

# **EXHIBIT “B”**

## LEASE

This Lease, made by and between Sheldon R. Blum referred to in this Lease as "Lessor", and Wm. Bolthouse Farms, a Michigan Corporation 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.

This Lease shall encompass approximately One hundred twenty (120) acres known as Assessor's Parcel Number 3384-09-01 & 06, 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 carrots and/or onions; 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 approximately \$125.00 per acre, per year, or a total of **Thirty Thousand Dollars (\$30,000.)** which will be payable, in advance, upon Lessee's receipt of Lessor executed lease. Thereafter, the rent shall continue to be due and payable, in advance and pursuant to the increased rental schedule noted in paragraph No. 16.

### 4. Occupancy

Lessee shall be entitled to use of the Leased land (including early possession upon mutual execution of this lease and Lessor's receipt of Rent), and any well(s) that may currently exist on the Leased Property. Lessor and Lessee acknowledge that the existing well(s) and mainline are currently inoperable and Lessor will not be responsible to repair all or part of same. 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, any 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. Lessee shall provide Lessor with a certificate of insurance within ten (10) days of Lessee's receipt of this Lease executed by Lessor.

**5. Utilities**

Lessee agrees to pay for any 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. Lessee agrees to have the names on the meters for the existing wells changed to the name of Lessee. If 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) or barn(s), which shall be the exclusive property of Lessee to use during the term of this Lease.

**7. Assignment or Sublease**

Lessee shall not sublease, assign, transfer or hypothecate this Lease without first obtaining the written consent of Lessor, and in no event shall the demised premises be assigned, sublet, transferred or hypothecated unless the transferee shall provide evidence of adequate financial resources to fully comply with all of the terms of this Lease to the satisfaction of Lessor, and unless the transferee be in all respects a fit and proper person for the purpose of carrying out the obligation under this Lease.

**8. Condition of Premises**

Lessee assumes all risks as to water table, quantity, quality, desirability, condition or other qualifications throughout the term of this Lease agreement or any extensions thereof, without offset, credit, claim or reimbursement by or claimed against lessor or the rent set forth and due hereunder.

Lessee acknowledges that it has inspected the demised premises, that the same are in good and tenantable condition, with the exception of the existing agricultural well(s) which are currently damaged. Lessor makes no representations or warranty with regard to the condition of the premises or the well(s). 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 and underground main line, in as good condition as Lessee takes them, subject to ordinary wear and tear and, Lessee shall be obligated to repair any damages and maintain any well, pump, motor and underground main line caused by Lessee's negligence or the 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, 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, by any act of God, including Earthquakes, Lessor shall have the option of repairing said well(s) at his own expense as quickly as possible, or terminating the Lease.

#### **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, during the term of this Lease or any extension thereof. In the event Lessee remains on the premises after the Lease term, Lessee shall be considered a

hold over tenant, and shall be subject to increased rent and other restrictions noted in Paragraph 15(e).

(b) Lessee shall be refunded, prorata, any advance rent based on the monthly use of the premises up to the date Lessee actually vacates the premises, as a result of any acts of God, including earthquakes.

**8A. Wells - Lessee's Option**

Notwithstanding Paragraph 8 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.

**9. Compliance With Law**

Lessee shall at Lessee's 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 that 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. Lessee shall not store insecticides, pesticides, fumigants, or hazardous wastes on the premises during the term of the lease, or any extension thereof.

**9A. 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.

**10. 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 sub-lessees, 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.

**11. 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 investigation, inspection, or studies (e.g. soil) which shall not interfere with Lessee's farming. Lessor shall provide Lessee with a minimum of twenty four (24) hours advance written notification prior to entering upon the property to conduct any such study or showing.

**12. 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.

### **13. 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 that were created by Lessee.

Upon Lease expiration, termination or Lessee's vacating of the Premises, whichever occurs first, Lessee represents and warrants to Lessor that Lessee shall, immediately following Lessee's removal of Lessee's well pump(s), motor(s) and panel(s), cause a steel plate to be welded to the opening of the well(s) at the Premises, so as to secure the well opening from any access.

**14. 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:

Sheldon R. Blum	(408) 377-7321 Telephone
2242 Camden Avenue, Suite 201	(408) 377-2199 Fax
San Jose, CA 95124	

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

Wm. Bolthouse Farms, Inc.	(805) 366-7205 Telephone
7200 E. Brundage Lane	(805) 366-8072 Fax
Bakersfield, CA 93307-3099	

**15. 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 statute;

(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, whether personally performed by Lessor or otherwise 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 twice the then current rate charged in connection with this lease, 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.

