

HOLLIDAY ROCK LEASE DOCUMENTS

ASSIGNMENT



COPY ORIGINAL

This Assignment is made June 20, 1996. by and between STATE SAND & GRAVEL CO., INC., a California Corporation, (the "Assignor") and HOLLIDAY ROCK CO., INC., a California Corporation, (the "Assignee").

RECITALS

1. Little Rock Sand and Gravel Inc., a California Corporation, (the "Lessor") as Lessor and Assignor as Lessee, executed a lease dated January 17, 1986; a first amendment to said lease dated December 15, 1987; a second amendment to said lease dated April 1, 1989 and a third amendment to said lease dated January 25, 1993.
2. Lessor and Assignor as Lessee, also executed an easement agreement for a water well dated September 10, 1987.
3. Lessor executed an Agreement with Littlerock Aggregate Co., Inc., dated January 11, 1976, and recorded on February 24, 1976 in Book M5261, Page 468, as Instrument Number 476, regarding excavation up to the boundary line of adjoining properties.
4. Lessor and Assignor as Lessee, executed a Development Agreement with the City of Palmdale, dated December 15, 1987, Site Plan Review Case Number 5-86-8 regarding the subject property of the lease and the amendments thereto.
5. Lessor and Assignor as Lessee, executed an Agreement dated December 8, 1987 regarding the allocation of costs for various improvements required by the Development Agreement dated December 15, 1987.
6. Charles B. Siroonian has signed a personal guarantee dated December 8, 1987 concerning the improvements to be undertaken by State Sand & Gravel Co., Inc., in connection with the above-referenced Development Agreement.
7. Assignor has submitted a Reclamation Plan to the City of Palmdale which is acting as the Lead Agency in accordance with the Surface Mining and Reclamation Act (SMARA) of the State of California, and in accordance therewith, has a letter of credit currently on file in the amount of [REDACTED] (\$ [REDACTED]).

*[Handwritten signatures and initials]*

8. Assignor as Lessee has prepaid the last twelve months of rent under the lease and amendments referenced above as follows:
- a. Lease dated 1/17/86 -- the sum of \$ [REDACTED]
  - b. First amendment dated 12/15/87 -- the sum of \$ [REDACTED]
  - c. Second amendment dated 4/1/89 -- the sum of \$ [REDACTED]
9. Assignor as Lessee, in a letter addressed to Lessor dated April 30, 1996, exercised its right to terminate the lease pursuant to applicable provisions therein.

Assignor, with the consent of Lessor, desires to assign the lease and other agreements as referenced above to Assignee, and Assignee desires to accept the assignment of the above-referenced documents;

THEREFORE, for valuable consideration, receipt of which is hereby acknowledged by the parties hereto, Assignor and Assignee agree as follows:

- A. Assignor assigns and transfers to Assignee all of Assignor's right, title and interest in and to the following leases and agreements and all prepaid rent under the lease, as amended, as referenced above:
- (1) Lease dated 1/17/86 (Exhibit "A")
  - (2) First amendment to Lease dated 12/15/87 (Exhibit "B")
  - (3) Second amendment to Lease dated 4/1/89 (Exhibit "C")
  - (4) Third amendment to Lease dated 1/25/93 (Exhibit "D")
  - (5) Easement Agreement dated 9/10/87 (Exhibit "E")
  - (6) Development Agreement with the City of Palmdale dated 12/15/87 (Exhibit "F")
  - (7) Reclamation plan as on file with the City of Palmdale and as referenced in the letter dated 2/20/96 (Exhibit "G")
  - (8) Agreement dated 12/8/87 regarding allocation of cost for improvements as required by the development agreement (Exhibit "H")

*[Handwritten signatures and initials]*  
TWH      [initials]

B. Assignee agrees to and does accept the assignment of the above-referenced Leases and Agreements and Assignee expressly assumes and agrees to keep, perform, and fulfill all the terms, covenants, conditions, and obligations, required to be kept, performed, and fulfilled by Assignor as Lessee under the Lease and other agreements referenced above, including the making of all payments due to or payable on behalf of Lessor under the Lease, as amended, when due and payable.

C. Assignee assumes full responsibility for and agrees to provide any and all financial assurances as may be required by the City of Palmdale or other agencies in connection with the Reclamation Plan referenced above including the posting or deposit of such financial assurances in such amounts as requested.

D. Assignee agrees to indemnify, protect, defend and hold Assignor and Charles B. Siroonian, an individual, harmless from all improvements, costs, expenses, permits, fees and other work to be performed as required by the Development Agreement referenced above.

E. Assignor and Assignee each agree that the termination letter dated April 30, 1996 is hereby canceled effective upon the signing of this Assignment.


F. This Assignment may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, however, all of which shall constitute but one and the same instrument.

Date: June 20, 1996

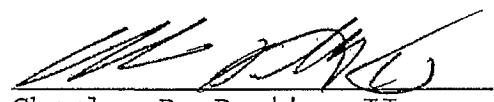
"Assignor"

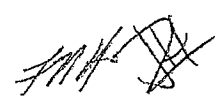
State Sand & Gravel, Inc.,  
A California Corporation

By:

  
Charles B. Siroonian,  
President

By:

  
Charles D. Pratty, II  
Secretary

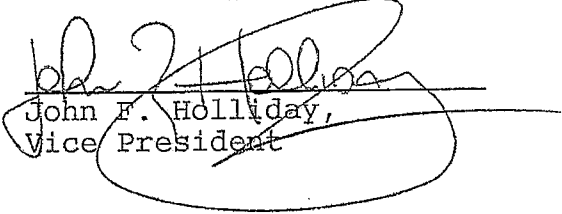


Date: June 20, 1996

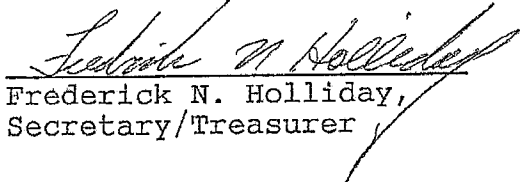
"Assignee"

Holliday Rock Co., Inc.  
A California Corporation

By:

  
John F. Holliday,  
Vice President

By:

  
Frederick N. Holliday,  
Secretary/Treasurer

CONSENT OF LESSOR

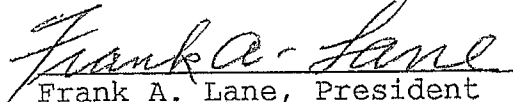
Notwithstanding the termination letter dated April 30, 1996, from Assignor as Lessee to Lessor, Lessor hereby consents to the cancellation of the termination letter dated April 30, 1996, and consents to the assignment of the Lease, its amendments and other Agreements referenced above to Holliday Rock Co., Inc., as Assignee, waiving none of the Lessor's rights under the Lease and other Agreements as referenced above as to the Assignee and hereby expressly releases the Assignor as Lessee from any further liability or obligation under the terms of the Lease and other Agreements as referenced above, except that this shall not release Assignor as Lessee and Charles B. Siroonian as to their obligations under the Development Agreement dated December 15, 1987, the Agreement dated December 8, 1987 and the personal guarantee of Charles B. Siroonian dated December 8, 1987. This consent and release is contingent upon Holliday Rock Co., Inc., as Assignee, accepting this Assignment.

Date: June , 1996

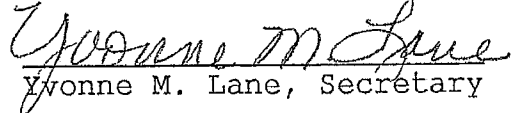
"Lessor"

Little Rock Sand & Gravel,  
Inc., A California Corporation

By:

  
Frank A. Lane, President

By:

  
Yvonne M. Lane, Secretary

  
Handwritten initials and signatures, including "CB" and "CPL".

Date: June , 1996

"Assignee"

Holliday Rock Co., Inc.  
A California Corporation

By: \_\_\_\_\_  
John F. Holliday,  
Vice President

By: \_\_\_\_\_  
Frederick N. Holliday,  
Secretary/Treasurer

**CONSENT OF LESSOR**

Notwithstanding the termination letter dated April 30, 1996, from Assignor as Lessee to Lessor, Lessor hereby consents to the cancellation of the termination letter dated April 30, 1996, and consents to the assignment of the Lease, its amendments and other Agreements referenced above to Holliday Rock Co., Inc., as Assignee, waiving none of the Lessor's rights under the Lease and other Agreements as referenced above as to the Assignee and hereby expressly releases the Assignor as Lessee from any further liability or obligation under the terms of the Lease and other Agreements as referenced above, except that this shall not release Assignor as Lessee and Charles B. Siroonian as to their obligations under the Development Agreement dated December 15, 1987, the Agreement dated December 8, 1987 and the personal guarantee of Charles B. Siroonian dated December 8, 1987. This consent and release is contingent upon Holliday Rock Co., Inc., as Assignee, accepting this Assignment.

Date: June 20, 1996

"Lessor"

Little Rock Sand & Gravel,  
Inc., A California Corporation

By: Frank A. Lane  
Frank A. Lane, President

By: Yvonne M. Lane  
Yvonne M. Lane, Secretary

SECOND AMENDMENT TO REAL PROPERTY LEASE

*copy*

This second amendment is made and entered into by and between Little Rock Sand and Gravel, Inc., a California corporation, hereinafter referred to as "Lessor", and State Sand & Gravel Co., Inc., a California corporation (formerly known as Pyro Resources, Inc.), hereinafter referred to as "Lessee".

Whereas on or about January 17, 1986, Lessor and Lessee entered into a real property lease for certain real property located in the County of Los Angeles, State of California; and

Whereas on or about December 15, 1987, Lessor and Lessee executed the First Amendment to this lease, adding to the leased premises approximately 100.6 acres adjoining the original leased premises, with an agreed upon adjustment in the rentals payable under the terms of the lease; and

Whereas Lessee now desires to add to the leased premises a further <sup>112.72</sup> ~~117~~ acres (approximately) adjoining the leased premises, with a further agreed upon adjustment in the rentals payable under the terms of the lease; and

Whereas Lessor and Lessee have agreed to the terms and conditions of adding the further additional acreage and the payment of rental therefor, and they desire to set forth herein certain amendatory provisions to the lease to effectuate the transaction;

Now, therefore, in consideration of the foregoing premises and the covenants and conditions hereinafter set forth, the parties agree as follows:

1. Paragraph ONE: DESCRIPTION OF PREMISES is hereby amended by the addition of the real property described in Exhibit A attached and incorporated by reference.

2. Paragraph FIVE: RESERVED RENT is hereby amended by the addition of the following provisions: *ff. Q.S.*

  
COPY

*Q.S.*

Lessor hereby reserves as rental for the further additional premises being added by this second amendment to real property lease a guaranteed minimum rental of \$ [REDACTED] per month, which said sum Lessor expressly reserves as a minimum rental for said further additional acreage.

Said additional minimum reserved rental for the further additional acreage shall be paid as follows:

(a) \$ [REDACTED] upon the execution of this second amendment to real property lease as and for the first month's (April, 1989) additional rent for the further additional acreage under this lease.

(b) \$ [REDACTED] upon the execution of this second amendment to real property lease as and for the last twelve months' additional rent for the further additional acreage under this lease.

(c) \$ [REDACTED] per month, payable on the first day of each month during the lease term.

(d) The additional minimum rental of \$ [REDACTED] per month shall become effective upon the signing of this second amendment to real property lease.

(e) Except as herein modified, all provisions of Paragraph 5: RESERVED RENT of the original lease are hereby incorporated and shall apply to the additional acreage added by this first amendment of real property lease, including but not limited to January 1, 1990 adjustments to the minimum reserved rental and the rental per ton in accordance with changes in the Consumer Price Index, it being the intent that the minimum reserved rental per acre and the rental per ton for both the original leased premises and the further additional acreage are identical after January 1, 1990.

*J.F. Col.*



IN WITNESS WHEREOF, Lessor and Lessee have executed this first amendment to real property lease this first day of April, 1989.

LESSOR: Little Rock Sand and Gravel, Inc.  
a California corporation

By Frank A. Lane  
Frank A. Lane, President

By Yvonne M. Lane  
Yvonne M. Lane, Secretary

LESSEE: State Sand & Gravel Co., Inc.  
a California corporation

By Charles A. Sirochian  
Charles A. Sirochian, President

By Gerald I. Stein  
Gerald I. Stein, Secretary

GRANITE CONSTRUCTION LEASE  
DOCUMENTS

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L E A S E

THIS LEASE AND AGREEMENT shall be effective as of the 1st day of February, 1983, between the parties hereinafter named and referred to respectively as Lessor and Lessee, as follows:

1. Lessor: Little Rock Sand & Gravel, Inc.,  
a California corporation
2. Lessee: Antelope Valley Raceway, Inc.,  
a California corporation

R E C I T A L S:

WHEREAS Lessor is the owner of certain improved real property upon which are situated the buildings more fully hereinafter described, which said buildings have been inspected and approved by Lessee; and

WHEREAS Lessee is willing to lease the aforesaid real property upon the terms and conditions hereinafter more fully set forth;

NOW THEREFORE, it is agreed as follows:

ONE: DESCRIPTION OF PREMISES

Lessor hereby leases to Lessee and Lessee hereby rents and hires from Lessor, and agrees to pay the hereinafter reserved rent for all of that portion of said improved real property legally described as:

The west half of the northwest quarter and the northwest quarter of the southwest quarter, all in Section 11, Township 5 North, Range 11 West, San Bernardino Base and Meridian, in the county of Los Angeles, state of California.

Excepting and reserving therefrom the east 30 feet of the northwest quarter of the northwest quarter and the east 30 feet of the north 100 feet of the southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B. & M., in the county of Los Angeles, state of California,

the street address of which is 6850 East Avenue T, Littlerock, Los Angeles County, California, hereinafter referred to as the "leased premises". For all purposes hereunder the term "leased premises" shall include the total area hereinafter described of both land and buildings.

During the term of this lease and any extension or renewal thereof, Lessee's customers shall have the right, in common with the Lessor's customers and in common with customers of other tenants of the Lessor to use the parking area included in the leased premises and the parking area included in any immediately adjoining property presently or in the future leased by Lessor under a lease containing parking provisions substantially identical to those contained in this sentence.

TWO: TERM OF LEASE

The term of this lease shall be for a period of three (3) years, commencing February 1, 1983, and terminating on the 31st day of January, 1986.

THREE: NEW LEASE

At least sixty (60) days prior to the termination of this lease, Lessee may notify Lessor, in writing, of its desire to rent the premises for an additional three (3) year term. Lessor will then submit in writing an offer to Lessee, offering to lease to Lessee the premises herein described for such additional term commencing from and after the termination of this lease. Said offer will contain the terms and conditions upon which Lessor will be willing to lease said premises to Lessee and it is expressly agreed that Lessee shall, during the thirty (30) days prior to the expiration of this lease, have the right to first refusal of said offer, and that during the period between the making of the offer by Lessor and its acceptance or rejection by Lessee, that Lessor will not lease the aforesaid property to any other person, firm or corporation upon terms different, more beneficial or other than those contained in the offer to Lessee. It is expressly agreed that Lessee shall have the right to accept the aforesaid offer provided it is not in default under any of the terms and conditions of this lease.

**FOUR: RESERVED RENT**

Lessor hereby reserves as rent for the leased premises an amount equal to seven percent (7%) of the gross business done by Lessee (as hereinafter described) and/or such concessions, subtenants, assigns, and successors as Lessee shall establish in or as the result of the business done by Lessee in connection with the business conducted by Lessee upon and/or in the premises herein leased, with a guaranteed rental reserved of \$20,279.88 which said sum Lessor hereby expressly reserves as minimum rental.

A. Said rent reserved shall be paid as follows:

1. \$1,126.66 upon the execution of this agreement as and for the first and last months minimum rental of the term herein leased.

2. \$563.33 per month in advance on the minimum rental commencing on the first day of the month from and after the first day of February, 1983, the commencement of this lease. Rent that has been prepaid shall be prorated and adjusted in the second month of the leasehold term so as to provide that then and thereafter said rental shall be due and payable on the first day of each month. Rent for any period less than one month shall equal 1/30th of the monthly rental for each day of said period.

3. The said percentage rental hereinabove reserved shall be paid not later than the 10th day following the particular event giving rise to payment of rental.

4. The sum above mentioned as the monthly installment of the minimum rental herein reserved shall be allowed as a credit against the said percentage rental hereinabove and deducted therefrom, it being expressly understood by the parties hereto that said minimum rental is guaranteed minimum rental.

The \$563.33 guaranteed minimum monthly rental covers one race day per month plus one day for trials. As to any

additional races in the same calendar month, Lessee shall pay to Lessor 7% of the gross business done in connection therewith within ten (10) days after the particular event involved.

5. As used herein the term "Lessee's gross business" shall be construed to mean the business done by Lessee and/or the business done by such concessions as Lessee may from time to time establish, Lessee's subtenants, successors, and/or assigns.

Such subtenants, assigns, successors and/or concessionaires shall be required to conform to the same terms respecting the keeping and inspection of records as Lessee under the terms of this lease is required to do.

B. It is understood by the parties hereto that the minimum rental above reserved shall in any event be paid in advance on the day herein specified save for those months during which rent is prepaid upon the execution of this agreement.

C. The term "gross business" as used herein shall (subject to the exceptions and authorized deductions as hereinafter set forth) mean the gross amount received by Lessee from all sales, both for cash and on credit, and in case of sales on credit whether or not payment be actually made therefor and whether or not payment is actually received by Lessee; all charges for services, alterations or repairs made in or upon the leased premises; the gross amount received by Lessee for merchandise sold pursuant to orders received at the leased premises although filled elsewhere; and the gross amount received by Lessee from any and all other sources of income derived from the business conducted upon the leased premises.

1. There is excepted from Lessee's gross business (as said term is used herein) the amount of all sales tax receipts which have to be accounted for by the Lessee to any government or governmental agency. There shall be deducted from Lessee's gross business (for purposes of accounting to Lessor) the amount of any

actual refunds or credits made by Lessee for returned merchandise, where the amount thereof had theretofore been included by Lessee in Lessee's gross income.

2. Lessee shall keep full, complete and proper books, records and accounts of the gross business, both for cash and on credit, of each separate department and concession at any time operated in the leased premises; said books, records and accounts, including any sales tax reports that Lessee may be required to furnish to any government or governmental agency, shall at all reasonable times be open to the inspection of the Lessor, Lessor's auditor or authorized representative or agent at the premises which are the subject of this lease.

3. Within fifteen (15) days after the end of each month from and after the commencement of this lease or any renewal or extension thereof, Lessee shall furnish Lessor with a statement, on the form furnished by Lessor (to be certified as correct by Lessee or the employee of Lessee authorized so to certify), which shall set forth the gross business, as herein defined, of each department and concession operating in the leased premises for the month just concluded and the authorized deductions, if any, therefrom, and with each statement Lessee shall pay to Lessor the amount of additional rental which is payable to Lessor as shown thereby. The furnishing of said monthly statement by Lessee to Lessor is a condition and covenant of this lease and shall be furnished under all circumstances regardless of whether or not said statement shall reflect a gross business necessitating an additional payment by Lessee to Lessor of reserved rent over and above the minimum rent previously paid. If Lessee shall at any time cause an audit of Lessee's business to be made by a certified public accountant, Lessee shall furnish Lessor with a copy of said audit without any cost or expense to Lessor. Lessor may, at reasonable times, cause an audit of the business to be



made by an accountant of Lessor's selection, and if the statements of Lessee's gross business previously made by Lessee to Lessor shall be found to be less than the amount of Lessee's gross income, Lessee shall immediately pay the costs of said audit as well as the additional rental therein shown to be payable to Lessor by Lessee, otherwise the cost of such audit shall be paid by Lessor.

4. The acceptance by Lessor of any monies paid to Lessor by Lessee as additional rental for the leased premises as shown by Lessee shall not be an admission of the accuracy of said statement or of the sufficiency of the amount of said additional rental payment but Lessor shall be entitled to at any time within four (4) years after the receipt of any such additional rental payments, to inquire into and question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by Lessee to justify the same; for the purpose of enabling Lessor to check the accuracy of such statements and the sufficiency of any additional rental payment to be made in accordance therewith, Lessee shall for a period of four (4) years after submission to Lessor of any such statement or statements, keep safe and intact all of Lessee's records, accounts, books and other data which in any way bears upon or are required to establish in detail Lessee's gross business and any authorized deductions therefrom as shown by any such statement or statements and shall upon request make the same available to Lessor, Lessor's auditor, representative or agent for examination at any time during the four (4) year period.

D. The guaranteed minimum monthly rental shall be adjusted upwards percentagewise on January 1 of each year beginning on the first day of the calendar year following that during which the lease term commenced if at that time the U. S. Department of Labor Cost of Living Index (as it pertains to Los Angeles County) has increased beyond the U. S. Department of Labor Cost of Living Index

(as it pertains to Los Angeles County) on the first day of the lease term; the amount of such increase in the guaranteed minimum monthly rental shall be determined by comparing such U. S. Department of Labor Cost of Living Index as it existed on the first day of the lease term and as it exists on January 1 of the calendar year following that during which the lease term commenced, and on each subsequent first day of January during the term of the lease or any extension thereof. The guaranteed minimum monthly rental shall never be less than that provided for initially in this lease. To the extent that the guaranteed minimum monthly rental has been adjusted upwards on the last January 1 occurring during the lease term, the monthly increase in excess of the guaranteed minimum monthly rental initially provided for in this lease for each of those months of this lease for which rent was prepaid (and which fall after said last January 1 occurring during the lease term) shall be payable within fifteen (15) days after said last January 1.

E. All rental payments shall be made to Lessor at its address at 44909 North Tenth Street West, Lancaster, California, or at such other address as Lessor shall hereafter designate in a written notice to Lessee.

F. Lessor is also to receive 33-1/3% of any income from subleases (made with Lessor's written consent), movies, vehicle testing, tire testing or any other income not directly from drag races. Said percentage rental shall be paid to Lessor not later than the 15th day of the month following the month during which such income accrues to Lessee.

**FIVE: TRADE FIXTURES, ALTERATIONS AND MODIFICATIONS**

Lessee shall not install or attach to the real property or any portion of the improvements or buildings thereon, any trade fixtures or any other appurtenances, or in any other way alter or modify the real property, improvements, buildings or fixtures, including, but

not limited to the exterior or interior painting or partitioning without first having obtained written consent from Lessor so to do and shall, after having received such consent, notify Lessor of the time that Lessee commences installing such alterations, modifications or trade fixtures, in order that Lessor may post said property with appropriate notices as specified by the Civil Code of the State of California, declaring its non-responsibility for such alterations, modifications, or installations of trade fixtures, and for payment of any labor, services or materials used or to be used therein or in connection therewith, so as to protect the aforesaid property from any and all mechanic's liens.

A. Any such improvements that are agreed by the parties hereto in writing to be "trade fixtures" furnished and installed by Lessee shall remain the property of the Lessee and may be removed by Lessee upon the termination of this lease at Lessee's expense provided the same can be removed without any damage to the aforesaid premises, and Lessee in this connection, specifically agrees to return the leased property to Lessor in its original state, reasonable wear and tear and damage by elements excepted. It is expressly agreed that all such removals shall be at the sole expense of Lessee and that Lessee will notify Lessor of Lessee's intention to so remove and allow Lessor an opportunity to post the aforesaid real property with appropriate notices as specified hereinabove to protect the same from any and all mechanic's liens that might arise. All other improvements by Lessee, including the grandstands, well, pumping machinery and pipelines, shall become and remain part of Lessor's leased property.

B. It is expressly understood and agreed by and between the parties hereto that Lessee's right to remove as specified above is expressly conditioned upon Lessee's exercising said right within ten (10) days after the expiration of this lease, and should Lessee fail to exercise the said right within said time, all such fixtures

and/or improvements shall, at the option of the Lessor, become the property of the Lessor.

C. If, prior to the expiration of this lease, Lessee shall abandon, vacate, or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the premises, and any trade fixtures and/or improvements, shall be deemed to be abandoned, at the option of Lessor, except such property as may be covered by a security agreement and/or financing statement in favor of Lessor.

D. It is further mutually agreed and understood that in the event that Lessee fails to exercise the right to remove under this paragraph and should Lessor desire to remove the aforesaid fixtures and/or improvements and/or personal property from the leased premises, Lessor shall do so at Lessee's expense and Lessee does hereby expressly agree to pay upon demand, any and all such costs as may be incurred by Lessor in connection with the removal thereof.

E. Lessee does hereby agree that in the event the right to remove said property is not exercised as provided in this paragraph, this lease shall, at the option of Lessor, act as a transfer and conveyance to Lessor of any and all right, title and interest Lessee may have in and to any and all such improvements and/or fixtures and/or personal property.

F. Lessee shall neither permit nor suffer any mechanics' liens or other liens to be filed against the leased premises or any part thereof (or against Lessee's leasehold interest therein) by reason of any work, labor, or materials done on or in, or supplied to, the leased premises at Lessee's request or at the request of any of Lessee's agents, employees, or sublessees. Should any such lien be filed, Lessee agrees to and shall cause it to be removed forthwith, provided, however, that should Lessee in good faith desire to contest such lien he may do so, but in such case Lessee agrees to and shall

indemnify and save Lessor harmless from any and all liability for damages resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged, and removed prior to execution of the judgment. Should Lessee fail to discharge any such lien or furnish a bond against the foreclosure thereof, Lessor may, but shall not be obligated to, discharge the same or take such other action as he deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including reasonable attorney's fees incurred by Lessor, shall be repaid by Lessee to Lessor on written demand therefor.

SIX: SIGNS AND OTHER STRUCTURES.

Lessee shall have the right to erect and maintain such signs, fences, walls and other structures as may be required for the convenient use of the leased premises, but shall not do so until having first obtained the written permission and consent of the Lessor to do so.

A. No signs, fences, walls or any other structures whatsoever shall at any time be placed by Lessee within any "set-back" area.

B. No signs, walls, fences and/or any other structure shall be in any event erected by Lessee in any manner so as to interfere with or obstruct any of the surrounding premises.

C. No signs, television aerials, telephone lines, electrical lines, water lines, or any other item shall be fastened to or placed on the roof of the building without Lessee first having obtained the written permission and consent of Lessor so to do.

D. No signs shall be painted on the premises or structures without consent of Lessor as indicated above.

SEVEN: USE OF PREMISES

It is recognized and understood by and between the parties hereto

that Lessee shall use the premises herein leased, as and for events sanctioned by a nationally recognized vehicle racing association, and it is with this understanding that Lessor is willing to lease the aforesaid property to Lessee. Lessee expressly warrants that it, its agents, servants and employees shall engage only in presenting events sanctioned by a nationally recognized vehicle racing association on the leased premises; in the event that any breach of this warranty occurs, this lease shall immediately terminate, at the option of the Lessor.

EIGHT: INDEMNITY BY LESSEE

Lessee agrees to protect and save Lessor harmless and protect its interest in the leased premises and keep the same free and clear from all encumbrances and further, to protect Lessor from any damage that it may sustain by reason of Lessee's use of the aforesaid premises or the activity of Lessee's agents, servants or employees on, about or in connection with the aforesaid leased premises and will defend Lessor should Lessor be joined in any lawsuit or should judgment be recovered against Lessor by reason of any activity of Lessee, or its agents, servants or employees in, about or upon or in connection with the leased premises, it being the intent of this particular provision to protect the Lessor from any liability whatsoever that may arise by reason of Lessee's use of the premises, either by Lessee or by Lessee's agents, servants or employees as well as sub-tenants, concessionaires, licensees, contractors, invitees or permittees, either arising from or growing out of the use, maintenance, occupation or operation of the leased premises during and throughout the term of this lease.

Lessee further agrees that in the event Lessor incurs any legal costs or obligations in connection with any act by or on behalf of Lessee as specified herein, Lessee will pay to Lessor all reasonable attorneys' fees and costs incurred by it.

## NINE: LIABILITY INSURANCE

Lessee hereby agrees to procure and maintain at its own cost and keep in force at all times during and throughout the term of this lease, a policy or policies of liability insurance (with a minimum coverage period of one year) with a combined \$5,000,000.00 single limit bodily injury and property damage coverage, by an insurance company or companies approved by the Lessor, naming Lessor, its officers and directors, and Frank A. Lane, Yvonne M. Lane and George M. Lane as additional insureds; said combined \$5,000,000.00 single limit insurance shall include (but not necessarily be limited to):

1. A premises liability policy in an amount not less than \$5,000,000.00 covering the drag strip area, adjoining parking area and other areas immediately adjoining.

2. An events liability policy in an amount not less than \$5,000,000.00 as to all events sanctioned by a nationally recognized vehicle racing association conducted on the leased premises. With regard to the events liability coverage, Lessor is to receive unconditional written confirmation of such coverage as to particular events not less than 10 days before the particular event involved.

3. A premises liability and an activity, use and/or events liability policy in an amount not less than \$5,000,000.00 as to any use of or activity or event on or at the leased premises other than an event sanctioned by a nationally recognized vehicle racing association; with regard to such premises liability and activity, use and/or event liability coverage, Lessor is to receive unconditional written confirmation of such coverage as to a particular activity, use and/or event not less than 10 days before the particular activity, use and/or event.

As to the above insurance coverages, which shall be on an occurrence basis, Lessee does hereby agree to furnish Lessor

immediately with a certificate or certificates of insurance indicating the existence of the insurance with the terms and provisions of this paragraph to be in full force and effect, and wherein the insurance carriers agree to give the Lessor not less than 30 days written notice of cancellation.

TEN: RIGHT TO CANCEL; RIGHT TO QUARRY

Either Lessor or Lessee can elect to terminate this lease on thirty days' written notice to the other party. In such event, the advance payment of the guaranteed minimum monthly rental by Lessee shall apply towards the rental for said thirty day notice period.

In addition Lessor reserves the right to quarry in portions of the leased premises not directly in the drag strip track, and to withdraw, for quarry purposes, portions of the leased premises not directly in the drag strip track.

ELEVEN: COMPLIANCE WITH LAW

Lessee shall, at its sole cost and expense, comply with all of the requirements of all City, County, State, and Federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, and shall faithfully observe in the use of the premises all City and County ordinances and State and Federal statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Lessor and Lessee.

The Lessee specifically agrees to comply with the conditions of conditional use permit case number 937-(5) and variance case number 540-(5) set forth in Exhibit A attached hereto and incorporated by reference herein.



There shall be no dumping or storing of refuse or trash on the leased premises by Lessee. Lessee shall provide for trash removal from the leased premises no less frequently than once every thirty days.

