AVF with an appropriate minimum irrigation schedule. For any month, AVF may calculate compliance with the delivery schedule shown in Table 1 by dividing the volume of reclaimed water used to irrigate alfalfa by the actual number of acres of alfalfa cultivated.

Table 1: Minimum Reclaimed Water Irrigation Schedule for Alfalfa

MONTH	INCHES	ACRE-FEET PER ACRE
January	2.2	0.18
February	3.0	0.25
March	5.2	0.43
April	6.7	0.56
May	8.5	0.71
June	9.8	0.82
July	10.8	0.90
August	9.8	0.82
September	7.8	0.65
October	6.0	0.50
November	3.1	0.26
December	2.1	0.18

**Basis of Irrigation Rates**

*Minimum irrigation rates are based on average monthly evapotranspiration rates (inches) estimated at the site and multiplied by a crop coefficient (Kc) of 0.95 for alfalfa and other appropriate conversion factors. Minimum irrigation rates are based on 85 percent application efficiency.*

If requested by the DISTRICT, AVF agrees to accept reclaimed water above the minimum monthly delivery schedule provided the receipt of such reclaimed water does not damage AVF's crop.

Both the DISTRICT and AVF recognize that crop harvesting, weather conditions, or unforeseen circumstances may result in an irrigation schedule that deviates from the approved irrigation schedule. AVF shall notify the DISTRICT, as soon as possible, if there shall be a deviation from the approved irrigation schedule. In such case, AVF shall indicate to the DISTRICT in their monthly report, specified in Section 9.A., the reason that the actual irrigation rate differs from the approved irrigation schedule. Notwithstanding the foregoing, the DISTRICT shall provide adequate reclaimed water for irrigation, and AVF shall not restrict or refuse the delivery of reclaimed water until all irrigation sites available to AVF have been utilized to their maximum capacity.

9. MONITORING AND REPORTING

The DISTRICT shall have the responsibility of reporting to the California Regional Water Quality Control Board, Lahontan Region.

As required by the Waste Discharge Requirements prescribed by the California Regional Water Quality Control Board, Lahontan Region for the Palmdale WRP, the DISTRICT and AVF mutually agree to implement the following monitoring and reporting program:

A. AVF's Monitoring and Reporting Responsibilities

- 1) AVF shall report to the DISTRICT by the 20th of each month information from the previous month using the form in Exhibit "C" or equivalent. Exhibit "C" may be revised upon mutual agreement.
- 2) AVF shall maintain records of all the items in Exhibit "C" for submittal to the DISTRICT upon request.

B. The DISTRICT's Monitoring and Reporting Responsibilities

- 1) Prior to each annual meeting, specified in Section 9.C., the DISTRICT shall provide AVF the following information: analyses of effluent water quality, soils, and plant tissue along with an interpretation of results from an agronomist.
- 2) Upon request by AVF, the DISTRICT shall submit evaporation rates from the Standard Evaporation Type "A" evaporation pan located at the Palmdale WRP, rainfall rates from the rain gauge located at the Palmdale WRP, and any other available information.
- 3) The DISTRICT shall immediately inform AVF of any condition that may cause the reclaimed water to be unsuitable for reuse or if it presents a risk to public health or the environment.

C. Annual Meetings

The DISTRICT and AVF shall meet annually or, if requested, more frequently to review the water reuse agricultural demonstration/research project. The first meeting shall take place within two (2) weeks of the date of the execution of this Sublease. Subsequent meetings shall take place in November of each year, and may include consultants and representatives hired by the DISTRICT or AVF. The meeting shall be used to review analytical results; irrigation rates and methods; need for fertilizers, pesticides, and soil amendments; new BMPs; and other relevant information in order to refine the agricultural demonstration/research project and approve an irrigation schedule for the following growing season. AVF shall also inform the DISTRICT of any substantial deviations from the agricultural demonstration/research project as defined in this Sublease.

10. CROP OWNERSHIP AND HARVESTING

AVF, at its own cost, shall be responsible for harvesting and transporting from the Subleased Premises all crops grown. AVF shall own all crops grown at the Subleased Premises.

11. RECLAIMED WATER QUANTITY AND CONVEYANCE

The DISTRICT shall provide, through the existing force main that runs along Avenue O, sufficient secondary-treated reclaimed water from the Palmdale WRP for the irrigation of alfalfa or other fodder crops at the Subleased Premises. AVF recognizes that the DISTRICT cannot provide more reclaimed water than the Palmdale WRP produces. The DISTRICT agrees to provide a point of connection on the force main from which reclaimed water may be drawn, at no cost to AVF. The DISTRICT shall install, operate, and maintain a flow metering device downstream of the point of connection for the purpose of measuring all the reclaimed water delivered to the Subleased Premises pursuant to the terms of this Sublease. AVF shall be responsible for purchasing, installing, operating, and maintaining, at no cost to the DISTRICT, the pipes and ancillary structures necessary to convey reclaimed water from the DISTRICT's force main to the irrigation equipment.

The DISTRICT reserves the right to deliver reclaimed water to other users from the DISTRICT's force main provided that such use does not interfere with the delivery of reclaimed water to AVF under the provisions of this Sublease. The DISTRICT shall have the right to enter the Subleased Premises for this purpose.



For any proposed extension or alteration to AVF's irrigation system that was not previously authorized by the Department of Health Services or the California Regional Water Quality Control Board, Lahontan Region, AVF must obtain the DISTRICT's approval at least ninety (90) days before modifying the irrigation system.

In the event tertiary-treated reclaimed water is generated at the Palmdale WRP, AVF shall not be entitled to tertiary-treated reclaimed water unless there is sufficient uncommitted tertiary-treated reclaimed water to irrigate the Subleased Premises. However, AVF may continue their agricultural operations at the Subleased Premises by using groundwater at the Leased Premises.

## 12. QUALITY OF RECLAIMED WATER

The DISTRICT agrees to use its best efforts to supply reclaimed water that conforms to the current requirements of the California Regional Water Quality Control Board, Lahontan Region, and other applicable regulatory agencies. The purchase, installation, operation, and maintenance of any additional screening and filtration equipment necessary to remove algae and solids from the reclaimed water shall be the responsibility of AVF. To the extent reasonably practical, the DISTRICT shall assist in the operation and maintenance of AVF's screening and filtration equipment.

AVF recognizes that factors could cause operational difficulties at the Palmdale WRP resulting in the temporary production of reclaimed water that does not meet the legal requirements established by the California Regional Water Quality Control Board, Lahontan Region, and other applicable regulatory agencies, for AVF's intended uses. In such case, the DISTRICT may temporarily suspend the right to withdraw water from DISTRICT's facilities. AVF hereby waives any right that it might have to recover from DISTRICT damages attributable to such interruption. The DISTRICT agrees to use its best efforts to cause the reclaimed water to be available. However, should reclaimed water not be available for a period of seven (7) consecutive days, AVF may use groundwater at the Leased Premises.

## 13. LIMITATION OF USE OF RECLAIMED WATER

AVF understands and agrees that the reclaimed water from the Palmdale WRP furnished pursuant to the terms of this Sublease has limited uses, and AVF agrees to use said reclaimed water for only those uses or purposes that are legally permissible under the laws of the state and the requirements of the appropriate

regulatory agencies, such as those contained in the State of California's Water Recycling Criteria, *California Code of Regulations, Title 22, Chapter 3.*

14. SALE OF RECLAIMED WATER

AVF agrees that the reclaimed water delivered pursuant to this Sublease is to be used only by AVF and is not to be sold or delivered to any other person or entity.

15. ELECTRICAL SUPPLY

The DISTRICT shall bear the costs associated with establishing electrical power service to the site, which includes installation and maintenance of overhead power poles, a transformer, and switchboard. The DISTRICT agrees to provide a point of connection, which shall be a 3-phase, 480-volt, 1,200-ampere switchboard, from which electricity may be drawn. AVF shall be responsible for purchasing, installing, operating, and maintaining, at no cost to the DISTRICT, the equipment and ancillary structures necessary to convey electricity to the irrigation equipment, and any other equipment requiring electricity. AVF shall also be responsible for all electrical bills and costs resulting from the operation and maintenance of the agricultural reuse operations.

AVF recognizes that there could be interruptions of electrical supply and hereby waives any right which it might have to recover from the DISTRICT damages attributable to such interruption.

The DISTRICT reserves the right to deliver electricity to other users from the DISTRICT's switchboard, provided that such use does not interfere with the delivery of electricity to AVF under the provisions of this Sublease. The DISTRICT shall have the right to enter the Subleased Premises for this purpose.

16. TERM

The term of this Sublease shall commence on the date first above written and shall expire five (5) years thereafter.

17. TERMINATION

This Sublease may be terminated at any time upon mutual agreement of the parties hereto.

In the event the DISTRICT should require the Subleased Premises or a portion thereof for wastewater conveyance, treatment or disposal operations, or should the DISTRICT determine that using the Subleased Premises for the management of reclaimed water is not economically feasible, given applicable Federal, State, County, District, and local water reuse and/or disposal requirements, AVF agrees that the DISTRICT may terminate this Sublease by giving AVF twelve (12) months advance written notice to vacate the Subleased Premises.

18. OWNERSEIP OF IMPROVEMENTS

Within thirty (30) days after the termination of this Sublease, AVF must remove all aboveground improvements from the Subleased Premises, unless otherwise directed by the DISTRICT. All underground improvements shall remain with the Subleased Premises, unless otherwise directed by the DISTRICT.

19. PAYMENTS

AVF agrees to pay rent annually on or before the first day of the term and on the first day of each successive year of the term as follows:

- A. For Year 1, no rent shall be paid because of the significant land preparation and start-up costs that shall be incurred by AVF and because of limited crop yield during the first year of this Sublease.
- B. For Year 2, the rent paid shall be nineteen thousand two hundred dollars (\$19,200.00) based upon sixty dollars (\$60.00) per acre per year.
- C. For Years 3, 4, and 5, the annual rent paid shall be twenty eight thousand eight hundred dollars (\$28,800.00) based upon ninety dollars (\$90.00) per acre per year.

Payments shall be made payable to County Sanitation District No. 20 of Los Angeles County.

20. CHARGE FOR LATE PAYMENT

AVF hereby acknowledges that the late payment of rent or any other sums due hereunder shall cause the DISTRICT to incur costs not contemplated by this Sublease, the exact amount of which shall be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, etc.

Accordingly, if any payment specified in Section 19 of this Sublease or of any other sum due the DISTRICT is not received by the DISTRICT by the due date, a late charge of five hundred dollars (\$500.00) shall be added to the payment, and the total sum shall become immediately due and payable to the DISTRICT. An additional charge of five hundred dollars (\$500.00) shall be added for each additional month that said payment remains unpaid.

Acceptance of such late charges (and/or any portion of the overdue payment) by the DISTRICT shall in no event constitute a waiver of AVF's obligation with respect to such overdue payment, or prevent DISTRICT from exercising any of the other rights and remedies granted hereunder.

21. NON-INTERFERENCE

AVF agrees not to directly or indirectly oppose the DISTRICT's current and/or future activities to increase reclaimed water and biosolids use outside of the Subleased Premises.

22. INDEMNIFICATION

AVF shall indemnify and hold the DISTRICT, the City of Los Angeles, their officers, agents, and employees (other indemnified parties) and the property of the DISTRICT and the City of Los Angeles, including said Subleased Premises and any improvements now or thereafter on said Subleased Premises, free and harmless from any and all liability, claims, loss, damages, or expenses resulting from AVF's occupation or use of said Subleased Premises and not attributable to DISTRICT's gross negligence or willful misconduct, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

- A. The death or injury of any person, including any person who is an employee or agent of AVF, or by reason of the damage to or destruction of any property, including property owned by AVF or

by any person who is an employee or agent of AVF, from any cause whatever while such person or property is in or on said Subleased Premises or in any way connected with said Subleased Premises or with any of the improvements or personal property on said Subleased Premises;

- B. The death or injury of any person, including any person who is an employee or agent of AVF, or by reason of the damage to or destruction of any property, including property owned by AVF or any person who is an employee or agent of AVF, caused or allegedly caused by either (1) the condition of said Subleased Premises or some improvement on said Subleased Premises, or (2) some act or omission on said Subleased Premises of AVF or any person in, on or about said Subleased Premises with the permission and consent of AVF;
- C. Any work performed on said Subleased Premises or materials furnished to said Subleased Premises at the request of AVF or any person or entity acting for or on behalf of AVF; or
- D. AVF's failure to perform any provision of this Sublease or to comply with any requirement of law or any requirement imposed on AVF or said Subleased Premises by any duly authorized governmental agency or political subdivision.

23. **INSURANCE**

AVF shall maintain insurance acceptable to the DISTRICT in full force and effect throughout the term of this Sublease. The policy or policies of insurance maintained by AVF shall provide the following limits and coverages:

<u>Liability Insurance</u>	
<u>Coverage</u>	<u>Minimum Limits</u>
Comprehensive General Liability	\$1,000,000 Combined Single Limit

Insurance shall be in force the first day of the term of this Sublease. Each insurance policy required by this Sublease shall contain the following three paragraphs:

- A. "This insurance shall not be canceled, limited in scope of coverage or non-renewed until after thirty (30) days written notice has been given to the County Sanitation Districts of Los Angeles County, P.O. Box 4998, Whittier, CA 90607-4998."

- B. "County Sanitation Districts of Los Angeles County and City of Los Angeles are added as an additional insured on AVF's liability insurance policies as respects operations of the named insured at or from County Sanitation Districts of Los Angeles County."
- C. "It is agreed that any insurance maintained by the County Sanitation Districts of Los Angeles County shall apply in excess of, and not contribute with, insurance provided by this policy."

AVF agrees to deposit with the DISTRICT, before the effective date of this Sublease, certificates of insurance necessary to satisfy the DISTRICT that the insurance provisions of this Sublease have been complied with and to keep such insurance in effect during the entire term of this Sublease.

Upon notification from the DISTRICT that AVF's insurance coverage has lapsed, been canceled, expired, or otherwise terminated, AVF agrees that AVF shall not operate on the Subleased Premises at any time that the required insurance is not in full force and effect as evidenced by a certificate of insurance or official binder being in the possession of the DISTRICT. AVF also agrees that upon cancellation, termination or expiration of AVF's insurance, that the DISTRICT may take whatever steps are necessary to interrupt any operation from or on the Subleased Premises until such time as the Sublease is reinstated by the DISTRICT.

Except for acts of negligence, AVF agrees to waive and release the DISTRICT for any damages resulting from such interruption of business including but not limited to, damages resulting from any loss of income or business resulting from DISTRICT's actions.

The DISTRICT shall retain the right at all times to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of the DISTRICT, insurance provisions in this Sublease do not provide adequate protection for the DISTRICT, the DISTRICT may require AVF to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The DISTRICT's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required.

The DISTRICT shall notify AVF in writing of changes in the insurance requirements, and if AVF does not deposit copies of acceptable insurance certificates with the DISTRICT incorporating such changes within thirty (30) days of receipt of notice, this Sublease shall be in default without further notice to AVF, and the DISTRICT shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit AVF's liability hereunder nor to fulfill the hold harmless provisions and requirements of this Sublease.

24. CONTINGENCIES

AVF is aware that this Sublease is subject to the execution of the DISTRICT's Lease with the City of Los Angeles and is further subject to the approval of the Executive Director of Los Angeles World Airports, a department of the City of Los Angeles. AVF agrees to provide such additional information and to execute such additional consents or other documents reasonably necessary to obtain the Executive Director's consent for this Sublease.

25. NOTICES

All notices, reports, and payments pursuant to this Sublease shall be addressed to the DISTRICT as set forth below or as the DISTRICT may hereafter designate by written notice to AVF and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid. If any notice, report, or payment is sent by registered or certified mail, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof as above provided. Notwithstanding the above, the DISTRICT may also provide notices and reports to AVF by personal delivery or by regular mail and any such notice or report so given shall be deemed to have been given upon receipt.

TO: DISTRICT

County Sanitation District No. 20  
of Los Angeles County  
1955 Workman Mill Road  
P.O. Box 4998  
Whittier, CA 90607-4998

Telephone 562-699-7411  
Facsimile 562-695-1874

Attention: Gary K. Yoshida  
Planning & Property  
Management Section

TO: AVF

Antelope Valley Farming, LLC  
9753 East Avenue F-8  
Lancaster, CA 93535

Telephone 661-946-1630  
Facsimile 661-946-6933

Attention: Craig Van Dam

26. ATTACHMENTS TO SUBLEASE

This Sublease includes the following, which are attached hereto and made a part hereof:

- I. GENERAL CONDITIONS
- II. EXHIBIT "A" - The DISTRICT's Lease with the City of Los Angeles
- III. EXHIBIT "B" - Map of the Subleased Premises
- IV. EXHIBIT "C" - AVF's Monthly Reporting Requirements

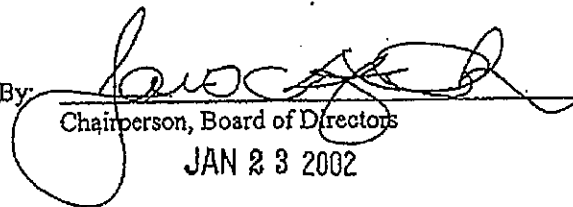


IN WITNESS WHEREOF, the parties hereto have hereunto executed this document the day and year first above written.

ANTELOPE VALLEY FARMING, LLC

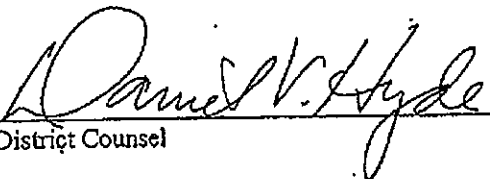
By:   
Craig Van Dam, Manager

COUNTY SANITATION DISTRICT NO. 20  
OF LOS ANGELES COUNTY

By:   
Chairperson, Board of Directors  
JAN 23 2002

APPROVED AS TO FORM:

LEWIS, D'AMATO, BRISBOIS & BISGAARD, LLP

By:   
District Counsel

ATTEST:

By:   
Secretary to the Board

## GENERAL CONDITIONS

### 1. TIME

Time is of the essence of this Sublease.

### 2. SIGNS

AVF agrees not to construct, maintain, or allow any sign(s) upon the Subleased Premises except as approved by the DISTRICT. Unapproved signs, banners, flags, etc., may be removed by DISTRICT without prior notice to AVF.

### 3. PERMITS AND LICENSES

AVF shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with the permitted operation as set out herein. No permit, approval or consent given hereunder by the DISTRICT under its authority shall affect or limit AVF's obligations hereunder, nor shall any approvals or consents given by the DISTRICT, as a party to this Sublease, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules or regulations.

### 4. SUBLEASE ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this Sublease into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not be considered otherwise.

### 5. AMENDMENTS

This Sublease sets forth all of the agreements and understandings of the parties with regard to its subject matter and any modification must be written and properly executed by both parties.

### 6. UNLAWFUL USE

AVF agrees no improvements shall be erected, placed upon, operated, nor maintained within the Subleased Premises, nor any business conducted or carried on therein or therefrom, in violation of the terms of this Sublease, or of any regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction.

### 7. INSPECTION

The DISTRICT or its authorized representative shall have the right at all reasonable times to inspect the operation to determine if the provisions of this Sublease are being complied with.

## 8. WAIVER AND INDEMNIFICATION

AVF hereby waives all claims and recourse against the DISTRICT, the City of Los Angeles, and the other County Sanitation Districts of Los Angeles County, including the right of contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or related to this Sublease except claims arising from the active negligence of the DISTRICT, its officers, agents, and employees.

AVF hereby agrees to indemnify, hold harmless and defend the DISTRICT, the City of Los Angeles, and the other County Sanitation Districts of Los Angeles County, their Boards of Directors, officers, agents, and employees against any and all claims, loss, demands, damages, cost, expenses, or liability arising out of the operation described herein, and/or AVF's exercise of the rights under this Sublease, except for liability arising out of the active negligence of the DISTRICT, the City of Los Angeles, and the other County Sanitation Districts of Los Angeles County, their Boards of Directors, officers, agents, or employees, including the cost of defense of any lawsuit arising therefrom. In the event the DISTRICT or the City of Los Angeles is named as co-defendant, AVF shall notify the DISTRICT or the City of Los Angeles of such fact and shall represent the DISTRICT or City in such legal action unless the DISTRICT or the City undertakes to represent itself as co-defendant in such legal action, in which event AVF shall pay to the DISTRICT or the City the DISTRICT's or City's litigation costs, expenses and attorney's fees.

## 9. ASSIGNING, SUBLETTING, AND ENCUMBERING PROHIBITED

Any mortgage, pledge, hypothecation, encumbrance, transfer, merger, sublease or assignment (hereinafter in this Section referred to collectively as "Encumbrance") of AVF's interest in the Subleased Premises, or any part or portion thereof is prohibited. Any attempted Encumbrance shall be null and void and shall confer no right, title, or interest in or to this Sublease.

If the AVF hereunder is a corporation or an unincorporated association or partnership, the Encumbrance of any stock or interest in said corporation, association, or partnership in the aggregate exceeding fifty percent (50%) shall be deemed an assignment within the meaning of this Section.

## 10. TAXES AND ASSESSMENTS

This Sublease may create a possessory interest which is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) which become due and payable upon the Subleased Premises or upon fixtures, equipment, or other property installed or constructed by AVF thereon, shall be the full responsibility of AVF, and AVF shall cause said taxes and assessments to be paid promptly.

## 11. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental, or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the

delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this Section shall excuse AVF, from the prompt payment of any rents or other charge required of AVF, except as may be expressly provided elsewhere in this Sublease.

#### 12. PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this Sublease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

#### 13. WAIVER OF RIGHTS

The failure of DISTRICT or AVF to insist upon strict performance of any of the terms, covenants, or conditions of this Sublease shall not be deemed a waiver of any right or remedy that DISTRICT or AVF may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of this Sublease thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Sublease. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

#### 14. DEFAULT IN TERMS OF THE SUBLEASE BY AVF

The occurrence of any one or more of the following events shall constitute a default hereunder by AVF:

- A. The abandonment or vacation of the Subleased Premises by AVF.
- B. The failure by AVF to make any payment of rent or any other sum payable hereunder by AVF, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from DISTRICT to AVF; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.
- C. The failure or inability by AVF to observe or perform any of the provisions of this Sublease to be observed or performed by AVF, other than specified in A. or B. above, where such failure shall continue for a period of five (5) days after written notice thereof from DISTRICT to AVF; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.; provided, further, that if the nature of such failure is such that it can be cured by AVF but that more than five (5) days are reasonably required for its cure (for any reason other than financial inability), then AVF shall not be deemed to be in default if AVF shall commence such cure within said five (5) days, and thereafter diligently prosecutes such cure to completion.
- D. In case of or anticipation of bankruptcy, insolvency, or financial difficulties:
  - 1) The making by AVF of any general assignment for the benefit of creditors;

- 2) A case is commenced by or against AVF under Chapters 7, 11, or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against AVF, the same is not dismissed within sixty (60) days;
- 3) The appointment of a trustee or receiver to take possession of substantially all of AVF's assets located at the Subleased Premises or of AVF's interest in this Sublease, where such seizure is not discharged within thirty (30) days; or
- 4) AVF's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts.

In the event of any such default, neither this Sublease nor any interests of AVF in and to this Sublease shall become an asset in any of such proceedings and, in any such event and in addition to any and all rights or remedies of the DISTRICT hereunder or by law provided, it shall be lawful for the DISTRICT to declare the term hereof ended and to remove all persons from the Subleased Premises, and AVF and its creditors (other than the DISTRICT) shall have no further claim thereon or hereunder.