**TWELVE: TAXES AND ASSESSMENTS**

Lessee shall pay all taxes and assessments upon any personal property and trade fixtures and/or other additions attached to the aforesaid premises and Lessor shall pay all real property taxes and assessments against the real property. Should the general real property taxes and/or assessments be increased (including increase due to improvement bonds) so as to result in an increase in taxes and/or assessments, Lessee agrees to pay to Lessor as and for additional rent, upon demand, an amount equal to any such increase in such taxes and/or assessments over that amount of general real property taxes and/or assessments payable for the first year of occupancy of the leased premises by Lessee, which shall be for the tax year 1982-1983. In the event that there is not a separate tax bill or assessment bill or statement for the leased premises but such taxes and/or assessments are instead included in a tax or assessment bill or statement which also cover adjoining premises and/or outbuildings, then any such increase to be paid as additional rental shall be computed as an amount equal to that proportion of any such increase as the area of the leased premises bears to the total area covered in such tax or assessment bill or statement.

**THIRTEEN: UTILITIES**

Lessee shall during the term hereof pay all charges for telephone, gas, electricity and water used in or on the leased premises and for the removal of rubbish therefrom before they become delinquent, shall maintain all utilities in name of Lessee and shall hold Lessor harmless from any liability therefor.

**FOURTEEN: DAMAGE TO BUILDING BY FIRE OR OTHER CASUALTY**

Lessor agrees that in case the building and premises or any part thereof shall at any time be destroyed or so damaged by fire, earthquake or other casualty so as to be unfit for occupancy or use, Lessor shall within a reasonable time repair or commence the necessary repairs and it is agreed that the rent herein reserved, or a fair and just proportion thereof (according to the percentage that the said premises shall become unfit for occupancy by reason of said damages), shall abate until said premises shall have been rebuilt and made fit for occupancy and use; provided, however, that should Lessor in its sole opinion feel that it would not be practical to rebuild, Lessor shall have the sole right to terminate this lease and return any rental monies due Lessee for any unused portion of this lease that have heretofore been paid.

**FIFTEEN: MAINTENANCE OF EXTERIOR**

Lessee agrees to maintain the exterior of said building including the roof, exterior walls and paving and keep the same in good and substantial repair and condition. Lessee agrees to do everything necessary to keep the exterior of the premises which it occupies, free from all unnecessary waste, garbage or trash developing as result of the use of the premises by Lessee, its agents, servants, employees or representatives and does agree to remove any and all boxes, cartons and/or other unsightly refuse as rapidly as is feasible from the exterior of the aforesaid described premises. Lessee agrees to maintain all shrubbery, planting, indoor and outdoor lighting in and/or upon the leased premises. Lessee agrees that any damage to the exterior or interior of the leased premises resulting from a burglary, or attempted burglary shall be the responsibility of Lessee.

**SIXTEEN: MAINTENANCE OF INTERIOR**

Lessee agrees to keep the interior of said building which he occupies in a good and tenantable order, condition and repair,

reasonable wear and tear thereof excepted. Lessee further agrees to repair all damage caused by him or his agents, employees or representatives or by his customers, to either the interior or the exterior of that portion of the building which he occupies.

All heating, air-conditioning, lighting, plumbing and other appliances installed or supplied by Lessor and/or Lessee shall be maintained and cared for throughout the term of this lease by Lessee who does hereby agree to maintain and keep the same in good condition and repair and shall not call upon the Lessor at any time for their maintenance in any regard whatsoever.

**SEVENTEEN: SURRENDER**

At the expiration of said term or any extension thereof or any sooner termination of this lease, Lessee will quit and surrender the premises in as good order and condition as reasonable wear and tear will permit. Should Lessee hold over and continue in possession after the termination of this lease or any extension thereof, with the expressed or implied consent of Lessor, such holding over shall be construed only as a tenancy from month to month (and shall otherwise be on the terms and conditions herein specified, so far as applicable) and Lessee does hereby agree to pay as rent for such term, the same monthly amount as is herein reserved for the last month of the lease term or any extension thereof.

**EIGHTEEN: BANKRUPTCY, RECEIVERSHIP, ETC.**

This lease shall terminate at the option of the Lessor and Lessor shall have the right to immediately enter upon the leased premises and take possession thereof and remove all persons therefrom upon the occurrence of any of the following events:

A. The filing of any original or voluntary petition under any chapter or section of the National Bankruptcy Act of 1898 as amended or as the same may be amended in the future, by or against said Lessee or any sub-lessee or assignee holding this lease, either

by virtue of a sub-lease, assignment or as an assignee for the benefit of creditors, or both.

B. The appointment in any state or federal court, or, voluntarily, by the Lessee of a receiver or trustee or a debtor in possession or other similar officer or an assignee for the benefit of creditors for the Lessee or any sub-lessee or assignee of Lessee holding under this lease.

C. The default of Lessee in the performance of any other of its agreements, conditions, or covenants under this lease.

NINETEEN: LESSOR'S RIGHT OF ENTRY

Lessor is hereby granted the right and privilege either in person or by a duly authorized agent or representative to enter upon said premises at all reasonable times to inspect the same and to make necessary repairs, to show the premises to prospective Lessees, purchasers, mortgagees, or beneficiaries under trust deeds, or to take possession thereof in the event that any of the conditions or covenants in this agreement are breached.

TWENTY: WAIVER OF ANY BREACH

The waiver by the Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent under this lease by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, condition or covenant herein contained other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

TWENTY-ONE: COVENANTS AND CONDITIONS

All promises and provisions herein made by Lessee shall be construed as covenants and conditions as though the words importing

such covenants and conditions were used in each instance and that all such promises and provisions shall bind Lessee and inure to the benefit of Lessor and their respective heirs, legal representatives, successors, and assigns.

TWENTY-TWO: LESSOR'S RIGHTS IN EVENT OF DEFAULT

A. The occurrence of any of the following shall constitute a default by Lessee:

1. Failure to pay rent when due.
2. Abandonment and vacation of the premises (failure to occupy and operate the premises for 10 consecutive days) shall be deemed an abandonment and vacation.
3. Failure to perform any other provision of this lease if the failure to perform is not cured within 30 days after notice has been given to Lessee. If the default cannot reasonably be cured within 30 days, Lessee shall not be in default of this lease if Lessee commences to cure the default within the 30 day period and diligently and in good faith continues to cure the default.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Lessee perform the provisions of this lease within the applicable period of time, or quit the premises. No such notice shall be deemed a forfeiture or a termination of this lease unless Lessor so elects in the notice.

B. Lessor shall have the following remedies if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

1. Lessor can continue this lease in full force and effect, and the lease will continue in effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent when due. During the period Lessee is in default, Lessor can enter the premises and relet them, or any part

of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this lease. Lessee shall pay to Lessor the rent due under this lease on the dates the rent is due, less the rent Lessee receives from any reletting. No act by Lessor allowed by this paragraph shall terminate this lease unless Lessor notifies Lessee that Lessor elects to terminate this lease. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the premises, if Lessee obtains Lessor's consent Lessee shall have the right to assign or sublet its interest in this lease, but Lessee shall not be released from liability. Lessor's consent to a proposed assignment or subletting shall not be unreasonably withheld.

If Lessor elects to relet the premises as provided in this paragraph, rent that Lessor receives from reletting shall be applied to the payment of:

First, any indebtedness from Lessee to Lessor other than rent due from Lessee;

Second, all costs, including for maintenance, incurred by Lessor in reletting;

Third, rent due and unpaid under this lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Lessor receives from reletting shall be held by Lessor and applied in payment of future rent as rent becomes due under this lease. In no event shall Lessee be entitled to any excess rent received by Lessor. If, on the date rent is due under this lease, the rent received from the reletting is less than the rent due on that date, Lessee shall pay to Lessor, in addition to the remaining

rent due, all costs, including for maintenance, Lessor incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

2. Lessor can terminate Lessee's right to possession of the premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

a. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;

b. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;

c. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and

d. Any other amount, and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

"The worth, at the time of the award," as used in a. and b. of this paragraph, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge.

"The worth, at the time of the award," as referred to in c. of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the

time of the award, plus 1%.

3. If Lessee is in default of this lease Lessor shall have the right to have a receiver appointed to collect rent and conduct Lessee's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Lessor to terminate this lease.

4. Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor at any time, by reason of Lessee's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Lessor, shall be due immediately from Lessee to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with interest on it, shall be additional rent.

**TWENTY-THREE: ATTORNEY FEES**

In the event that either party hereto shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any term, covenant, or condition of this lease by it to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover, in addition to its court costs, a reasonable attorney's fee to be fixed by the court, and such recovery shall include court costs and attorney's fee on appeal if any. As used herein, "the party prevailing" means the party in whose favor final judgment is rendered.

**TWENTY-FOUR: ASSIGNMENTS - PROTECTION OF LESSOR**

Lessee shall have no right to assign or sublet the leased premises for the purpose of vehicle racing; as to any other purpose or use, Lessee shall neither assign this lease nor sublet the leased premises without first obtaining the written consent of Lessor to



do so, provided, however, that Lessor shall not arbitrarily or unreasonably refuse to grant his consent to such assignment or subletting, and provided further that a consent to one assignment or subletting by Lessor shall not be deemed a consent to any subsequent assignment or subletting. Any assignment or subletting without the consent of Lessor shall be void and shall, at the option of Lessor, terminate this lease.

TWENTY-FIVE: CONDEMNATION

If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the Lessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after the condemnation bears to the value of the entire premises at the date of condemnation. If all the leased premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible to occupation hereunder, this lease shall terminate thereupon. It is further understood that any condemnation award or any other proceeds whatsoever received from any such condemnation shall belong solely to Lessor and Lessee shall have no interest therein whatsoever.

TWENTY-SIX: NOTICES

Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor shall be in writing. They shall be served either personally or by registered or certified mail, return receipt requested. If served personally, service shall be conclusively deemed made at the time of service. If served by registered or certified mail, service shall be deemed made on the business day following deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given as hereinafter provided.

Any notice or demand to Lessor may be given to it at 44909 North Tenth Street West, Lancaster, California 93534.

Any notice or demand to Lessee may be given to it at the address of the leased premises.

TWENTY-SEVEN: ENTIRE AGREEMENT

This lease contains the entire agreement between the parties relating thereto. All prior negotiations or stipulations concerning its matter which preceded or accompanied the execution hereof are conclusively deemed to be superseded hereby; provided, however, that this lease may in the future be altered by written agreement of the parties or by an executed oral agreement but not otherwise.

IN WITNESS WHEREOF, Lessor and Lessee have executed this lease the day and year in this instrument first above written and they specifically agree that they bind themselves, their heirs, executors, successors and assigns.

LESSOR:

Little Rock Sand & Gravel, Inc.

Dated: Feb. 1st, 1983

By Frank A. Lane  
Frank A. Lane, President

By \_\_\_\_\_  
Yvonne M. Lane, Secretary

LESSEE:

Antelope Valley Raceway, Inc.

Dated: \_\_\_\_\_

By Bernard Edward Longjohn

By Anne Marie Longjohn  
Anne Marie Longjohn

NORMAN MURDOCH  
 Planning Director  
 EDGAR T. IRVINE,  
 Acting Chief Deputy  
 ROBERT W. CHAVE  
 Deputy Director  
 JOSEPH K. KENNEDY  
 Deputy Director  
 WAYNE L. STEWART  
 Deputy Director

COUNTY OF LOS ANGELES  
 DEPARTMENT OF REGIONAL PLANNING

320 West Temple Street  
 Los Angeles, California 90012  
 Telephone: 974-8401

COMMISSIONERS  
 OWEN H. LEWIS  
 Chairman  
 ARTHUR J. BAUM  
 Vice Chairman  
 SADIE B. CLARK  
 CAROLYN P. LLEWELLYN  
 ROBERT J. MEEKER  
 LUCILLA BARTHEL  
 Secretary to the Commission

May 18, 1977

Certified - Return  
 Requested

Littlerock Sand & Gravel, Inc.  
 44835 North Tenth Street West  
 Lancaster, California 93534

Gentlemen:

Re: CONDITIONAL USE PERMIT CASE NO. 937-(5)  
 AND VARIANCE CASE NO. 540-(5)  
 To authorize the establishment and maintenance of a  
 drag strip for off-road vehicles with a modification  
 of parking development standards.  
 6850 East Avenue T  
 Littlerock Zoned District, Zones Q(DP) and A-2-1

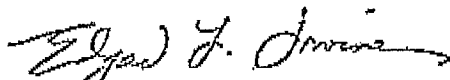
The Regional Planning Commission, by its action of May 11, 1977  
 granted the above-described permit and variance. The documents  
 pertaining to this grant are enclosed.

Your attention is called to the following:

1. Condition No. 1, requiring acceptance by the owner of the  
 property of all conditions of this permit and variance.
2. Condition No. 4, pointing out limitations of this grant;
3. That during the fifteen-day period following your receipt  
 of this letter, the decision may be appealed to the Board  
 of Supervisors through the office of James Mize, Executive  
 Officer, Room 383, Hall of Administration, 500 West Temple  
 Street, Los Angeles, California 90012. This grant will  
 not become effective until and unless this period has passed  
 without an appeal.

Very truly yours,

DEPARTMENT OF REGIONAL PLANNING  
 Norman Murdoch, Planning Director



Edgar T. Irvine, Acting Chief Deputy

JRS:th

Enclosures

cc: Building and Safety; Board of Supervisors; Zoning Enforcement  
 Health Department; Forester & Fire Warden; Air Pollution

Exhibit A

CONDITIONAL USE PERMIT CASE NO. 937-(5)  
AND VARIANCE CASE NO. 540-(5)

Page 2

The Regional Planning Commission of the County of Los Angeles, under the provisions of the Zoning Ordinance (Ordinance 1494), grants a conditional use permit to enable the following described property:

West 1/2 of the northwest 1/4 and the northwest 1/4 of the southwest 1/4 of Section II TSNR II W S.B.M.

to be used to authorize the establishment and maintenance of a drag strip for off-road vehicles with a modification of parking development standards subject to the attached conditions numbered 1 through 14.

This permit shall be null and void unless it is used prior to May 11, 1978. Upon written request stating reasons why additional time to commence is needed, the Commission may grant a one-year time extension. Such request must be received prior to May 11, 1978.

The foregoing is the decision of the Regional Planning Commission on May 11, 1977 upon adoption of the attached findings.

DEPARTMENT OF REGIONAL PLANNING  
Norman Murdoch, Planning Director



Edgar W. Irvine, Acting Chief Deputy

JRS:th

CONDITIONAL USE PERMIT CASE NO. 957-(5) and  
VARIANCE CASE NO. 540-(5)

FINDINGS:

1. The conditional use permit request is to operate and maintain an existing drag strip for off-road vehicles.
2. The variance request is to permit modification of development standards.
3. The southerly 40 acres of the subject property is zoned Q-DP (Quarry-Development Program) and the northerly 82 acres of the subject property is zoned Q (Quarry) which permits drag strips with the approval of a conditional use permit.
4. The subject property is a level, rectangular shaped parcel of land approximately 122 acres in size.
5. Access to the subject property is provided by East Avenue "T" which is a 100 foot wide County Major Highway developed with paving.
6. The area surrounding the subject property is vacant to the north and south and developed with quarrying uses to the east and west.
7. The large amount of parking area will be sufficient for participants and spectators and race events.
8. This location is isolated and not maintained, a requirement for landscaping would be unreasonable.
9. The race track will be used only one to three times a week primarily on weekends during the daylight hours and occasionally on a week night between the hours of 5:00 p.m. and 10:00 p.m.
10. Guards will be used from the rock plant across East Avenue "T" to prevent unauthorized usage.
11. The surrounding area will be buffered from noise by the quarrying activities adjacent to the drag strip.
12. The subject property has been developed in its current configuration since 1965 without detriment to the surrounding property owners.
13. The subject property is fenced and remote from residential or commercial uses.
14. The development of the property is such that the parking area will be effectively screened by the participant's gate fence and the fence along the return road of the drag strip.
15. There were no protests to the request to continue the facility.
16. There were letters and petitions submitted in support of the requested use.

CONDITIONAL USE PERMIT CASE NO. 937-(5) and  
VARIANCE CASE NO. 540-(5)

17. The proposed use will not have an adverse effect on the environment and was granted a Negative Declaration.
18. The facility will provide a needed service to the youth of the Antelope Valley.
19. The parking area is made up of highly compacted decomposed gravel which provides a suitable non-dust producing surface; an all weather surface is not necessary because racing will not be conducted in racing weather.
20. A large paved area would not be desirable because the area is located within a flood plain management zone and a significant ecological area; the paving would prevent water percolation to the aquifer and may cause erosion problems.

BASED UPON THE FOREGOING, THE ZONING BOARD CONCLUDES THAT:

- A. Granting the proposed conditional use permit and variance with the conditions and restrictions hereinafter mentioned will not be in substantial conflict with any general plan adopted for the area.
- B. The requested use at the location proposed will not adversely affect the health, peace, comfort or welfare of persons residing or working in the surrounding area, and will not be materially detrimental to the use, enjoyment, or valuation of property of other persons located in the vicinity of the site, and will not jeopardize, endanger, or otherwise constitute a menace to the public health, safety or general welfare.
- C. The proposed site has adequate traffic access and said site is adequately served by other public or private service facilities which it requires.
- D. The strict application of the Ordinance deprives the subject property of privileges enjoyed by other property in the vicinity and under identical zoning classification, because of special circumstances or exceptional characteristics applicable to the subject property.
- E. The adjustment authorized herein will not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.
- F. The strict application of zoning regulations as they apply to the subject property will result in practical difficulty or unnecessary hardship inconsistent with the general purpose of such regulations and standard.
- G. Such adjustment as granted herein will not be materially detrimental to the public health, safety or general welfare; or to the use, enjoyment or valuation of property of other persons located in the vicinity.

CONDITIONAL USE PERMIT CASE NO. 937-(5) and  
VARIANCE CASE NO. 540-(5)

CONDITIONS

1. This permit and variance shall not be effective for any purpose until a duly authorized representative of the owner of the property involved has filed at the office of said Regional Planning Commission his affidavit stating that he is aware of , and accepts, all the conditions of this permit and variance;
2. It is hereby declared to be the intent that if any provision of this permit or variance is held or declared to be invalid, the permit and variance shall be void and the privileges granted hereunder shall lapse;
3. It is further declared and made a condition of this grant that if any condition hereof is violated, or if any law, statute, or ordinance is violated, the permit and variance shall be suspended and the privileges granted hereunder shall lapse; provided that the applicant has been given written notice to cease such violation and has failed to do so for a period of thirty (30) days;
4. That all requirements of the Zoning Ordinance and of the specific zoning of the subject property must be complied with unless set forth in this grant or shown on the approved plot plan;
5. That the property shall be developed and maintained in substantial conformance with the plot plan on file marked "Exhibit A";
6. That all structures conform with the requirements of the Division of Building and Safety of the Department of County Engineer;
7. That subject facility be developed and maintained in compliance with requirements of the Los Angeles County Health Officer. Adequate water and sewage facilities shall be provided to the satisfaction of said Health Officer;
8. That upon receipt of this letter, applicant shall contact the Fire Prevention Bureau of the Los Angeles County Forester and Fire Warden to determine facilities that may be necessary to protect the property from fire hazard. Water mains, fire hydrants, and fire flow shall be provided as may be required by said department;
9. That applicant shall secure any necessary permits from the Air Pollution Control District;
10. That a minimum of 200 off-street parking spaces be provided on the subject property;
11. That unless this grant is used within a year from the date of Regional Planning Commission approval, the grant will expire. (A one-year time extension may be requested prior to such expiration date.)
12. That this grant will expire on March 23, 1987.
13. In the event that the operation of any part of this facility should result in substantial complaints to the Department of Regional Planning, or the Regional Planning Commission, the above-described conditions may be modified if, after a duly advertised hearing by the Regional Planning Commission, such modification is deemed appropriate in order to eliminate or reduce said complaints;
14. That no fuel shall be stored on the subject property.

JRS:MN:lo  
3-21-77

GUARANTY

1. In consideration for the Lessor Little Rock Sand & Gravel, Inc. entering into the foregoing lease with Lessee Antelope Valley Raceway, Inc., Bernard Edward Longjohn and Anne Marie Longjohn (hereinafter called Guarantors) hereby jointly and severally unconditionally guaranty and promise on demand to pay Lessor all rents and all other sums reserved in the foregoing lease, in the amounts, at the times and in the manner set forth in the lease, and to perform at the time and in the manner set forth in the lease all of the terms, covenants and conditions therein required to be kept, observed or performed by Lessee. Guarantors shall pay all of the foregoing amounts and perform all of the foregoing terms, covenants and conditions notwithstanding that the lease or any of its provisions shall be void or voidable as against Lessee or any of Lessee's creditors, including a trustee in bankruptcy of Lessee, by reason of any fact or circumstance including, without limiting the generality of the foregoing, failure by any person to file any document or to take any other action to make the lease or any of its provisions enforceable in accordance with their terms.

2. This Guaranty is a continuing one and shall terminate only on full payment of all rents and all other sums due under the lease and the performance of all of the terms, covenants and conditions therein required to be kept, observed or performed by the Lessee.

3. Guarantors authorize Lessor, without notice or demand, and without affecting their liability hereunder from time to time to (a) change the amount, time or manner of payment of rent or other sums reserved in the lease; (b) change any of the terms,



covenants, conditions or provisions of the lease; (c) amend, modify, change or supplement the lease; (d) assign the lease or the rent or other sums payable under the lease; (e) consent to Lessee's assignment of the lease or to the sublease of all, or any portion, of the property covered by the lease; (f) take and hold security for the payment of this Guaranty or the performance of the lease, and exchange, enforce, waive, and release any such security; (g) apply such security and direct the order or manner of sale thereof as Lessor in its discretion may determine; and (h) release or substitute any one or more of the Guarantors. Lessor may without notice assign this Guaranty in whole or in part. Guarantors shall not assign this Guaranty without the prior written consent of Lessor.

4. Guarantors waive any right to require Lessor to (a) proceed against Lessee; (b) proceed against or exhaust any security held from Lessee; (c) pursue any other remedy in Lessor's power whatsoever; or (d) notify Guarantors of any default by Lessee in the payment of any rent or other sums reserved in the lease or in the performance of any term, covenant or condition therein required to be kept, observed or performed by Lessee. Guarantors waive any defense arising by reason of any disability or other defense of Lessee or by reason of the cessation from any cause whatsoever of the liability of Lessee. Until the payment of all rents and all other sums due under the lease and the performance of all the terms, covenants and conditions therein required to be kept, observed or performed by Lessee, Guarantors shall have no right of subrogation, and waive any right to enforce any remedy which Lessor now has or may hereafter have against Lessee, and waive any benefit of, and any right to participate in any security now or hereafter held

by Lessor. Guarantors waive all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty.

5. Guarantors agree to pay reasonable attorney's fees and all other costs and expenses which may be incurred by Lessor in the enforcement of this Guaranty.

6. Any married woman who signs this Guaranty hereby expressly agrees that recourse may be had against her separate property for all her obligations under this Guaranty.

7. The obligations of the undersigned hereunder are joint and several, and are independent of the obligations of Lessee. A separate action or actions may be brought and prosecuted against Guarantors, or any of them, whether an action is brought against Lessee or whether Lessee be joined in any such action or actions; and Guarantors waive the benefit of any statute of limitations affecting their liability hereunder or the enforcement thereof.

8. If there is but a single guarantor, then all words used herein in the plural shall be deemed to have been used in the singular where the context or construction so require; and if this Guaranty is executed by more than one Guarantor, the word "Guarantors" shall mean all and any one or more of them.

9. This Guaranty shall inure to the benefit of Lessor, its successors and assigns, and shall be binding on the heirs, personal representatives, successors and assigns of each of the Guarantors.

IN WITNESS WHEREOF, each of the undersigned has duly executed this Guaranty this 15<sup>th</sup> day of February 1982.

  
Bernard Edward Longjohn

  
Anne Marie Longjohn



1 April 2011

George Lane  
Monte Vista Building Sites, Inc.  
42220 10th Street West, Suite 101  
Lancaster, CA 93534-7075

**RE: Granite Construction Company Lease dated 8 April, 1987**

Dear Mr. Lane,

I am writing you in regards to the Lease dated 8 April 1987 between Granite Construction Company and Littlerock Sand and Gravel Inc; which was modified by a 1<sup>st</sup> Amendment effective April 1, 2010.

Pursuant to Article 1 of 1<sup>st</sup> Amendment Granite Construction is exercising their Fourth Renewal term which will extend the term of the Lease until 30 April 2021.

We look forward to our continued business with you over the next 10 years.

Best regards,

A handwritten signature in black ink, appearing to read "BT", with a long horizontal flourish extending to the right.

Bill Taylor  
Resource Manager  
Granite Construction Company

Bakersfield Branch  
Box 5127  
Bakersfield, CA 93388  
Phone (661) 399-3361  
FAX (661) 399-3598

## FIRST AMENDMENT TO LEASE

This First Amendment to Lease dated April 8, 1987 ("Amendment") is made effective ~~April 8, 1987~~ 2010 by and between LITTLE ROCK SAND AND GRAVEL, INC., a California corporation ("Lessor") and GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessee").

### RECITALS

WHEREAS Lessee is interested in adding two additional ten-year lease term extensions to this Lease; and

WHEREAS Lessee desires to confirm and expand its right to the use of the lease premises for the importation, stockpiling, processing, sale and shipment of imported materials; and

WHEREAS Lessee is interested in remaining in possession of the leased premises following the time that materials may no longer be extracted in commercially paying quantities and adjusting the rents and/or royalties due Lessor at that time.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

### ARTICLE 1

#### LEASE TERM

1.0 Section 4. "Lease Term" is amended in its entirety to read:

"The initial term of this Lease shall be for three (3) years commencing on May 1, 1987, and ending April 30, 1990. If Lessee is not in default hereunder at the end of the term of this Lease, Lessee shall have the option of renewing or extending this Lease for six (6) successive additional terms. The first renewal term shall be five (5) years, the second renewal term shall be six (6) years, the third, fourth, fifth and sixth renewal terms shall be for ten (10) years each. The same terms and conditions as herein provided shall prevail upon any renewal period of this Lease. If Lessee desires to exercise any of said options it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Lease is extended."

For clarification the lease terms and extension terms are as follows:

Original Lease	5-1-87 - 4-31-90	(sic)
First Renewal	5-1-90 - 4-30-95	
Second Renewal	5-1-05 - 4-30-01	
Third Renewal	5-1-01 - 4-30-11	
Fourth Renewal	5-1-11 - 4-30-21	
Fifth Renewal	5-1-21 - 4-30-31	
Sixth Renewal	5-1-31 - 4-30-41	

## ARTICLE 2

### USE OF LEASED PREMISES

2.0 Article 3. "Operations" of the Lease is amended by adding the following language to Section 3.1 as follows:

Lessee shall have the right to (i) import and stockpile materials onto the lease property, including but not limited to aggregate, recyclable materials, rap, oil, waste concrete, grinding materials and shingles, (ii) process such materials, (iii) sell such materials and (iv) transport such materials from the lease property. In the event this expanded use of the lease property is construed as a "change in the nature" of the business as contemplated under Section 15 of this Lease, Landlord hereby consents to such expanded use of the lease property as required by such section."

## ARTICLE 3

### RESERVED RENT AND ROYALTY

3.0 Section 6 is modified to add the following language in the first paragraph thereof:

"Once Lessee has made the determination that it is unable to further extract materials in commercially paying quantities from all areas of the leased property, with the exception of the area located beneath Lessee's facilities, as defined in 6.B., Lessor shall no longer have the right to quarry rock, sand and gravel from the leased premises as herein provided. The following language shall be added to Section 6 of the Lease.

6.B. Until Lessee had determined, in its sole and absolute discretion, that it is unable to further extract minerals in commercially paying quantities from all areas of the leased property, with the exception of the area located beneath Lessee's facilities necessary to conduct its operations pursuant to Section 3.0 of this Lease ("facilities"), Lessee shall continue to make all rent and royalty payments required under the Lease.

At any time following such determination, Lessee shall have the following options:

6.B.1. Lessee may import and process materials on the leases premises. Immediately upon the determination to do so, Lessee shall so notify Lessor and pay to Lessor a flat rate sum of \$160,000 per year, payable in monthly installments, for any portion of the remainder of any and all terms and/or renewal terms of the lease. Such sum shall be subject to an annual Consumer Price Index (CPI) adjustment, commencing on January 1, 2010. Such rate shall continue so long as Lessee imports and processes materials and does not extract and process materials from the area located beneath Lessee's facilities. During any period when such flat rent sums are due and payable, Lessee shall not pay royalties on materials that are imported and processed.

OR

6.B.2. Lessee may extract and process materials located beneath Lessee's facilities. Immediately upon the determination to do so, Lessee shall so notify Lessor and Lessee shall pay to Lessor royalty payments on extracted materials. The amount of royalty payments payable shall be the same as those which existed in the last previous lease term in which royalties were paid, adjusted annually for increases and/or decreases in the consumer Price Index (CPI). Such adjustments shall be calculated on the royalty schedule last in effect, brought forward. If in Lessee's sole opinion the amount of the adjustment would negatively impact Lessee's competitive position in the marketplace to the extent that Lessee would not be able in Lessee's sole opinion, to complete in the then current market conditions and be unable to sell in commercially acceptable quantities, Lessor and Lessee shall negotiate in good faith a mutually acceptable level of royalty payments due for the quantities to be extracted under Lessee's facilities. During any period when such royalties are due and payable, Lessee shall not pay a flat rate annual sum.

6.C. It is mutually agreed that Lessee may exercise either option set forth in 6.B.1 or 6.B.2 at its election and is not required to exercise these options in any particular sequence, or at all.

**ARTICLE 4**

**GENERAL**

4.0 **Counterparts.** This Amendment may be executed in counterpart originals, in which case the counterparts, when fully executed by each of the parties, will constitute one agreement.

4.1 **Terms to Remain in Effect.** Except as expressly modified within this Amendment, the terms of the Lease shall remain in full force and effect.

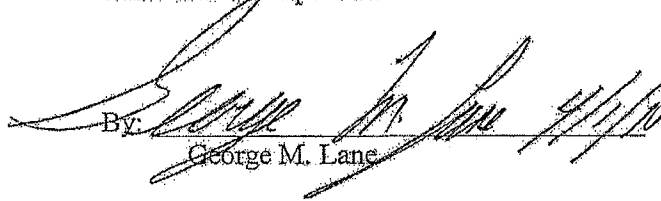
**IN WITNESS WHEREOF**, the parties have executed this Amendment effective as of the date first written above.

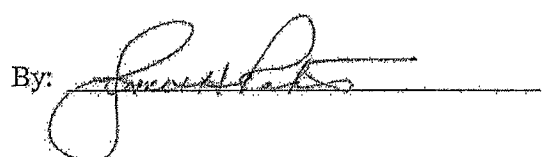
LESSOR:

LESSEE:

**LITTLE ROCK SAND AND GRAVEL, INC.**  
A California Corporation

**GRANITE CONSTRUCTION COMPANY**  
A California Corporation

By:  4/1/10  
George M. Lane

By: 

Its: \_\_\_\_\_  
President

Its: James H. Roberts  
Executive Vice President

ORIGINAL

10-1-08 to 9-30-2009

FIRST AMENDMENT TO SUBLEASE

This First Amendment to Sublease is made effective October 1, 2008, by and between GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessor") and AMERICAN SPORTS MANAGEMENT, INC., a California corporation ("ASMI") and JACK BARBACOVI (both ASMI and Jack Barbacovi hereinafter are referred to as "Lessee").

RECITALS

A. WHEREAS, Lessor and Lessee previously entered into that certain Sublease, effective October 1, 2007 wherein Lessee leased from Lessor certain real property as more particularly described on Exhibits A and B thereto for the purpose of operating a motorcycle racetrack; and

B. WHEREAS, Lessor and Lessee desire to extend the lease term, add a renewal option and modify the rent terms of the said Sublease;

NOW THEREFORE, Lessor and Lessee agree as follows:

1. Section 1. Term is modified to read in full as follows:

"1.A. Term. The term of this Sublease shall commence on October 1, 2008 and shall terminate on September 30, 2009, provided, however, Lessor may terminate this Sublease on ten (10) days prior written notice to Lessee."

2. Section 1.B. Option to Renew is added to read in full as follows:

"1B. Option to Renew. If Lessee is not in default hereunder at the end of the terms of this Sublease, Lessee shall have the option of renewing this Sublease for one (1) additional one (1) year term. The same terms and conditions as herein provided, subject to the provisions of Section 2. Rent, shall prevail upon any renewal period of this Sublease. If Lessee desires to exercise this option to renew it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Sublease is extended."

First Amendment to Sublease

3. Section 2, Rent is modified to read in full as follows:

"2. Rent. As rent, Lessee shall provide during the terms of this Sublease, or any extension hereof, at Lessee's sole cost and expense, one fully qualified and licensed private security guard who will provide around the clock security services to the entire Premises, including Lessor's Business and Lessee's motorcycle racetrack, and a pad with utility hookups for the security guard's trailer. Lessor shall have the right, in its absolute discretion, to review the Rent terms every six months, commencing from the date hereof, and require Lessee to commence to make monetary rental payments in an amount to be mutually agreed upon at the time thereof. Should the parties be unable to so mutually agree, this Sublease shall terminate upon thirty (30) days written notice from Lessor to Lessee."

4. Condition Precedent.

This First Amendment to Sublease shall not be effective and binding upon the parties unless and until Little Rock Sand and Gravel, Inc., consents hereto in writing by signing below where indicated.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease on the dates set forth below:

LESSOR:

LESSEE:

GRANITE CONSTRUCTION COMPANY  
A California Corporation

AMERICAN SPORTS MANAGEMENT, INC.  
A California Corporation

By: \_\_\_\_\_

By: [Signature]

Name: \_\_\_\_\_

Name: JACK BARBACOV

Title: \_\_\_\_\_

Title: President

Date: \_\_\_\_\_

Date: 12-9-08

The undersigned owner of the Premises hereby consents to the above First Amendment to Sublease:

LITTLE ROCK SAND AND GRAVEL, INC.

By: [Signature]

Date: 12/18/08

Name: George M. Love

Title: Pres.



*extension*

*May 1, 1995 to April 30, 2001*



January 12, 1995

Littlerock Sand and Gravel  
44909 10th Street West  
Lancaster, CA 93534-2392

Attn: Mr. Frank Lane

Re: Littlerock Pit Agreement  
Renewal Request

Dear Frank:

With regard to our current lease at the Littlerock Pit and more specifically to Section 4 "Lease Terms", we provide the following information for your review.

We request an extension of our lease for the second of four (4) successive terms. This term shall be from May 1, 1995 to April 30, 2001.

If there are no questions, please sign below and return to our office. We have enclosed one copy of this letter for your records.

Sincerely,

*B. J. Mazzei*

Bruce J. Mazzei  
Branch Manager

*Frank A. Lane*  
Frank Lane  
Littlerock Sand and Gravel

BJM/lmg

Date *Jan. 13, 1995*

cc: Chuck Murphy - Littlerock  
Vault - Watsonville

enclosure

Palmdale Branch  
Box 902500  
Palmdale, CA 93590-2500  
(805) 726-4447  
FAX (805) 726-4460

*extension*

*May 1, 1995 to April 30, 2001*



January 12, 1995

Littlerock Sand and Gravel  
44909 10th Street West  
Lancaster, CA 93534-2392

 COPY

Attn: Mr. Frank Lane

Re: Littlerock Pit Agreement  
Renewal Request

Dear Frank:

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We request an extension of our lease for the second of four (4) successive terms. This term shall be from May 1, 1995 to April 30, 2001.

If there are no questions, please sign below and return to our office. We have enclosed one copy of this letter for your records.

Sincerely,

*Bruce Mazzei*

Bruce J. Mazzei  
Branch Manager

*Frank A. Lane*

Frank Lane  
Littlerock Sand and Gravel

BJM/lmg

Date *Jan. 13, 1995*

cc: Chuck Murphy - Littlerock  
Vault - Watsonville

enclosure

Palmdale Branch  
Box 902500  
Palmdale, CA 93590-2500  
(805) 726-4447  
FAX (805) 726-4460

ORIGINAL

10-1-08 to 9-30-2009

FIRST AMENDMENT TO SUBLEASE

 COPY

This First Amendment to Sublease is made effective October 1, 2008, by and between GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessor") and AMERICAN SPORTS MANAGEMENT, INC., a California corporation ("ASMI") and JACK BARBACOVI (both ASMI and Jack Barbacovi hereinafter are referred to as "Lessee").

RECITALS

A. WHEREAS, Lessor and Lessee previously entered into that certain Sublease, effective October 1, 2007 wherein Lessee leased from Lessor certain real property as more particularly described on Exhibits A and B thereto for the purpose of operating a motorcycle racetrack; and

B. WHEREAS, Lessor and Lessee desire to extend the lease term, add a renewal option and modify the rent terms of the said Sublease;

NOW THEREFORE, Lessor and Lessee agree as follows:

1. Section 1. Term is modified to read in full as follows:

"1.A. Term. The term of this Sublease shall commence on October 1, 2008 and shall terminate on September 30, 2009, provided, however, Lessor may terminate this Sublease on ten (10) days prior written notice to Lessee."

2. Section 1.B. Option to Renew is added to read in full as follows:

"1B. Option to Renew. If Lessee is not in default hereunder at the end of the terms of this Sublease, Lessee shall have the option of renewing this Sublease for one (1) additional one (1) year term. The same terms and conditions as herein provided, subject to the provisions of Section 2. Rent, shall prevail upon any renewal period of this Sublease. If Lessee desires to exercise this option to renew it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Sublease is extended."

**First Amendment to Sublease**

3. Section 2. Rent is modified to read in full as follows:

"2. Rent. As rent, Lessee shall provide during the terms of this Sublease, or any extension hereof, at Lessee's sole cost and expense, one fully qualified and licensed private security guard who will provide around the clock security services to the entire Premises, including Lessor's Business and Lessee's motorcycle racetrack, and a pad with utility hookups for the security guard's trailer. Lessor shall have the right, in its absolute discretion, to review the Rent terms every six months, commencing from the date hereof, and require Lessee to commence to make monetary rental payments in an amount to be mutually agreed upon at the time thereof. Should the parties be unable to so mutually agree, this Sublease shall terminate upon thirty (30) days written notice from Lessor to Lessee."

4. Condition Precedent.

This First Amendment to Sublease shall not be effective and binding upon the parties unless and until Little Rock Sand and Gravel, Inc., consents hereto in writing by signing below where indicated.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease on the dates set forth below:

LESSOR:

GRANITE CONSTRUCTION COMPANY  
A California Corporation

By: \_\_\_\_\_

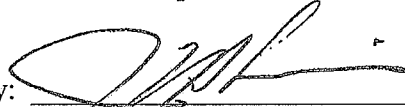
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

LESSEE:

AMERICAN SPORTS MANAGEMENT, INC.  
A California Corporation

By:  \_\_\_\_\_

Name: JACK BARBACOVI

Title: President

Date: 12-9-08

The undersigned owner of the Premises hereby consents to the above First Amendment to Sublease:

LITTLE ROCK SAND AND GRAVEL, INC.

By:  \_\_\_\_\_

Name: GEORGE M. LAMB

Date: 12/18/08

Title: PRES.

LEASE

*copy of work*

**COPY**

THIS LEASE made this 8 day of ~~March~~ <sup>APRIL</sup>, 1987, between LITTLE ROCK SAND AND GRAVEL, INC., a California corporation, hereinafter referred to as "Lessor", and GRANITE CONSTRUCTION COMPANY, a California corporation, hereinafter referred to as "Lessee".

WITNESSETH

Lessor hereby leases to Lessee and Lessee hereby hires from Lessor subject to all of the terms, covenants, and conditions hereinafter set forth, that certain parcel of real property located in the County of Los Angeles, State of California, which is more particularly described in Exhibit 1 attached hereto and made a part hereof and incorporated herein.

1. Grant of Lease

Lessor hereby grants to Lessee the right to enter into and exercise possession and control of the property, and during the terms of this Lease to remain in possession and control thereof, and to explore, develop, mine, operate and use the property and any surface or underground water or water rights occurring therein or appurtenant thereto, and to mine, extract and remove from the property any quarry products, stone, rock, sand, and aggregate (hereinafter the "Leased Materials"), and to crush, process, beneficiate, ship, sell or otherwise dispose of the same and receive the full proceeds thereof (subject to the obligation of rental and royalty payments specified herein), and to

*copy of work*

construct, use and operate thereon and therein structures, excavations, roads, equipment and other improvements or facilities which Lessee shall deem reasonably required for, or in connection with, the full enjoyment of the rights and interest granted to Lessee by this Lease.

2. Title

Lessor hereby warrants that it is entitled to full and exclusive possession of the leased premises except as described in paragraph 11. Lessor further warrants that it has the exclusive right to enter into this Lease and receive for its use and benefit all payments due and payable hereunder.

3. Operations

3.1 During the term of this Lease, Lessee shall have the right to explore, mine and develop the property, and to extract Leased Materials from the property by means of open pit mining operations, and to erect, install, construct, use and maintain on the property such roads, buildings, structures, pipelines, water tanks, power lines, machinery and equipment as may be required by Lessee for the conduct of its mining, crushing, screening, concrete batching, black top mixing, asphalt mixing, and the recycling of blacktop into road base and asphaltic concrete, and the transporting of the Leased Materials from the leased property.

3.2 During the term of this Lease, Lessor grants to Lessee such water rights as Lessor has to the surface and underground water located upon and under the leased premises.

*Handwritten signature*

Lessee shall have the right to use all existing water sources presently located upon the leased premises (both above ground and below ground). Lessee, at its expense, shall have the right to develop such further water sources as it may deem necessary or convenient for the operation of its business; provided, however, that Lessee shall avoid wasting water.

3.3 All work done on the property by Lessee shall be done in an orderly, good and workmanlike manner in compliance with all applicable city, county, state, and federal requirements and laws.

3.4 Other than improvements by the Lessee's own forces, Lessee shall not install or attach to the real property, any permanent improvements thereon, or make any permanent improvements or modifications without first having obtained written consent from Lessor so to do (Lessor agreeing not to unreasonably withhold such consent) and shall, after having received such consent, notify Lessor of the time that Lessee commences installing such alterations, modifications or improvements in order that Lessor may post said property with appropriate notices as specified by the Code of Civil Procedure of the State of California.

4. Lease Term

The initial term of this Lease shall be for three (3) years commencing on <sup>W. J.</sup> ~~April~~ <sup>MAY 1</sup> 1, 1987, and ending <sup>Y.M.L. F.F.</sup> ~~March~~ <sup>APRIL</sup> 31, 1990. If Lessee is not in default hereunder at the end of the term of this Lease, Lessee shall have the option of renewing or extending this Lease for four (4) successive additional terms. The first renewal

*Y.M.L. F.F.*

term shall be five (5) years and the second renewal term shall be six (6) years. The third and fourth renewal terms shall be ten (10) years each. The same terms and conditions including the rental and royalty adjustments as herein provided shall prevail upon any renewal period of this Lease. If Lessee desires to exercise any of said options it shall give Lessor written notice thereof at Lease thirty (30) days prior to the expiration of the initial term or any successive period by which said Lease is extended.

5. Approvals and/or Permits

Lessee shall have up to six (6) months free of any minimum rental after the commencement of this Lease to diligently pursue satisfactory approvals and/or permits from the City of Palmdale (and other agencies having jurisdiction over the proposed mining projects) authorizing Lessee to mine rock from the leased property and to process same on the site into aggregates, asphaltic concrete, and ready mix concrete. If at the end of said six-month period, Lessee has been unsuccessful in obtaining satisfactory approvals and/or permits, Lessee may extend (a month at a time, up to a maximum of nine (9) additional months) the time to obtain such approvals and/or permits free of the minimum monthly rental, by paying to Lessee in advance of each such month's extension the sum of \$ [REDACTED] for each such monthly extension. Notice to extend the time allowed to obtain satisfactory approvals and/or permits shall be given and payment to Lessor of each such \$ [REDACTED] shall be made not later than



fifteen (15) days prior to expiration of the month immediately preceding the extension period involved. In the event satisfactory approvals and/or permits are not obtained from the City of Palmdale (and other agencies having jurisdiction over the proposed mining projects) by <sup>AUG. 1, 1988</sup> ~~June 1, 1988~~, this Lease shall be subject to cancellation by either party giving written notice of cancellation to the other.

Lessor will cooperate with Lessee in its efforts to obtain the necessary approvals and/or permits from the City of Palmdale <sup>(AND OTHER AGENCIES HAVING JURISDICTION OVER THE PROPOSED MINING PROJECT)</sup> ~~Palmdale~~. All costs associated with the pursuit of such approvals and/or permits will be borne by Lessee. If Lessee is unsuccessful in obtaining such approvals and/or permits or obtains approvals and/or permits unsatisfactory to Lessee, then this Lease shall terminate on the tenth day following final denial of such approvals and/or permits. On the issuance of approvals and/or permits which, in the opinion of Lessee, are unsatisfactory and Lessee's cancellation of the Lease, Lessor may, upon such cancellation, request that Lessee transfer to Lessor any rights Lessee may have in such approvals and/or permits, and all engineering work, studies, records, plans, applications, soil studies, permits and approvals are to be delivered and are assigned to Lessor without expense or liability to Lessor.

6. Reserved Rent and Royalty

Lessor hereby reserves as royalty for the leased premises and the right to quarry rock, sand and gravel therefrom, an amount equal to \$.48 per ton for each ton of rock, sand and

gravel extracted and removed from said property, with a guaranteed minimum rental of \$ [REDACTED] per month, which said sum Lessor expressly reserves as a minimum rental, beginning on date of issuance of satisfactory approvals and/or permits by the City of Palmdale to Lessee to operate a rock plant and concrete batch plant on the leased premises; provided, however, said minimum rental shall commence no later than <sup>YML 7P AUG.</sup> June 1, 1988. W.D.Q.

A. The minimum reserved rental shall be paid as follows:

(1) \$ [REDACTED] upon the execution of this agreement as and for the first two months' rent under this Lease.

(2) \$ [REDACTED] per month, payable on the 25th day of each month during the Lease term, for the minimum rental of the following month.

(3) All prepaid rental payments shall be adjusted to the second month so that from and after the execution of this Lease, all rental payments will become due as of the first of each month.

(4) The said \$ [REDACTED] per ton royalty herein reserved shall be paid not later than the 25th day of the month following the month during which rock, sand and gravel is extracted and removed.

(5) The said \$ [REDACTED] per ton basic royalty herein reserved applies to all the rock, sand and gravel extracted and removed from the premises.

*YML 7P*

The tonnage of asphaltic concrete mixtures and ready-mix concrete shall be computed as follows:

(a) The tonnage of rock, sand and gravel in asphaltic mixtures processed on and/or shipped from the premises shall be considered equal to [REDACTED] of the tonnage of such asphaltic concrete mixtures.

(b) The tonnage of rock, sand and gravel in ready-mix concrete processed on and/or shipped from the premises shall be computed on the basis of [REDACTED] tons of rock, sand and gravel to a cubic yard of ready-mix concrete.

7. Credit of Minimum Rental Against Royalties

The sum of \$ [REDACTED] per month reserved as a minimum rental shall be allowed as a credit against the \$ [REDACTED] per ton royalties; if the royalties payable by Lessee to Lessor for any calendar month, as adjusted on the basis of the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California (see paragraph 9 below), are less than the minimum rent paid by Lessee to Lessor for said month, the amount by which the minimum rent paid for such month exceeds the royalties earned for such month shall constitute a credit which may be applied by Lessee against royalties earned in excess of minimum rent payable for any calendar month during the next succeeding twenty-four (24) month period.

8. Material Subject to Royalty; Exclusion from Leased Premises

After quarrying has started on Lessor's property, all

*YML. JF*

material extracted and removed from Lessor's property, or sold or shipped from Lessee's Antelope Valley plant (including but not limited to waste, recycled materials, reject or stock piles) from that day on shall be deemed and paid for as coming from Lessor's property.

If Lessee is denied the use of any portion of the leased premises in its rock, sand and gravel operation by virtue of zoning, any act of a duly constituted authority, or failure to obtain an appropriate exception from the proper authorities, that portion may be dropped from the Lease and the minimum guaranteed rental in such case is to be reduced in proportion (at the rate of \$46.00 per acre per month as adjusted to Consumer Price Index as set forth in paragraph 9, below).

9. Adjustment of Royalty and Minimum Rental

The royalty of \$ [REDACTED] per ton and the guaranteed minimum rental of \$ [REDACTED] per month shall be adjusted upwards or downwards percentagewise on January 1 of each year, beginning on January 1, 1989 if the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California, as published by the United States Department of Labor's Bureau of Labor Statistics, has increased over the Base Period Index or decreased from a preceding Extension Index. The Base Period Index shall be the Index for the first calendar month in which rentals commence. The Base Period Index shall be compared with the Index for the particular January involved (herein referred to as the Extension Index). If the Extension Index is higher than the Base

*[Handwritten signatures]*

Period Index (or, after 1989, the preceding Extension Index), then the royalty per ton and the guaranteed minimum monthly rental for the year commencing on said January 1 shall be increased by the identical percentage. If the Extension Index is lower than the preceding Extension Index, then the royalty per ton and the guaranteed minimum monthly rental for the year commencing on said January 1 shall be decreased by the identical percentage. In no event shall either the royalty per ton or the guaranteed minimum monthly rental be less than that provided for initially in this Lease.

If the United States Department of Labor's Bureau of Labor Statistics discontinues publication of the above Index, or publishes such Index less frequently, or alters such Index in some other manner, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

10. Payments and Books of Account

10.1 All payments shall be made to Lessor at its address at 44909 North Tenth Street West, Lancaster, California, or at such other address as Lessor shall hereafter designate in a written notice to Lessee.

10.2 Any sum payable to Lessor under the terms of this Lease shall bear interest from the date due until paid at the prime rate (plus two percent) of the Bank of America National

*YML. F.L.*

Trust and Savings Association (or its successor), as established on January 2 of the calendar year involved.

10.3 Each ton or fraction thereof, of rock, sand and gravel and asphaltic concrete mixture shall be weighed on the premises before being shipped or removed and shall be evidenced by a weight certificate prepared and certified to as correct by a certified weigh master.

10.4 Lessee shall keep full, complete and proper books and records showing all material extracted and removed from the leased ground which shall include, but not be limited to, all weight certificates and sales tax reports that Lessee may be required to furnish to any governmental agency. Said records shall at all reasonable times be open to inspection of Lessor, Lessor's auditor or authorized representative or agent at some location in Los Angeles County or Kern County, California.

10.5 Within twenty-five (25) days after the end of each month from and after the commencement of this Lease and continuing for the duration of this Lease or any renewal or extension thereof, Lessee shall furnish Lessor with a statement to be certified as correct by Lessee or the employee of Lessee authorized to so certify, which shall set forth the gross tonnage of rock, sand and gravel and asphaltic concrete mixture and cubic yards of ready-mix concrete shipped or removed from the leased premises for the month just concluded and with each statement, Lessee shall pay to Lessor, the amount of additional royalty which is payable to Lessor as shown thereby. Said statement will be

certified by a certified public accountant annually in January for the previous calendar year at Lessee's expense. Lessor may at reasonable times cause an audit of the Lessee's records pertaining to aggregates removed from the leased premises to be made by an accountant of Lessor's own selection and if the statements of gross tonnage previously made by Lessee to Lessor shall be found to be less than the amount of Lessee's gross tonnage shipped or removed, Lessee shall immediately pay the costs of said audit as well as the additional rental therein shown to be payable by Lessee to Lessor; otherwise the cost of such audit shall be paid by Lessor.

10.6 The acceptance by Lessor of any monies paid to Lessor by Lessee as royalties for the leased premises as shown by Lessee shall not be an admission of the accuracy of said statement or of the sufficiency of the amount of said additional rental payment but Lessor shall be entitled to at any time within four (4) years after the receipt of any such additional rental payments, to inquire into and question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by Lessee to justify same; for the purpose of enabling Lessor to check the accuracy of such statement and the sufficiency of any royalty payment to be made in accordance therewith, Lessee shall for a period of four (4) years after submission to Lessor of any such statement or statements, keep safe and intact all of Lessee's records, books, accounts and other data which in any way bears upon or are required to establish in detail the gross

tonnage as shown by any such statement or statements and shall upon request make the same available to Lessor, Lessor's accountant, representative or agent for examination at any time during the four (4) year period.

11. Drag Strip Sublease

Lessee agrees to sublease portions of the leased property as shown on Exhibit 2 (portions shown as 20 acre parcel and two 10 acre parcels) for the purpose of operating an automobile drag strip provided that the operation of said drag strip does not interfere with Lessee's sand and gravel operations and satisfactory insurance can be provided to Lessee.

Lessee shall conduct its mining operations in a manner that will cause the sand and gravel under the drag strip to be mined last.

Lessor understands that certain drag strip parking areas and peripheral activities to the drag strip may have to be immediately relocated or curtailed to accommodate Lessee's mining activities and other related operations.

12. Mining and Reclamation

12.1 All activities conducted on the leased premises by Lessee, its agents, employees, sub-tenants or assigns shall be carried out in strict conformity with all applicable state, county, local or other governmental agencies' rules, regulations, directives, ordinances and/or laws (including but not limited to reclamation, reclamation plans and/or environmental protection); similarly, all things required from time to time by any



governmental agency, to be done in connection with the abandonment of any worked-out portions of the leased ground shall be promptly done by Lessee, its agents, employees, sub-tenants or assigns, as the case may be. Lessee agrees to meet and comply with all conditions and provisions of existing conditional use permits (drag strip) which are brought to the attention of Lessee prior to the execution of this Lease.

12.2 In the excavation of the rock, sand and gravel, Lessee shall do so to a depth below which the same cannot, in Lessee's good faith judgment, be excavated in commercially paying quantities, and shall appropriate the same in a continuous manner so that one single pit is developed to such a depth and continuously enlarged as excavation progresses as long as the aggregate quality is consistent and the mining operations are in conformance with the approvals and/or permits of the City of Palmdale.

It is understood that because of the nature of the deposit on the leased premises Lessee contemplates that some materials excavated may not be commercially usable and will be rejected by Lessee. To the extent that such reject materials (including sand and other waste materials) are available, Lessee shall refill the quarried portion of the leased premises to a smooth grade. Such refilling and leveling are to be done each year to the extent that reject materials are available.

12.3 As Lessee excavates the rock, sand and gravel material to its full depth, the remaining pit and/or the refilled

land refilled in accordance with the provisions of the paragraph immediately preceding shall, at the option of Lessor (but subject to the right of Lessee to retain portions of pit or refilled land necessary to its operation), revert back to Lessor, at such times and in such amounts as Lessor may determine.

(a) The exercise of this option by Lessor shall not be construed to relieve Lessee of its obligations in connection with abandonment, reclamation, reclamation plans and/or environmental protection.

(b) Lessor shall be responsible for its proportionate share of the taxes as to any real property which is reverted back to Lessor by reason of the exercise of the option set forth in this paragraph 12.

(c) The guaranteed minimum monthly rental shall be reduced at the rate of \$ [REDACTED] per acre for each acre on which Lessor exercises its option under this paragraph 12 (as adjusted to Consumer Price Index as set forth in paragraph 9 above).

13. Protection From Liens and Damages

Lessee shall take reasonable precautions to keep the property, and the whole and every part thereof, free and clear of liens for labor done or performed upon the property or materials furnished to it on or for the property, or for the development and operation thereof under this Lease. A lien on the property shall not constitute a default if Lessee, in good faith, disputes the validity of the claim, in which event the existence of the lien

*[Handwritten signature]*

shall constitute a default only from thirty (30) days after the validity of the lien has been adjudicated adversely to Lessee.

14. Taxes, Assessments, Acreage Charges and/or Fees

Lessee shall pay all taxes assessed upon any personal property, improvements, alterations or modifications attached to the aforesaid premises.

Lessee shall also pay as additional rental, upon demand, an amount that is equal to any taxes, assessments, acreage charges and/or fees payable or assessed (including any improvement bonds) upon the real property included in the above defined leased premises. It is further understood and agreed that if there is not a separate tax or assessment or acreage charge and/or fee bill for the leased premises and therefore the taxes and/or assessments and/or acreage charges and/or fees for the leased premises are covered in a tax bill or statement which also covers other adjoining parcels, then the taxes and/or assessments and/or acreage charges and/or fees to be paid hereunder by Lessee as additional rent shall be computed as an amount equal to that proportion of said taxes and/or assessments and/or acreage charges and/or fees as the area of the leased premises bears to the total area covered by said tax and/or assessment and/or acreage charge and/or fee bill.

If this Lease is in effect for only a portion of any tax period, Lessee shall be liable only for the applicable pro rata share of such taxes, assessments, acreage charges and/or fees.

*YML #2*

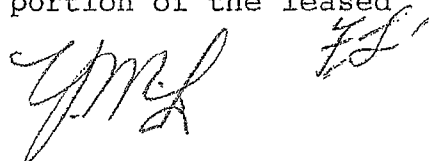
Lessee at its cost shall have the right, at any time, to contest any tax, assessment, acreage charges and/or fees. On final determination of such contest, Lessee shall be entitled to a credit (in the amount of the reduction of the tax, assessment, acreage charge and/or fee) on the rent next falling due under this Lease. Lessor shall not be required to join in any contest brought by Lessee unless the provisions of any law require that the contest be brought by or in the name of Lessor. In that case Lessor shall join in the contest or permit it to be brought in Lessor's name as long as Lessor is not required to bear any cost.

Lessee shall not be responsible for any state or federal income tax payable by Lessor.

15. Use of Leased Premises

It is recognized and understood by and between the parties hereto that Lessee intends to use the premises herein leased, as and for a rock, sand and gravel quarrying operation and the outside sale of same, and the production, sale and dispatching of ready-mixed concrete and asphaltic concrete, a construction office, shop and yard, and for no other purpose, and it is with this understanding that Lessor is willing to Lease the aforesaid property to Lessee. In the event that Lessee decides to change the nature of its business, Lessee will first obtain the written consent of Lessor.

Lessee shall not dump or permit the dumping of trash or debris on the leased premises or on any portion of the leased



premises relinquished to Lessor, and Lessee shall not commit or suffer to be committed, any nuisance on said premises.

16. Additional Documents

Lessor agrees, during the term of this Lease to execute such documentation as may from time to time be necessary and requested by Lessee to apply for or obtain approvals, permits or authorizations from any city, county, state or federal agency exercising jurisdiction or authority over the property including, but not limited to, the erection and construction of water lines, pipelines and electrical power or transmission lines and roads; provided, however, that Lessor is not required to bear any costs or expense by reason thereof.

17. Indemnity by Lessee

Lessee agrees to protect and save Lessor harmless and protect its interest in the leased premises and keep same free and clear from all encumbrances and further, to protect Lessor from any damage that Lessor may sustain by reason of Lessee's use of the aforesaid premises or the activity of Lessee's agents, servants or employees on, about or in connection with the aforesaid leased premises and will defend Lessor should Lessor be joined in any lawsuit or should judgment be recovered against Lessor by reason of any activity by Lessee, or its agents, servants or employees in, about or in connection with the leased premises, it being the intent of this particular provision to protect Lessor from any liability whatsoever that may arise by reason of Lessee's use of the premises, either by Lessee or by

Lessee's agents, servants or employees as well as sub-tenants, concessionaires, licensees, contractors, invitees or permittees either arising from or growing out of the use, maintenance, occupation or operation of the leased premises during and throughout the term of this Lease.

Lessee further agrees that in the event Lessor incurs any legal costs or obligations in connection with any act by or on behalf of Lessee as specified herein, Lessee will pay to Lessor all reasonable attorneys' fees incurred by it.

18. Insurance

18.1 Workers' Compensation Insurance

Lessee, at its sole expense, shall cause to be issued and maintained during the term of this Lease and at all times while conducting activity upon the property, workers' compensation insurance in accordance with the provisions of the applicable laws of the State of California.

18.2 Liability Insurance

Lessee hereby agrees to procure and maintain at its own cost and keep in force at all times during and throughout the term of this Lease, a policy or policies of insurance commonly known and referred to as Public Liability and Property Damage Insurance, by a responsible insurance company or companies, naming Lessor as an additional insured insofar as its interest may appear, providing not less than \$2,000,000.00 primary coverage and not less than \$2,000,000.00 excess coverage, covering all of the premises which are the subject of this Lease, irrespective of the

*[Handwritten signature]* *[Handwritten initials]*

occupancy and use thereof, and insuring the Lessor against loss, damage or liability, with (1) a liability limit in an amount of not less than \$4,000,000.00 for injury to or death of any one person, and in an amount of not less than \$4,000,000.00 for injury and/or death to or of, more than one person arising out of any occurrence, and in an amount of not less than \$4,000,000.00 for damage or injury to any real and/or personal property, or (2) a combined single personal injury and property damage limit of not less than \$4,000,000.00.

The \$4,000,000.00 liability amounts above specified shall be adjusted upwards percentagewise on the first day of each renewal term of this Lease if the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California, as published by the United States Department of Labor's Bureau of Labor Statistics, has increased over the Base Period Index. The Base Period Index shall be the Index for the first calendar month in which rentals commence. The Base Period Index shall be compared with the Index for the beginning month of the renewal term involved (herein referred to as the Extension Index). If the Extension Index is higher than the Base Period Index, then the liability insurance coverage amount for the Lease renewal term involved shall be increased by the identical percentage. In no event shall the liability insurance coverage be less than that provided for initially in this Lease.

If the United States Department of Labor's Bureau of Labor Statistics discontinues publication of the above Index,

*YML* *FF*

or publishes such Index less frequently, or alters such Index in some other manner, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

18.3 Certificates of Insurance

Lessee shall, prior to the commencement of any operations on the property, furnish to Lessor certificates of insurance for all insurance policies required hereunder. Lessee shall cause Lessor to be notified not less than thirty (30) days prior to any cancellation or restrictive modification of the above enumerated policies.