#### 15. REMEDIES ON DEFAULT

In the event of any default by AVF, then, in addition to any other remedies available to the DISTRICT at law or in equity, the DISTRICT may exercise the following remedies:

- A. The DISTRICT may terminate this Sublease and all rights of AVF hereunder by giving written notice of such termination to AVF. In the event that the DISTRICT shall so elect to terminate this Sublease, then the DISTRICT may recover from AVF:
  - 1) The worth at the time of award of the unpaid rent and other charges, which had been earned as of the date of the termination hereof;
  - 2) The worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after the date of the termination hereof until the time of award exceeds the amount of such rental loss that AVF proves could have been reasonably avoided;
  - 3) The worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the term hereof after the time of award exceeds the amount of such rental loss that AVF proves could be reasonably avoided;
  - 4) Any other amount necessary to compensate the DISTRICT for all the detriment proximately caused by AVF's failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Subleased Premises, expenses of reletting, including necessary repair, renovation and alteration of the Subleased Premises, reasonable attorney's fees, expert witness costs, and any other reasonable costs; and

- 5) Any other amount which DISTRICT may by law hereafter be permitted to recover from AVF to compensate the DISTRICT for the detriment caused by AVF's default.
- B. Continue this Sublease in effect without terminating AVF's right to possession even though AVF has breached this Sublease and abandoned the Subleased Premises and to enforce all of the DISTRICT's rights and remedies under this Sublease, at law or in equity, including the right to recover the rent as it becomes due under the Sublease; provided, however, that the DISTRICT may at any time thereafter elect to terminate this Sublease for such previous breach by notifying AVF in writing that AVF's right to possession of the Subleased Premises has been terminated.
- C. Nothing in this Section shall be deemed to affect AVF's indemnity of the DISTRICT, for liability or liabilities based upon occurrences prior to the termination of this Sublease for personal injuries or property damage under the indemnification section or sections contained in this Sublease.

No delay or omission of the DISTRICT to exercise any right or remedy shall be construed as a waiver of such right or remedy of any default by AVF hereunder. The acceptance by the DISTRICT of rent or any other sums hereunder shall not be:

- 1) A waiver of any preceding breach or default by AVF of any provision thereof, other than the failure of AVF to pay the particular rent or sum accepted, regardless of the DISTRICT's knowledge of such preceding breach or default at the time of acceptance of such rent or sum or,
- 2) A waiver of the DISTRICT's right to exercise any remedy available to the DISTRICT by virtue of such breach or default. No act or thing done by the DISTRICT or the DISTRICT's agents during the term of this Sublease shall be deemed an acceptance of a surrender of the Subleased Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by the DISTRICT.

All covenants and agreements to be performed by AVF under any of the terms of this Sublease shall be performed by AVF at AVF's sole cost and expense and without any abatement of rent. If AVF shall fail to pay any sum of money, other than rent required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, or to provide any insurance or evidence of insurance to be provided by AVF, then in addition to any other remedies provided herein, the DISTRICT may, but shall not be obligated so to do, and without waiving or releasing AVF from any obligations of AVF, make any such payment or perform any such act on AVF's part to be made or performed as provided in this Sublease or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by the DISTRICT on AVF's behalf shall not give rise to any responsibility of the DISTRICT to continue making the same or similar payments or performing the same or similar acts. All costs, expenses and other sums incurred or paid by the DISTRICT in connection therewith, together with interest at the maximum rate permitted by law from the date incurred or paid by the DISTRICT shall be deemed to be additional rent hereunder and shall be paid by AVF with and at the same time as the next.

monthly installment of rent hereunder, and any default therein shall constitute a breach of the covenants and conditions of this Sublease.

#### 16. COST OF SUSTAINING AN ACTION FOR BREACH OR DEFAULT

In the event of a dispute between the DISTRICT and AVF concerning claims arising out of this Sublease, the prevailing party in such dispute shall be entitled to recover from the other costs of prevailing in such dispute including reasonable attorney's fees, as may be fixed by the Court or the arbitrator.

#### 17. RESERVATIONS TO DISTRICT

The Subleased Premises are accepted "as is" and where is by AVF subject to any and all existing easements and encumbrances. The DISTRICT also reserves the right to grant rights of way and permits in, over, upon, through, across, and along any and all portions of the Subleased Premises. No right reserved by the DISTRICT in this Section shall be so exercised as to interfere unreasonably with AVF's operations hereunder or to impair the security of any secured creditor of AVF.

The DISTRICT agrees that rights granted to third parties by reason of this Section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The DISTRICT further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Subleased Premises by AVF, the rental shall be reduced in proportion to the interference with AVF's use of the Subleased Premises.

#### 18. HAZARDOUS MATERIALS

As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste which is or shall become regulated by any governmental entity, including without limitation, the DISTRICT acting in its governmental capacity, the County of Los Angeles, the State of California, or the United States government.

Except for limited amounts of diesel fuel, AVF shall not cause or permit any Hazardous Material, to be brought upon, kept or used in or about the Subleased Premises. If AVF breaches the obligations stated herein, or if contamination of the Subleased Premises by Hazardous Materials otherwise occurs for which AVF is legally liable to the DISTRICT and the City of Los Angeles for damage resulting therefrom, then AVF shall indemnify, defend and hold the DISTRICT and the City of Los Angeles harmless from any and all claims, judgements, damages, penalties, fines, costs, liabilities or losses (including without limitation, diminution in value of the Subleased Premises; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Subleased Premises; damages arising from any adverse impact on marketing of space in the Subleased Premises or portion of any building of which the Subleased Premises is a part; and sums paid in settlement of claims, attorneys fees, consultant fees and expert witness fees) which arise during or after the Sublease term as a result of such contamination. This indemnification includes without limitation, costs incurred by the DISTRICT and the City of Los Angeles in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or legal governmental

entity because of Hazardous Material being present in the soil or groundwater or under the Subleased Premises. AVF shall promptly take all actions at its sole cost and expense as are necessary to clean, remove and restore the Subleased Premises to its condition prior to the introduction of such Hazardous Material by AVF, provided AVF shall first have obtained the DISTRICT's approval and the approval of any necessary governmental entities.

AVF acknowledges that the DISTRICT may become legally liable for the costs of complying with laws relating to hazardous material which are not the responsibility of the DISTRICT hereunder, including the following:

- A. Hazardous Material present in the soil or ground water on the Subleased Premises of which the DISTRICT has no knowledge as of the effective date;
- B. A change in laws, statutes, ordinances and other governmental regulations which relate to Hazardous Material which could cause any material now or hereinafter located on the Subleased Premises to be deemed hazardous, whether known or unknown to the DISTRICT, or a violation of any such laws;
- C. Hazardous Material that migrates, flows, percolates, defuses or in any way moves on to or under the Subleased Premises after the Effective Date of this Sublease;
- D. Hazardous Material present on or under the Subleased Premises as a result of any discharge, dumping, or spilling (whether accidental or otherwise) on the Subleased Premises by Lessees or their officers, agents, employees, contractors, or invitees, or by others.

The DISTRICT and AVF agree that the cost of complying with such laws, statutes, ordinances or governmental regulations relating to matters for which AVF is liable under this Sublease but for which the DISTRICT is or may become legally liable shall be paid by AVF to the DISTRICT, within ten (10) days following the receipt by AVF of a written demand from the DISTRICT to do so. In the event the DISTRICT subsequently recovers or is reimbursed from a third party of all or any portion of the sums paid by AVF, the DISTRICT shall reimburse AVF to the extent of any such recovery or reimbursement.

AVF agrees to comply with all statutes, orders and governmental regulations relating to said Hazardous Materials, and all amendments and/or modifications thereto, whether now in effect or hereinafter enacted, for which the DISTRICT is or may become legally liable and to promptly take such remedial action or actions as may be required to place the Subleased Premises in compliance with such statutes, orders, and governmental requirements in a manner and pursuant to plans and specifications for such work approved by DISTRICT. Subject to force majeure, all such remedial work required to comply with said statutes, orders, and governmental requirements in effect as of the date of this Sublease shall be completed by AVF in a good and workmanlike manner and in compliance with plans and specifications for such work approved by the DISTRICT within thirty (30) days of the date of this Sublease. AVF further agrees to waive any and all claims, demands, liabilities, and/or obligations arising out of or resulting from the presence of Hazardous Materials upon or within the Subleased Premises including without limitation reasonable attorney's fees and



costs, but excluding any such claims, demands, liabilities, and/or obligations to the extent based upon causes of action for damages accrued prior to the first day of the term of this Sublease.

**19. HOLDING OVER**

In the event AVF shall continue in possession of the Subleased Premises after the term of this Sublease, such possession shall not be considered a renewal of this Sublease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Sublease.

**20. CONDITION OF SUBLEASED PREMISES UPON TERMINATION**

Upon termination of this Sublease, AVF shall re-deliver possession of said Subleased Premises to the DISTRICT in substantially the same condition that existed immediately prior to AVF's entry thereon, reasonable wear and tear, flood, earthquakes, war, and any act of war, excepted. Upon termination of this Sublease, all material brought onto the Subleased Premises during the Sublease must be removed including but not limited to soil. References to the termination of the Sublease in this Sublease shall include termination by reason of the expiration of the Sublease term.

**21. DISPOSITION OF ABANDONED PERSONAL PROPERTY**

Title to any personal property belonging to AVF and left on the Subleased Premises thirty (30) days after AVF's occupancy ceased for any reason shall be deemed to have been transferred to the DISTRICT. The DISTRICT, at AVF's cost, shall have the right to remove and to dispose of such property without liability therefor to AVF or to any person claiming under AVF, and shall have no need to account therefor.

**22. QUITCLAIM OF AVF'S INTEREST UPON TERMINATION**

Upon termination of this Sublease for any reason, including but not limited to termination, because of default by AVF, AVF shall execute, acknowledge, and deliver to the DISTRICT, within thirty (30) days after receipt of written demand therefor, a good and sufficient deed whereby all right, title and interest of AVF in the Subleased Premises is quitclaimed to the DISTRICT. Should AVF fail or refuse to deliver the required deed to the DISTRICT, the DISTRICT may prepare and record a notice reciting the failure of AVF to execute, acknowledge, and deliver such deed and said notice shall be conclusive evidence of the termination of this Sublease and of all rights of AVF or those claiming under AVF in and to the Subleased Premises.

**23. DISTRICT'S RIGHT TO RE-ENTER**

AVF agrees to yield and peaceably deliver possession of the Subleased Premises to the DISTRICT on the date of termination of this Sublease, whatsoever the reason for such termination.

Upon giving written notice of termination to AVF, the DISTRICT shall have the right to re-enter and take possession of the Subleased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Sublease and

re-entry of the Subleased Premises by the DISTRICT shall in no way alter or diminish any obligation of AVF under the Sublease terms and shall not constitute an acceptance or surrender.

AVF waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Subleased Premises for any lawful reason or in the event that the DISTRICT re-enters and takes possession of the Subleased Premises in a lawful manner.

#### 24. AUTHORITY OF AVF

If AVF is a corporation, each individual executing this Sublease on behalf of said corporation represents and warrants that he is duly authorized to execute and deliver this Sublease on behalf of said corporation, in accordance with the bylaws of said corporation, and that this Sublease is binding upon said corporation.

#### 25. PUBLIC RECORDS

Any and all written information submitted to and/or obtained by the DISTRICT from AVF or any other person or entity having to do with or related to this Sublease and/or the Subleased Premises, either pursuant to this Sublease or otherwise, at the option of the DISTRICT, may be treated as a public record open to inspection by the public pursuant to the California Public Records Act (Government Code Section 6250, et. seq.) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and AVF hereby waives, for itself, its officers, agents, employees, and any person claiming by, through or under AVF, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify and hold the DISTRICT harmless from any and all claims, demands, liabilities and/or obligations arising out of or resulting from a claim by AVF or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorney's fees and costs.

#### 26. RELATIONSHIP OF PARTIES

The relationship of the parties hereto is that of DISTRICT and AVF, and it is expressly understood and agreed that the DISTRICT does not in any way or for any purpose become a partner of AVF in the conduct of AVF's business or otherwise, or a joint venturer with AVF, and the provisions of this Sublease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained.

#### 27. EMINENT DOMAIN

In the event the whole of the Subleased Premises shall be taken from the DISTRICT under the power of eminent domain, this Sublease shall terminate as of the day possession shall be so taken.

In the event that a portion of the Subleased Premises shall be taken from the DISTRICT under power of eminent domain, and the portion not so taken is deemed by AVF to be inadequate for the continuation of

AVF's business, AVF shall have the right to terminate this Sublease by notifying the DISTRICT in writing within ten (10) days after the taking of possession by the condemnor.

In the event a portion of the Subleased Premises shall be taken under the power of eminent domain and AVF does not elect to terminate, the rent payable by AVF shall be proportionately reduced.

In the event this Sublease is terminated as provided in this section, then all rent shall be paid up to the date that possession is taken by public authority, and the DISTRICT shall make an equitable refund of any rent prepaid by AVF and not yet earned.

Each party hereto reserves the right to make claim in any condemnation proceedings against the condemnor for the fair market value of its interest in the Subleased Premises, and any other compensation otherwise due and payable to the respective parties hereto by virtue of the taking of such property for public use.

AMENDMENT TO SUBLEASE AGREEMENT BETWEEN  
COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY  
AND ANTELOPE VALLEY FARMING, LLC FOR FARMING ON  
CITY OF LOS ANGELES' PALMDALE REGIONAL AIRPORT

This Amendment is entered into this 21<sup>ST</sup> day of OCTOBER, 2002, by and between COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY (hereinafter referred to as "DISTRICT") and ANTELOPE VALLEY FARMING, LLC (hereinafter referred to as "AVF").

W I T N E S S E T H

WHEREAS, the DISTRICT has entered into a twenty (20) year Lease for 2,680 acres of land, hereinafter referred to as "Leased Premises," which is owned by the City of Los Angeles, a municipal corporation, and is located at the Palmdale Regional Airport; and

WHEREAS, DISTRICT and AVF entered into a Sublease Agreement (Sublease), District Contract No. 3871, dated January 23, 2002, which provided for AVF to sublease 320 acres of the Leased Premises and use reclaimed water produced by the DISTRICT's Palmdale Water Reclamation Plant for alfalfa and fodder crop production; and

WHEREAS, the City of Los Angeles, owner of the Subleased Premises, has requested that the Sublease be amended; and

NOW, THEREFORE, the parties hereto agree to amend the Sublease as follows:

A. LIMITATION OF LEASEHOLD

Paragraph 3 shall be amended as indicated in italics:

This Sublease and the rights and privileges granted AVF in and to the Subleased Premises are subject to all covenants, conditions, restrictions, and exceptions of record or apparent,

including the DISTRICT's Lease with the City of Los Angeles, *identified as Lease No. PIA-208 and attached hereto as Exhibit "A."* Nothing contained in this Sublease or in any document related hereto shall be construed to imply the conveyance to AVF of rights in the Subleased Premises that exceed those held by the DISTRICT, or any representation or warranty, either expressed or implied, relating to the nature or condition of the Subleased Premises or the DISTRICT's interest therein. AVF acknowledges that AVF has conducted a complete and adequate investigation of the Subleased Premises and that AVF has accepted the Subleased Premises in its "as is" condition.

B. CONTINGENCIES

Paragraph 24 shall be amended as indicated in italics:

AVF is aware that this Sublease is subject to the execution of the DISTRICT's Lease with the City of Los Angeles, *identified as Lease No. PIA-208, Exhibit "A" hereto*, and is further subject to the approval of the Executive Director of the *Department of Airports of the City of Los Angeles*. AVF agrees to provide such additional information and to execute such additional consents or other documents reasonably necessary to obtain the Executive Director's consent for this Sublease.

C. MAINTENANCE OF SUBLEASED PREMISES

Paragraph 27 shall be added as indicated below:

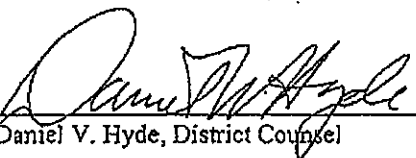
*AVF, solely at its own cost and expense, shall maintain the Subleased Premises, including structures, paving, landscaping, improvements and facilities thereon, in good condition and in compliance with all requirements of law. AVF shall also conduct its, and cause its sublessees, assignees, employees and contractors to conduct their, operations on the Subleased Premises, in such manner, using the best known available and practical devices and facilities to reduce as much as is reasonably practicable, considering the nature and extent of said operations, the emanation from the Subleased Premises of noise, vibrations, movements of air, fumes and odors, so as not to interfere unreasonably with the use of other premises adjoining the Subleased Premises or the airport.*

All other terms and conditions of the Sublease shall remain in full force and effect until its termination date, January 23, 2007.

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

APPROVED AS TO FORM:  
Lewis, Brisbois, Bisgaard, & Smith, LLP

ANTELOPE VALLEY FARMING, LLC

By:   
Daniel V. Hyde, District Counsel

By:   
Craig Van Dam, Manager

COUNTY SANITATION DISTRICT NO. 20  
OF LOS ANGELES COUNTY

By:   
James F. Stahl, Chief Engineer & General Manager

# EXHIBIT C-7



**COUNTY SANITATION DISTRICTS  
OF LOS ANGELES COUNTY**

www.lacsd.org

1955 Workman Mill Road, Whittier, CA 90601-1400  
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998

**Transmittal of Executed District / Harrington Farms Sublease Agreement**

**To:** James L. Spitzer  
Office of the City Attorney  
Airport Division

**From:** Stan Pegadiotes  
County Sanitation Districts of Los Angeles County  
Telephone: (562) 699-7411, extension 2740  
Fax: (562) 695-1874  
e-mail: spegadiotes@lacsd.org

**Date:** February 28, 2003

RECEIVED  
DEPARTMENT OF  
AIRPORTS  
MAY 3  
10 9:22 AM  
CITY  
ATTORNEY

Jim,

On February 26, 2003, the Board of Directors of County Sanitation District No. 20 of Los Angeles County (District) executed and ordered approved the sublease agreement between the District and Harrington Farms. The subject agreement provides for the sublease of the City of Los Angeles' 23-acre pistachio orchard to Harrington Farms and recycled water from the District's Palmdale Water Reclamation Plant for irrigation of the orchard.

Enclosed is a copy of the executed sublease agreement. The District will now be awaiting receipt of the City's consent document for the sublease agreement. Please note that I will be transmitting to you 3 signed copies of the consent document for the District/Antelope Valley Farming sublease agreement (executed January 23, 2002) within the next week. If you have any questions please do not hesitate to call me.

Sincerely,

Stan Pegadiotes  
Civil Engineer  
Planning & Property Management Section

Enclosure

cc: Steve Hightner  
Basil Hewitt



**AGREEMENT WITH HARRINGTON FARMS PROVIDING FOR  
RECYCLED WATER AND SUBLEASING OF LOS ANGELES WORLD  
AIRPORTS PROPERTY AT THE PALMDALE REGIONAL AIRPORT**

This Sublease Agreement is made and entered into this 26<sup>th</sup> day of February, 2003, by and between COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, a special District organized under the County Sanitation District Act (Health and Safety Code Section 4700 et. seq.), hereinafter referred to as the "DISTRICT," and LEE HARRINGTON AND SONS doing business as HARRINGTON FARMS, a California Partnership, hereinafter referred to as "HARRINGTON FARMS."

**RECITALS**

WHEREAS, the DISTRICT owns and operates the Palmdale Water Reclamation Plant ("Palmdale WRP") located at 39300 30th Street East, Palmdale, California, 93550; and

WHEREAS, the Palmdale WRP treats wastewater and discharges effluent known as "recycled water"; and

WHEREAS, the DISTRICT is authorized to sell or otherwise put to beneficial use any recycled water produced at the Palmdale WRP, subject to governmental regulations; and

WHEREAS, the DISTRICT has entered into a twenty (20) year lease, hereinafter referred to as "Lease," for 2,680 acres of land, hereinafter referred to as "Leased Premises," which is owned by the City of Los Angeles, a municipal corporation, and is located adjacent to the Palmdale WRP; and

WHEREAS, the DISTRICT currently discharges recycled water produced at the Palmdale WRP at the Leased Premises; and

WHEREAS, the recycled water produced at the Palmdale WRP is suitable for non-potable uses including, but not limited to, surface irrigation of orchards where the recycled water does not contact the edible portion of the crop; and

WHEREAS, the City of Los Angeles owns a pistachio orchard, hereinafter referred to as "Subleased Premises," which is located within the DISTRICT's Leased Premises; and

WHEREAS, the DISTRICT's Lease with the City of Los Angeles states that the "District agrees to make a good faith effort to lease" the City's pistachio orchard. Additionally, the Lease states that this Sublease "require that the sublessee(s) shall, as requested by the City, deliver to the City a portion of the harvest of pistachio nuts to be designated by the City, which portion shall not exceed 1/3 of the harvest."

WHEREAS, the DISTRICT desires to sublease the Subleased Premises to a qualified farming entity to satisfy the terms of the DISTRICT's Lease; and

WHEREAS, the DISTRICT is authorized under the terms of the DISTRICT's Lease with the City of Los Angeles, identified as Lease No. PIA-208, a copy of which is attached hereto as Exhibit "A", to sublease, with written consent of the City of Los Angeles, portions of the Leased Premises; and

WHEREAS, the Subleased Premises, shown on attached Exhibit "B", are legally described as:

*A parcel of land consisting of approximately 23 acres comprised of the westerly 250 feet of the southerly 160 feet of the northerly 1,320 feet of the northwest quarter of Section 10, Township 6 North, Range 11 West, San Bernardino Baseline and Meridian, the westerly 700 feet of the southerly 1,320 feet of the northwest quarter of Section 10, Township 6 North, Range 11 West, San Bernardino Baseline and Meridian, and the westerly 700 feet of the northerly 60 feet of the southwest quarter of Section 10, Township 6 North, Range 11 West, San Bernardino Baseline and Meridian; and*

WHEREAS, the DISTRICT solicited proposals from farming entities interested in subleasing from the DISTRICT the Subleased Premises; and

WHEREAS, the DISTRICT reviewed and rated the proposals submitted and selected HARRINGTON FARMS as the most qualified farming entity; and

WHEREAS, HARRINGTON FARMS desires to sublease the Subleased Premises from the DISTRICT for the purpose of irrigating the pistachio orchard with recycled water from the Palmdale WRP, maintaining the pistachio orchard, and harvesting the pistachios and delivering a portion of the yield (not to exceed one third) to the City of Los Angeles; and

WHEREAS, HARRINGTON FARMS recognizes that the DISTRICT has a goal of protecting groundwater quality at the Leased Premises and HARRINGTON FARMS plans to run its operation to not only be profitable, but to also protect the groundwater at the Leased Premises; and

NOW, THEREFORE, the DISTRICT and HARRINGTON FARMS mutually agree, as follows:

**ARTICLE 1  
PREMISES AND TERM**

1.1 Subleased Premises. The DISTRICT shall sublease to HARRINGTON FARMS and HARRINGTON FARMS shall sublease from the DISTRICT the Subleased Premises described above and shown on Exhibit "B", which is attached hereto and by reference made a part hereof.

1.2 Term. The term of this Sublease shall commence on the date first above written and shall expire five (5) years thereafter. The term of this Sublease, which may be extended by mutual agreement of the parties hereto, shall not exceed the term of the DISTRICT's Lease with the City of Los Angeles.

1.3 Reservations to DISTRICT. The Subleased Premises are accepted "as is" and "where is" by HARRINGTON FARMS subject to any and all existing easements and encumbrances. The DISTRICT also reserves the right to grant rights of way and permits in, over, upon, through, across, and along any and all portions of the Subleased Premises. No right reserved by the DISTRICT in this section shall be so exercised as to interfere unreasonably with HARRINGTON FARMS' operations hereunder or to impair the security of any secured creditor of HARRINGTON FARMS. The DISTRICT agrees that rights granted to third parties by reason of this section shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon the completion of any construction. The DISTRICT further agrees that should the exercise of these rights temporarily interfere with the use of any or all of the Subleased Premises by HARRINGTON FARMS, the rental shall be reduced in proportion to the interference with HARRINGTON FARMS' use of the Subleased Premises.

1.4 Holding Over. In the event that HARRINGTON FARMS shall continue in possession of the Subleased Premises after the term of this Sublease, such possession shall not be considered a renewal of this Sublease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Sublease.