19. Inspection

During the term of this Lease, the duly authorized representative of Lessor shall be permitted to enter on the property and workings thereon for the purpose of inspection, or any other reasonable purpose, but shall enter said property at Lessor's own risk and in such manner so as not to hinder the operation of Lessee.

20. Termination and Surrender

20.1 Default

The occurrence of any of the following events shall constitute a default by Lessee:

(a) Failure to pay any rental or royalty or to make any other payment of money, when the same is due.

*J.M.L.* *F.S.*



(b) Failure (i) to perform any of Lessee's covenants hereunder (other than the payment of monies), and (ii) to remedy such failure within thirty (30) days after written demand is made therefor.

(c) The filing of any form of voluntary petition in bankruptcy by Lessee, or the filing of an involuntary petition by Lessee's creditors, if such petition remains undischarged for a period of sixty (60) days.

(d) The appointment of a receiver to take possession of substantially all of Lessee's assets or of the interest held by Lessee under this Lease, if such receivership remains undissolved for a period of thirty (30) days.

(e) The attachment or other judicial seizure of substantially all of Lessee's assets or of the interest held under this Lease, if such attachment or other seizure remains undismised or undischarged for a period of thirty (30) days after the levy thereof.

#### 20.2 Remedies

If Lessee commits a default, Lessor shall have all the remedies provided a Lessor by California law, including but not limited to those set forth in Sections 1951.2 and 1951.4 of the California Civil Code.

#### 20.3 Surrender

At the expiration of said term or any extension thereof or any sooner termination of this Lease, Lessee will quit

*Y.M.L. F.L.*

and surrender the premises in as good order and condition as reasonable wear and tear will permit. Should Lessee hold over and continue in possession after the termination of this Lease or any extension thereof, with the expressed or implied consent of Lessor such holding over shall be construed only as a tenancy from month to month and Lessee does hereby agree to pay as rent for such term, the amount as is herein reserved.

21. Removal of Property

Any and all equipment and plants erected on the premises by Lessee shall remain the property of Lessee and upon termination of this Lease, including any extension thereof, or sooner, shall be removed by Lessee at its expense. Lessee shall have, and is hereby given, ninety (90) days after a valid forfeiture, surrender or other termination of this Lease in which to remove from the leased premises all machinery, equipment, personal property and improvements erected or placed in or upon the premises by it. Lessor shall not in any way be responsible for the property of Lessee remaining on the premises during this 90 day period. If not so removed by Lessee within said 90 day period, Lessor may either require Lessee to remove such property at its expense, purchase such property on the same terms and conditions as it is being offered for sale to other parties in whom Lessee does not have an interest, or elect by written notice to take title to said property.

22. Reclamation

As to all of the property mined by Lessee hereunder,

A handwritten signature in dark ink, appearing to be 'L. M. F.', is written over the text of section 22.

Lessee shall reclaim the property in accordance with the Reclamation Plan in existence at the time of issuance of approval and/or permit by the City of Palmdale or a subsequent Reclamation Plan which is made a part of a future approval and/or permit by the City of Palmdale or any other governmental agency involved.

23. Right of First Refusal to Purchase

In the event Lessor shall receive a bona fide offer (other than an offer from a member of the Frank A. Lane family or an entity in which a member of the Frank A. Lane family has an interest) to purchase the land and improvements leased hereunder, or in the event Lessee shall receive a bona fide offer to purchase its business, equipment, improvements and leasehold interest maintained by Lessee on the leased premises during the term of this Lease, or any extension thereof, each party hereto agrees to give to the other the right to purchase the property at the price and on the terms of the offer so made, said right to be given by a written notice sent to the other party by United States mail at its mailing address, requiring the other party to accept said offer in writing and to sign a suitable form of contract of purchase within the period of thirty (30) days after the mailing of such notice. In the event of the failure of the party receiving such notice to accept such offer to purchase or sign such contract, within said period, then and in that event, the right of said party to purchase shall thereupon be null and void, and the other party shall be at liberty to sell the property to another person, firm or corporation. Such sale shall be subject

*Y.M.L. F.L.*

to this Lease, and all of the terms, covenants, and conditions of such Lease on the part of Lessor and Lessee shall remain in full force and effect.

24. Notices

Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor shall be in writing. They shall be served either personally or by registered or certified mail, return receipt requested. If served personally, service shall be conclusively deemed made at the time of service. If served by registered or certified mail, service shall be deemed made on the second business day following deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given as hereinafter provided.

Any notice or demand to Lessor may be given to Little Rock Sand and Gravel, Inc., 44909 North Tenth Street West, Lancaster, California 93534.

Any notice or demand to Lessee may be given to Granite Construction Company, Post Office Box 900, Watsonville, California 95077.

25. Inurement

All covenants, conditions, limitations and provisions contained herein apply and are binding upon the parties hereto and their heirs, devisees, successors and assigns.

26. Assignment and Subletting

Lessee shall neither assign this Lease nor sublet the

leased premises without first obtaining the written consent of Lessor to do so, provided, however, that Lessor shall not arbitrarily or unreasonably refuse to grant its consent to such assignment or subletting, and provided further that a consent to one assignment or subletting by Lessor shall not be deemed a consent to any subsequent assignment or subletting. Any assignment or subletting without the consent of Lessor shall be void and shall, at the option of Lessor, terminate this Lease.

Lessee immediately and irrevocably assigns to Lessor as security for Lessee's obligations under this Lease, all rent from any subletting of all or a part of the premises as permitted by this Lease, and Lessor, as assignee and as attorney-in-fact for Lessee, or a receiver for Lessee appointed on Lessor's application, may collect such rent and apply it toward Lessee's obligations under this Lease; except that, until the occurrence of an act of default by Lessee, Lessee shall have the right to collect such rent.

If Lessee requests Lessor to consent to a proposed assignment or subletting, Lessee shall pay to Lessor, whether or not consent is ultimately given, Lessor's reasonable attorneys' fees incurred in connection with each such request.

27. Complete Lease

This Lease and all of the terms and covenants contained herein are deemed to be the complete and unequivocal written agreement of the parties and no other agreement, either oral or written, exists with respect to said property. If any part of

*[Handwritten signatures]*

this Lease shall be adjudicated to be unenforceable, then the remainder of this Lease shall continue to be of full force and effect as if such portion were not a part hereof.

28. Waiver

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

29. Condemnation

If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that Lessee shall be required to pay for the remainder of the term only such portion of such rent as the area of the part remaining after the condemnation bears to the area of the entire premises at the date of condemnation. If all the leased premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible to occupation hereunder, this Lease shall

*Y.M.L. Es.*

terminate thereupon. It is further understood that any condemnation award or any other proceeds whatsoever received from any such condemnation shall belong solely to Lessor and Lessee shall have no interest therein whatsoever; provided, however, that Lessee shall be entitled to receive any amount awarded as compensation for the taking of improvements, fixtures and equipment owned by Lessee or for the expense of removing or repairing the same.

30. Royalty on Other Minerals

If, in conjunction with the removal of rock and aggregates from the property, gold or any other precious or semi-precious mineral is found in sufficient quantities in the opinion of Lessee to justify the installation of facilities to recover same, Lessee shall have the right to remove such material, subject to an obligation to pay Lessor [REDACTED] of the value thereof.

31. Attorney Fees and Costs

In the event that either party hereto shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any term, covenant, or condition of this Lease by it to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover, in addition to its court costs, a reasonable attorney's fee to be fixed by the court, and such recovery shall include court costs and attorney's fee on appeal if any. As used herein, "the party prevailing" means the party in whose favor final judgment is rendered.

*[Handwritten signature]* F.L.

32. Interpretation

This Lease shall be construed in accordance with the laws of the State of California.

Executed at Lancaster, California, on March \_\_\_\_\_, 1987.

LESSOR: Little Rock Sand and Gravel, Inc.,  
a California corporation

BY Frank A. Lane  
Frank A. Lane, President

BY Yvonne M. Lane  
Yvonne M. Lane, Secretary

LESSEE: Granite Construction Company,  
a California corporation

BY William G. Doney  
William G. Doney - VICE PRESIDENT

BY A.V. Otjen  
A.V. OTJEN, VICE PRESIDENT  
AND ASSISTANT SECRETARY



EXHIBIT 1

PARCEL 1: The northwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM the east 30 feet.

PARCEL 2: The southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM the east 30 feet of the north 100 feet thereof.

PARCEL 3: The west half of the southwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

PARCEL 4: The north half of the northwest quarter of Section 14, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM that portion lying southwesterly of Highway 138.

*ymf FL*

EXHIBIT 1

PROPERTY UNIT A/E T

50

40 AC

20 AC

40 AC

10

11

After Recording Return To:

GRANITE CONSTRUCTION COMPANY  
423 E. PALMDALE BOULEVARD  
SUITE 2  
PALMDALE, CALIFORNIA 93550

MEMORANDUM OF LEASE

This Lease is made and entered into between Little Rock Sand and Gravel, Inc., a California corporation (Lessor) and Granite Construction Company, a California corporation (Lessee).

STATE OF CALIFORNIA }  
 COUNTY OF Los Angeles } ss.

On this 14th day of July, in the year 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared Frank A. Lane and \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons who executed the within instrument as President and Secretary, respectively, of the Corporation therein named, and acknowledged to me that the Corporation executed it pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Charlene K. Lane  
 Notary Public in and for said State.

OFFICIAL SEAL  
 CHARLENE K. LANE  
 Notary Public - California  
 LOS ANGELES COUNTY  
 My Comm. Exp. Feb. 6, 1990

ACKNOWLEDGMENT—Corp.—Pres. & Sec.—Wolcotts Form 222CA—Rev. 5-82  
 ©1982 WOLCOTTS, INC.

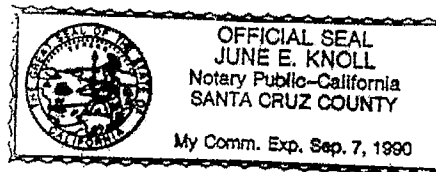
State of California )  
 County of Santa Cruz )

On this 25th day of June, 1987, before me, June E. Knoll, a Notary Public, State of California, personally appeared RICHARD C. SOLARI, personally known to me to be the PRESIDENT of Granite Construction Company, who executed the within instrument on behalf of Granite Construction Company, and acknowledged to me that Granite Construction Company executed the same.

WITNESS my hand and official seal.

June E. Knoll  
 June E. Knoll, Notary Public

My commission expires  
 September 7, 1990



After Recording Return To:

GRANITE CONSTRUCTION COMPANY  
423 E. PALMDALE BOULEVARD  
SUITE 2  
PALMDALE, CALIFORNIA 93550

MEMORANDUM OF LEASE

This Lease is made and entered into between Little Rock Sand and Gravel, Inc., a California corporation (Lessor) and Granite Construction Company, a California corporation (Lessee).

Lessor leases to Lessee the real property described on attached Exhibit "A".

The Term of this Lease is 34 years beginning May 1, 1987. This Lease is subject to the terms, conditions and provisions of that certain unrecorded instrument between the Landlord and Tenants dated May 1, 1987.

Executed on June 25, 1987

Frank A. Lane Pres.  
Little Rock Sand and Gravel, Inc.

Richard C. Solari  
Granite Construction Company  
Richard C. Solari, President

State of California )  
County of Santa Cruz)

On this 25th day of June 1987, before me, June E. Knoll, a Notary Public, State of California, personally appeared RICHARD C. SOLARI, personally known to me to be the PRESIDENT of Granite Construction Company, who executed the within instrument on behalf of Granite Construction Company, and acknowledged to me that Granite Construction Company executed the same.

WITNESS my hand and official seal.

June E. Knoll  
June E. Knoll, Notary Public

My commission expires  
September 7, 1990

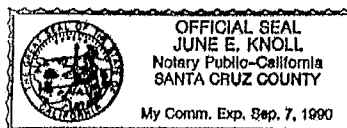


EXHIBIT R

PARCEL 1: The northwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM the east 30 feet.

PARCEL 2: The southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM the east 30 feet of the north 100 feet thereof.

PARCEL 3: The west half of the southwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

PARCEL 4: The north half of the northwest quarter of Section 14, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM that portion lying southwesterly of Highway 138.

EXHIBIT R

GRANITE CONSTRUCTION LEASE  
DOCUMENTS

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L E A S E

THIS LEASE AND AGREEMENT shall be effective as of the 1st day of February, 1983, between the parties hereinafter named and referred to respectively as Lessor and Lessee, as follows:

1. Lessor: Little Rock Sand & Gravel, Inc.,  
a California corporation
2. Lessee: Antelope Valley Raceway, Inc.,  
a California corporation

## R E C I T A L S:

WHEREAS Lessor is the owner of certain improved real property upon which are situated the buildings more fully hereinafter described, which said buildings have been inspected and approved by Lessee; and

WHEREAS Lessee is willing to lease the aforesaid real property upon the terms and conditions hereinafter more fully set forth;

NOW THEREFORE, it is agreed as follows:

## ONE: DESCRIPTION OF PREMISES

Lessor hereby leases to Lessee and Lessee hereby rents and hires from Lessor, and agrees to pay the hereinafter reserved rent for all of that portion of said improved real property legally described as:

The west half of the northwest quarter and the northwest quarter of the southwest quarter, all in Section 11, Township 5 North, Range 11 West, San Bernardino Base and Meridian, in the county of Los Angeles, state of California.

Excepting and reserving therefrom the east 30 feet of the northwest quarter of the northwest quarter and the east 30 feet of the north 100 feet of the southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B. & M., in the county of Los Angeles, state of California,

the street address of which is 6850 East Avenue T, Littlerock, Los Angeles County, California, hereinafter referred to as the "leased premises". For all purposes hereunder the term "leased premises" shall include the total area hereinafter described of both land and buildings.



During the term of this lease and any extension or renewal thereof, Lessee's customers shall have the right, in common with the Lessor's customers and in common with customers of other tenants of the Lessor to use the parking area included in the leased premises and the parking area included in any immediately adjoining property presently or in the future leased by Lessor under a lease containing parking provisions substantially identical to those contained in this sentence.

TWO: TERM OF LEASE

The term of this lease shall be for a period of three (3) years, commencing February 1, 1983, and terminating on the 31st day of January, 1986.

THREE: NEW LEASE

At least sixty (60) days prior to the termination of this lease, Lessee may notify Lessor, in writing, of its desire to rent the premises for an additional three (3) year term. Lessor will then submit in writing an offer to Lessee, offering to lease to Lessee the premises herein described for such additional term commencing from and after the termination of this lease. Said offer will contain the terms and conditions upon which Lessor will be willing to lease said premises to Lessee and it is expressly agreed that Lessee shall, during the thirty (30) days prior to the expiration of this lease, have the right to first refusal of said offer, and that during the period between the making of the offer by Lessor and its acceptance or rejection by Lessee, that Lessor will not lease the aforesaid property to any other person, firm or corporation upon terms different, more beneficial or other than those contained in the offer to Lessee. It is expressly agreed that Lessee shall have the right to accept the aforesaid offer provided it is not in default under any of the terms and conditions of this lease.

**FOUR: RESERVED RENT**

Lessor hereby reserves as rent for the leased premises an amount equal to seven percent (7%) of the gross business done by Lessee (as hereinafter described) and/or such concessions, subtenants, assigns, and successors as Lessee shall establish in or as the result of the business done by Lessee in connection with the business conducted by Lessee upon and/or in the premises herein leased, with a guaranteed rental reserved of \$20,279.88 which said sum Lessor hereby expressly reserves as minimum rental.

A. Said rent reserved shall be paid as follows:

1. \$1,126.66 upon the execution of this agreement as and for the first and last months minimum rental of the term herein leased.

2. \$563.33 per month in advance on the minimum rental commencing on the first day of the month from and after the first day of February, 1983, the commencement of this lease. Rent that has been prepaid shall be prorated and adjusted in the second month of the leasehold term so as to provide that then and thereafter said rental shall be due and payable on the first day of each month. Rent for any period less than one month shall equal 1/30th of the monthly rental for each day of said period.

3. The said percentage rental hereinabove reserved shall be paid not later than the 10th day following the particular event giving rise to payment of rental.

4. The sum above mentioned as the monthly installment of the minimum rental herein reserved shall be allowed as a credit against the said percentage rental hereinabove and deducted therefrom, it being expressly understood by the parties hereto that said minimum rental is guaranteed minimum rental.

The \$563.33 guaranteed minimum monthly rental covers one race day per month plus one day for trials. As to any

additional races in the same calendar month, Lessee shall pay to Lessor 7% of the gross business done in connection therewith within ten (10) days after the particular event involved.

5. As used herein the term "Lessee's gross business" shall be construed to mean the business done by Lessee and/or the business done by such concessions as Lessee may from time to time establish, Lessee's subtenants, successors, and/or assigns.

Such subtenants, assigns, successors and/or concessionaires shall be required to conform to the same terms respecting the keeping and inspection of records as Lessee under the terms of this lease is required to do.

B. It is understood by the parties hereto that the minimum rental above reserved shall in any event be paid in advance on the day herein specified save for those months during which rent is prepaid upon the execution of this agreement.

C. The term "gross business" as used herein shall (subject to the exceptions and authorized deductions as hereinafter set forth) mean the gross amount received by Lessee from all sales, both for cash and on credit, and in case of sales on credit whether or not payment be actually made therefor and whether or not payment is actually received by Lessee; all charges for services, alterations or repairs made in or upon the leased premises; the gross amount received by Lessee for merchandise sold pursuant to orders received at the leased premises although filled elsewhere; and the gross amount received by Lessee from any and all other sources of income derived from the business conducted upon the leased premises.

1. There is excepted from Lessee's gross business (as said term is used herein) the amount of all sales tax receipts which have to be accounted for by the Lessee to any government or governmental agency. There shall be deducted from Lessee's gross business (for purposes of accounting to Lessor) the amount of any

actual refunds or credits made by Lessee for returned merchandise, where the amount thereof had theretofore been included by Lessee in Lessee's gross income.

2. Lessee shall keep full, complete and proper books, records and accounts of the gross business, both for cash and on credit, of each separate department and concession at any time operated in the leased premises; said books, records and accounts, including any sales tax reports that Lessee may be required to furnish to any government or governmental agency, shall at all reasonable times be open to the inspection of the Lessor, Lessor's auditor or authorized representative or agent at the premises which are the subject of this lease.

3. Within fifteen (15) days after the end of each month from and after the commencement of this lease or any renewal or extension thereof, Lessee shall furnish Lessor with a statement, on the form furnished by Lessor (to be certified as correct by Lessee or the employee of Lessee authorized so to certify), which shall set forth the gross business, as herein defined, of each department and concession operating in the leased premises for the month just concluded and the authorized deductions, if any, therefrom, and with each statement Lessee shall pay to Lessor the amount of additional rental which is payable to Lessor as shown thereby. The furnishing of said monthly statement by Lessee to Lessor is a condition and covenant of this lease and shall be furnished under all circumstances regardless of whether or not said statement shall reflect a gross business necessitating an additional payment by Lessee to Lessor of reserved rent over and above the minimum rent previously paid. If Lessee shall at any time cause an audit of Lessee's business to be made by a certified public accountant, Lessee shall furnish Lessor with a copy of said audit without any cost or expense to Lessor. Lessor may, at reasonable times, cause an audit of the business to be

made by an accountant of Lessor's selection, and if the statements of Lessee's gross business previously made by Lessee to Lessor shall be found to be less than the amount of Lessee's gross income, Lessee shall immediately pay the costs of said audit as well as the additional rental therein shown to be payable to Lessor by Lessee, otherwise the cost of such audit shall be paid by Lessor.

4. The acceptance by Lessor of any monies paid to Lessor by Lessee as additional rental for the leased premises as shown by Lessee shall not be an admission of the accuracy of said statement or of the sufficiency of the amount of said additional rental payment but Lessor shall be entitled to at any time within four (4) years after the receipt of any such additional rental payments, to inquire into and question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by Lessee to justify the same; for the purpose of enabling Lessor to check the accuracy of such statements and the sufficiency of any additional rental payment to be made in accordance therewith, Lessee shall for a period of four (4) years after submission to Lessor of any such statement or statements, keep safe and intact all of Lessee's records, accounts, books and other data which in any way bears upon or are required to establish in detail Lessee's gross business and any authorized deductions therefrom as shown by any such statement or statements and shall upon request make the same available to Lessor, Lessor's auditor, representative or agent for examination at any time during the four (4) year period.

D. The guaranteed minimum monthly rental shall be adjusted upwards percentagewise on January 1 of each year beginning on the first day of the calendar year following that during which the lease term commenced if at that time the U. S. Department of Labor Cost of Living Index (as it pertains to Los Angeles County) has increased beyond the U. S. Department of Labor Cost of Living Index

(as it pertains to Los Angeles County) on the first day of the lease term; the amount of such increase in the guaranteed minimum monthly rental shall be determined by comparing such U. S. Department of Labor Cost of Living Index as it existed on the first day of the lease term and as it exists on January 1 of the calendar year following that during which the lease term commenced, and on each subsequent first day of January during the term of the lease or any extension thereof. The guaranteed minimum monthly rental shall never be less than that provided for initially in this lease. To the extent that the guaranteed minimum monthly rental has been adjusted upwards on the last January 1 occurring during the lease term, the monthly increase in excess of the guaranteed minimum monthly rental initially provided for in this lease for each of those months of this lease for which rent was prepaid (and which fall after said last January 1 occurring during the lease term) shall be payable within fifteen (15) days after said last January 1.

E. All rental payments shall be made to Lessor at its address at 44909 North Tenth Street West, Lancaster, California, or at such other address as Lessor shall hereafter designate in a written notice to Lessee.

F. Lessor is also to receive 33-1/3% of any income from subleases (made with Lessor's written consent), movies, vehicle testing, tire testing or any other income not directly from drag races. Said percentage rental shall be paid to Lessor not later than the 15th day of the month following the month during which such income accrues to Lessee.

**FIVE: TRADE FIXTURES, ALTERATIONS AND MODIFICATIONS**

Lessee shall not install or attach to the real property or any portion of the improvements or buildings thereon, any trade fixtures or any other appurtenances, or in any other way alter or modify the real property, improvements, buildings or fixtures, including, but

not limited to the exterior or interior painting or partitioning without first having obtained written consent from Lessor so to do and shall, after having received such consent, notify Lessor of the time that Lessee commences installing such alterations, modifications or trade fixtures, in order that Lessor may post said property with appropriate notices as specified by the Civil Code of the State of California, declaring its non-responsibility for such alterations, modifications, or installations of trade fixtures, and for payment of any labor, services or materials used or to be used therein or in connection therewith, so as to protect the aforesaid property from any and all mechanic's liens.

A. Any such improvements that are agreed by the parties hereto in writing to be "trade fixtures" furnished and installed by Lessee shall remain the property of the Lessee and may be removed by Lessee upon the termination of this lease at Lessee's expense provided the same can be removed without any damage to the aforesaid premises, and Lessee in this connection, specifically agrees to return the leased property to Lessor in its original state, reasonable wear and tear and damage by elements excepted. It is expressly agreed that all such removals shall be at the sole expense of Lessee and that Lessee will notify Lessor of Lessee's intention to so remove and allow Lessor an opportunity to post the aforesaid real property with appropriate notices as specified hereinabove to protect the same from any and all mechanic's liens that might arise. All other improvements by Lessee, including the grandstands, well, pumping machinery and pipelines, shall become and remain part of Lessor's leased property.

B. It is expressly understood and agreed by and between the parties hereto that Lessee's right to remove as specified above is expressly conditioned upon Lessee's exercising said right within ten (10) days after the expiration of this lease, and should Lessee fail to exercise the said right within said time, all such fixtures

and/or improvements shall, at the option of the Lessor, become the property of the Lessor.

C. If, prior to the expiration of this lease, Lessee shall abandon, vacate, or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Lessee and left on the premises, and any trade fixtures and/or improvements, shall be deemed to be abandoned, at the option of Lessor, except such property as may be covered by a security agreement and/or financing statement in favor of Lessor.

D. It is further mutually agreed and understood that in the event that Lessee fails to exercise the right to remove under this paragraph and should Lessor desire to remove the aforesaid fixtures and/or improvements and/or personal property from the leased premises, Lessor shall do so at Lessee's expense and Lessee does hereby expressly agree to pay upon demand, any and all such costs as may be incurred by Lessor in connection with the removal thereof.

E. Lessee does hereby agree that in the event the right to remove said property is not exercised as provided in this paragraph, this lease shall, at the option of Lessor, act as a transfer and conveyance to Lessor of any and all right, title and interest Lessee may have in and to any and all such improvements and/or fixtures and/or personal property.

F. Lessee shall neither permit nor suffer any mechanics' liens or other liens to be filed against the leased premises or any part thereof (or against Lessee's leasehold interest therein) by reason of any work, labor, or materials done on or in, or supplied to, the leased premises at Lessee's request or at the request of any of Lessee's agents, employees, or sublessees. Should any such lien be filed, Lessee agrees to and shall cause it to be removed forthwith, provided, however, that should Lessee in good faith desire to contest such lien he may do so, but in such case Lessee agrees to and shall



indemnify and save Lessor harmless from any and all liability for damages resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged, and removed prior to execution of the judgment. Should Lessee fail to discharge any such lien or furnish a bond against the foreclosure thereof, Lessor may, but shall not be obligated to, discharge the same or take such other action as he deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including reasonable attorney's fees incurred by Lessor, shall be repaid by Lessee to Lessor on written demand therefor.

SIX: SIGNS AND OTHER STRUCTURES.

Lessee shall have the right to erect and maintain such signs, fences, walls and other structures as may be required for the convenient use of the leased premises, but shall not do so until having first obtained the written permission and consent of the Lessor to do so.

A. No signs, fences, walls or any other structures whatsoever shall at any time be placed by Lessee within any "set-back" area.

B. No signs, walls, fences and/or any other structure shall be in any event erected by Lessee in any manner so as to interfere with or obstruct any of the surrounding premises.

C. No signs, television aerials, telephone lines, electrical lines, water lines, or any other item shall be fastened to or placed on the roof of the building without Lessee first having obtained the written permission and consent of Lessor so to do.

D. No signs shall be painted on the premises or structures without consent of Lessor as indicated above.

SEVEN: USE OF PREMISES

It is recognized and understood by and between the parties hereto

that Lessee shall use the premises herein leased, as and for events sanctioned by a nationally recognized vehicle racing association, and it is with this understanding that Lessor is willing to lease the aforesaid property to Lessee. Lessee expressly warrants that it, its agents, servants and employees shall engage only in presenting events sanctioned by a nationally recognized vehicle racing association on the leased premises; in the event that any breach of this warranty occurs, this lease shall immediately terminate, at the option of the Lessor.

EIGHT: INDEMNITY BY LESSEE

Lessee agrees to protect and save Lessor harmless and protect its interest in the leased premises and keep the same free and clear from all encumbrances and further, to protect Lessor from any damage that it may sustain by reason of Lessee's use of the aforesaid premises or the activity of Lessee's agents, servants or employees on, about or in connection with the aforesaid leased premises and will defend Lessor should Lessor be joined in any lawsuit or should judgment be recovered against Lessor by reason of any activity of Lessee, or its agents, servants or employees in, about or upon or in connection with the leased premises, it being the intent of this particular provision to protect the Lessor from any liability whatsoever that may arise by reason of Lessee's use of the premises, either by Lessee or by Lessee's agents, servants or employees as well as sub-tenants, concessionaires, licensees, contractors, invitees or permittees, either arising from or growing out of the use, maintenance, occupation or operation of the leased premises during and throughout the term of this lease.

Lessee further agrees that in the event Lessor incurs any legal costs or obligations in connection with any act by or on behalf of Lessee as specified herein, Lessee will pay to Lessor all reasonable attorneys' fees and costs incurred by it.

**NINE: LIABILITY INSURANCE**

Lessee hereby agrees to procure and maintain at its own cost and keep in force at all times during and throughout the term of this lease, a policy or policies of liability insurance (with a minimum coverage period of one year) with a combined \$5,000,000.00 single limit bodily injury and property damage coverage, by an insurance company or companies approved by the Lessor, naming Lessor, its officers and directors, and Frank A. Lane, Yvonne M. Lane and George M. Lane as additional insureds; said combined \$5,000,000.00 single limit insurance shall include (but not necessarily be limited to):

1. A premises liability policy in an amount not less than \$5,000,000.00 covering the drag strip area, adjoining parking area and other areas immediately adjoining.

2. An events liability policy in an amount not less than \$5,000,000.00 as to all events sanctioned by a nationally recognized vehicle racing association conducted on the leased premises. With regard to the events liability coverage, Lessor is to receive unconditional written confirmation of such coverage as to particular events not less than 10 days before the particular event involved.

3. A premises liability and an activity, use and/or events liability policy in an amount not less than \$5,000,000.00 as to any use of or activity or event on or at the leased premises other than an event sanctioned by a nationally recognized vehicle racing association; with regard to such premises liability and activity, use and/or event liability coverage, Lessor is to receive unconditional written confirmation of such coverage as to a particular activity, use and/or event not less than 10 days before the particular activity, use and/or event.

As to the above insurance coverages, which shall be on an occurrence basis, Lessee does hereby agree to furnish Lessor

immediately with a certificate or certificates of insurance indicating the existence of the insurance with the terms and provisions of this paragraph to be in full force and effect, and wherein the insurance carriers agree to give the Lessor not less than 30 days written notice of cancellation.

TEN: RIGHT TO CANCEL; RIGHT TO QUARRY

Either Lessor or Lessee can elect to terminate this lease on thirty days' written notice to the other party. In such event, the advance payment of the guaranteed minimum monthly rental by Lessee shall apply towards the rental for said thirty day notice period.

In addition Lessor reserves the right to quarry in portions of the leased premises not directly in the drag strip track, and to withdraw, for quarry purposes, portions of the leased premises not directly in the drag strip track.

ELEVEN: COMPLIANCE WITH LAW

Lessee shall, at its sole cost and expense, comply with all of the requirements of all City, County, State, and Federal authorities now in force, or which may hereafter be in force, pertaining to the said premises, and shall faithfully observe in the use of the premises all City and County ordinances and State and Federal statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Lessor and Lessee.

The Lessee specifically agrees to comply with the conditions of conditional use permit case number 937-(5) and variance case number 540-(5) set forth in Exhibit A attached hereto and incorporated by reference herein.

There shall be no dumping or storing of refuse or trash on the leased premises by Lessee. Lessee shall provide for trash removal from the leased premises no less frequently than once every thirty days.

**TWELVE: TAXES AND ASSESSMENTS**

Lessee shall pay all taxes and assessments upon any personal property and trade fixtures and/or other additions attached to the aforesaid premises and Lessor shall pay all real property taxes and assessments against the real property. Should the general real property taxes and/or assessments be increased (including increase due to improvement bonds) so as to result in an increase in taxes and/or assessments, Lessee agrees to pay to Lessor as and for additional rent, upon demand, an amount equal to any such increase in such taxes and/or assessments over that amount of general real property taxes and/or assessments payable for the first year of occupancy of the leased premises by Lessee, which shall be for the tax year 1982-1983. In the event that there is not a separate tax bill or assessment bill or statement for the leased premises but such taxes and/or assessments are instead included in a tax or assessment bill or statement which also cover adjoining premises and/or outbuildings, then any such increase to be paid as additional rental shall be computed as an amount equal to that proportion of any such increase as the area of the leased premises bears to the total area covered in such tax or assessment bill or statement.