## ARTICLE 2

### RENT

2.1 Rent. HARRINGTON FARMS agrees to pay rent annually to the DISTRICT on or before the first day of the term and on the first day of each successive year of the term of this Sublease. The annual rent shall be one thousand three hundred eighty dollars (\$1,380) based upon sixty dollars (\$60) per acre per year for 23 acres. Payments shall be made payable to County Sanitation District No. 20 of Los Angeles County.

2.2 Charge for Late Payment of Rent. HARRINGTON FARMS hereby acknowledges that the late payment of rent or any other sums due hereunder shall cause the DISTRICT to incur costs not contemplated by this Sublease, the exact amount of which shall be extremely difficult to ascertain. Such costs include, but are not limited to, administrative processing of delinquent notices, increased accounting costs, etc. Accordingly, if any payment specified in Article 2.1 of this Sublease or of any other sum due the DISTRICT is not received by the DISTRICT by the due date, a late charge of five hundred dollars (\$500) shall be added to the payment, and the total sum shall become immediately due and payable to the DISTRICT. An additional charge of five hundred dollars (\$500) shall be added for each additional month that said payment remains unpaid. Acceptance of such late charges (and/or any portion of the overdue payment) by the DISTRICT shall in no event constitute a waiver of HARRINGTON FARMS' obligation with respect to such overdue payment, or prevent DISTRICT from exercising any of the other rights and remedies granted hereunder.

## ARTICLE 3

### DELIVERY AND USE OF RECYCLED WATER

3.1 Recycled Water Quantity and Conveyance. The DISTRICT shall provide undisinfected secondary-treated recycled water from the Palmdale WRP for the irrigation of the Subleased Premises. HARRINGTON FARMS recognizes that delivery of recycled water to the Subleased Premises is subordinate to all existing and future users of recycled water from the Palmdale WRP. The DISTRICT agrees to deliver recycled water to the Subleased Premises at no cost to HARRINGTON FARMS. The DISTRICT reserves the right to install, operate, and maintain a flow metering device for the purpose of measuring all the recycled water delivered to the Subleased Premises pursuant to the terms of this Sublease. Except for any existing equipment on the Subleased Premises, HARRINGTON FARMS shall be responsible for purchasing, installing, operating, and maintaining, at no cost to the DISTRICT, any pipes and/or ancillary structures necessary to distribute recycled water throughout the Subleased Premises. HARRINGTON FARMS must obtain the DISTRICT's written approval of its current or any future irrigation system. For any proposed extension or alteration to HARRINGTON FARMS' irrigation system that was

not previously authorized by the Department of Health Services or the California Regional Water Quality Control Board, Lahontan Region, HARRINGTON FARMS must obtain the DISTRICT's written approval at least ninety (90) days before modifying the irrigation system. In the event tertiary-treated recycled water is generated at the Palmdale WRP, HARRINGTON FARMS shall not be entitled to tertiary-treated recycled water.

3.2 Quality of Recycled Water. The DISTRICT agrees to use its best efforts to supply recycled water that conforms to the current requirements of the California Regional Water Quality Control Board, Lahontan Region, and other applicable regulatory agencies. The purchase, installation, operation, and maintenance of any additional screening and filtration equipment necessary to remove algae and solids from the recycled water shall be the responsibility of HARRINGTON FARMS. HARRINGTON FARMS recognizes that factors could cause operational difficulties at the Palmdale WRP resulting in the temporary production of recycled water that does not meet the legal requirements established by the California Regional Water Quality Control Board, Lahontan Region, and other applicable regulatory agencies, for HARRINGTON FARMS' intended uses. In such case, the DISTRICT may temporarily suspend the right to withdraw water from DISTRICT's facilities. HARRINGTON FARMS hereby waives any right that it might have to recover from DISTRICT damages attributable to such interruption. The DISTRICT agrees to use its best efforts to cause the recycled water to be available.

3.3 Limitation of Use of Recycled Water. HARRINGTON FARMS understands and agrees that recycled water from the Palmdale WRP furnished pursuant to the terms of this Sublease has limited uses, and HARRINGTON FARMS agrees to use said recycled water for only those uses or purposes that are legally permissible under the laws of the state and the requirements of the appropriate regulatory agencies, such as those contained in the State of California's Water Recycling Criteria, *California Code of Regulations, Title 22, Division 4, Chapter 3.*

3.4 Sale of Recycled Water. HARRINGTON FARMS agrees that the recycled water delivered pursuant to this Sublease is to be used only by HARRINGTON FARMS and is not to be sold or delivered to any other person or entity.

#### ARTICLE 4 USE OF PREMISES

4.1 Use of Subleased Premises. HARRINGTON FARMS' use of the Subleased Premises shall be limited to the irrigation, maintenance, and harvesting of pistachio trees. HARRINGTON FARMS shall not use the Subleased Premises for any other purpose nor to engage in or permit any other activity within or from the Subleased Premises unless approved by the DISTRICT's Chief Engineer and General Manager (e.g., cultivation of corn).

4.2 Limitation of Leasehold. This Sublease and the rights and privileges granted to HARRINGTON FARMS in and to the Subleased Premises are subject to all covenants, conditions, restrictions, and exceptions of record or apparent, including the DISTRICT's Lease with the City of Los Angeles, identified as Lease No. PIA-208, and attached as Exhibit "A." Nothing contained in this Sublease or in any document related hereto shall be construed to imply the conveyance to HARRINGTON FARMS of rights in the Subleased Premises that exceed those held by the DISTRICT, or any representation or warranty, either expressed or implied, relating to the nature or condition of the Subleased Premises or the DISTRICT's interest therein. HARRINGTON FARMS acknowledges that it has conducted a complete and adequate investigation of the Subleased Premises and that HARRINGTON FARMS has accepted the Subleased Premises in their "as is" condition.

4.3 Security. HARRINGTON FARMS agrees to be responsible for the security of the Subleased Premises.

4.4 Access. HARRINGTON FARMS hereby authorizes, at all times, the DISTRICT or any authorized representative of the California Regional Water Quality Control Board, Lahontan Region and the City of Los Angeles, to enter upon the Subleased Premises where the recycled water is being used and to inspect such use of recycled water. The DISTRICT shall have the right to designate from time to time reasonable points of access to the Subleased Premises for HARRINGTON FARMS and for its employees and customers. The DISTRICT hereby authorizes HARRINGTON FARMS and its employees to access the Subleased Premises via the existing western gate located along 50th Street East and adjacent to the Subleased Premises.

4.5 Inspection. The DISTRICT or its authorized representative shall have the right at all reasonable times to inspect the Subleased Premises and HARRINGTON FARMS' operations to ascertain compliance with the provisions of this Sublease.

4.6 Land Preparation. HARRINGTON FARMS, at its own cost, shall be responsible for all necessary land preparation and maintenance including, but not limited to, clearing, grubbing, leveling, discing, plowing, and hauling of debris.

4.7 Nuisance or Waste. HARRINGTON FARMS agrees not to create or permit any public or private nuisance in, on, or from the Subleased Premises, or to commit or permit to be committed any waste within the Subleased Premises. In particular, HARRINGTON FARMS agrees to make every effort to maintain the Subleased Premises as dust free and as aesthetically pleasing as practically possible.

4.8 Best Management Practices. HARRINGTON FARMS agrees to conform agricultural practices to the Natural Resources Conservation Services recommendations concerning soil erosion. This includes, but is not limited to, implementation of the following practices where appropriate: deep furrow plowing when land is not in active use, planting of a cover crop to resist wind erosion, and irrigation of the soil sufficient to retard wind erosion. HARRINGTON FARMS shall cooperate with the DISTRICT concerning fertilizer, pesticide, herbicide, and fungicide application and nuisance prevention/elimination. HARRINGTON FARMS agrees to implement Best Management Practices (BMPs) that are customary within the farming community. The BMPs for the operation of the Subleased Premises should include, but are not limited to, the following:

- A. No use of nitrogen fertilizers or other amendments without prior written approval from the DISTRICT.
- B. Design and operation of the current furrow irrigation system should minimize excessive tail water to the extent feasible.
- C. Agreement of HARRINGTON FARMS and the DISTRICT on any proposed alternative irrigation methods. Design and operation of alternative irrigation systems should minimize atomization of water droplets.
- D. No discharge or runoff of recycled water beyond the Subleased Premises.
- E. Maintenance of the Subleased Premises in an orderly and clean condition.
- F. Reduction of irrigation during rain events.
- G. Application of pesticides and soil amendments, when needed, at agronomic rates approved by the DISTRICT at the annual meetings specified in Article 4.10.C.
- H. Cultivation of land, and minimization of wind erosion and tumbleweeds within the Subleased Premises.
- I. Avoidance of operations/actions that could adversely impact groundwater quality.
- J. Implementation of measures, such as planting willow trees, installing nets, berms, or similar structures, to minimize the drift of dust and recycled water spray, if necessary.

- K. Maintenance of "Recycled Water - Do Not Drink" signs that shall be installed by the DISTRICT adjacent to the irrigation operations at the Subleased Premises.

4.9 Irrigation Rates. HARRINGTON FARMS shall accept and use a volume of recycled water each month that shall not be less than the demand for irrigation of a 23-acre pistachio orchard. Table 1 below indicates the typical agronomic rate of water application for pistachio trees.

Table 1  
Typical Pistachio Tree Irrigation Schedule

Period	Water Application (inches)
November 16 through March 31	0
April 1 through May 15	3.5
May 16 through June 30	12
July 1 through September 15	20
September 16 through November 15	2.5
Annual Total	38

If requested by the DISTRICT, HARRINGTON FARMS agrees to accept recycled water above the typical irrigation schedule provided the receipt of such recycled water does not damage the pistachio orchard and is protective of the groundwater.

4.10 Monitoring and Reporting. The DISTRICT shall have the responsibility of reporting to the California Regional Water Quality Control Board, Lahontan Region. As required by the Waste Discharge Requirements prescribed by the California Regional Water Quality Control Board, Lahontan Region for the Palmdale WRP, the DISTRICT and HARRINGTON FARMS mutually agree to implement the following monitoring and reporting program:

A. HARRINGTON FARMS' Monitoring and Reporting Responsibilities

- 1) HARRINGTON FARMS shall report to the DISTRICT by the 20th of each month information from the previous month using the form in Exhibit "C" or equivalent. Exhibit "C" may be revised upon mutual agreement.
- 2) HARRINGTON FARMS shall maintain records of all the items in Exhibit "C" for submittal to the DISTRICT upon request.



B. The DISTRICT's Monitoring and Reporting Responsibilities

- 1) Prior to each annual meeting, specified in Article 4.10.C, the DISTRICT shall provide HARRINGTON FARMS with an analyses of effluent water quality.
- 2) The DISTRICT shall immediately inform HARRINGTON FARMS of any condition that may cause the recycled water to be unsuitable for reuse or if it presents a risk to public health or the environment.

C. Annual Meetings

The DISTRICT and HARRINGTON FARMS shall meet annually or, if requested, more frequently to review HARRINGTON FARMS' operation. The first meeting shall take place within three (3) months of the date of the execution of this Sublease. Subsequent meetings shall take place in the fall of each year, and may include consultants and representatives hired by the DISTRICT or HARRINGTON FARMS. The meeting shall be used to review analytical results; irrigation rates and methods; need for fertilizers, pesticides, and soil amendments; new BMPs; and other relevant information in order to refine HARRINGTON FARMS' operation and irrigation schedule for the following growing season. HARRINGTON FARMS shall also inform the DISTRICT of any substantial deviations from HARRINGTON FARMS' operation as defined in this Sublease.

4.11 Pistachio Harvesting and Ownership. HARRINGTON FARMS, at its own cost, shall be responsible for harvesting and transporting from the Subleased Premises all pistachios grown. For each annual harvest, HARRINGTON FARMS shall own 90% of the amount paid to HARRINGTON FARMS by a pistachio processor for the harvested pistachios delivered to a processing facility. The remaining 10% of the amount paid to HARRINGTON FARMS by the pistachio processor for the harvested pistachios shall be delivered by HARRINGTON FARMS to the City of Los Angeles in the form of edible pistachios and/or dollars. The ratio of edible pistachios to dollars shall be agreed upon annually by HARRINGTON FARMS and the City of Los Angeles.

4.12 Electrical Supply and Other Utilities. The DISTRICT will not make electricity, or any other utilities (e.g., groundwater, potable water, etc.), available at the Subleased Premises. HARRINGTON FARMS shall be responsible for purchasing, installing, operating, and maintaining, at no cost to the DISTRICT, any equipment and/or ancillary structures necessary to convey electricity to the Subleased Premises. HARRINGTON FARMS shall also be responsible for all electrical bills and costs resulting from the operation and maintenance of its operations.

4.13 Ownership of Improvements. Within thirty (30) days after the termination of this Sublease, HARRINGTON FARMS must remove all improvements from the Subleased Premises, unless otherwise directed by the DISTRICT.

4.14 Non-Interference. HARRINGTON FARMS agrees not to directly or indirectly oppose the DISTRICT's current and/or future activities to increase recycled water and biosolids use outside of the Subleased Premises.

4.15 Signs. HARRINGTON FARMS agrees not to construct, maintain, or allow any sign(s) upon the Subleased Premises except as approved by the DISTRICT. Unapproved signs, banners, flags, etc., may be removed by DISTRICT without prior notice to HARRINGTON FARMS.

4.16 Permits and Licenses. HARRINGTON FARMS shall be required to obtain any and all approvals, permits and/or licenses which may be required in connection with the permitted operation as set out herein. No permit, approval or consent given hereunder by the DISTRICT under its authority shall affect or limit HARRINGTON FARMS' obligations hereunder, nor shall any approvals or consents given by the DISTRICT, as a party to this Sublease, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules or regulations.

4.17 Unlawful Use. HARRINGTON FARMS agrees that no improvements shall be erected, placed upon, operated, nor maintained within the Subleased Premises, nor any business conducted or carried on therein or therefrom, in violation of the terms of this Sublease, or of any regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction.

## ARTICLE 5

### TAXES AND ASSESSMENTS

5.1 Subleasee's Tax Responsibility. This Sublease may create a possessory interest which is subject to the payment of taxes levied on such interest. It is understood and agreed that all taxes and assessments (including but not limited to said possessory interest tax) which become due and payable upon the Subleased Premises or upon fixtures, equipment, or other property installed or constructed by HARRINGTON FARMS thereon, shall be the full responsibility of HARRINGTON FARMS, and HARRINGTON FARMS shall cause said taxes and assessments to be paid promptly.

ARTICLE 6  
INSURANCE

6.1 Liability Insurance. HARRINGTON FARMS shall maintain liability insurance acceptable to the DISTRICT in full force and effect throughout the term of this Sublease at its own cost and expense. Insurance shall be in force as of the first day of the term of this Sublease. HARRINGTON FARMS shall provide Comprehensive General Liability Coverage with minimum limits of \$1,000,000 Combined Single Limit per occurrence, with a deductible or self-insured retention of not less than 5% of the minimum limits, adequate to protect the DISTRICT against liability for injury to or death of any person(s) and damage to property in connection with HARRINGTON FARMS' use, operation or condition of the Subleased Premises and improvements, endorsed to cover personal injury (including false arrest). Such insurance at all times shall be in an amount not less than the greater of \$1,000,000 or such higher amount as is then being maintained by HARRINGTON FARMS for its operations for, among other things, (a) injury to or death of one person, (b) injury to or death of two or more persons as a result of any one accident or incident and (c) damage to or destruction of any property. Such coverage limit shall be adjusted annually during the term and any extended term hereof, upon request of the DISTRICT or as necessary to satisfy any requirements of the City of Los Angeles, to such higher coverage limit, if any, as in the DISTRICT's reasonable judgment is customarily carried under similar circumstances in the locale in which the Subleased Premises are situated with respect to similar properties. HARRINGTON FARMS shall procure and thereafter maintain throughout the term of this Sublease, at its sole cost and expense, workers' compensation insurance covering all employees employed upon the Subleased Premises or in connection with the operations conducted thereon, and employer's liability coverage of not less than \$1,000,000. Adequate automobile insurance must be obtained, conforming to the requirements of the City of Los Angeles, if HARRINGTON FARMS operates any licensed vehicles within the Subleased Premises.

6.2 Policy Requirements. All insurance required to be carried by HARRINGTON FARMS shall be issued by responsible insurance companies, qualified to do business in the State of California, have a Best's insurance rating of not less than what is generally applicable to insurance companies providing insurance to HARRINGTON FARMS, but in any event not less than B+-VII. Each policy shall name the DISTRICT and the City of Los Angeles as additional insureds, as their interests may appear, in the form of a separate endorsement containing the language: "This insurance shall be primary and non-contributing with any other insurance carried by Landlord," and certified copies of all policies shall be delivered to DISTRICT by HARRINGTON FARMS at least ten (10) days after the execution of this Sublease. Each policy shall contain a cross-liability clause that shall provide that the act of naming the DISTRICT and the City of Los Angeles (and any other parties in interest designated by the DISTRICT) as additional insureds shall not deprive the DISTRICT or the City of the right to sue, and a severability clause providing that each named insured shall be treated individually. HARRINGTON FARMS may deliver original certificates of

such insurance in lieu of certified copies of policies, provided that such certificates shall in DISTRICT's judgment provide clear and unambiguous evidence of the existence and amounts of such insurance. No such policy shall be subject to cancellation or modification except after thirty (30) days prior written notice to the DISTRICT. HARRINGTON FARMS shall, at least twenty (20) days prior to the expiration of any such policy, furnish the DISTRICT with renewals or "binders" thereof, failing which the DISTRICT may, but shall not be obligated to, order such insurance and charge the cost thereof to HARRINGTON FARMS, which amount shall be payable by HARRINGTON FARMS upon demand. HARRINGTON FARMS shall be responsible for and shall pay any and all deductibles. Any policy required to be maintained by HARRINGTON FARMS under this Sublease may be maintained under a so-called "blanket policy" insuring other parties and/or other locations, so long as the amount of insurance and type of coverage required to be provided hereunder is not thereby diminished, changed or adversely affected.

6.3 Waiver of Subrogation. The DISTRICT and HARRINGTON FARMS each hereby waives, any and all rights of recovery against the other and against the officers, employees, agents and representatives of the other for loss of or damage to such waiving party or its property or the property of others under its control, arising from any cause insured against under any policy of insurance carried by such waiving party, to the extent that such loss or damage is recoverable under said insurance policies. The DISTRICT and HARRINGTON FARMS shall each obtain and furnish evidence to the other, upon request, of the waiver by such party's insurance carrier of any right of subrogation against the other party.

6.4 Tenant's Liability. If HARRINGTON FARMS shall fail to maintain any insurance as required in this Sublease, HARRINGTON FARMS shall be liable to the DISTRICT for any loss or cost resulting from said failure. The immediately preceding sentence shall not be deemed a waiver of any of the DISTRICT's or HARRINGTON FARMS' rights and remedies under any other provision of this Sublease. Upon notification from the DISTRICT that HARRINGTON FARMS' insurance coverage has lapsed, been canceled, expired, or otherwise terminated, HARRINGTON FARMS agrees that HARRINGTON FARMS shall not operate on the Subleased Premises at any time that the required insurance is not in full force and effect as evidenced by a certificate of insurance or official binder being in the possession of the DISTRICT. HARRINGTON FARMS also agrees that upon cancellation, termination or expiration of HARRINGTON FARMS' insurance, that the DISTRICT may take whatever steps are necessary to interrupt any operation from or on the Subleased Premises until such time as the Sublease is reinstated by the DISTRICT.

6.5 Business Interruption. Except for acts of gross negligence or wilful misconduct, HARRINGTON FARMS agrees that the DISTRICT shall not be liable for and hereby releases any claims for damages resulting from

interruption of HARRINGTON FARMS' business including but not limited to, damages resulting from any loss of income or business resulting from DISTRICT's actions.

6.6 Approval of Policies. The DISTRICT shall retain the right at all times to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of the DISTRICT, insurance provisions in this Sublease do not provide adequate protection for the DISTRICT, the DISTRICT may require HARRINGTON FARMS to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The DISTRICT's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks that exist at the time a change in insurance is required. The DISTRICT shall notify HARRINGTON FARMS in writing of changes in the insurance requirements, and if HARRINGTON FARMS does not deposit copies of acceptable insurance certificates with the DISTRICT incorporating such changes within thirty (30) days of receipt of notice, this Sublease shall be in default without further notice to HARRINGTON FARMS, and the DISTRICT shall be entitled to all legal remedies. The procuring of such required policy or policies of insurance shall not be construed to limit HARRINGTON FARMS' liability hereunder nor to fulfill the hold harmless provisions and requirements of this Sublease.

## ARTICLE 7 INDEMNITY

7.1 General Indemnity. HARRINGTON FARMS agrees to indemnify, protect, defend, and hold the DISTRICT, and each of the other County Sanitation Districts of Los Angeles County, the City of Los Angeles, and each of their directors, officers, agents, and employees, and the property of the DISTRICT and the City of Los Angeles, including the Subleased Premises and any improvements now or thereafter to be constructed on the Subleased Premises, free and harmless from any and all claims, liabilities, losses, damages, costs or expenses resulting from or arising out of HARRINGTON FARMS' occupation or use of said Subleased Premises, the conduct of HARRINGTON FARMS' business, or from any activity, work, or thing done, permitted, or suffered by HARRINGTON FARMS or its agents and employees on or about the Subleased Premises, and not attributable to DISTRICT's gross negligence or willful misconduct, specifically including, without limitation, any claims for injury or death of any employee, agent, invitee, or customer of HARRINGTON FARMS. HARRINGTON FARMS further agrees to indemnify, protect, defend, and hold the DISTRICT and the City of Los Angeles free and harmless from any and all claims, liabilities, losses, damages, costs or expenses resulting from or arising out of HARRINGTON FARMS' failure to perform any provision of this Sublease or to comply with any requirement of law or any requirement imposed on HARRINGTON FARMS or the Subleased Premises by any duly authorized governmental agency or political subdivision.

7.2 Exculpation and Release. HARRINGTON FARMS hereby releases all claims and waives recourse against the DISTRICT, the City of Los Angeles, and the other County Sanitation Districts of Los Angeles County, their directors, officers, employees and agents, for loss or damage to persons or property, including the right of contribution, resulting from or arising out of HARRINGTON FARMS use or occupation of the Subleased Premises, except claims arising from the gross negligence or wilful misconduct of the DISTRICT or its agents and employees. HARRINGTON FARMS agrees that the DISTRICT, the City of Los Angeles, and the other County Sanitation Districts of Los Angeles County, their directors, officers, employees and agents shall not be liable for injury or damage that may be sustained by the person, wares, merchandise or property of HARRINGTON FARMS or HARRINGTON FARMS' agents, invitees, or customers, or by any other person in or about the Premises caused by or resulting from flood, fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Subleased Premises or improvements thereon, or from the breakage, leakage, obstruction or other defects of any pipeline, whether the said damage or injury results from conditions arising upon the Subleased Premises or from other causes.

7.3 Defense of Claims. If the DISTRICT, the City of Los Angeles, or any of the other County Sanitation Districts of Los Angeles County, their directors, officers, agents or employees are named in any claim or action as to which HARRINGTON FARMS has a duty of indemnification, HARRINGTON FARMS shall notify the DISTRICT and the City of Los Angeles of such fact within 10 days of receipt of any such claim or action, and shall assume the defense and representation of the indemnified party, unless the DISTRICT or the City undertakes to represent itself in such legal action, in which event, HARRINGTON FARMS shall pay to the DISTRICT or City, the DISTRICT's or City's cost of defense, litigation costs, expenses, including attorney's fees reasonably incurred.

## ARTICLE 8 ENVIRONMENTAL INDEMNIFICATION

8.1 Hazardous Materials. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, material or waste that is or shall become regulated by any governmental entity, including without limitation, the DISTRICT, acting in its governmental capacity, the County of Los Angeles, the State of California, or the United States government.