**THIRTEEN: UTILITIES**

Lessee shall during the term hereof pay all charges for telephone, gas, electricity and water used in or on the leased premises and for the removal of rubbish therefrom before they become delinquent, shall maintain all utilities in name of Lessee and shall hold Lessor harmless from any liability therefor.

**FOURTEEN: DAMAGE TO BUILDING BY FIRE OR OTHER CASUALTY**

Lessor agrees that in case the building and premises or any part thereof shall at any time be destroyed or so damaged by fire, earthquake or other casualty so as to be unfit for occupancy or use, Lessor shall within a reasonable time repair or commence the necessary repairs and it is agreed that the rent herein reserved, or a fair and just proportion thereof (according to the percentage that the said premises shall become unfit for occupancy by reason of said damages), shall abate until said premises shall have been rebuilt and made fit for occupancy and use; provided, however, that should Lessor in its sole opinion feel that it would not be practical to rebuild, Lessor shall have the sole right to terminate this lease and return any rental monies due Lessee for any unused portion of this lease that have heretofore been paid.

**FIFTEEN: MAINTENANCE OF EXTERIOR**

Lessee agrees to maintain the exterior of said building including the roof, exterior walls and paving and keep the same in good and substantial repair and condition. Lessee agrees to do everything necessary to keep the exterior of the premises which it occupies, free from all unnecessary waste, garbage or trash developing as result of the use of the premises by Lessee, its agents, servants, employees or representatives and does agree to remove any and all boxes, cartons and/or other unsightly refuse as rapidly as is feasible from the exterior of the aforesaid described premises. Lessee agrees to maintain all shrubbery, planting, indoor and outdoor lighting in and/or upon the leased premises. Lessee agrees that any damage to the exterior or interior of the leased premises resulting from a burglary, or attempted burglary shall be the responsibility of Lessee.

**SIXTEEN: MAINTENANCE OF INTERIOR**

Lessee agrees to keep the interior of said building which he occupies in a good and tenantable order, condition and repair,

reasonable wear and tear thereof excepted. Lessee further agrees to repair all damage caused by him or his agents, employees or representatives or by his customers, to either the interior or the exterior of that portion of the building which he occupies.

All heating, air-conditioning, lighting, plumbing and other appliances installed or supplied by Lessor and/or Lessee shall be maintained and cared for throughout the term of this lease by Lessee who does hereby agree to maintain and keep the same in good condition and repair and shall not call upon the Lessor at any time for their maintenance in any regard whatsoever.

**SEVENTEEN: SURRENDER**

At the expiration of said term or any extension thereof or any sooner termination of this lease, Lessee will quit and surrender the premises in as good order and condition as reasonable wear and tear will permit. Should Lessee hold over and continue in possession after the termination of this lease or any extension thereof, with the expressed or implied consent of Lessor, such holding over shall be construed only as a tenancy from month to month (and shall otherwise be on the terms and conditions herein specified, so far as applicable) and Lessee does hereby agree to pay as rent for such term, the same monthly amount as is herein reserved for the last month of the lease term or any extension thereof.

**EIGHTEEN: BANKRUPTCY, RECEIVERSHIP, ETC.**

This lease shall terminate at the option of the Lessor and Lessor shall have the right to immediately enter upon the leased premises and take possession thereof and remove all persons therefrom upon the occurrence of any of the following events:

A. The filing of any original or voluntary petition under any chapter or section of the National Bankruptcy Act of 1898 as amended or as the same may be amended in the future, by or against said Lessee or any sub-lessee or assignee holding this lease, either

by virtue of a sub-lease, assignment or as an assignee for the benefit of creditors, or both.

B. The appointment in any state or federal court, or, voluntarily, by the Lessee of a receiver or trustee or a debtor in possession or other similar officer or an assignee for the benefit of creditors for the Lessee or any sub-lessee or assignee of Lessee holding under this lease.

C. The default of Lessee in the performance of any other of its agreements, conditions, or covenants under this lease.

NINETEEN: LESSOR'S RIGHT OF ENTRY

Lessor is hereby granted the right and privilege either in person or by a duly authorized agent or representative to enter upon said premises at all reasonable times to inspect the same and to make necessary repairs, to show the premises to prospective Lessees, purchasers, mortgagees, or beneficiaries under trust deeds, or to take possession thereof in the event that any of the conditions or covenants in this agreement are breached.

TWENTY: WAIVER OF ANY BREACH

The waiver by the Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent under this lease by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, condition or covenant herein contained other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

TWENTY-ONE: COVENANTS AND CONDITIONS

All promises and provisions herein made by Lessee shall be construed as covenants and conditions as though the words importing



such covenants and conditions were used in each instance and that all such promises and provisions shall bind Lessee and inure to the benefit of Lessor and their respective heirs, legal representatives, successors, and assigns.

TWENTY-TWO: LESSOR'S RIGHTS IN EVENT OF DEFAULT

A. The occurrence of any of the following shall constitute a default by Lessee:

1. Failure to pay rent when due.
2. Abandonment and vacation of the premises (failure to occupy and operate the premises for 10 consecutive days) shall be deemed an abandonment and vacation.
3. Failure to perform any other provision of this lease if the failure to perform is not cured within 30 days after notice has been given to Lessee. If the default cannot reasonably be cured within 30 days, Lessee shall not be in default of this lease if Lessee commences to cure the default within the 30 day period and diligently and in good faith continues to cure the default.

Notices given under this paragraph shall specify the alleged default and the applicable lease provisions, and shall demand that Lessee perform the provisions of this lease within the applicable period of time, or quit the premises. No such notice shall be deemed a forfeiture or a termination of this lease unless Lessor so elects in the notice.

B. Lessor shall have the following remedies if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

1. Lessor can continue this lease in full force and effect, and the lease will continue in effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent when due. During the period Lessee is in default, Lessor can enter the premises and relet them, or any part

of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in reletting the premises, including, without limitation, brokers' commissions, expenses of remodeling the premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this lease. Lessee shall pay to Lessor the rent due under this lease on the dates the rent is due, less the rent Lessee receives from any reletting. No act by Lessor allowed by this paragraph shall terminate this lease unless Lessor notifies Lessee that Lessor elects to terminate this lease. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the premises, if Lessee obtains Lessor's consent Lessee shall have the right to assign or sublet its interest in this lease, but Lessee shall not be released from liability. Lessor's consent to a proposed assignment or subletting shall not be unreasonably withheld.

If Lessor elects to relet the premises as provided in this paragraph, rent that Lessor receives from reletting shall be applied to the payment of:

First, any indebtedness from Lessee to Lessor other than rent due from Lessee;

Second, all costs, including for maintenance, incurred by Lessor in reletting;

Third, rent due and unpaid under this lease. After deducting the payments referred to in this paragraph, any sum remaining from the rent Lessor receives from reletting shall be held by Lessor and applied in payment of future rent as rent becomes due under this lease. In no event shall Lessee be entitled to any excess rent received by Lessor. If, on the date rent is due under this lease, the rent received from the reletting is less than the rent due on that date, Lessee shall pay to Lessor, in addition to the remaining

rent due, all costs, including for maintenance, Lessor incurred in reletting that remain after applying the rent received from the reletting as provided in this paragraph.

2. Lessor can terminate Lessee's right to possession of the premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

a. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this lease;

b. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this lease until the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;

c. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and

d. Any other amount, and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.

"The worth, at the time of the award," as used in a. and b. of this paragraph, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge.

"The worth, at the time of the award," as referred to in c. of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the

time of the award, plus 1%.

3. If Lessee is in default of this lease Lessor shall have the right to have a receiver appointed to collect rent and conduct Lessee's business. Neither the filing of a petition for the appointment of a receiver nor the appointment itself shall constitute an election by Lessor to terminate this lease.

4. Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor at any time, by reason of Lessee's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Lessor, shall be due immediately from Lessee to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with interest on it, shall be additional rent.

**TWENTY-THREE: ATTORNEY FEES**

In the event that either party hereto shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any term, covenant, or condition of this lease by it to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover, in addition to its court costs, a reasonable attorney's fee to be fixed by the court, and such recovery shall include court costs and attorney's fee on appeal if any. As used herein, "the party prevailing" means the party in whose favor final judgment is rendered.

**TWENTY-FOUR: ASSIGNMENTS - PROTECTION OF LESSOR**

Lessee shall have no right to assign or sublet the leased premises for the purpose of vehicle racing; as to any other purpose or use, Lessee shall neither assign this lease nor sublet the leased premises without first obtaining the written consent of Lessor to

do so, provided, however, that Lessor shall not arbitrarily or unreasonably refuse to grant his consent to such assignment or subletting, and provided further that a consent to one assignment or subletting by Lessor shall not be deemed a consent to any subsequent assignment or subletting. Any assignment or subletting without the consent of Lessor shall be void and shall, at the option of Lessor, terminate this lease.

**TWENTY-FIVE: CONDEMNATION**

If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that the Lessee shall be required to pay for the remainder of the term only such portion of such rent as the value of the part remaining after the condemnation bears to the value of the entire premises at the date of condemnation. If all the leased premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible to occupation hereunder, this lease shall terminate thereupon. It is further understood that any condemnation award or any other proceeds whatsoever received from any such condemnation shall belong solely to Lessor and Lessee shall have no interest therein whatsoever.

**TWENTY-SIX: NOTICES**

Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor shall be in writing. They shall be served either personally or by registered or certified mail, return receipt requested. If served personally, service shall be conclusively deemed made at the time of service. If served by registered or certified mail, service shall be deemed made on the business day following deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given as hereinafter provided.

Any notice or demand to Lessor may be given to it at 44909 North Tenth Street West, Lancaster, California 93534.

Any notice or demand to Lessee may be given to it at the address of the leased premises.

TWENTY-SEVEN: ENTIRE AGREEMENT

This lease contains the entire agreement between the parties relating thereto. All prior negotiations or stipulations concerning its matter which preceded or accompanied the execution hereof are conclusively deemed to be superseded hereby; provided, however, that this lease may in the future be altered by written agreement of the parties or by an executed oral agreement but not otherwise.

IN WITNESS WHEREOF, Lessor and Lessee have executed this lease the day and year in this instrument first above written and they specifically agree that they bind themselves, their heirs, executors, successors and assigns.

LESSOR:

Little Rock Sand & Gravel, Inc.

Dated: Feb. 1st, 1983

By Frank A. Lane  
Frank A. Lane, President

By \_\_\_\_\_  
Yvonne M. Lane, Secretary

LESSEE:

Antelope Valley Raceway, Inc.

Dated: \_\_\_\_\_

By Bernard Edward Longjohn

By Anné Marie Longjohn  
Anné Marie Longjohn

COUNTY OF LOS ANGELES  
DEPARTMENT OF REGIONAL PLANNING

NORMAN MURDOCH  
Planning Director  
EDGAR T. IRVINE,  
Acting Chief Deputy  
ROBERT W. CHAVE  
Deputy Director  
JOSEPH K. KENNEDY  
Deputy Director  
WAYNE L. STEWART  
Deputy Director

320 West Temple Street  
Los Angeles, California 90012  
Telephone: 974-8401

COMMISSIONERS  
OWEN H. LEWIS  
Chairman  
ARTHUR J. BAUM  
Vice Chairman  
SADIE B. CLARK  
CAROLYN P. LLEWELLYN  
ROBERT J. MEEKER  
LUCILLA BARTHEL  
Secretary to the Commission

May 18, 1977

Certified - Return  
Requested

Littlerock Sand & Gravel, Inc.  
44835 North Tenth Street West  
Lancaster, California 93534

Gentlemen:

Re: CONDITIONAL USE PERMIT CASE NO. 937-(5)  
AND VARIANCE CASE NO. 540-(5)  
To authorize the establishment and maintenance of a  
drag strip for off-road vehicles with a modification  
of parking development standards.  
6850 East Avenue T  
Littlerock Zoned District, Zones Q(DP) and A-2-1

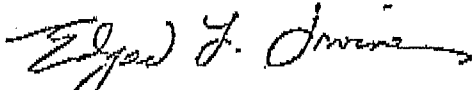
The Regional Planning Commission, by its action of May 11, 1977  
granted the above-described permit and variance. The documents  
pertaining to this grant are enclosed.

Your attention is called to the following:

1. Condition No. 1, requiring acceptance by the owner of the  
property of all conditions of this permit and variance.
2. Condition No. 4, pointing out limitations of this grant;
3. That during the fifteen-day period following your receipt  
of this letter, the decision may be appealed to the Board  
of Supervisors through the office of James Nize, Executive  
Officer, Room 383, Hall of Administration, 500 West Temple  
Street, Los Angeles, California 90012. This grant will  
not become effective until and unless this period has passed  
without an appeal.

Very truly yours,

DEPARTMENT OF REGIONAL PLANNING  
Norman Murdoch, Planning Director

  
Edgar F. Irvine, Acting Chief Deputy  
JRS:th

Enclosures

cc: Building and Safety; Board of Supervisors; Zoning Enforcement  
Health Department; Forester & Fire Warden; Air Pollution

Exhibit A

CONDITIONAL USE PERMIT CASE NO. 937-(5)  
AND VARIANCE CASE NO. 540-(5)

Page 2

The Regional Planning Commission of the County of Los Angeles, under the provisions of the Zoning Ordinance (Ordinance 1494), grants a conditional use permit to enable the following described property:

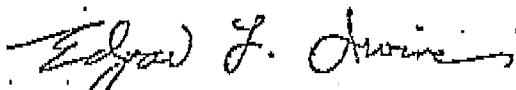
West 1/2 of the northwest 1/4 and the northwest 1/4 of the southwest 1/4 of Section II TSNR II W S.B.M.

to be used to authorize the establishment and maintenance of a drag strip for off-road vehicles with a modification of parking development standards subject to the attached conditions numbered 1 through 14.

This permit shall be null and void unless it is used prior to May 11, 1978. Upon written request stating reasons why additional time to commence is needed, the Commission may grant a one-year time extension. Such request must be received prior to May 11, 1978.

The foregoing is the decision of the Regional Planning Commission on May 11, 1977 upon adoption of the attached findings.

DEPARTMENT OF REGIONAL PLANNING  
Norman Murdoch, Planning Director



Edgar W. Irvine, Acting Chief Deputy

JRS:th



CONDITIONAL USE PERMIT CASE NO. 937-(5) and  
VARIANCE CASE NO. 540-(5)

FINDINGS:

1. The conditional use permit request is to operate and maintain an existing drag strip for off-road vehicles.
2. The variance request is to permit modification of development standards.
3. The southerly 40 acres of the subject property is zoned Q-DP (Quarry-Development Program) and the northerly 82 acres of the subject property is zoned Q (Quarry) which permits drag strips with the approval of a conditional use permit.
4. The subject property is a level, rectangular shaped parcel of land approximately 122 acres in size.
5. Access to the subject property is provided by East Avenue "T" which is a 100 foot wide County Major Highway developed with paving.
6. The area surrounding the subject property is vacant to the north and south and developed with quarrying uses to the east and west.
7. The large amount of parking area will be sufficient for participants and spectators and race events.
8. This location is isolated and not maintained, a requirement for landscaping would be unreasonable.
9. The race track will be used only one to three times a week primarily on weekends during the daylight hours and occasionally on a week night between the hours of 5:00 p.m. and 10:00 p.m.
10. Guards will be used from the rock plant across East Avenue "T" to prevent unauthorized usage.
11. The surrounding area will be buffered from noise by the quarrying activities adjacent to the drag strip.
12. The subject property has been developed in its current configuration since 1965 without detriment to the surrounding property owners.
13. The subject property is fenced and remote from residential or commercial uses.
14. The development of the property is such that the parking area will be effectively screened by the participant's gate fence and the fence along the return road of the drag strip.
15. There were no protests to the request to continue the facility.
16. There were letters and petitions submitted in support of the requested use.

CONDITIONAL USE PERMIT CASE NO. 937-(5) and  
VARIANCE CASE NO. 540-(5)

17. The proposed use will not have an adverse effect on the environment and was granted a Negative Declaration.
18. The facility will provide a needed service to the youth of the Antelope Valley.
19. The parking area is made up of highly compacted decomposed gravel which provides a suitable non-dust producing surface; an all weather surface is not necessary because racing will not be conducted in racing weather.
20. A large paved area would not be desirable because the area is located within a flood plain management zone and a significant ecological area; the paving would prevent water percolation to the aquifer and many cause erosion problems.

BASED UPON THE FOREGOING, THE ZONING BOARD CONCLUDES THAT:

- A. Granting the proposed conditional use permit and variance with the conditions and restrictions hereinafter mentioned will not be in substantial conflict with any general plan adopted for the area.
- B. The requested use at the location proposed will not adversely affect the health, peace, comfort or welfare of persons residing or working in the surrounding area, and will not be materially detrimental to the use, enjoyment, or valuation of property of other persons located in the vicinity of the site, and will not jeopardize, endanger, or otherwise constitute a menace to the public health, safety or general welfare.
- C. The proposed site has adequate traffic access and said site is adequately served by other public or private service facilities which it requires.
- D. The strict application of the Ordinance deprives the subject property of privileges enjoyed by other property in the vicinity and under identical zoning classification, because of special circumstances or exceptional characteristics applicable to the subject property.
- E. The adjustment authorized herein will not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and zone in which the subject property is situated.
- F. The strict application of zoning regulations as they apply to the subject property will result in practical difficulty or unnecessary hardship inconsistent with the general purpose of such regulations and standard.
- G. Such adjustment as granted herein will not be materially detrimental to the public health, safety or general welfare; or to the use, enjoyment or valuation of property of other persons located in the vicinity.

CONDITIONAL USE PERMIT CASE NO. 937-(5) and  
VARIANCE CASE NO. 540-(5)

## CONDITIONS

1. This permit and variance shall not be effective for any purpose until a duly authorized representative of the owner of the property involved has filed at the office of said Regional Planning Commission his affidavit stating that he is aware of, and accepts, all the conditions of this permit and variance;
2. It is hereby declared to be the intent that if any provision of this permit or variance is held or declared to be invalid, the permit and variance shall be void and the privileges granted hereunder shall lapse;
3. It is further declared and made a condition of this grant that if any condition hereof is violated, or if any law, statute, or ordinance is violated, the permit and variance shall be suspended and the privileges granted hereunder shall lapse; provided that the applicant has been given written notice to cease such violation and has failed to do so for a period of thirty (30) days;
4. That all requirements of the Zoning Ordinance and of the specific zoning of the subject property must be complied with unless set forth in this grant or shown on the approved plot plan;
5. That the property shall be developed and maintained in substantial conformance with the plot plan on file marked "Exhibit A";
6. That all structures conform with the requirements of the Division of Building and Safety of the Department of County Engineer;
7. That subject facility be developed and maintained in compliance with requirements of the Los Angeles County Health Officer. Adequate water and sewage facilities shall be provided to the satisfaction of said Health Officer;
8. That upon receipt of this letter, applicant shall contact the Fire Prevention Bureau of the Los Angeles County Forester and Fire Warden to determine facilities that may be necessary to protect the property from fire hazard. Water mains, fire hydrants, and fire flow shall be provided as may be required by said department;
9. That applicant shall secure any necessary permits from the Air Pollution Control District;
10. That a minimum of 200 off-street parking spaces be provided on the subject property;
11. That unless this grant is used within a year from the date of Regional Planning Commission approval, the grant will expire. (A one-year time extension may be requested prior to such expiration date.)
12. That this grant will expire on March 23, 1987.
13. In the event that the operation of any part of this facility should result in substantial complaints to the Department of Regional Planning, or the Regional Planning Commission, the above-described conditions may be modified if, after a duly advertised hearing by the Regional Planning Commission, such modification is deemed appropriate in order to eliminate or reduce said complaints;
14. That no fuel shall be stored on the subject property.

JRS:NN:10  
3-21-77

GUARANTY

1. In consideration for the Lessor Little Rock Sand & Gravel, Inc. entering into the foregoing lease with Lessee Antelope Valley Raceway, Inc., Bernard Edward Longjohn and Anne Marie Longjohn (hereinafter called Guarantors) hereby jointly and severally unconditionally guaranty and promise on demand to pay Lessor all rents and all other sums reserved in the foregoing lease, in the amounts, at the times and in the manner set forth in the lease, and to perform at the time and in the manner set forth in the lease all of the terms, covenants and conditions therein required to be kept, observed or performed by Lessee. Guarantors shall pay all of the foregoing amounts and perform all of the foregoing terms, covenants and conditions notwithstanding that the lease or any of its provisions shall be void or voidable as against Lessee or any of Lessee's creditors, including a trustee in bankruptcy of Lessee, by reason of any fact or circumstance including, without limiting the generality of the foregoing, failure by any person to file any document or to take any other action to make the lease or any of its provisions enforceable in accordance with their terms.

2. This Guaranty is a continuing one and shall terminate only on full payment of all rents and all other sums due under the lease and the performance of all of the terms, covenants and conditions therein required to be kept, observed or performed by the Lessee.

3. Guarantors authorize Lessor, without notice or demand, and without affecting their liability hereunder from time to time to (a) change the amount, time or manner of payment of rent or other sums reserved in the lease; (b) change any of the terms,

covenants, conditions or provisions of the lease; (c) amend, modify, change or supplement the lease; (d) assign the lease or the rent or other sums payable under the lease; (e) consent to Lessee's assignment of the lease or to the sublease of all, or any portion, of the property covered by the lease; (f) take and hold security for the payment of this Guaranty or the performance of the lease, and exchange, enforce, waive, and release any such security; (g) apply such security and direct the order or manner of sale thereof as Lessor in its discretion may determine; and (h) release or substitute any one or more of the Guarantors. Lessor may without notice assign this Guaranty in whole or in part. Guarantors shall not assign this Guaranty without the prior written consent of Lessor.

4. Guarantors waive any right to require Lessor to (a) proceed against Lessee; (b) proceed against or exhaust any security held from Lessee; (c) pursue any other remedy in Lessor's power whatsoever; or (d) notify Guarantors of any default by Lessee in the payment of any rent or other sums reserved in the lease or in the performance of any term, covenant or condition therein required to be kept, observed or performed by Lessee. Guarantors waive any defense arising by reason of any disability or other defense of Lessee or by reason of the cessation from any cause whatsoever of the liability of Lessee. Until the payment of all rents and all other sums due under the lease and the performance of all the terms, covenants and conditions therein required to be kept, observed or performed by Lessee, Guarantors shall have no right of subrogation, and waive any right to enforce any remedy which Lessor now has or may hereafter have against Lessee, and waive any benefit of, and any right to participate in any security now or hereafter held

by Lessor. Guarantors waive all presentments, demands for performance, notices of nonperformance, protests, notices of protests, notices of dishonor, and notices of acceptance of this Guaranty.

5. Guarantors agree to pay reasonable attorney's fees and all other costs and expenses which may be incurred by Lessor in the enforcement of this Guaranty.

6. Any married woman who signs this Guaranty hereby expressly agrees that recourse may be had against her separate property for all her obligations under this Guaranty.

7. The obligations of the undersigned hereunder are joint and several, and are independent of the obligations of Lessee. A separate action or actions may be brought and prosecuted against Guarantors, or any of them, whether an action is brought against Lessee or whether Lessee be joined in any such action or actions; and Guarantors waive the benefit of any statute of limitations affecting their liability hereunder or the enforcement thereof.

8. If there is but a single guarantor, then all words used herein in the plural shall be deemed to have been used in the singular where the context or construction so require; and if this Guaranty is executed by more than one Guarantor, the word "Guarantors" shall mean all and any one or more of them.

9. This Guaranty shall inure to the benefit of Lessor, its successors and assigns, and shall be binding on the heirs, personal representatives, successors and assigns of each of the Guarantors.

IN WITNESS WHEREOF, each of the undersigned has duly executed this Guaranty this 15<sup>th</sup> day of February 1988.

[Signature]  
Bernard Edward Longjohn  
[Signature]  
Anne Marie Longjohn



1 April 2011

George Lane  
Monte Vista Building Sites, Inc.  
42220 10th Street West, Suite 101  
Lancaster, CA 93534-7075

**RE: Granite Construction Company Lease dated 8 April, 1987**

Dear Mr. Lane,

I am writing you in regards to the Lease dated 8 April 1987 between Granite Construction Company and Littlerock Sand and Gravel Inc; which was modified by a 1<sup>st</sup> Amendment effective April 1, 2010.

Pursuant to Article 1 of 1<sup>st</sup> Amendment Granite Construction is exercising their Fourth Renewal term which will extend the term of the Lease until 30 April 2021.

We look forward to our continued business with you over the next 10 years.

Best regards,

A handwritten signature in black ink, appearing to read "BT", with a long horizontal line extending to the right.

Bill Taylor  
Resource Manager  
Granite Construction Company

Bakersfield Branch  
Box 5127  
Bakersfield, CA 93388  
Phone (661) 399-3361  
FAX (661) 399-3598

## FIRST AMENDMENT TO LEASE

This First Amendment to Lease dated April 8, 1987 ("Amendment") is made effective ~~April 8, 1987~~ 2010 by and between LITTLE ROCK SAND AND GRAVEL, INC., a California corporation ("Lessor") and GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessee").

### RECITALS

**WHEREAS** Lessee is interested in adding two additional ten-year lease term extensions to this Lease; and

**WHEREAS** Lessee desires to confirm and expand its right to the use of the lease premises for the importation, stockpiling, processing, sale and shipment of imported materials; and

**WHEREAS** Lessee is interested in remaining in possession of the leased premises following the time that materials may no longer be extracted in commercially paying quantities and adjusting the rents and/or royalties due Lessor at that time.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

### ARTICLE 1

#### LEASE TERM

1.0 Section 4. "Lease Term" is amended in its entirety to read:

"The initial term of this Lease shall be for three (3) years commencing on May 1, 1987, and ending April 30, 1990. If Lessee is not in default hereunder at the end of the term of this Lease, Lessee shall have the option of renewing or extending this Lease for six (6) successive additional terms. The first renewal term shall be five (5) years, the second renewal term shall be six (6) years, the third, fourth, fifth and sixth renewal terms shall be for ten (10) years each. The same terms and conditions as herein provided shall prevail upon any renewal period of this Lease. If Lessee desires to exercise any of said options it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Lease is extended."

For clarification the lease terms and extension terms are as follows:

Original Lease	5-1-87 - 4-31-90	(sic)
First Renewal	5-1-90 - 4-30-95	
Second Renewal	5-1-05 - 4-30-01	
Third Renewal	5-1-01 - 4-30-11	
Fourth Renewal	5-1-11 - 4-30-21	
Fifth Renewal	5-1-21 - 4-30-31	
Sixth Renewal	5-1-31 - 4-30-41	



## ARTICLE 2

### USE OF LEASED PREMISES

2.0 Article 3. "Operations" of the Lease is amended by adding the following language to Section 3.1 as follows:

Lessee shall have the right to (i) import and stockpile materials onto the lease property, including but not limited to aggregate, recyclable materials, rap, oil, waste concrete, grinding materials and shingles, (ii) process such materials, (iii) sell such materials and (iv) transport such materials from the lease property. In the event this expanded use of the lease property is construed as a "change in the nature" of the business as contemplated under Section 15 of this Lease, Landlord hereby consents to such expanded use of the lease property as required by such section."

## ARTICLE 3

### RESERVED RENT AND ROYALTY

3.0 Section 6 is modified to add the following language in the first paragraph thereof:

"Once Lessee has made the determination that it is unable to further extract materials in commercially paying quantities from all areas of the leased property, with the exception of the area located beneath Lessee's facilities, as defined in 6.B., Lessor shall no longer have the right to quarry rock, sand and gravel from the leased premises as herein provided. The following language shall be added to Section 6 of the Lease.

6.B. Until Lessee had determined, in its sole and absolute discretion, that it is unable to further extract minerals in commercially paying quantities from all areas of the leased property, with the exception of the area located beneath Lessee's facilities necessary to conduct its operations pursuant to Section 3.0 of this Lease ("facilities"), Lessee shall continue to make all rent and royalty payments required under the Lease.

At any time following such determination, Lessee shall have the following options:

6.B.1. Lessee may import and process materials on the leases premises. Immediately upon the determination to do so, Lessee shall so notify Lessor and pay to Lessor a flat rate sum of \$160,000 per year, payable in monthly installments, for any portion of the remainder of any and all terms and/or renewal terms of the lease. Such sum shall be subject to an annual Consumer Price Index (CPI) adjustment, commencing on January 1, 2010. Such rate shall continue so long as Lessee imports and processes materials and does not extract and process materials from the area located beneath Lessee's facilities. During any period when such flat rent sums are due and payable, Lessee shall not pay royalties on materials that are imported and processed.

OR

6.B.2. Lessee may extract and process materials located beneath Lessee's facilities. Immediately upon the determination to do so, Lessee shall so notify Lessor and Lessee shall pay to Lessor royalty payments on extracted materials. The amount of royalty payments payable shall be the same as those which existed in the last previous lease term in which royalties were paid, adjusted annually for increases and/or decreases in the consumer Price Index (CPI). Such adjustments shall be calculated on the royalty schedule last in effect, brought forward. If in Lessee's sole opinion the amount of the adjustment would negatively impact Lessee's competitive position in the marketplace to the extent that Lessee would not be able in Lessee's sole opinion, to complete in the then current market conditions and be unable to sell in commercially acceptable quantities, Lessor and Lessee shall negotiate in good faith a mutually acceptable level of royalty payments due for the quantities to be extracted under Lessee's facilities. During any period when such royalties are due and payable, Lessee shall not pay a flat rate annual sum.

6.C. It is mutually agreed that Lessee may exercise either option set forth in 6.B.1 or 6.B.2 at its election and is not required to exercise these options in any particular sequence, or at all.

#### ARTICLE 4

#### GENERAL

4.0 **Counterparts.** This Amendment may be executed in counterpart originals, in which case the counterparts, when fully executed by each of the parties, will constitute one agreement.

4.1 **Terms to Remain in Effect.** Except as expressly modified within this Amendment, the terms of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first written above.

LESSOR:

LESSEE:

**LITTLE ROCK SAND AND GRAVEL, INC.**  
A California Corporation

**GRANITE CONSTRUCTION COMPANY**  
A California Corporation

By:  4/1/10

George M. Lane

By: 

Its: \_\_\_\_\_

President

Its: \_\_\_\_\_

James H. Roberts

Executive Vice President

ORIGINAL

10-1-08 to 9-30-2009

**FIRST AMENDMENT TO SUBLEASE**

This First Amendment to Sublease is made effective October 1, 2008, by and between GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessor") and AMERICAN SPORTS MANAGEMENT, INC., a California corporation ("ASMI") and JACK BARBACOVİ (both ASMI and Jack Barbacovi hereinafter are referred to as "Lessee").