8.2 Prohibition. HARRINGTON FARMS shall not cause or permit any Hazardous Material, to be brought upon, kept or used in or about the Subleased Premises. If HARRINGTON FARMS breaches the obligations stated herein, or if contamination of the Subleased Premises by Hazardous Materials otherwise occurs for which HARRINGTON FARMS is legally liable to the DISTRICT and the City of Los Angeles for damage resulting

therefrom, then HARRINGTON FARMS shall indemnify, defend and hold the DISTRICT and the City of Los Angeles harmless from any and all claims, judgements, damages, penalties, fines, costs, liabilities or losses (including without limitation, diminution in value of the Subleased Premises; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Subleased Premises; damages arising from any adverse impact on marketing of space in the Subleased Premises or portion of any building of which the Subleased Premises is a part; and sums paid in settlement of claims, attorneys fees, consultant fees and expert witness fees) which arise during or after the Sublease term as a result of such contamination. This indemnification includes without limitation, costs incurred by the DISTRICT and the City of Los Angeles in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or legal governmental entity because of Hazardous Material being present in the soil or groundwater or under the Subleased Premises. HARRINGTON FARMS shall promptly take all actions at its sole cost and expense as are necessary to clean, remove and restore the Subleased Premises to its condition prior to the introduction of such Hazardous Material by HARRINGTON FARMS, provided HARRINGTON FARMS shall first have obtained the DISTRICT's approval and the approval of any necessary governmental entities.

8.3 Responsibility for Compliance Costs. HARRINGTON FARMS acknowledges that the DISTRICT may become legally liable for the costs of complying with laws relating to hazardous material which are not the responsibility of the DISTRICT hereunder, including the following:

- A. Hazardous Material present in the soil or ground water on the Subleased Premises of which the DISTRICT has no knowledge as of the effective date;
- B. A change in laws, statutes, ordinances and other governmental regulations which relate to Hazardous Material that could cause any material now or hereinafter located on the Subleased Premises to be deemed hazardous, whether known or unknown to the DISTRICT, or a violation of any such laws;
- C. Hazardous Material that migrates, flows, percolates, defuses or in any way moves on to or under the Subleased Premises after the Effective Date of this Sublease;
- D. Hazardous Material present on or under the Subleased Premises as a result of any discharge, dumping, or spilling (whether accidental or otherwise) on the Subleased Premises by Lessees or their officers, agents, employees, contractors, or invitees, or by others.

The DISTRICT and HARRINGTON FARMS agree that the cost of complying with such laws, statutes, ordinances or governmental regulations relating to matters for which HARRINGTON FARMS is liable under this Sublease but for which the DISTRICT is or may become legally liable shall be paid by HARRINGTON FARMS to the DISTRICT, within ten (10) days following the receipt by HARRINGTON FARMS of a written demand from the DISTRICT to do so. In the event the DISTRICT subsequently recovers or is reimbursed from a third party of all or any portion of the sums paid by HARRINGTON FARMS, the DISTRICT shall reimburse HARRINGTON FARMS to the extent of any such recovery or reimbursement.

8.4 Compliance with Laws. HARRINGTON FARMS shall comply with all statutes, orders and governmental regulations relating to Hazardous Materials, and all amendments and/or modifications thereto, whether now in effect or hereinafter enacted, for which the DISTRICT is or may become legally liable and to promptly take such remedial action or actions as may be required to place the Subleased Premises in compliance with such statutes, orders, and governmental requirements in a manner and pursuant to plans and specifications for such work approved by DISTRICT. Subject to force majeure, all such remedial work required to comply with said statutes, orders, and governmental requirements in effect as of the date of this Sublease shall be completed by HARRINGTON FARMS in a good and workmanlike manner and in compliance with plans and specifications for such work approved by the DISTRICT within thirty (30) days of the date of this Sublease. HARRINGTON FARMS further agrees to release and indemnify the DISTRICT, the City of Los Angeles, their directors, officers, agents and employees from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from the presence of Hazardous Materials upon or within the Subleased Premises including without limitation reasonable attorney's fees and costs, but excluding any such claims, demands, liabilities, and/or obligations to the extent based upon causes of action for damages accrued prior to HARRINGTON FARMS' first occupation of the Premises.

## ARTICLE 9 REPAIRS AND MAINTENANCE

9.1 Tenant's Obligation to Repair and Maintain. HARRINGTON FARMS shall, at its own cost and expense, during the term and any extended term of this Sublease, keep the Subleased Premises, including all improvements constructed by HARRINGTON FARMS, in good order and repair and shall as necessary, or when required by any governmental authority, make modifications or replacements thereof; and repaint the exterior of any buildings or structures on the Subleased Premises periodically, as reasonably necessary. The DISTRICT shall have no obligation to repair or maintain any buildings, structures, equipment, fencing or any landscaping within the Subleased Premises. HARRINGTON FARMS hereby waives the right to make repairs at the DISTRICT's expense under the provisions of any laws permitting repairs by a tenant at the expense of the landlord to the extent allowed



by law, it being intended that the DISTRICT and HARRINGTON FARMS have by this Sublease made specific provision for such repairs and have defined their respective obligations relating thereto. HARRINGTON FARMS, solely at its own cost and expense, shall maintain the Subleased Premises, including structures, paving, landscaping, improvements and facilities thereon, in good condition and in compliance with all requirements of law. HARRINGTON FARMS shall also conduct its, and cause its sublessees, assignees, employees and contractors to conduct their, operations on the Subleased Premises, in such manner, using the best known available and practical devices and facilities to reduce as much as is reasonably practicable, considering the nature and extent of said operations, the emanation from the Subleased Premises of noise, vibrations, movements of air, fumes and odors, so as not to interfere unreasonably with the use of other premises adjoining the Subleased Premises or the airport.

9.2 Emergency Repairs. In the event of any life-threatening or property-threatening emergency, HARRINGTON FARMS hereby grants to the DISTRICT the immediate right to enter upon the Subleased Premises or improvements thereon without prior notice to HARRINGTON FARMS and to make such repairs on behalf of and for the account of HARRINGTON FARMS. In such event, the DISTRICT shall notify HARRINGTON FARMS of such work as soon as reasonably practicable thereafter, and the cost of such work reasonably incurred shall be paid for by HARRINGTON FARMS as additional rent promptly upon demand, together with interest thereon at the legal rate from the date of demand, which demand shall be accompanied by supporting documentation for the costs incurred.

## ARTICLE 10 ASSIGNMENT, SUBLETTING, AND ENCUMBRANCE

10.1 Encumbrances. Any mortgage, pledge, hypothecation, encumbrance, transfer, merger, sublease or assignment (hereinafter in this section referred to collectively as "Encumbrance") of HARRINGTON FARMS' interest in the Subleased Premises, or any part or portion thereof is prohibited. Any attempted Encumbrance shall be null and void and shall confer no right, title, or interest in or to this Sublease. If HARRINGTON FARMS hereunder is a corporation or an unincorporated association or partnership, the encumbrance of any stock or interest in said corporation, association, or partnership in the aggregate exceeding fifty percent (50%) shall be deemed an assignment within the meaning of this section.

ARTICLE 11  
TERMINATION

11.1 Mutual Agreement. This Sublease may be terminated at any time upon mutual agreement of the parties hereto.

11.2 Termination By DISTRICT. In the event the DISTRICT should require the Subleased Premises or a portion thereof for wastewater conveyance, treatment or recycled water land application operations, or should the DISTRICT determine that using the Subleased Premises for the management of recycled water is not economically feasible, given applicable Federal, State, County, District, and local water reuse and/or recycled water land application requirements, HARRINGTON FARMS agrees that the DISTRICT may terminate this Sublease by giving HARRINGTON FARMS twelve (12) months advance written notice to vacate the Subleased Premises.

11.3 Condition of Subleased Premises upon Termination. Upon termination of this Sublease, HARRINGTON FARMS shall re-deliver possession of said Subleased Premises to the DISTRICT in substantially the same condition that existed immediately prior to HARRINGTON FARMS' entry thereon, reasonable wear and tear, flood, earthquakes, war, and any act of war, excepted. Upon termination of this Sublease, all material brought onto the Subleased Premises during the Sublease must be removed including but not limited to soil. References to the termination of the Sublease in this Sublease shall include termination by reason of the expiration of the Sublease term.

11.4 Disposition of Abandoned Personal Property. Title to any personal property belonging to HARRINGTON FARMS and left on the Subleased Premises thirty (30) days after HARRINGTON FARMS' occupancy ceased for any reason shall be deemed to have been transferred to the DISTRICT. The DISTRICT, at HARRINGTON FARMS' cost, shall have the right to remove and to dispose of such property without liability therefor to HARRINGTON FARMS or to any person claiming under HARRINGTON FARMS, and shall have no need to account therefor.

11.5 Quitclaim of HARRINGTON FARMS' Interest upon Termination. Upon termination of this Sublease for any reason, including but not limited to termination because of default by HARRINGTON FARMS, HARRINGTON FARMS shall execute, acknowledge, and deliver to the DISTRICT, within thirty (30) days after receipt of written demand therefor, a good and sufficient deed whereby all right, title and interest of HARRINGTON FARMS in the Subleased Premises is quitclaimed to the DISTRICT. Should HARRINGTON FARMS fail or refuse to deliver the required deed to the DISTRICT, the DISTRICT may prepare and record a notice reciting the failure

of HARRINGTON FARMS to execute, acknowledge, and deliver such deed and said notice shall be conclusive evidence of the termination of this Sublease and of all rights of HARRINGTON FARMS or those claiming under HARRINGTON FARMS in and to the Subleased Premises.

11.6 The DISTRICT's Right to Re-enter. HARRINGTON FARMS agrees to yield and peaceably deliver possession of the Subleased Premises to the DISTRICT on the date of termination of this Sublease, whatsoever the reason for such termination. Upon giving written notice of termination to HARRINGTON FARMS, the DISTRICT shall have the right to re-enter and take possession of the Subleased Premises on the date such termination becomes effective without further notice of any kind and without institution of summary or regular legal proceedings. Termination of the Sublease and re-entry of the Subleased Premises by the DISTRICT shall in no way alter or diminish any obligation of HARRINGTON FARMS under the Sublease terms and shall not constitute an acceptance or surrender. HARRINGTON FARMS waives any and all right of redemption under any existing or future law or statute in the event of eviction from or dispossession of the Subleased Premises for any lawful reason or in the event that the DISTRICT re-enters and takes possession of the Subleased Premises in a lawful manner.

## ARTICLE 12

### DEFAULTS BY SUBLESSEE AND DISTRICT'S REMEDIES

12.1 Default. The occurrence of any one or more of the following events shall constitute a default hereunder by HARRINGTON FARMS:

- A. The abandonment or vacation of the Subleased Premises by HARRINGTON FARMS.
- B. The failure by HARRINGTON FARMS to make any payment of rent or any other sum payable hereunder by HARRINGTON FARMS, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from DISTRICT to HARRINGTON FARMS; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 et seq.
- C. The failure or inability by HARRINGTON FARMS to observe or perform any of the provisions of this Sublease to be observed or performed by HARRINGTON FARMS, other than specified in Article 12.1 A. or B. above, where such failure shall continue for a period of five (5) days after written notice thereof from DISTRICT to HARRINGTON FARMS; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure

Section 1161 et seq.; provided, further, that if the nature of such failure is such that it can be cured by HARRINGTON FARMS but that more than five (5) days are reasonably required for its cure (for any reason other than financial inability), then HARRINGTON FARMS shall not be deemed to be in default if HARRINGTON FARMS shall commence such cure within said five (5) days, and thereafter diligently prosecutes such cure to completion.

D. In case of or anticipation of bankruptcy, insolvency, or financial difficulties:

- 1) The making by HARRINGTON FARMS of any general assignment for the benefit of creditors;
- 2) A case is commenced by or against HARRINGTON FARMS under Chapters 7, 11, or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against HARRINGTON FARMS, the same is not dismissed within sixty (60) days;
- 3) The appointment of a trustee or receiver to take possession of substantially all of HARRINGTON FARMS' assets located at the Subleased Premises or of HARRINGTON FARMS' interest in this Sublease, where such seizure is not discharged within thirty (30) days; or
- 4) HARRINGTON FARMS' convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts.

In the event of any such default, neither this Sublease nor any interests of HARRINGTON FARMS in and to this Sublease shall become an asset in any of such proceedings and, in any such event and in addition to any and all rights or remedies of the DISTRICT hereunder or by law provided, it shall be lawful for the DISTRICT to declare the term hereof ended and to remove all persons from the Subleased Premises, and HARRINGTON FARMS and its creditors (other than the DISTRICT) shall have no further claim thereon or hereunder.

12.2 Remedies on Default. In the event of any default by HARRINGTON FARMS, then, in addition to any other remedies available to the DISTRICT at law or in equity, the DISTRICT may exercise the following remedies:

A. The DISTRICT may terminate this Sublease and all rights of HARRINGTON FARMS hereunder by giving written notice of such termination to HARRINGTON FARMS. In the event that the DISTRICT shall so elect to terminate this Sublease, then the DISTRICT may recover from HARRINGTON FARMS:

- 1) The worth at the time of award of the unpaid rent and other charges, which had been earned as of the date of the termination hereof;
- 2) The worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after the date of the termination hereof until the time of award exceeds the amount of such rental loss that HARRINGTON FARMS proves could have been reasonably avoided;
- 3) The worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the term hereof after the time of award exceeds the amount of such rental loss that HARRINGTON FARMS proves could be reasonably avoided;
- 4) Any other amount necessary to compensate the DISTRICT for all the detriment proximately caused by HARRINGTON FARMS' failure to perform its obligations under this Sublease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Subleased Premises, expenses of reletting, including necessary repair, renovation and alteration of the Subleased Premises, reasonable attorney's fees, expert witness costs, and any other reasonable costs; and
- 5) Any other amount which DISTRICT may by law hereafter be permitted to recover from HARRINGTON FARMS to compensate the DISTRICT for the detriment caused by HARRINGTON FARMS' default.

B. Continue this Sublease in effect without terminating HARRINGTON FARMS' right to possession even though HARRINGTON FARMS has breached this Sublease and abandoned the Subleased Premises and to enforce all of the DISTRICT's rights and remedies under this Sublease, at law or in equity, including the right to recover the rent as it becomes due under the Sublease; provided, however, that the DISTRICT may at any time thereafter elect to terminate this Sublease for such previous breach by

notifying HARRINGTON FARMS in writing that HARRINGTON FARMS' right to possession of the Subleased Premises has been terminated.

- C. Nothing in this section shall be deemed to affect HARRINGTON FARMS' indemnity of the DISTRICT, for liability or liabilities based upon occurrences prior to the termination of this Sublease for personal injuries or property damage under the indemnification section or sections contained in this Sublease.

12.3 No Waiver. No delay or omission of the DISTRICT to exercise any right or remedy shall be construed as a waiver of such right or remedy of any default by HARRINGTON FARMS hereunder. The acceptance by the DISTRICT of rent or any other sums hereunder shall not be:

- A. A waiver of any preceding breach or default by HARRINGTON FARMS of any provision thereof, other than the failure of HARRINGTON FARMS to pay the particular rent or sum accepted, regardless of the DISTRICT's knowledge of such preceding breach or default at the time of acceptance of such rent or sum or,
- B. A waiver of the DISTRICT's right to exercise any remedy available to the DISTRICT by virtue of such breach or default. No act or thing done by the DISTRICT or the DISTRICT's agents during the term of this Sublease shall be deemed an acceptance of a surrender of the Subleased Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by the DISTRICT.

12.4 Rent Not Abated. All covenants and agreements to be performed by HARRINGTON FARMS under any of the terms of this Sublease shall be performed by HARRINGTON FARMS at HARRINGTON FARMS' sole cost and expense and without any abatement of rent. If HARRINGTON FARMS shall fail to pay any sum of money, other than rent required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, or to provide any insurance or evidence of insurance to be provided by HARRINGTON FARMS, then in addition to any other remedies provided herein, the DISTRICT may, but shall not be obligated so to do, and without waiving or releasing HARRINGTON FARMS from any obligations of HARRINGTON FARMS, make any such payment or perform any such act on HARRINGTON FARMS' part to be made or performed as provided in this Sublease or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by the DISTRICT on HARRINGTON FARMS' behalf shall not give rise to any responsibility of the DISTRICT to continue making the same or similar payments or performing the same or similar acts. All costs, expenses and other sums incurred or paid by the DISTRICT in connection therewith, together with interest at the

maximum rate permitted by law from the date incurred or paid by the DISTRICT shall be deemed to be additional rent hereunder and shall be paid by HARRINGTON FARMS with and at the same time as the next monthly installment of rent hereunder, and any default therein shall constitute a breach of the covenants and conditions of this Sublease.

12.5 Cost of Sustaining an Action for Breach or Default. In the event of a dispute between the DISTRICT and HARRINGTON FARMS concerning claims arising out of this Sublease, the prevailing party in such dispute shall be entitled to recover from the other costs of prevailing in such dispute including reasonable attorney's fees, as may be fixed by the Court or the arbitrator.

### ARTICLE 13 EMINENT DOMAIN

13.1 Total and Partial Takings. In the event the whole of the Subleased Premises shall be taken from the DISTRICT under the power of eminent domain, this Sublease shall terminate as of the day possession shall be so taken. In the event that a portion of the Subleased Premises shall be taken from the DISTRICT under power of eminent domain, and the portion not so taken is deemed by HARRINGTON FARMS to be inadequate for the continuation of HARRINGTON FARMS' business, HARRINGTON FARMS shall have the right to terminate this Sublease by notifying the DISTRICT in writing within ten (10) days after the taking of possession by the condemnor. In the event a portion of the Subleased Premises shall be taken under the power of eminent domain and HARRINGTON FARMS does not elect to terminate, the rent payable by HARRINGTON FARMS shall be proportionately reduced. In the event this Sublease is terminated as provided in this section, then all rent shall be paid up to the date that possession is taken by public authority, and the DISTRICT shall make an equitable refund of any rent prepaid by HARRINGTON FARMS and not yet earned. The DISTRICT shall notify the TREE MOVER of the initiation of eminent domain proceedings as soon as reasonably practicable.

13.2 Compensation Awards. Each party hereto reserves the right to make claim in any condemnation proceedings against the condemnor for the fair market value of its interest in the Subleased Premises, and any other compensation otherwise due and payable to the respective parties hereto by virtue of the taking of such property for public use.

**ARTICLE 14**  
**NOTICE**

14.1 Notices. All notices, reports, and payments pursuant to this Sublease shall be addressed to the DISTRICT as set forth below or as the DISTRICT may hereafter designate by written notice to HARRINGTON FARMS and shall be sent through the United States mail, duly registered or certified, return receipt requested with postage prepaid. If any notice, report, or payment is sent by registered or certified mail, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof as above provided. Notwithstanding the above, the DISTRICT may also provide notices and reports to HARRINGTON FARMS by personal delivery or by regular mail and any such notice or report so given shall be deemed to have been given upon receipt.

**TO: DISTRICT**

County Sanitation District No. 20  
of Los Angeles County  
1955 Workman Mill Road  
P.O. Box 4998  
Whittier, CA 90607-4998

Telephone: (562) 699-7411

Facsimile: (562) 695-1874

Attention: Gary K. Yoshida  
Planning & Property  
Management Section

**TO: HARRINGTON FARMS**

Harrington Farms  
3380 Highway 33  
Maricopa, CA 93252

Telephone: (661) 766-2036

Facsimile: (661) 766-2436

Attention: Lee Harrington

**ARTICLE 15**  
**MISCELLANEOUS**

15.1 Time. Time is of the essence of this Sublease.

15.2 Sublease Organization. The various headings and numbers herein, the grouping of provisions of this Sublease into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not be considered otherwise.

15.3 Amendments. This Sublease sets forth all of the agreements and understandings of the parties with regard to its subject matter and any modification must be written and properly executed by both parties.



15.4 Circumstances Which Excuse Performance. If either party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, restrictive governmental, or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. However, nothing in this section shall excuse HARRINGTON FARMS, from the prompt payment of any rents or other charge required of HARRINGTON FARMS, except as may be expressly provided elsewhere in this Sublease.

15.5 Partial Invalidity. If any term, covenant, condition, or provision of this Sublease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

15.6 Waiver of Rights. The failure of the DISTRICT or HARRINGTON FARMS to insist upon strict performance of any of the terms, covenants, or conditions of this Sublease shall not be deemed a waiver of any right or remedy that DISTRICT or HARRINGTON FARMS may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of this Sublease thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Sublease. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

15.7 Authority of HARRINGTON FARMS. If HARRINGTON FARMS is a partnership, each individual executing this Sublease on behalf of said partnership represents and warrants that he is duly authorized to execute and deliver this Sublease on behalf of said partnership, in accordance with the bylaws of said partnership, and that this Sublease is binding upon said partnership.

15.8 Public Records. Any and all written information submitted to and/or obtained by the DISTRICT from HARRINGTON FARMS or any other person or entity having to do with or related to this Sublease and/or the Subleased Premises, either pursuant to this Sublease or otherwise, at the option of the DISTRICT, may be treated as a public record open to inspection by the public pursuant to the California Public Records Act (Government Code Section 6250, et. seq.) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and HARRINGTON FARMS hereby waives, for itself, its officers, agents, employees, and any person claiming by, through or under HARRINGTON FARMS, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify and hold the DISTRICT harmless from any and all claims, demands, liabilities and/or obligations arising out of or resulting from a claim by HARRINGTON FARMS or any third party that such information is a trade secret, or

confidential, or not subject to inspection by the public, including without limitation reasonable attorney's fees and costs.

15.9 Relationship of Parties. The relationship of the parties hereto is that of landlord and tenant under a sublease, and it is expressly understood and agreed that the DISTRICT does not in any way or for any purpose become a partner of HARRINGTON FARMS in the conduct of HARRINGTON FARMS' business or otherwise, or a joint venturer with HARRINGTON FARMS, and the provisions of this Sublease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method by which rental payments are to be measured and ascertained.

15.10 Contingencies. HARRINGTON FARMS is aware that this Sublease is subject to the approval of the Executive Director of the Department of Airports of the City of Los Angeles. HARRINGTON FARMS agrees to provide such additional information and to execute such additional consents or other documents reasonably necessary to obtain the Executive Director's consent for this Sublease.

15.11 Exercise of Tenant's Powers. Unless and until the DISTRICT's Board of Directors shall have adopted a resolution to the contrary and shall have advised HARRINGTON FARMS thereof, any power granted to the DISTRICT under this Sublease may be exercised by the DISTRICT's Chief Engineer and General Manager and HARRINGTON FARMS shall be entitled to rely on any action so taken as the binding action of the DISTRICT.

15.12 Binding Effect. This Sublease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, but nothing in this section shall be construed as a consent by the DISTRICT to any assignment of this Sublease or any interest in the Sublease by HARRINGTON FARMS.

15.13 Sole and Only Agreement. This instrument constitutes the sole and only agreement between the DISTRICT and HARRINGTON FARMS respecting the subleasing of the Subleased Premises by HARRINGTON FARMS, and correctly sets forth the obligations of the DISTRICT and HARRINGTON FARMS to each other as of its date. There are no oral agreements or representations between the parties hereto affecting this Sublease.

15.14 Authority of Signatories. Each individual executing this Sublease on behalf of HARRINGTON FARMS represents and warrants that he is duly authorized to execute and deliver this Sublease on behalf of HARRINGTON FARMS in accordance with the governing documents of HARRINGTON FARMS.

15.15 Attachments to Sublease. This Sublease includes the following, which are attached hereto and made a part hereof:

- I. Exhibit "A" - The DISTRICT's Lease with the City of Los Angeles
- II. Exhibit "B" - Map of the Subleased Premises
- III. Exhibit "C" - HARRINGTON FARMS' Monthly Reporting Requirements.

IN WITNESS WHEREOF, the parties hereto have hereunto executed this document the day and year first above written.

**HARRINGTON FARMS**

By: Lee Harrington  
Lee Harrington, Owner  
Harrington Farms

**COUNTY SANITATION DISTRICT NO. 20  
OF LOS ANGELES COUNTY**

By: [Signature]  
Chairperson, Board of Directors  
FEB 26 2003

**APPROVED AS TO FORM:  
LEWIS, BRISBOIS, BISGAARD & SMITH, LLP**

By: Daniel V. Hyde  
District Counsel

**ATTEST:**

By: M. Alma Horvath  
Secretary to the Board

N:\AGREEMENTS\PISTACHIO ORCHARD SUBLEASE.vpjd