**RECITALS**

A. WHEREAS, Lessor and Lessee previously entered into that certain Sublease, effective October 1, 2007 wherein Lessee leased from Lessor certain real property as more particularly described on Exhibits A and B thereto for the purpose of operating a motorcycle racetrack; and

B. WHEREAS, Lessor and Lessee desire to extend the lease term, add a renewal option and modify the rent terms of the said Sublease;

**NOW THEREFORE**, Lessor and Lessee agree as follows:

1. Section 1. Term is modified to read in full as follows:

"1.A. Term. The term of this Sublease shall commence on October 1, 2008 and shall terminate on September 30, 2009, provided, however, Lessor may terminate this Sublease on ten (10) days prior written notice to Lessee."

2. Section 1.B. Option to Renew is added to read in full as follows:

"1B. Option to Renew. If Lessee is not in default hereunder at the end of the terms of this Sublease, Lessee shall have the option of renewing this Sublease for one (1) additional one (1) year term. The same terms and conditions as herein provided, subject to the provisions of Section 2. Rent, shall prevail upon any renewal period of this Sublease. If Lessee desires to exercise this option to renew it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Sublease is extended."

**First Amendment to Sublease**

3. Section 2. Rent is modified to read in full as follows:

"2. Rent. As rent, Lessee shall provide during the terms of this Sublease, or any extension hereof, at Lessee's sole cost and expense, one fully qualified and licensed private security guard who will provide around the clock security services to the entire Premises, including Lessor's Business and Lessee's motorcycle racetrack, and a pad with utility hookups for the security guard's trailer. Lessor shall have the right, in its absolute discretion, to review the Rent terms every six months, commencing from the date hereof, and require Lessee to commence to make monetary rental payments in an amount to be mutually agreed upon at the time thereof. Should the parties be unable to so mutually agree, this Sublease shall terminate upon thirty (30) days written notice from Lessor to Lessee."

4. Condition Precedent.

This First Amendment to Sublease shall not be effective and binding upon the parties unless and until Little Rock Sand and Gravel, Inc., consents hereto in writing by signing below where indicated.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease on the dates set forth below:

LESSOR:

GRANITE CONSTRUCTION COMPANY  
A California Corporation

By: \_\_\_\_\_

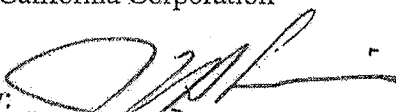
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

LESSEE:

AMERICAN SPORTS MANAGEMENT, INC.  
A California Corporation

By:  \_\_\_\_\_

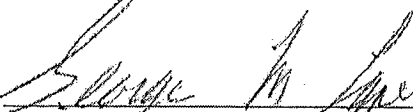
Name: JACK BARBACOVI

Title: President

Date: 12-9-08

The undersigned owner of the Premises hereby consents to the above First Amendment to Sublease:

LITTLE ROCK SAND AND GRAVEL, INC.

By:  \_\_\_\_\_

Name: GEORGE M. LANE

Date: 12/18/08

Title: PRES.

*extension*

*May 1, 1995 to April 30, 2001*



January 12, 1995

Littlerock Sand and Gravel  
44909 10th Street West  
Lancaster, CA 93534-2392

Attn: Mr. Frank Lane

Re: Littlerock Pit Agreement  
Renewal Request

Dear Frank:

With regard to our current lease at the Littlerock Pit and more specifically to Section 4 "Lease Terms", we provide the following information for your review.

We request an extension of our lease for the second of four (4) successive terms. This term shall be from May 1, 1995 to April 30, 2001.

If there are no questions, please sign below and return to our office. We have enclosed one copy of this letter for your records.

Sincerely,

*B. J. Mazzei*

Bruce J. Mazzei  
Branch Manager

*Frank A. Lane*  
Frank Lane  
Littlerock Sand and Gravel

BJM/lmg

Date Jan. 13, 1995

cc: Chuck Murphy - Littlerock  
Vault - Watsonville

enclosure

Palmdale Branch  
Box 902500  
Palmdale, CA 93590-2500  
(805) 726-4447  
FAX (805) 726-4460


extension

May 1, 1995 to April 30, 2001



January 12, 1995

Littlerock Sand and Gravel  
44909 10th Street West  
Lancaster, CA 93534-2392

 COPY

Attn: Mr. Frank Lane

Re: Littlerock Pit Agreement  
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Sincerely,

*Bruce J. Mazzei*

Bruce J. Mazzei  
Branch Manager

*Frank A. Lane*

Frank Lane  
Littlerock Sand and Gravel

BJM/lmg

Date Jan. 13, 1995

cc: Chuck Murphy - Littlerock  
Vault - Watsonville

enclosure

Palmdale Branch  
Box 902500  
Palmdale, CA 93590-2500  
(805) 726-4447  
FAX (805) 726-4460

ORIGINAL

10-1-08 to 9-30-2009

FIRST AMENDMENT TO SUBLEASE



COPY

This First Amendment to Sublease is made effective October 1, 2008, by and between GRANITE CONSTRUCTION COMPANY, a California corporation ("Lessor") and AMERICAN SPORTS MANAGEMENT, INC., a California corporation ("ASMI") and JACK BARBACOVI (both ASMI and Jack Barbacovi hereinafter are referred to as "Lessee").

RECITALS

A. WHEREAS, Lessor and Lessee previously entered into that certain Sublease, effective October 1, 2007 wherein Lessee leased from Lessor certain real property as more particularly described on Exhibits A and B thereto for the purpose of operating a motorcycle racetrack; and

B. WHEREAS, Lessor and Lessee desire to extend the lease term, add a renewal option and modify the rent terms of the said Sublease;

NOW THEREFORE, Lessor and Lessee agree as follows:

1. Section 1. Term is modified to read in full as follows:

"1.A. Term. The term of this Sublease shall commence on October 1, 2008 and shall terminate on September 30, 2009, provided, however, Lessor may terminate this Sublease on ten (10) days prior written notice to Lessee."

2. Section 1.B. Option to Renew is added to read in full as follows:

"1B. Option to Renew. If Lessee is not in default hereunder at the end of the terms of this Sublease, Lessee shall have the option of renewing this Sublease for one (1) additional one (1) year term. The same terms and conditions as herein provided, subject to the provisions of Section 2. Rent, shall prevail upon any renewal period of this Sublease. If Lessee desires to exercise this option to renew it shall give Lessor written notice thereof at least sixty (60) days prior to the expiration of the initial term or any successive period by which said Sublease is extended."

3. Section 2. Rent is modified to read in full as follows:

"2. Rent. As rent, Lessee shall provide during the terms of this Sublease, or any extension hereof, at Lessee's sole cost and expense, one fully qualified and licensed private security guard who will provide around the clock security services to the entire Premises, including Lessor's Business and Lessee's motorcycle racetrack, and a pad with utility hookups for the security guard's trailer. Lessor shall have the right, in its absolute discretion, to review the Rent terms every six months, commencing from the date hereof, and require Lessee to commence to make monetary rental payments in an amount to be mutually agreed upon at the time thereof. Should the parties be unable to so mutually agree, this Sublease shall terminate upon thirty (30) days written notice from Lessor to Lessee."

4. Condition Precedent.

This First Amendment to Sublease shall not be effective and binding upon the parties unless and until Little Rock Sand and Gravel, Inc., consents hereto in writing by signing below where indicated.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease on the dates set forth below:

LESSOR:

GRANITE CONSTRUCTION COMPANY  
A California Corporation

By: \_\_\_\_\_

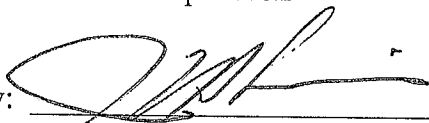
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

LESSEE:

AMERICAN SPORTS MANAGEMENT, INC.  
A California Corporation

By:  \_\_\_\_\_

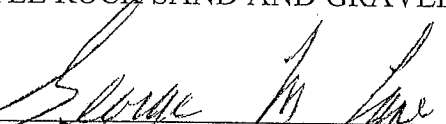
Name: JACK BARBACOVI

Title: President

Date: 12-9-08

The undersigned owner of the Premises hereby consents to the above First Amendment to Sublease:

LITTLE ROCK SAND AND GRAVEL, INC.

By:  \_\_\_\_\_

Name: GEORGE A. LAMB

Date: 12/18/08

Title: PRES.



LEASE

*Y.M.L.*  
*March 1987 to April 3, 1990*  
*Y.M.L.*  
*W.D.*

**COPY**

THIS LEASE made this 8 day of ~~March~~ <sup>APRIL</sup>, 1987, between LITTLE ROCK SAND AND GRAVEL, INC., a California corporation, hereinafter referred to as "Lessor", and GRANITE CONSTRUCTION COMPANY, a California corporation, hereinafter referred to as "Lessee".

WITNESSETH

Lessor hereby leases to Lessee and Lessee hereby hires from Lessor subject to all of the terms, covenants, and conditions hereinafter set forth, that certain parcel of real property located in the County of Los Angeles, State of California, which is more particularly described in Exhibit 1 attached hereto and made a part hereof and incorporated herein.

1. Grant of Lease

Lessor hereby grants to Lessee the right to enter into and exercise possession and control of the property, and during the terms of this Lease to remain in possession and control thereof, and to explore, develop, mine, operate and use the property and any surface or underground water or water rights occurring therein or appurtenant thereto, and to mine, extract and remove from the property any quarry products, stone, rock, sand, and aggregate (hereinafter the "Leased Materials"), and to crush, process, beneficiate, ship, sell or otherwise dispose of the same and receive the full proceeds thereof (subject to the obligation of rental and royalty payments specified herein), and to

*Y.M.L.* *F.L.*

construct, use and operate thereon and therein structures, excavations, roads, equipment and other improvements or facilities which Lessee shall deem reasonably required for, or in connection with, the full enjoyment of the rights and interest granted to Lessee by this Lease.

2. Title

Lessor hereby warrants that it is entitled to full and exclusive possession of the leased premises except as described in paragraph 11. Lessor further warrants that it has the exclusive right to enter into this Lease and receive for its use and benefit all payments due and payable hereunder.

3. Operations

3.1 During the term of this Lease, Lessee shall have the right to explore, mine and develop the property, and to extract Leased Materials from the property by means of open pit mining operations, and to erect, install, construct, use and maintain on the property such roads, buildings, structures, pipelines, water tanks, power lines, machinery and equipment as may be required by Lessee for the conduct of its mining, crushing, screening, concrete batching, black top mixing, asphalt mixing, and the recycling of blacktop into road base and asphaltic concrete, and the transporting of the Leased Materials from the leased property.

3.2 During the term of this Lease, Lessor grants to Lessee such water rights as Lessor has to the surface and underground water located upon and under the leased premises.

*W.M.L. J.L.*

Lessee shall have the right to use all existing water sources presently located upon the leased premises (both above ground and below ground). Lessee, at its expense, shall have the right to develop such further water sources as it may deem necessary or convenient for the operation of its business; provided, however, that Lessee shall avoid wasting water.

3.3 All work done on the property by Lessee shall be done in an orderly, good and workmanlike manner in compliance with all applicable city, county, state, and federal requirements and laws.

3.4 Other than improvements by the Lessee's own forces, Lessee shall not install or attach to the real property, any permanent improvements thereon, or make any permanent improvements or modifications without first having obtained written consent from Lessor so to do (Lessor agreeing not to unreasonably withhold such consent) and shall, after having received such consent, notify Lessor of the time that Lessee commences installing such alterations, modifications or improvements in order that Lessor may post said property with appropriate notices as specified by the Code of Civil Procedure of the State of California.

4. Lease Term

The initial term of this Lease shall be for three (3) years commencing on <sup>WED</sup> ~~April~~ <sup>MAY 7<sup>th</sup></sup> 1, 1987, and ending <sup>APRIL</sup> ~~March~~ <sup>WED</sup> 31, 1990. If Lessee is not in default hereunder at the end of the term of this Lease, Lessee shall have the option of renewing or extending this Lease for four (4) successive additional terms. The first renewal

term shall be five (5) years and the second renewal term shall be six (6) years. The third and fourth renewal terms shall be ten (10) years each. The same terms and conditions including the rental and royalty adjustments as herein provided shall prevail upon any renewal period of this Lease. If Lessee desires to exercise any of said options it shall give Lessor written notice thereof at Lease thirty (30) days prior to the expiration of the initial term or any successive period by which said Lease is extended.

5. Approvals and/or Permits

Lessee shall have up to six (6) months free of any minimum rental after the commencement of this Lease to diligently pursue satisfactory approvals and/or permits from the City of Palmdale (and other agencies having jurisdiction over the proposed mining projects) authorizing Lessee to mine rock from the leased property and to process same on the site into aggregates, asphaltic concrete, and ready mix concrete. If at the end of said six-month period, Lessee has been unsuccessful in obtaining satisfactory approvals and/or permits, Lessee may extend (a month at a time, up to a maximum of nine (9) additional months) the time to obtain such approvals and/or permits free of the minimum monthly rental, by paying to Lessee in advance of each such month's extension the sum of \$ [REDACTED] for each such monthly extension. Notice to extend the time allowed to obtain satisfactory approvals and/or permits shall be given and payment to Lessor of each such \$ [REDACTED] shall be made not later than

*[Handwritten signatures]*

fifteen (15) days prior to expiration of the month immediately preceding the extension period involved. In the event satisfactory approvals and/or permits are not obtained from the City of Palmdale (and other agencies having jurisdiction over the proposed mining projects) by <sup>AUG.</sup> June 1, 1988, <sup>W.R.G. J.L.M.</sup> this Lease shall be subject to cancellation by either party giving written notice of cancellation to the other.

Lessor will cooperate with Lessee in its efforts to <sup>W.R.G.</sup> obtain the necessary approvals and/or permits from the City of <sup>(AND OTHER AGENCIES HAVING JURISDICTION OVER THE PROPOSED MINING PROJECT)</sup> Palmdale. All costs associated with the pursuit of such approvals and/or permits will be borne by Lessee. If Lessee is unsuccessful in obtaining such approvals and/or permits or obtains approvals and/or permits unsatisfactory to Lessee, then this Lease shall terminate on the tenth day following final denial of such approvals and/or permits. On the issuance of approvals and/or permits which, in the opinion of Lessee, are unsatisfactory and Lessee's cancellation of the Lease, Lessor may, upon such cancellation, request that Lessee transfer to Lessor any rights Lessee may have in such approvals and/or permits, and all engineering work, studies, records, plans, applications, soil studies, permits and approvals are to be delivered and are assigned to Lessor without expense or liability to Lessor.

6. Reserved Rent and Royalty

Lessor hereby reserves as royalty for the leased premises and the right to quarry rock, sand and gravel therefrom, an amount equal to \$.48 per ton for each ton of rock, sand and

gravel extracted and removed from said property, with a guaranteed minimum rental of \$ [REDACTED] per month, which said sum Lessor expressly reserves as a minimum rental, beginning on date of issuance of satisfactory approvals and/or permits by the City of Palmdale to Lessee to operate a rock plant and concrete batch plant on the leased premises; provided, however, said minimum rental shall commence no later than <sup>YML 7/20</sup> ~~June~~ <sup>AUG.</sup> 1, 1988. W.D.

A. The minimum reserved rental shall be paid as follows:

(1) \$ [REDACTED] upon the execution of this agreement as and for the first two months' rent under this Lease.

(2) \$ [REDACTED] per month, payable on the 25th day of each month during the Lease term, for the minimum rental of the following month.

(3) All prepaid rental payments shall be adjusted to the second month so that from and after the execution of this Lease, all rental payments will become due as of the first of each month.

(4) The said \$ [REDACTED] per ton royalty herein reserved shall be paid not later than the 25th day of the month following the month during which rock, sand and gravel is extracted and removed.

(5) The said \$ [REDACTED] per ton basic royalty herein reserved applies to all the rock, sand and gravel extracted and removed from the premises.

*YML 7/20*

The tonnage of asphaltic concrete mixtures and ready-mix concrete shall be computed as follows:

(a) The tonnage of rock, sand and gravel in asphaltic mixtures processed on and/or shipped from the premises shall be considered equal to [REDACTED] % of the tonnage of such asphaltic concrete mixtures.

(b) The tonnage of rock, sand and gravel in ready-mix concrete processed on and/or shipped from the premises shall be computed on the basis of [REDACTED] tons of rock, sand and gravel to a cubic yard of ready-mix concrete.

7. Credit of Minimum Rental Against Royalties

The sum of \$ [REDACTED] per month reserved as a minimum rental shall be allowed as a credit against the \$ [REDACTED] per ton royalties; if the royalties payable by Lessee to Lessor for any calendar month, as adjusted on the basis of the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California (see paragraph 9 below), are less than the minimum rent paid by Lessee to Lessor for said month, the amount by which the minimum rent paid for such month exceeds the royalties earned for such month shall constitute a credit which may be applied by Lessee against royalties earned in excess of minimum rent payable for any calendar month during the next succeeding twenty-four (24) month period.

8. Material Subject to Royalty; Exclusion from Leased Premises

After quarrying has started on Lessor's property, all

*ymd. 7/8'*

material extracted and removed from Lessor's property, or sold or shipped from Lessee's Antelope Valley plant (including but not limited to waste, recycled materials, reject or stock piles) from that day on shall be deemed and paid for as coming from Lessor's property.

If Lessee is denied the use of any portion of the leased premises in its rock, sand and gravel operation by virtue of zoning, any act of a duly constituted authority, or failure to obtain an appropriate exception from the proper authorities, that portion may be dropped from the Lease and the minimum guaranteed rental in such case is to be reduced in proportion (at the rate of \$46.00 per acre per month as adjusted to Consumer Price Index as set forth in paragraph 9, below).

9. Adjustment of Royalty and Minimum Rental

The royalty of \$ [REDACTED] per ton and the guaranteed minimum rental of \$ [REDACTED] per month shall be adjusted upwards or downwards percentagewise on January 1 of each year, beginning on January 1, 1989 if the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California, as published by the United States Department of Labor's Bureau of Labor Statistics, has increased over the Base Period Index or decreased from a preceding Extension Index. The Base Period Index shall be the Index for the first calendar month in which rentals commence. The Base Period Index shall be compared with the Index for the particular January involved (herein referred to as the Extension Index). If the Extension Index is higher than the Base

*[Handwritten signatures]*



Period Index (or, after 1989, the preceding Extension Index), then the royalty per ton and the guaranteed minimum monthly rental for the year commencing on said January 1 shall be increased by the identical percentage. If the Extension Index is lower than the preceding Extension Index, then the royalty per ton and the guaranteed minimum monthly rental for the year commencing on said January 1 shall be decreased by the identical percentage. In no event shall either the royalty per ton or the guaranteed minimum monthly rental be less than that provided for initially in this Lease.

If the United States Department of Labor's Bureau of Labor Statistics discontinues publication of the above Index, or publishes such Index less frequently, or alters such Index in some other manner, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

10. Payments and Books of Account

10.1 All payments shall be made to Lessor at its address at 44909 North Tenth Street West, Lancaster, California, or at such other address as Lessor shall hereafter designate in a written notice to Lessee.

10.2 Any sum payable to Lessor under the terms of this Lease shall bear interest from the date due until paid at the prime rate (plus two percent) of the Bank of America National

*YML. F.L.*

Trust and Savings Association (or its successor), as established on January 2 of the calendar year involved.

10.3 Each ton or fraction thereof, of rock, sand and gravel and asphaltic concrete mixture shall be weighed on the premises before being shipped or removed and shall be evidenced by a weight certificate prepared and certified to as correct by a certified weigh master.

10.4 Lessee shall keep full, complete and proper books and records showing all material extracted and removed from the leased ground which shall include, but not be limited to, all weight certificates and sales tax reports that Lessee may be required to furnish to any governmental agency. Said records shall at all reasonable times be open to inspection of Lessor, Lessor's auditor or authorized representative or agent at some location in Los Angeles County or Kern County, California.

10.5 Within twenty-five (25) days after the end of each month from and after the commencement of this Lease and continuing for the duration of this Lease or any renewal or extension thereof, Lessee shall furnish Lessor with a statement to be certified as correct by Lessee or the employee of Lessee authorized to so certify, which shall set forth the gross tonnage of rock, sand and gravel and asphaltic concrete mixture and cubic yards of ready-mix concrete shipped or removed from the leased premises for the month just concluded and with each statement, Lessee shall pay to Lessor, the amount of additional royalty which is payable to Lessor as shown thereby. Said statement will be

certified by a certified public accountant annually in January for the previous calendar year at Lessee's expense. Lessor may at reasonable times cause an audit of the Lessee's records pertaining to aggregates removed from the leased premises to be made by an accountant of Lessor's own selection and if the statements of gross tonnage previously made by Lessee to Lessor shall be found to be less than the amount of Lessee's gross tonnage shipped or removed, Lessee shall immediately pay the costs of said audit as well as the additional rental therein shown to be payable by Lessee to Lessor; otherwise the cost of such audit shall be paid by Lessor.

10.6 The acceptance by Lessor of any monies paid to Lessor by Lessee as royalties for the leased premises as shown by Lessee shall not be an admission of the accuracy of said statement or of the sufficiency of the amount of said additional rental payment but Lessor shall be entitled to at any time within four (4) years after the receipt of any such additional rental payments, to inquire into and question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by Lessee to justify same; for the purpose of enabling Lessor to check the accuracy of such statement and the sufficiency of any royalty payment to be made in accordance therewith, Lessee shall for a period of four (4) years after submission to Lessor of any such statement or statements, keep safe and intact all of Lessee's records, books, accounts and other data which in any way bears upon or are required to establish in detail the gross

tonnage as shown by any such statement or statements and shall upon request make the same available to Lessor, Lessor's accountant, representative or agent for examination at any time during the four (4) year period.

11. Drag Strip Sublease

Lessee agrees to sublease portions of the leased property as shown on Exhibit 2 (portions shown as 20 acre parcel and two 10 acre parcels) for the purpose of operating an automobile drag strip provided that the operation of said drag strip does not interfere with Lessee's sand and gravel operations and satisfactory insurance can be provided to Lessee.

Lessee shall conduct its mining operations in a manner that will cause the sand and gravel under the drag strip to be mined last.

Lessor understands that certain drag strip parking areas and peripheral activities to the drag strip may have to be immediately relocated or curtailed to accommodate Lessee's mining activities and other related operations.

12. Mining and Reclamation

12.1 All activities conducted on the leased premises by Lessee, its agents, employees, sub-tenants or assigns shall be carried out in strict conformity with all applicable state, county, local or other governmental agencies' rules, regulations, directives, ordinances and/or laws (including but not limited to reclamation, reclamation plans and/or environmental protection); similarly, all things required from time to time by any

governmental agency, to be done in connection with the abandonment of any worked-out portions of the leased ground shall be promptly done by Lessee, its agents, employees, sub-tenants or assigns, as the case may be. Lessee agrees to meet and comply with all conditions and provisions of existing conditional use permits (drag strip) which are brought to the attention of Lessee prior to the execution of this Lease.

12.2 In the excavation of the rock, sand and gravel, Lessee shall do so to a depth below which the same cannot, in Lessee's good faith judgment, be excavated in commercially paying quantities, and shall appropriate the same in a continuous manner so that one single pit is developed to such a depth and continuously enlarged as excavation progresses as long as the aggregate quality is consistent and the mining operations are in conformance with the approvals and/or permits of the City of Palmdale.

It is understood that because of the nature of the deposit on the leased premises Lessee contemplates that some materials excavated may not be commercially usable and will be rejected by Lessee. To the extent that such reject materials (including sand and other waste materials) are available, Lessee shall refill the quarried portion of the leased premises to a smooth grade. Such refilling and leveling are to be done each year to the extent that reject materials are available.

12.3 As Lessee excavates the rock, sand and gravel material to its full depth, the remaining pit and/or the refilled

*epm, 7/2'*

land refilled in accordance with the provisions of the paragraph immediately preceding shall, at the option of Lessor (but subject to the right of Lessee to retain portions of pit or refilled land necessary to its operation), revert back to Lessor, at such times and in such amounts as Lessor may determine.

(a) The exercise of this option by Lessor shall not be construed to relieve Lessee of its obligations in connection with abandonment, reclamation, reclamation plans and/or environmental protection.

(b) Lessor shall be responsible for its proportionate share of the taxes as to any real property which is reverted back to Lessor by reason of the exercise of the option set forth in this paragraph 12.

(c) The guaranteed minimum monthly rental shall be reduced at the rate of \$ [REDACTED] per acre for each acre on which Lessor exercises its option under this paragraph 12 (as adjusted to Consumer Price Index as set forth in paragraph 9 above).

13. Protection From Liens and Damages

Lessee shall take reasonable precautions to keep the property, and the whole and every part thereof, free and clear of liens for labor done or performed upon the property or materials furnished to it on or for the property, or for the development and operation thereof under this Lease. A lien on the property shall not constitute a default if Lessee, in good faith, disputes the validity of the claim, in which event the existence of the lien

*[Handwritten signature]*

shall constitute a default only from thirty (30) days after the validity of the lien has been adjudicated adversely to Lessee.

14. Taxes, Assessments, Acreage Charges and/or Fees

Lessee shall pay all taxes assessed upon any personal property, improvements, alterations or modifications attached to the aforesaid premises.

Lessee shall also pay as additional rental, upon demand, an amount that is equal to any taxes, assessments, acreage charges and/or fees payable or assessed (including any improvement bonds) upon the real property included in the above defined leased premises. It is further understood and agreed that if there is not a separate tax or assessment or acreage charge and/or fee bill for the leased premises and therefore the taxes and/or assessments and/or acreage charges and/or fees for the leased premises are covered in a tax bill or statement which also covers other adjoining parcels, then the taxes and/or assessments and/or acreage charges and/or fees to be paid hereunder by Lessee as additional rent shall be computed as an amount equal to that proportion of said taxes and/or assessments and/or acreage charges and/or fees as the area of the leased premises bears to the total area covered by said tax and/or assessment and/or acreage charge and/or fee bill.

If this Lease is in effect for only a portion of any tax period, Lessee shall be liable only for the applicable pro rata share of such taxes, assessments, acreage charges and/or fees.

*[Handwritten signature]* #2'

Lessee at its cost shall have the right, at any time, to contest any tax, assessment, acreage charges and/or fees. On final determination of such contest, Lessee shall be entitled to a credit (in the amount of the reduction of the tax, assessment, acreage charge and/or fee) on the rent next falling due under this Lease. Lessor shall not be required to join in any contest brought by Lessee unless the provisions of any law require that the contest be brought by or in the name of Lessor. In that case Lessor shall join in the contest or permit it to be brought in Lessor's name as long as Lessor is not required to bear any cost.

Lessee shall not be responsible for any state or federal income tax payable by Lessor.

15. Use of Leased Premises

It is recognized and understood by and between the parties hereto that Lessee intends to use the premises herein leased, as and for a rock, sand and gravel quarrying operation and the outside sale of same, and the production, sale and dispatching of ready-mixed concrete and asphaltic concrete, a construction office, shop and yard, and for no other purpose, and it is with this understanding that Lessor is willing to Lease the aforesaid property to Lessee. In the event that Lessee decides to change the nature of its business, Lessee will first obtain the written consent of Lessor.

Lessee shall not dump or permit the dumping of trash or debris on the leased premises or on any portion of the leased

*YML* *FS*



premises relinquished to Lessor, and Lessee shall not commit or suffer to be committed, any nuisance on said premises.

16. Additional Documents

Lessor agrees, during the term of this Lease to execute such documentation as may from time to time be necessary and requested by Lessee to apply for or obtain approvals, permits or authorizations from any city, county, state or federal agency exercising jurisdiction or authority over the property including, but not limited to, the erection and construction of water lines, pipelines and electrical power or transmission lines and roads; provided, however, that Lessor is not required to bear any costs or expense by reason thereof.

17. Indemnity by Lessee

Lessee agrees to protect and save Lessor harmless and protect its interest in the leased premises and keep same free and clear from all encumbrances and further, to protect Lessor from any damage that Lessor may sustain by reason of Lessee's use of the aforesaid premises or the activity of Lessee's agents, servants or employees on, about or in connection with the aforesaid leased premises and will defend Lessor should Lessor be joined in any lawsuit or should judgment be recovered against Lessor by reason of any activity by Lessee, or its agents, servants or employees in, about or in connection with the leased premises, it being the intent of this particular provision to protect Lessor from any liability whatsoever that may arise by reason of Lessee's use of the premises, either by Lessee or by

*ymf.* *fd'*

Lessee's agents, servants or employees as well as sub-tenants, concessionaires, licensees, contractors, invitees or permittees either arising from or growing out of the use, maintenance, occupation or operation of the leased premises during and throughout the term of this Lease.

Lessee further agrees that in the event Lessor incurs any legal costs or obligations in connection with any act by or on behalf of Lessee as specified herein, Lessee will pay to Lessor all reasonable attorneys' fees incurred by it.

18. Insurance

18.1 Workers' Compensation Insurance

Lessee, at its sole expense, shall cause to be issued and maintained during the term of this Lease and at all times while conducting activity upon the property, workers' compensation insurance in accordance with the provisions of the applicable laws of the State of California.

18.2 Liability Insurance

Lessee hereby agrees to procure and maintain at its own cost and keep in force at all times during and throughout the term of this Lease, a policy or policies of insurance commonly known and referred to as Public Liability and Property Damage Insurance, by a responsible insurance company or companies, naming Lessor as an additional insured insofar as its interest may appear, providing not less than \$2,000,000.00 primary coverage and not less than \$2,000,000.00 excess coverage, covering all of the premises which are the subject of this Lease, irrespective of the

*[Handwritten signature]*

*[Handwritten initials]*

occupancy and use thereof, and insuring the Lessor against loss, damage or liability, with (1) a liability limit in an amount of not less than \$4,000,000.00 for injury to or death of any one person, and in an amount of not less than \$4,000,000.00 for injury and/or death to or of, more than one person arising out of any occurrence, and in an amount of not less than \$4,000,000.00 for damage or injury to any real and/or personal property, or (2) a combined single personal injury and property damage limit of not less than \$4,000,000.00.

The \$4,000,000.00 liability amounts above specified shall be adjusted upwards percentagewise on the first day of each renewal term of this Lease if the Consumer Price Index for All Urban Consumers for Los Angeles-Long Beach-Anaheim, California, as published by the United States Department of Labor's Bureau of Labor Statistics, has increased over the Base Period Index. The Base Period Index shall be the Index for the first calendar month in which rentals commence. The Base Period Index shall be compared with the Index for the beginning month of the renewal term involved (herein referred to as the Extension Index). If the Extension Index is higher than the Base Period Index, then the liability insurance coverage amount for the Lease renewal term involved shall be increased by the identical percentage. In no event shall the liability insurance coverage be less than that provided for initially in this Lease.

If the United States Department of Labor's Bureau of Labor Statistics discontinues publication of the above Index,

*YML* *F.L.*

or publishes such Index less frequently, or alters such Index in some other manner, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

18.3 Certificates of Insurance

Lessee shall, prior to the commencement of any operations on the property, furnish to Lessor certificates of insurance for all insurance policies required hereunder. Lessee shall cause Lessor to be notified not less than thirty (30) days prior to any cancellation or restrictive modification of the above enumerated policies.

19. Inspection

During the term of this Lease, the duly authorized representative of Lessor shall be permitted to enter on the property and workings thereon for the purpose of inspection, or any other reasonable purpose, but shall enter said property at Lessor's own risk and in such manner so as not to hinder the operation of Lessee.

20. Termination and Surrender

20.1 Default

The occurrence of any of the following events shall constitute a default by Lessee:

(a) Failure to pay any rental or royalty or to make any other payment of money, when the same is due.

*J.M.S.* *F.L.*

(b) Failure (i) to perform any of Lessee's covenants hereunder (other than the payment of monies), and (ii) to remedy such failure within thirty (30) days after written demand is made therefor.

(c) The filing of any form of voluntary petition in bankruptcy by Lessee, or the filing of an involuntary petition by Lessee's creditors, if such petition remains undischarged for a period of sixty (60) days.

(d) The appointment of a receiver to take possession of substantially all of Lessee's assets or of the interest held by Lessee under this Lease, if such receivership remains undissolved for a period of thirty (30) days.

(e) The attachment or other judicial seizure of substantially all of Lessee's assets or of the interest held under this Lease, if such attachment or other seizure remains undismised or undischarged for a period of thirty (30) days after the levy thereof.

#### 20.2 Remedies

If Lessee commits a default, Lessor shall have all the remedies provided a Lessor by California law, including but not limited to those set forth in Sections 1951.2 and 1951.4 of the California Civil Code.

#### 20.3 Surrender

At the expiration of said term or any extension thereof or any sooner termination of this Lease, Lessee will quit

*YML FL*

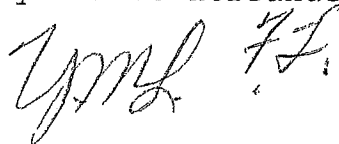
and surrender the premises in as good order and condition as reasonable wear and tear will permit. Should Lessee hold over and continue in possession after the termination of this Lease or any extension thereof, with the expressed or implied consent of Lessor such holding over shall be construed only as a tenancy from month to month and Lessee does hereby agree to pay as rent for such term, the amount as is herein reserved.

21. Removal of Property

Any and all equipment and plants erected on the premises by Lessee shall remain the property of Lessee and upon termination of this Lease, including any extension thereof, or sooner, shall be removed by Lessee at its expense. Lessee shall have, and is hereby given, ninety (90) days after a valid forfeiture, surrender or other termination of this Lease in which to remove from the leased premises all machinery, equipment, personal property and improvements erected or placed in or upon the premises by it. Lessor shall not in any way be responsible for the property of Lessee remaining on the premises during this 90 day period. If not so removed by Lessee within said 90 day period, Lessor may either require Lessee to remove such property at its expense, purchase such property on the same terms and conditions as it is being offered for sale to other parties in whom Lessee does not have an interest, or elect by written notice to take title to said property.

22. Reclamation

As to all of the property mined by Lessee hereunder,

A handwritten signature in dark ink, appearing to be 'L. M. F.', is written over the text of section 22.

Lessee shall reclaim the property in accordance with the Reclamation Plan in existence at the time of issuance of approval and/or permit by the City of Palmdale or a subsequent Reclamation Plan which is made a part of a future approval and/or permit by the City of Palmdale or any other governmental agency involved.

23. Right of First Refusal to Purchase

In the event Lessor shall receive a bona fide offer (other than an offer from a member of the Frank A. Lane family or an entity in which a member of the Frank A. Lane family has an interest) to purchase the land and improvements leased hereunder, or in the event Lessee shall receive a bona fide offer to purchase its business, equipment, improvements and leasehold interest maintained by Lessee on the leased premises during the term of this Lease, or any extension thereof, each party hereto agrees to give to the other the right to purchase the property at the price and on the terms of the offer so made, said right to be given by a written notice sent to the other party by United States mail at its mailing address, requiring the other party to accept said offer in writing and to sign a suitable form of contract of purchase within the period of thirty (30) days after the mailing of such notice. In the event of the failure of the party receiving such notice to accept such offer to purchase or sign such contract, within said period, then and in that event, the right of said party to purchase shall thereupon be null and void, and the other party shall be at liberty to sell the property to another person, firm or corporation. Such sale shall be subject

*YML. F.S.*

to this Lease, and all of the terms, covenants, and conditions of such Lease on the part of Lessor and Lessee shall remain in full force and effect.

24. Notices

Any and all notices or demands by or from Lessor to Lessee, or Lessee to Lessor shall be in writing. They shall be served either personally or by registered or certified mail, return receipt requested. If served personally, service shall be conclusively deemed made at the time of service. If served by registered or certified mail, service shall be deemed made on the second business day following deposit thereof in the United States mail, postage prepaid, addressed to the party to whom such notice or demand is to be given as hereinafter provided.

Any notice or demand to Lessor may be given to Little Rock Sand and Gravel, Inc., 44909 North Tenth Street West, Lancaster, California 93534.

Any notice or demand to Lessee may be given to Granite Construction Company, Post Office Box 900, Watsonville, California 95077.

25. Inurement

All covenants, conditions, limitations and provisions contained herein apply and are binding upon the parties hereto and their heirs, devisees, successors and assigns.

26. Assignment and Subletting

Lessee shall neither assign this Lease nor sublet the



leased premises without first obtaining the written consent of Lessor to do so, provided, however, that Lessor shall not arbitrarily or unreasonably refuse to grant its consent to such assignment or subletting, and provided further that a consent to one assignment or subletting by Lessor shall not be deemed a consent to any subsequent assignment or subletting. Any assignment or subletting without the consent of Lessor shall be void and shall, at the option of Lessor, terminate this Lease.

Lessee immediately and irrevocably assigns to Lessor as security for Lessee's obligations under this Lease, all rent from any subletting of all or a part of the premises as permitted by this Lease, and Lessor, as assignee and as attorney-in-fact for Lessee, or a receiver for Lessee appointed on Lessor's application, may collect such rent and apply it toward Lessee's obligations under this Lease; except that, until the occurrence of an act of default by Lessee, Lessee shall have the right to collect such rent.

If Lessee requests Lessor to consent to a proposed assignment or subletting, Lessee shall pay to Lessor, whether or not consent is ultimately given, Lessor's reasonable attorneys' fees incurred in connection with each such request.

27. Complete Lease

This Lease and all of the terms and covenants contained herein are deemed to be the complete and unequivocal written agreement of the parties and no other agreement, either oral or written, exists with respect to said property. If any part of

*[Handwritten signatures]*

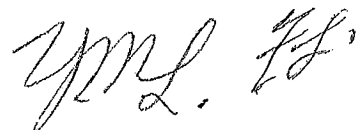
this Lease shall be adjudicated to be unenforceable, then the remainder of this Lease shall continue to be of full force and effect as if such portion were not a part hereof.

28. Waiver

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

29. Condemnation

If any part of the premises shall be taken or condemned for a public or quasi-public use, and a part thereof remains which is susceptible of occupation hereunder, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rent payable hereunder shall be adjusted so that Lessee shall be required to pay for the remainder of the term only such portion of such rent as the area of the part remaining after the condemnation bears to the area of the entire premises at the date of condemnation. If all the leased premises, or such part thereof be taken or condemned so that there does not remain a portion susceptible to occupation hereunder, this Lease shall



terminate thereupon. It is further understood that any condemnation award or any other proceeds whatsoever received from any such condemnation shall belong solely to Lessor and Lessee shall have no interest therein whatsoever; provided, however, that Lessee shall be entitled to receive any amount awarded as compensation for the taking of improvements, fixtures and equipment owned by Lessee or for the expense of removing or repairing the same.

30. Royalty on Other Minerals

If, in conjunction with the removal of rock and aggregates from the property, gold or any other precious or semi-precious mineral is found in sufficient quantities in the opinion of Lessee to justify the installation of facilities to recover same, Lessee shall have the right to remove such material, subject to an obligation to pay Lessor [REDACTED] of the value thereof.

31. Attorney Fees and Costs

In the event that either party hereto shall commence any legal action or proceeding, including an action for declaratory relief, against the other by reason of the alleged failure of the other to perform or keep any term, covenant, or condition of this Lease by it to be performed or kept, the party prevailing in said action or proceeding shall be entitled to recover, in addition to its court costs, a reasonable attorney's fee to be fixed by the court, and such recovery shall include court costs and attorney's fee on appeal if any. As used herein, "the party prevailing" means the party in whose favor final judgment is rendered.

*Y.M.L. F.L.*

32. Interpretation

This Lease shall be construed in accordance with the laws of the State of California.

Executed at Lancaster, California, on March \_\_\_\_\_, 1987.

LESSOR: Little Rock Sand and Gravel, Inc.,  
a California corporation

By Frank A. Lane  
Frank A. Lane, President

By Yvonne M. Lane  
Yvonne M. Lane, Secretary

LESSEE: Granite Construction Company,  
a California corporation

By William G. Doney  
WILLIAM G. DONEY - VICE PRESIDENT

By A.V. Otjen  
A.V. OTJEN, VICE PRESIDENT  
AND ASSISTANT SECRETARY

EXHIBIT 1

PARCEL 1: The northwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM the east 30 feet.

PARCEL 2: The southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM the east 30 feet of the north 100 feet thereof.

PARCEL 3: The west half of the southwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

PARCEL 4: The north half of the northwest quarter of Section 14, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

EXCEPT THEREFROM that portion lying southwesterly of Highway 138.

*YML GL*

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- PRODUCE  
UNITS

A/E

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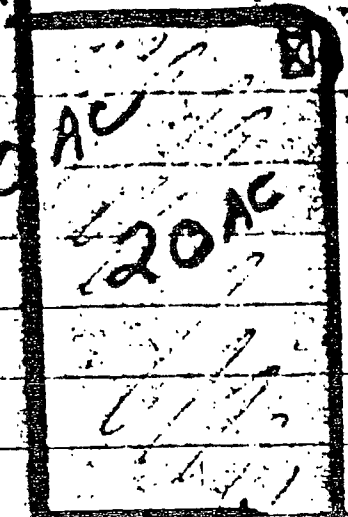
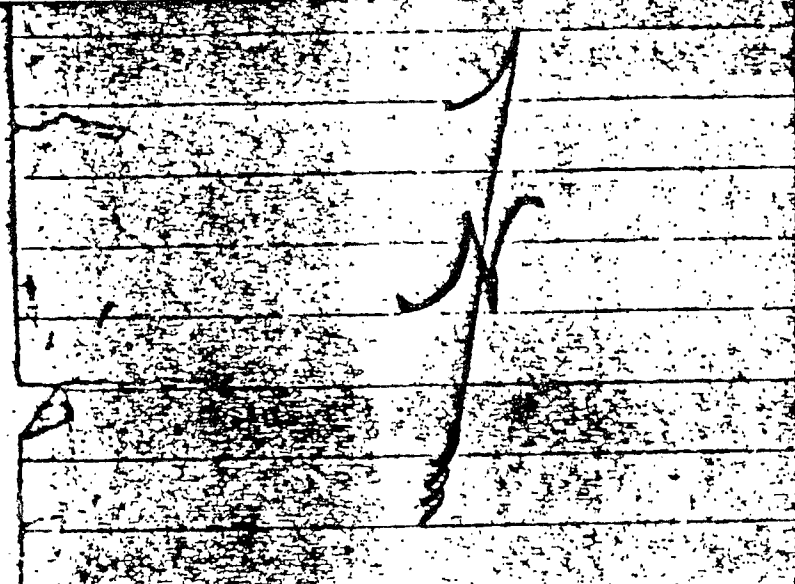
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After Recording Return To:

GRANITE CONSTRUCTION COMPANY  
423 E. PALMDALE BOULEVARD  
SUITE 2  
PALMDALE, CALIFORNIA 93550

MEMORANDUM OF LEASE

This Lease is made and entered into between Little Rock Sand and Gravel, Inc., a California corporation (Lessor) and Granite Construction Company, a California corporation (Lessee).

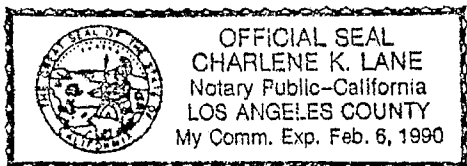
STATE OF CALIFORNIA

COUNTY OF Los Angeles } ss.

On this 14th day of July, in the year 1987, before me, the undersigned, a Notary Public in and for said State, personally appeared Frank A. Lane

and \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as President and Secretary, respectively, of the Corporation therein named, and acknowledged to me that the Corporation executed it pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.



Charlene K. Lane

Notary Public in and for said State.

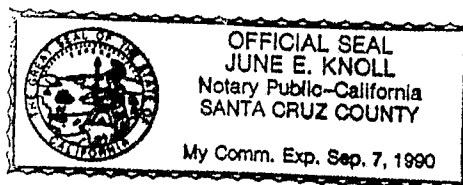
ACKNOWLEDGMENT—Corp.—Pres. & Sec.—Wolcotts Form 222CA—Rev. 5-82  
©1982 WOLCOTTS, INC.

State of California )  
County of Santa Cruz )

On this 25th day of June, 1987, before me, June E. Knoll, a Notary Public, State of California, personally appeared RICHARD C. SOLARI, personally known to me to be the PRESIDENT of Granite Construction Company, who executed the within instrument on behalf of Granite Construction Company, and acknowledged to me that Granite Construction Company executed the same.

WITNESS my hand and official seal.

June E. Knoll  
June E. Knoll, Notary Public



My commission expires  
September 7, 1990

After Recording Return To:

GRANITE CONSTRUCTION COMPANY  
423 E. PALMDALE BOULEVARD  
SUITE 2  
PALMDALE, CALIFORNIA 93550

MEMORANDUM OF LEASE

This Lease is made and entered into between Little Rock Sand and Gravel, Inc., a California corporation (Lessor) and Granite Construction Company, a California corporation (Lessee).

Lessor leases to Lessee the real property described on attached Exhibit "A".

The Term of this Lease is 34 years beginning May 1, 1987. This Lease is subject to the terms, conditions and provisions of that certain unrecorded instrument between the Landlord and Tenants dated May 1, 1987.

Executed on June 25, 1987

Frank A. Lane Pres.  
Little Rock Sand and Gravel, Inc.

Richard C. Solari  
Granite Construction Company  
Richard C. Solari, President

State of California )  
County of Santa Cruz )

On this 25th day of June 1987, before me, June E. Knoll, a Notary Public, State of California, personally appeared RICHARD C. SOLARI, personally known to me to be the PRESIDENT of Granite Construction Company, who executed the within instrument on behalf of Granite Construction Company, and acknowledged to me that Granite Construction Company executed the same.

WITNESS my hand and official seal.

June E. Knoll  
June E. Knoll, Notary Public

My commission expires  
September 7, 1990

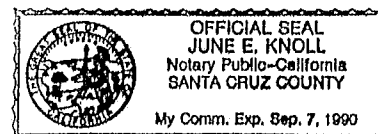




EXHIBIT A

PARCEL 1: The northwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM the east 30 feet.

PARCEL 2: The southwest quarter of the northwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM the east 30 feet of the north 100 feet thereof.

PARCEL 3: The west half of the southwest quarter of Section 11, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.

PARCEL 4: The north half of the northwest quarter of Section 14, Township 5 North, Range 11 West, S.B.B.M., in the County of Los Angeles, State of California.  
EXCEPT THEREFROM that portion lying southwesterly of Highway 138.

EXHIBIT A

# CALANDRI LEASE DOCUMENTS



Sonrise Farms  
742 West Avenue L  
Lancaster, CA 93534  
661/945-1359  
Fax: 661/945-2930

December 18, 2004

Mr. George M. Lane  
Monte Vista Blvd. Sites, Inc.  
Lane Ranch & Company  
44909 North 10<sup>th</sup> Street West  
Lancaster, Ca. 93534

2004  
year

RE: Land Lease option

Dear Mr. Lane:

As agreed upon in our lease dated January 1, 2002 we are exercising our 1-year option. You will find enclosed our check for \$24,000.00.

Should you have any questions, please feel free to telephone me at the above.

I remain sincerely,

Donna

Donna Fraser  
Assistant General Manager  
Enclosure

**John Calandri Farms, Inc.**

42016 Ivesgrove Drive • Lancaster, California 93536  
(805) 256-3355 • (805) 256-2941 • (805) 945-0616

2000 - 2001

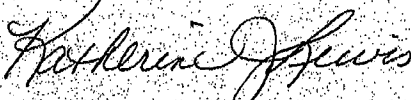
November 10, 1999

Frank A. Lane  
44909 10<sup>th</sup> Street West  
Lancaster, CA 93534

Mr. Lane,

Enclosed is a copy of the lease agreement and a check for \$16,000.00.

Thank you.

  
Katherine J. Lewis  
Secretary

*Antelope Brand Onions*

FAL

Calandri

1-1-2000 to 12/31/2001



**COPY**

LEASE

This LEASE, made by and between Frank A. Lane & Yvonne M. Lane referred to in this LEASE as "Lessor", and John Calandri Farms, Inc. referred to in this LEASE as "Lessee", is made upon the following terms and conditions:

1. Term of LEASE

This LEASE shall be for a period of twenty-four (24) consecutive months beginning January 1, 2000 and ending December 31, 2001. It is agreed that so long as Lessee is not in default of any terms, conditions or covenants of this lease, Lessee shall have the right to one 1-year option to extend for an additional one year, provided that a thirty (30) day notice is given by Lessee prior to termination date of this lease. In the event Lessee elects to extend, the rent will increase to \$16,800.00 for the year.

This LEASE shall encompass approximately 160 acres the legal description of which is attached hereto as Exhibit "A" and incorporated herein by reference.

Lessor reserves the right to sell the Leased premises at any time during the term of this LEASE, and in the event of such sale, the buyer would purchase said property subject to the existing LEASE.

2. Purpose for which Premises are to be Used

The Leased premises are to be used by Lessee for the purpose of farming; and for such purpose Lessee is authorized to cultivate, irrigate, fertilize, fumigate, and do all other acts which may be reasonable or necessary in connection with such farming operation. Lessee shall conduct its farming in conformity with good agricultural operations. Lessee shall comply with all applicable State and Federal laws.

3. Rental

Lessee agrees to pay by way of rent for the term of this LEASE the sum of \$16,000.00 per year, which will be payable upon the execution of this LEASE. Thereafter, the rent shall be due and payable annually, in advance.

4. Occupancy

Lessee shall be entitled to use of the Leased land, and any well(s) that may currently exist on the Leased Property. Lessee agrees to purchase and maintain during

the term of this LEASE, at Lessee's sole cost and expense, and with companies acceptable to Lessor, public liability insurance for protection against liability to persons or property or claims arising as an incident to the use of, or resulting from, an accident or event occurring in or about the premises. The limits of liability under said public liability insurance shall be no less than one million dollars (\$1,000,000.00) for any one accident, and one hundred thousand dollars (\$100,000.00) for property damage. Lessor shall be named as an additional insured.

**5. Utilities**

Lessee agrees to pay for the utilities used in connection with the existing wells, if any, located on the property, the use of which shall be exclusively by and for the Lessee. If utility extensions are required, same shall be at the expense of Lessee.

**6. Equipment**

The only equipment being leased in connection with this agreement is any existing well(s), pump(s), electric motor(s), engine(s), panel(s), storage tank(s) and barn(s) which shall be the exclusive property of Lessee to use during the term of this LEASE.

**7. Condition of Premises**

Lessee acknowledges that it has inspected the demised premises, that the same are in good and tenantable condition. Lessor makes no representations or warranty with regard to the condition of the premises. Lessee shall not remove, alter, modify or demolish any building or other improvement located upon the demised premises or any improvement thereon.

It shall be the obligation of Lessee to maintain, if any, well, pump, motor, engine, panel, barn or storage tank and underground main line, in as good condition as Lessee takes them, subject to ordinary wear and tear, Lessee shall be obligated to repair any damages and maintain any well, pump, motor, engines, panel, barn, storage tank and underground main line caused by Lessee's negligence of their agent or employees.

If any or all of the wells servicing the Leased property are rendered inoperable by any act of God, except lightning but including earthquakes, Lessee shall not be responsible for repairing same.

In the event any or all of said wells servicing the subject property become inoperable, Lessor shall have the option of repairing said well or wells at their own expense as quickly as possible, or terminating the LEASE. Lessee shall properly maintain well and pump and if outside maintenance and/or repair are required, Lessee shall pay the first \$2500 of any such repairs or costs of any one calendar year before requesting Lessor to make any repairs.

*Jac* *10/10/70*

**If LEASE is so Terminated:**

(a) Lessee shall have the right to remain on the property long enough to harvest any growing crop, if they so desire.

(b) Lessee shall be refunded, pro rata, any advance rent based on the monthly use of the premises up to the date Lessee actually leaves the premises. No pro-rata refund of rent for well outage if crop is harvested. *or will be*

**7A. Wells - Lessee's Option**

Notwithstanding Paragraph 7 above, if Lessor refuses to repair said well or wells, Lessee may choose to have said well or wells repaired at its own expense, in which event Lessor cannot terminate the LEASE as set forth above.

**8. Compliance With Law**

Lessee shall at Lessee sole expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements (hereinafter collectively referred to as "regulations") in effect during the term or any part of the term hereof, whether said regulation was in effect at the time of the signing of the LEASE or became effective thereafter, regulating the use by Lessee of the premises, including, but not limited to State and/or Federal Superfund Laws, the Resource Conservation and Recovery Act, the Clean Water Act, the Federal Insecticide, Fungicide & Rodenticide Act, the Hazardous Waste Control Act, or the Porter-Cologne Act. Lessee shall not use nor allow the use of the premises in any manner what would tend to create waste or a nuisance. Without limiting the generality of the foregoing, Lessee shall not allow or suffer the use, release or discharge on, in, around or under the premises of any material, chemical, substance or waste which is classified or regulated as a "toxic" or "hazardous" material, substance or waste by any applicable governmental or regulatory authority or agency (collectively "hazardous waste"). Lessee may apply during the term of the LEASE the insecticides, pesticides, fumigants and fertilizer, so long as said application is in compliance with all applicable regulations.

**8A. Indemnification**

Lessee shall indemnify, defend and hold Lessor harmless for any and all costs, expenses, including attorney's fees, or damages that Lessor is forced to expend or becomes liable to expend, as a result of the Lessee's use of the premises.

**9. Mechanics' Liens and Encumbrances**

Lessee will not permit any mechanics', laborers', or materialmens' liens to stand against the demised property for any labor or material furnished to Lessee, or claimed to have been furnished to Lessee or to Lessee's agents, contractors, or sublessees in connection with work of any character performed on the demised premises, or claimed to have been performed on the demised premises, at the direction or insistence of Lessee; provided, however, that Lessee shall have the right to contest the validity of the amount of any such claims or lien provided Lessee gives Lessor reasonable security that may be demanded by Lessor with immediate notice of any such claim, lien, encumbrance and/or action arising out of any claim for labor or material furnished for the use or benefit of the demised premises.

**10. Right of Entry**

Lessor or his agents shall have the right to enter upon the demised premises at any reasonable time for the purpose of inspecting the condition thereof, or for the purpose of showing the same to any prospective purchaser or tenant thereof, or to conduct any necessary studies (e.g. soil) so as not to interfere with Lessee's farming. Lessor shall provide Lessee with notification prior to entering upon the property to conduct any such study or showing.

**11. Default of Lessee**

If any payments shall be due and unpaid after fifteen (15) days written notice of default, or if any default shall be made in any of the covenants or agreements on the part of Lessee contained in this LEASE, or in the event Lessee is adjudicated as bankrupt or insolvent, or has a receiver appointed to receive the assets of Lessee, or has a Trustee appointed for Lessee after a petition has been filed under the Bankruptcy Act of the United States, or if Lessee shall make an assignment for the benefit of creditors, or if Lessee shall vacate or abandon the demised premises, then in such event Lessor shall have the right at its election, then or at any time thereafter, to re-enter and take possession of the demised premises and terminate this LEASE. in which event Lessee hereby covenants to peaceable and quietly yield up to Lessor the demised premises. Lessor shall also have the right, with or without resuming possession of the premises or terminating the LEASE, to sue for and recover all rents and other sums, including damage at any time and from time to time accruing hereunder together with such other rights as may be provided Lessor by law. Lessor may further have the right, at its option, without terminating this LEASE, to relet the premises for the remainder of the term to such tenants, and at such rentals as Lessor may agree upon and Lessee agrees to pay such deficiency to Lessor and further agrees to pay to Lessor, when ascertained, all costs and



expenses incurred in such reletting. No re-entry or taking of possession of the demised premises by Lessor shall be construed as an election on Lessor's part to terminate the LEASE unless a written notice of such intention is given to Lessee or unless the termination be decreed by a court of competent jurisdiction.

**12. Surrender of Premises**

At the expiration of the term of this LEASE or any sooner termination of this LEASE, Lessee agrees to quit and surrender the premises and all appurtenances thereon and in good state and condition as reasonable use and wear thereof will permit. Lessee shall remove all debris associated with Lessee's farming operation, leaving the land free of any reservoirs, pits, or earthen mounds. Well head discharge, pipes, valves, & adaptors to be left intact, ready to accept portable aluminum pipe main line connection, at terminatino of tenancy.

**13. Notices**

Any notice required or permitted to be given by Lessor to Lessee shall be deemed given if and when mailed in a sealed wrapper by United States mail, postage prepaid, properly addressed to Lessee, by certified mail with a return receipt.

Any notice required or permitted to be given by Lessee to Lessor shall be deemed given if and when so mailed to Lessor, by certified mail with a return receipt.

Until changed, all notices and communications to the Lessor shall be addressed as follows:

Frank A. Lane & Yvonne M. Lane  
Monte Vista Bldg Sites, Inc.  
Lane Ranch & Company  
44909 N. 10th Street West  
Lancaster, CA 93534

And notices and communications to the Lessee shall be addressed as follows:

John Calandri Farms, Inc.  
42016 Ivesgrove Drive  
Lancaster, CA 93536

**14. Miscellaneous**

(a) Except as may be inconsistent with or contrary to the provisions of this LEASE, no right or remedy granted or reserved to Lessor shall be intended to be

exclusive of any other right or remedy which Lessor may otherwise have, and each and every such right or remedy shall be cumulative and in addition to any right or remedy given hereunder, or now or hereafter existing by law or in equity or by stature;

(b) Lessee waives for itself and those claiming under it all rights now and hereafter existing to redeem the demised premises after termination of Lessee's right to occupancy by order or judgment of any court;

(c) Reasonable attorney's fees and other expenses incurred by Lessor in enforcing any provision of this LEASE or in any action or proceeding in which Lessor is successful by reason of the default by Lessee or by anyone holding under Lessee complying with any requirement of this LEASE or incurred by Lessor by reason of any action to which Lessor shall be and shall constitute additional rent under the LEASE provided that in the event of litigation concerning same, the losing party shall pay the reasonable expenses, including reasonable attorney's fees and costs of the prevailing party;

(d) No waiver by Lessor of any breach by Lessee of any of his obligations hereunder shall be deemed to be a waiver of any subsequent or continuing breach of the same or any other agreement under this LEASE;

(e) In the event Lessee holds over after termination of the LEASE, such holding over shall not be considered as or being a renewal of the LEASE, but shall be construed solely as a tenancy from month to month under the same terms and conditions as are provided in this LEASE and at the same rental rate, monthly prorated;

(f) This LEASE, subject to the provisions on assignment and insolvency, shall be binding upon and inure to the benefit of the respective successors and assigns of the parties;

(g) Any transfer of the LEASE by Lessee or any assigns of Lessee by operation of law or voluntary assignment with or without the consent of Lessor shall not diminish or affect the direct and primary liability of Lessee under this LEASE;

(h) If part of this LEASE be declared unenforceable by any court or in violation of any law, such part shall be inoperative, and the remainder of this LEASE shall be binding upon the parties hereto.

(i) If any State, County or Local government agency causes any type of legislation, ordinance, etc. that changes the amount of water available to or for the subject property, Lessor realizes such alteration may affect the amount and or cost of water available to Lessee. If such "adjudication" of water rights takes place, Lessee shall have sixty (60) days to evaluate the impact of such adjudication on the operation of Lessee's business. If Lessee determines, in its sole discretion, that such an adjudication shall have

an adverse impact, then Lessee may terminate this Lease, without any additional cost, penalty, or consideration for such termination, upon thirty days' written notice to Lessor.

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**15. First Right of Refusal**

It is agreed that so long as Lessee is not in default of any terms, conditions or covenants of this Lease, or any extension thereof, Lessee shall have the first right of refusal to re-lease the demised premises. After the expiration of the Lease contained herein, or any extension thereof, Lessor will notify Lessee in writing if it is Lessor's intent to again lease the demised premises, specifying the rental rate and all other terms. Lessee shall have fifteen (15) days from receipt of said notice to notify Lessor in writing of Lessee's election to again lease the demised premises. Should Lessee fail to notify the Lessor in writing of Lessee's election to lease demised premises, Lessee's First Right of Refusal shall be deemed waived. If Lessee notifies Lessor in the affirmative to lease the demised premises, the Lessor, within a reasonable period of time, shall draft leases and deliver them to Lessee for execution. Upon delivery of said leases, Lessee shall have fifteen (15) days in which to execute and return said leases to Lessor.

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IN WITNESS WHEREOF, Lessor and Lessee have executed this indenture as of  
November 2, 1999.

LESSOR:

Frank A. Lane      Yvonne M. Lane  
FRANK A. LANE      YVONNE M. LANE

LESSEE:

John Calandri Farms, Inc.  
A California Corporation

BY: John A. Calandri  
JOHN A. CALANDRI

SONRISE -  
Calandri

2002-2003

ORIGINAL SIGNED  
LEASE

 COPY

LEASE

This LEASE, made by and between George M. Lane referred to in this LEASE as "Lessor", and Son Rise Farms, referred to in this LEASE as "Lessee", is made upon the following terms and conditions:

1. Term of LEASE

This LEASE shall be for a period of twenty-four (24) consecutive months beginning January 1, 2002 and ending December 31, 2003, with One (1) one year options.

This LEASE shall encompass approximately One Hundred Sixty, (160) acres the legal description of which is attached hereto as Exhibit "A" and incorporated herein by reference.

Lessor reserves the right to sell the Leased premises at any time during the term of this LEASE, and in the event of such sale, the buyer would purchase said property subject to the existing LEASE.

2. Purpose for which Premises are to be Used

The Leased premises are to be used by Lessee for the purpose of farming; and for such purpose Lessee is authorized to cultivate, irrigate, fertilize, fumigate, and do all other acts which may be reasonable or necessary in connection with such farming operation. Lessee shall conduct its farming in conformity with good agricultural operations. Lessee shall comply with all applicable State and Federal laws.

3. Rental

Lessee agrees to pay by way of rent for the term of this LEASE the sum of Twenty Four Thousand Dollars, (\$24,000.00) per year, which will be payable upon the execution of this LEASE. Thereafter, the rent shall be due and payable annually, in advance.

4. Occupancy

Lessee shall be entitled to use of the Leased land, and any well(s) that may currently exist on the Leased Property. Lessee agrees to purchase and maintain during the term of this LEASE, at Lessee's sole cost and expense, and with companies acceptable to Lessor, public liability insurance for protection against liability to persons or property or claims arising as an incident to the use of, or resulting from, an accident or event occurring in or about the premises. The limits of liability under said public liability insurance shall be no less than one million dollars (\$1,000,000.00) for any one accident, and one hundred thousand dollars (\$100,000.00) for property damage. Lessor shall be named as an additional insured.

5. Utilities

Lessee agrees to pay for the utilities used in connection with the existing wells, if any, located on the property, the use of which shall be

exclusively by and for the Lessee. If utility extensions are required, same shall be at the expense of Lessee.

6. Equipment

The only equipment being leased in connection with this agreement is any existing well(s), pump(s), electric motor(s), engine(s), panel(s), storage tank(s) and barn(s) which shall be the exclusive property of Lessee to use during the term of this LEASE.

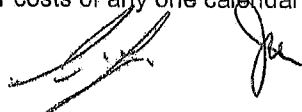
7. Condition of Premises

Lessee acknowledges that it has inspected the demised premises, that the same are in good and tenantable condition. Lessor makes no representations or warranty with regard to the condition of the premises. Lessee shall not remove, alter, modify or demolish any building or other improvement located upon the demised premises or any improvement thereon.

It shall be the obligation of Lessee to maintain, if any, well, pump, motor, engine, panel, barn or storage tank and underground main line, in as good condition as Lessee takes them, subject to ordinary wear and tear, Lessee shall be obligated to repair any damages and maintain any well, pump, motor, engines, panel, barn, storage tank and underground main line caused by Lessee's negligence of their agent or employees.

If any or all of the wells servicing the Leased property are rendered inoperable by any act of God, except lightning but including earthquakes, Lessee shall not be responsible for repairing same.

In the event any or all of said wells servicing the subject property become inoperable, Lessor shall have the option of repairing said well or wells at their own expense as quickly as possible, or terminating the LEASE. Lessee shall properly maintain well and pump and if outside maintenance and/or repair are required, Lessee shall pay the first \$2500.00 of any such repairs or costs of any one calendar year before requesting Lessor to make any repairs.

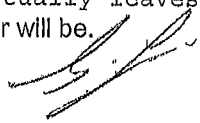


**If LEASE is so Terminated:**

(a) Lessee shall have the right to remain on the property long enough to harvest any growing crop, if they so desire.

(b) Lessee shall be refunded, pro rata, any advance rent based on the monthly use of the premises up to the date Lessee actually leaves the premises. No pro-rata refund of rent for well outage if crop is harvested or will be.

7A. Wells - Lessee's Option



Notwithstanding Paragraph 7 above, if Lessor refuses to repair said well or wells, Lessee may choose to have said well or wells repaired at its own expense, in which event Lessor cannot terminate the LEASE as set forth above.

8. Compliance With Law

Lessee shall at Lessee sole expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements (hereinafter collectively referred to as "regulations") in effect during the term or any part of the term hereof, whether said regulation was in effect at the time of the signing of the LEASE or became effective thereafter, regulating the use by Lessee of the premises, including, but not limited to State and/or Federal Superfund Laws, the Resource Conservation and Recovery Act, the Clean Water Act, the Federal Insecticide, Fungicide & Rodenticide Act, the Hazardous Waste Control Act, or the Porter-Cologne Act. Lessee shall not use nor allow the use of the premises in any manner what would tend to create waste or a nuisance. Without limiting the generality of the foregoing. Lessee shall not allow or suffer the use, release or discharge on, in, around or under the premises of any material, chemical, substance or waste which is classified or regulated as a "toxic" or "hazardous" material, substance or waste by any applicable governmental or regulatory authority or agency (collectively "hazardous waste"). Lessee may apply during the term of the LEASE the insecticides, pesticides, fumigants and fertilizer, so long as said application is in compliance with all applicable regulations.

8A. Indemnification

Lessee shall indemnify, defend and hold Lessor harmless for any and all costs, expenses, including attorney's fees, or damages that Lessor is forced to expend or becomes liable to expend, as a result of the Lessee's use of the premises.

9. Mechanics' Liens and Encumbrances

Lessee will not permit any mechanics', laborers', or materialmens' liens to stand against the demised property for any labor or material furnished to Lessee, or claimed to have been furnished to Lessee or to Lessee's agents, contractors, or subleases in connection with work of any character performed on the demised premises, or claimed to have been performed on the demised premises, at the direction or insistence of Lessee; provided, however, that Lessee shall have the right to contest the validity of the amount of any such claims or lien provided Lessee gives Lessor reasonable security that may be demanded by Lessor with immediate notice of any such claim, lien, encumbrance and/or action arising out of any claim for labor or material furnished for the use or benefit of the demised premises.

10. Right of Entry

Lessor or his agents shall have the right to enter upon the demised premises at any reasonable time for the purpose of inspecting the condition thereof, or for the purpose of showing the same to any prospective purchaser or tenant thereof, or to conduct any necessary studies (e.g. soil) so as not to

interfere with Lessee's farming. Lessor shall provide Lessee with notification prior to entering upon the property to conduct any such study or showing.

11. Default of Lessee

If any payments shall be due and unpaid after fifteen (15) days written notice of default, or if any default shall be made in any of the covenants or agreements on the part of Lessee contained in this LEASE, or in the event Lessee is adjudicated as bankrupt or insolvent, or has a receiver appointed to receive the assets of Lessee, or has a Trustee appointed for Lessee after a petition has been filed under the Bankruptcy Act of the United States, or if Lessee shall make an assignment for the benefit of creditors, or if Lessee shall vacate or abandon the demised premises, then in such event Lessor shall have the right at its election, then or at any time thereafter, to re-enter and take possession of the demised premises and terminate this LEASE, in which event Lessee hereby covenants to peaceably and quietly yield up to Lessor the demised premises. Lessor shall also have the right, with or without resuming possession of the premises or terminating the LEASE, to sue for and recover all rents and other sums, including damage at any time and from time to time accruing hereunder together with such other rights as may be provided Lessor by law. Lessor may further have the right, at its option, without terminating this LEASE, to relet the premises for the remainder of the term to such tenants, and at such rentals as Lessor may agree upon and Lessee agrees to pay such deficiency to Lessor and further agrees to pay to Lessor, when ascertained, all costs and expenses incurred in such reletting. No re-entry or taking of possession of the demised premises by Lessor shall be construed as an election on Lessor's part to terminate the LEASE unless a written notice of such intention is given to Lessee or unless the termination be decreed by a court of competent jurisdiction.

12. Surrender of Premises

At the expiration of the term of this LEASE or any sooner termination of this LEASE, Lessee agrees to quit and surrender the premises and all appurtenances thereon and in good state and condition as reasonable use and wear thereof will permit. Lessee shall remove all debris associated with Lessee's farming operation, leaving the land free of any reservoirs, pits, or earthen mounds. Well head discharge, pipes, valves, & adapters to be left intact, ready to accept portable aluminum pipe main line connection, at termination of tenancy.

13. Notices

Any notice required or permitted to be given by Lessor to Lessee shall be deemed given when mailed in a sealed wrapper by the United States Postal Service.



Until changed, all notices and communications to the Lessor shall be addressed as follows:

Frank A. Lane & Yvonne M. Lane  
Monte Vista Bldg Sites, Inc.  
Lane Ranch & Company  
44909 N. 10<sup>th</sup> Street West  
Lancaster, Ca. 93534

And notices and communications to the Lessee shall be addressed as follows:

Son Rise Farms  
40445 27<sup>th</sup> Street West  
Palmdale, Ca. 93551

14. Miscellaneous

(a) Except as may be inconsistent with or contrary to the provisions of this LEASE, no right or remedy granted or reserved to Lessor shall be intended to be exclusive of any other right or remedy which Lessor may otherwise have, and each and every such right or remedy shall be cumulative and in addition to any right or remedy given hereunder, or now or hereafter existing by law or in equity or by stature;

(b) Lessee waives for itself and those claiming under it all rights now and hereafter existing to redeem the demised premises after termination of Lessee's right to occupancy by order or judgment of any court;

(c) Reasonable attorney's fees and other expenses incurred by Lessor in enforcing any provision of this LEASE or in any action or proceeding in which Lessor is successful by reason of the default by Lessee or by anyone holding under Lessee complying with any requirement of this LEASE or incurred by Lessor by reason of any action to which Lessor shall be and shall constitute additional rent under the LEASE provided that in the event of litigation concerning same, the losing party shall pay the reasonable expenses, including reasonable attorney's fees and costs of the prevailing party;

(d) No waiver by Lessor of any breach by Lessee of any of his obligations hereunder shall be deemed to be a waiver of any subsequent or continuing breach of the same or any other agreement under this LEASE;

(e) In the event Lessee holds over after termination of the LEASE, such holding over shall not be considered as or being a renewal of the LEASE, but shall be construed solely as a tenancy from month to month under the same terms and conditions as are provided in this LEASE and at the same rental rate, monthly prorated;

(f) This LEASE, subject to the provisions on assignment and insolvency, shall be binding upon and inure to the benefit of the respective successors and assigns of the parties;

(g) Any transfer of the LEASE by Lessee or any assigns of Lessee by operation of law or voluntary assignment with or without the consent of Lessor shall not diminish or affect the direct and primary liability of Lessee under this LEASE;

(h) If part of this LEASE be declared unenforceable by any court or in violation of any law, such part shall be inoperative, and the remainder of this LEASE shall be binding upon the parties hereto.

(i) If any State, County or Local government agency causes any type of legislation, ordinance, etc. that changes the amount of water available to or for the subject property, Lessor realizes such alteration may affect the amount and or cost of water available to Lessee. If such "adjudication" of water rights takes place, Lessee shall have sixty (60) days to evaluate the impact of such adjudication on the operation of Lessee's business. If Lessee determines, in its sole discretion, that such an adjudication shall have an adverse impact, then Lessee may terminate this Lease, without any additional cost, penalty, or consideration for such termination, upon thirty days' written notice to Lessor.

15. First Right of Refusal

It is agreed that so long as Lessee is not in default of any terms, conditions or covenants of this Lease, or any extension thereof, Lessee shall have the first right of refusal to re-lease the demised premises. After the expiration of the Lease contained herein, or any extension thereof, Lessor will notify Lessee in writing if it is Lessor's intent to again lease the demised premises, specifying the rental rate and all other terms. Lessee shall have fifteen (15) days from receipt of said notice to notify Lessor in writing of Lessee's election to again lease the demised premises. Should Lessee fail to notify the Lessor in writing of Lessee's election to lease demised premises, Lessee's First Right of Refusal shall be deemed waived. If Lessee notifies Lessor in the affirmative to lease the demised premises, the Lessor, within a reasonable period of time, shall draft leases and deliver them to Lessee for execution. Upon delivery of said leases, Lessee shall have fifteen (15) days in which to execute and return said leases to Lessor.

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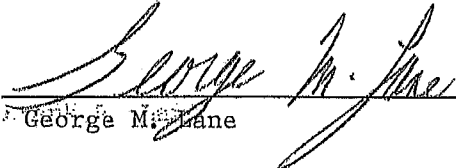
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IN WITNESS WHEREOF, Lessor and Lessee have executed this indenture as of  
January 1, 2002.

LESSOR:

  
George M. Lane

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LESSEE:

SON RISE FARMS

BY:   
JOHN A. CALANDRI

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EXHIBIT "A"



COPY

SonRise Farms  
742 West Avenue L  
Lancaster, CA 93534  
661/945-1359  
Fax: 661/945-2930

December 18, 2004

2004

Mr. George M. Lane  
Monte Vista Blvd. Sites, Inc.  
Lane Ranch & Company  
44909 North 10<sup>th</sup> Street West  
Lancaster, Ca. 93534

RE: Land Lease option

Dear Mr. Lane:

As agreed upon in our lease dated January 1, 2002 we are exercising our 1-year option. You will find enclosed our check for \$24,000.00

Should you have any questions, please feel free to telephone me at the above.

I remain sincerely,

*Donna*

Donna Fraser  
Assistant General Manager  
Enclosure

**John Calandri Farms, Inc.**

42016 Ivesgrove Drive • Lancaster, California 93536  
(805) 256-3355 • (805) 256-2941 • (805) 945-0616

November 27, 2000

George M. Lane  
Monte Vista Bldg Sites, Inc.  
Lane Ranch & Company  
44909 N. 10<sup>th</sup> Street West  
Lancaster, CA 93534

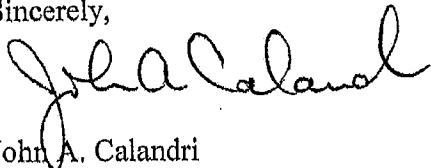
Dear George,

Enclosed is the lease payment check for \$16,000.00 for the year 2001.

If there are any questions please feel free to call.

Thank you.

Sincerely,



John A. Calandri  
Vice-President  
JAC/kjl

enclosures

*Antelope Brand Onions*

36767



**JOHN CALANDRI FARMS, INC.**

861-256-3355 256-2941 945-0818  
42016 IVESGROVE DR.  
LANCASTER, CA 93536

WELLS FARGO BANK, N.A.  
16-24-1220

Pay to the order of

Sixteen Thousand Dollars and 00/100-----

George M. Lane

DATE

AMOUNT

11/28/00

\$16,000.00

*John Calandri*

⑈036767⑈ ⑈122000247⑈07750⑈17⑈5⑈

**JOHN CALANDRI FARMS, INC.**

To: George M. Lane  
For: 1-1-01 to 12-1-01

16000.00

11/28/00  
290

36767

SON RISE FARMS

NAME George Lane

Ck #

DATE 12/20/02 19772

*File*

INV. NO.

INV. AMOUNT  
24,000.00

DISCOUNT  
0.00

AMOUNT PAID  
24,000.00

TOTAL PAID\$ \*\*24,000.00

*deposit \$  
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SON RISE FARMS  
742 WEST AVE L  
LANCASTER, CA 93534

SUN COUNTRY BANK  
LANCASTER, CA 93534  
90-4191-1222

12/20/02 \*\*24,000.00

\*\*Twenty-four Thousand And 00/100 Dollars\*\*

RAY TO THE ORDER OF  
George Lane  
44909 N. 10th Street West  
Lancaster, CA 93534

*John A. Cabal*

⑈019772⑈ ⑈122241912⑈ 03 300506⑈



# GRIMMWAY LEASE DOCUMENTS

Grimmway

1-1-2008 to 12-31-2013

LANCASTER AREA FARM LEASE

COPY

This Lancaster Area Farm Lease (hereinafter "Lease"), by GEORGE M. LANE, an individual ("Landlord"), whose address is 42220 10th Street West, Suite 101, Lancaster, CA 93536, Telephone (661) 942-0435, Facsimile (661) 942-7485 and GRIMMWAY ENTERPRISES, INC., a California corporation ("Tenant"), whose address is Post Office Box 81498, Bakersfield, CA 93380-1498, Telephone (661) 845-5275, Facsimile (661) 845-5262.

WITNESS

1. PREMISES. Landlord does hereby lease to Tenant approximately 318.18 acres of farmland (the "Premises") located in Kern County, California as shown on Exhibit "A."\*subject to Addendum A attached hereto.

2. RENT. The annual rent payable by Tenant to Landlord for the term hereof shall be \$23,863.50. Such amount shall be due in six (6) annual installments on or about January 1, 2008.

3. TERM. The term of this Lease shall be for the period beginning upon execution and ending on December 31, 2013.

4. WATER. Tenant shall have the exclusive right to utilize the irrigation well and pumps designated on Exhibit "A." Tenant may export water produced on the Premises off of the Premises. Tenant shall be responsible for all above and below-ground repair and maintenance. Notwithstanding the foregoing, Tenant shall not be responsible to repair the well casing or well bore in the event of failure or damage not caused by the misuse of Tenant. In the event of well casing, or well bore failure, and if Landlord does not promptly repair or replace the well, Tenant shall have the right to terminate this Lease.

5. UTILITIES. During the term of this Lease, utilities to the pump shall be placed into Tenant's name.

6. FARMING OPERATIONS. Tenant shall utilize the Premises only for the growing of crops and incidental uses thereto and is authorized to take all action deemed necessary to conduct its farming operation. All operations incident to Tenant's use of the Premises shall be carried on in accordance with reasonable husbandry practices utilized in the region. Tenant shall take the appropriate action to prohibit irrigation water from escaping on to adjoining lands or public highways. Reasonable efforts will be made by Tenant to prevent the use by the general public and unauthorized individuals of private roads located on the Premises. Tenant will make reasonable efforts to prevent the spread of noxious weeds, rodents and other vertebrate pests on the Premises. Further, Tenant will make reasonable effort to minimize the accumulation of any rubbish or waste on the Premises and shall maintain all fences for the term of the Lease on the Premises in the same condition as when received.

7. ACCEPTANCE OF PREMISES. By entering into this Lease, Tenant accepts the Premises in its present condition as Tenant has made such inspections of the Premises as Tenant deems necessary to evaluate the Premises and its suitability for Tenant's farming operation, including an assessment of the soil condition due to the use of pesticides.

8. RELATIONSHIP OF PARTIES. This Lease shall not be construed as creating a relationship of principal and agent or of a joint venture, partnership or other business association between Landlord and Tenant, it being understood and agreed that no provisions contained in this

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Lease, nor any acts of the parties hereto, shall be deemed to create any relationship other than that as specified herein.

9. EXPENSES. Tenant shall pay for all the obligations and costs incurred in the farming of the Premises, including, without limitation, labor, seed, pesticides, machinery, except as otherwise provided for herein.

10. INSURANCE.

A. Tenant agrees to maintain in effect during the term of this Lease, primary forms of insurance coverage, in the amount of at least \$1,000,000 to protect against claims, demands or liabilities in the performance or nonperformance of this Lease to the extent that insurance of such risks is reasonably available. Tenant shall provide written notice to Landlord as to the existence or nonexistence of such insurance, policy number and company name. Tenant agrees to name Landlord as "additional insured" and upon request to submit a certificate of insurance evidencing such coverage and that such insurance may not be canceled without thirty (30) days prior notice to Landlord.

B. Tenant agrees to maintain during the term of this Lease, at its own expense, Workers' Compensation Insurance (or a Certificate of Consent to Self-Insure) for individuals carried on its payroll.

11. WASTE. Tenant shall not unreasonably commit or permit others under Tenant's control to commit on the Premises waste or a nuisance or any other act that could disturb the quiet enjoyment of Landlord or any other occupant of adjacent Premises.

12. INSPECTION. Tenant shall permit Landlord and its agents, at all reasonable times, to enter the Premises and to use the roads established on the Premises for the purpose of inspection for compliance with lease terms and to exercise its rights for posting notices and other lawful purposes.

13. IMPROVEMENTS AND STRUCTURES. Structures, installations and facilities placed on the Premises by the Tenant shall be and remain the Premises of Tenant during the lease term. Upon lease termination, Tenant shall have the right to remove portable structures, installations, irrigation facilities, equipment and/or personal Premises of Tenant, except where such facilities and improvements were installed as part of the maintenance of the leasehold. In any event, Tenant shall be entitled to remove all portable sprinkler irrigation facilities, tail water pumps and incidental irrigation facilities provided by Tenant.

14. HAZARDOUS MATERIAL. "Hazardous Material" as used herein shall mean any hazardous or toxic substance or material which is or becomes regulated by any local, state or federal authority. Tenant shall utilize all chemicals, pesticides, fertilizers or other materials consumed in the farming operation in compliance with all then existing applicable federal, state and local laws and regulations.

If the presence of Hazardous Material on the Premises is caused by Tenant during the term of this Lease and results in contamination in violation of the laws and regulations in existence at the time the Hazardous Material was utilized, then Tenant shall pay all clean-up costs which result therefrom. However, no action shall be brought against Tenant under this paragraph more than one (1) years after any alleged breach of the obligations stated herein.

15. GENERAL INDEMNIFICATION. Tenant shall indemnify, defend and hold Landlord, its employees, agents, successors, assigns and anyone acting on its behalf, harmless from all claims, judgments, damages, liabilities, penalties, losses, attorneys' fees and costs which result from or arise during or after the term of this Lease from any negligence of Tenant in the performance of its activities and farming operations on the Premises.

Landlord shall indemnify, defend and hold Tenant, its employees, agents, successors, assigns and anyone acting on its behalf, from and against all claims, damages, liabilities, attorneys' fees and costs which arise during or after the term of this Lease from negligence of Landlord in its activities concerning the Premises.

16. TAXES. Tenant shall comply with all lawful demands of the County Assessor in reporting Premises owned by Tenant and located on the Premises and shall pay all taxes, assessments and charges attributable to Tenant's crops, structures, improvements, machinery and other Premises placed on the Premises by and owned by Tenant.

Landlord shall pay all other real property taxes and assessments levied upon the Premises including irrigation facilities and equipment placed on the Premises by Landlord for Tenant.

17. AGRICULTURAL PROGRAMS. Landlord shall have responsibility to maintain compliance with any governmental programs in which the Premises are involved such as the FSA program.

18. ATTORNEYS' FEES, ARBITRATION AND VENUE. Any controversy between the parties regarding the performance or interpretation of this Lease, or any claim arising therefrom or as a result of a breach thereof, shall be submitted to binding arbitration on the written request of one party after service of the request on the other party. Arbitration shall be settled in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

If any party to this Lease shall bring any action or initiate arbitration for relief against the other, declaratory or otherwise, arising out of this Lease, the losing party shall pay to the prevailing party, a reasonable sum for attorneys' fees incurred in arbitration, bringing a suit and/or enforcing any judgment granted therein. Any judgment or order in such action or arbitration award shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. Any arbitration or action shall be brought in Kern County, California as the proper place of venue since the last act to make this a binding Lease occurred in Kern County.

19. TIME IS OF THE ESSENCE. Time is hereby expressly declared to be of the essence in this Lease and all terms and conditions herein.

20. AMBIGUITY. Each party acknowledges and agrees that this Lease has been negotiated and prepared jointly by each party and that in the event of ambiguity, it shall not be construed against either party, but rather each term herein shall be given a reasonable interpretation.

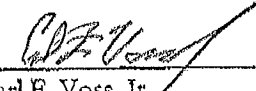
21. MODIFICATIONS. These provisions constitute the entire Lease between the parties as to the subject matter of this Lease and may not be altered or modified except in writing and execution by each party hereto.

This Lease is executed at Kern County, California on October 7, 2007

TENANT

LANDLORD

GRIMMWAY ENTERPRISES, INC.,  
a California corporation

By:   
\_\_\_\_\_  
Carl F. Voss, Jr.  
Land Manager, Lancaster

By:   
\_\_\_\_\_  
GEORGE M. LANE

Addendum A

This lease between Grimmway Farms ("Farm Lease") and George M. Lane ("Owner") and is concurrent to the lease with Oak Creek Energy Systems agreement first dated July 1, 2006.

It is noted that the probability of towers being built on the property noted in the Lancaster Area Farm Lease (Fairmont area) would be 3+ years, if any are built at all.

If towers are built by Oak Creek Energy Systems, Option 2 of Option Agreement notes ...Development Activities. "Optionee shall not interfere with the farming operations of Owner or its Tenant on the Property."

Further, under Exhibit B, Terms and Conditions of Lease, Protection for Owner, Number 3 notes, "Lessee shall cooperate with Owner on the location of all Wind Turbines and infrastructure to prevent the impact of these facilities on other uses of the land, including farming operations."

Initials: Grimmway Enterprises, Inc. GE

Initials: George M. Lane [Signature]

*which is not corrected in a timely manner after notice*

*In the event that the farming operations of Tenant become subject to <sup>material</sup> interference, as a result of the wind project, Tenant shall be entitled to reasonable reimbursement for its damages (not lost profits) any may terminate this Lease.*

[Signature]  
George Lane

[Signature]  
Grimmway Enterprises, Inc.

Fax sent by : 6619427485

Monte Vista B.S.

See subsequent  
initial on FAX

Addendum

This lease between Grimmway Farms ("F  
("Owner") and is concurrent to the lease wit  
agreement first dated July 1, 2006.

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the Lancaster Area Farm Lease (Fairmont ar  
built at all.

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farming operations of Owner or its Tenant on the Property."

Further, under Exhibit B, Terms and Conditions of Lease, Protection for  
Owner, Number 3 notes, "Lessee shall cooperate with Owner on the location of  
all Wind Turbines and infrastructure to prevent the impact of these facilities on  
other uses of the land, including farming operations."

Initials: Grimmway Enterprises, Inc. CFE

Initials: George M. Lane [Signature]

which is not corrected in a timely manner after notice

In the event that the farming operations of Tenant become  
subject to material interference as a result of the wind project, Tenant  
shall be entitled to reasonable reimbursement for its damages (not lost profits)  
any way terminate this Lease.

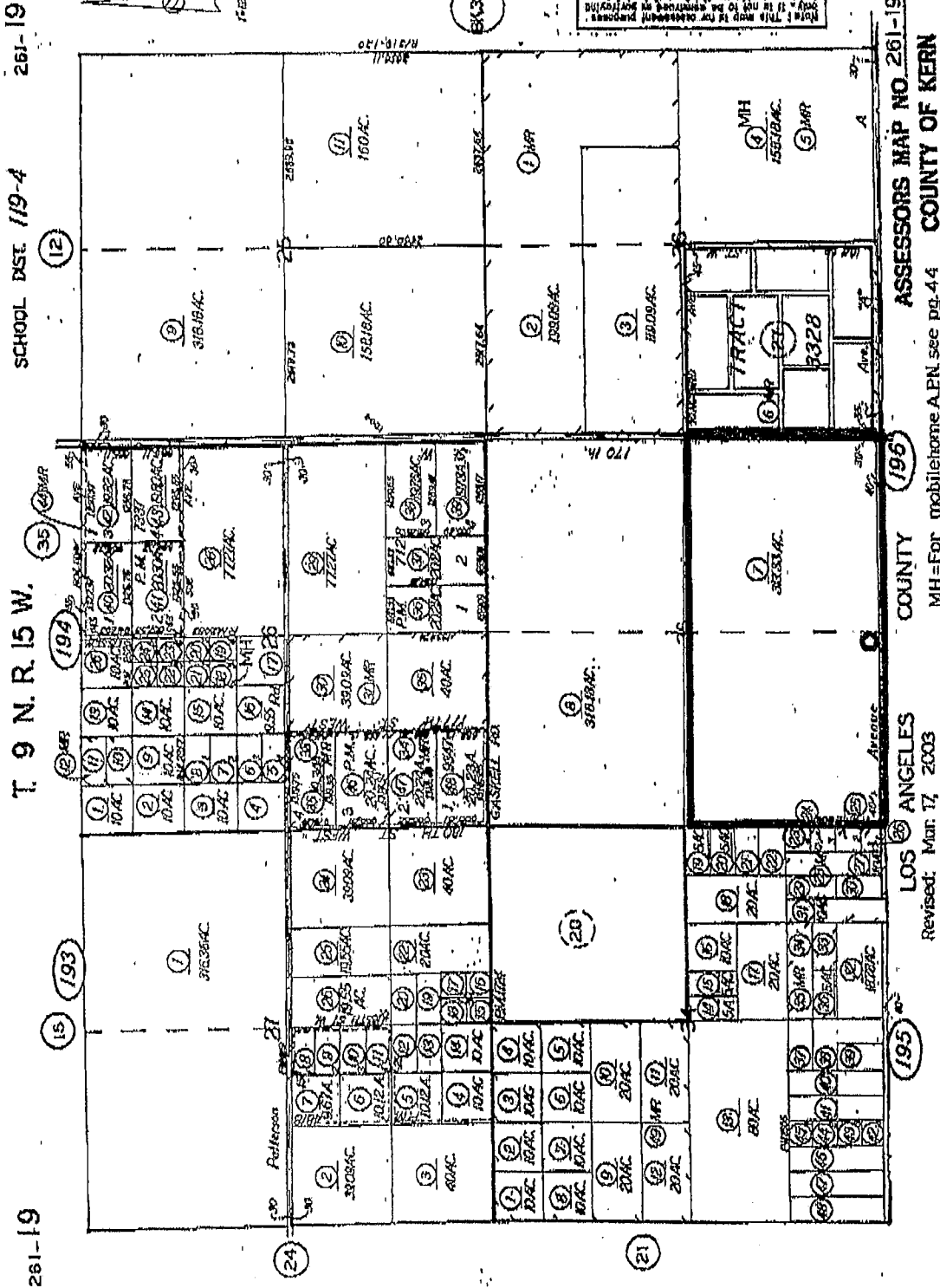
[Signature]  
George Lane

[Signature]  
Grimmway Enterprises, Inc.

10/11/07 02:13 Pg: 6/7

Monte Vista B.S.

Fax sent by : 6619427485





Grimmway Amendment  
10-15-2009 to 12/31/2013

COPY

AMENDMENT TO LANCASTER AREA FARM LEASE

THIS AGREEMENT is dated for reference this 15th day of October, 2009 between GEORGE M. LANE, ("Landlord") and GRIMMWAY ENTERPRISES, INC. ("Tenant").

1. Recitals. This Agreement is made with reference to the following statement of facts.

A. Landlord and Tenant have executed a Lease Agreement effective October 9, 2007 for the premises described as 318.18 acres in Kern County, California.

2. Amendment to Lease Term. Paragraph 3 of the Lease will be amended in its entirety as follows:

"3. TERM. The term of the Lease shall be for the period beginning upon execution and ending December 31, 2013; provided, however, that Landlord shall have the option to end the term at December 31, 2011 by written notice to Tenant given anytime prior to January 1, 2011. If cancellation is not given prior to January 1, 2011, Landlord shall have the option to end the term at December 31, 2012 by written notice to Tenant given anytime prior to January 1, 2012."

3. Repair and Maintenance. The provisions of Paragraph 4 shall be modified so as to impose upon the Landlord the responsibility to maintain and repair the above and below ground portions of the irrigation system.
4. Rent. The rental payment for the 2011 year, which would have been due on January 1, 2011, shall be due concurrent with the rental payment for the 2010 year and be due on or about January 1, 2010.
5. Confirmation of Lease. Except as herein amended, the Lease shall remain in full force and effect.

IN WITNESS WHEREOF the parties have affixed their signatures hereto effective the day and year first above written.

"LANDLORD"

"TENANT"

GRIMMWAY ENTERPRISES, INC.

  
GEORGE M. LANE

BY: 