**16. Lease Extension**

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 two (2) options to extend for an additional two (2) year period each, provided that a ninety (90) day notice is given by Lessee to Lessor prior to the termination date of this Lease. In the event Lessee elects to extend this Lease, all terms and conditions of this Lease are to remain the same, unless expressly stated otherwise herein, with the exception of the rent, which shall be increased to \$36,0000.00 total for combined Lease Extension years 2004 and 2005, and, if Lessee again elects to extend, which rent shall be further increased to \$42,000.00 total for combined Lease Extension years 2006 and 2007.

**17. Right Of First Refusal-Without Third Party Offer**

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 right of first refusal to again lease or purchase the Premises beginning thirty (30) days prior to, or up to <sup>one (1)</sup> ~~two (2)~~ SKB years after, the expiration or termination of this Lease contained herein, or any extension

thereof. Lessor shall notify Lessee in writing if it is Lessor's intent to again lease or sell the Premises specifying the rental rate or purchase price 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 or purchase the Premises. Should Lessee fail to notify the Lessor in writing of Lessee's election to lease or purchase Premises, Lessee's right of first refusal shall be deemed waived. If Lessee notifies Lessor in the affirmative to lease or purchase the Premises, the Lessor, within a reasonable period of time, shall draft lease or sale agreements and deliver them to Lessee for execution. Upon delivery of said lease or sale agreements, Lessee shall have fifteen (15) days in which to execute and return said lease or sale agreements to Lessor.

**18. Right Of First Refusal-With Third Party Offer**

In the event that Lessor decides to sell, convey, exchange, lease or otherwise to dispose of the Property or any portion thereof, at any time prior to termination of this Lease or up to <sup>one (1)</sup> ~~two (2)~~ years after the expiration or termination of this lease, or any extension thereof, Lessor shall give Lessee the first right to purchase or lease the Property, or any portion thereof, on the same terms and conditions or to convey, exchange, lease or otherwise enter into an agreement on the same terms and conditions as set forth in a bona fide written agreement entered into between Lessor and a third person or entity (the "Offer"). Upon receipt of the Offer, Lessor shall immediately give notice to Lessee of the Offer and deliver to Lessee a photostatic copy of the Offer. If Lessee, within fifteen (15) days after receipt of the Offer, indicates in writing its decision to enter into a contract with Lessor upon the same terms and conditions as set forth in the Offer, then Lessor shall immediately enter into a

written contract with Lessee on the same terms and conditions as set forth in the Offer. If Lessee decides not to enter into a contract with Lessor within such fifteen (15) day period, SRB Lessor, within <sup>ninety (90)</sup>~~sixty (60)~~ days following expiration of the prior fifteen (15) day period, shall have the right to sell, convey, exchange, lease or otherwise dispose of the Property, or any portion thereof, under an pursuant to the terms and conditions set forth in the Offer, subject to Lessee' verification with the escrow company or review of the proposed lease, Lessor hereby authorizing the escrow company to deliver copies of all escrow instructions to Lessee and agreeing to deliver a copy of the proposed lease to Lessee. If the Offer shall not be consummated for any cause whatsoever within such <sup>ninety (90)</sup>~~sixty (60)~~ day period, SRB then any further transactions shall be deemed a new and different proposal and the provisions of this Section 18 shall be applicable. Lessee shall have the right to record a Memorandum of Right of First Refusal, and Lessor shall execute and acknowledge, and authorize recordation of, a Memorandum to Right of First Refusal upon Lessee's request.

**19. Non-Disturbance Agreement**

The Lessor covenants and agrees that, so long as the Lease is in full force and effect, the Lessee shall not be joined as a party defendant in any foreclosure action or proceeding which may be instituted or taken by the Beneficiary, nor shall the Lessee be evicted from the demised premises, or any of the Lessee's rights under the Lease be affected in any way, by reason of any default under the secured debt except as hereinafter provided.

In the event any action is instituted by the Beneficiary to foreclose the secured debt or otherwise enforce it, the Lessee shall promptly upon notice by the Beneficiary pay to the Beneficiary all rent due and to become due under this Lease.

It is a condition of this Agreement that the Lessee shall not at any time make any payment of advance rent or prepay rent to the Owner prior to the time when rent payments are due. It being understood that the rent is payable annually in advance.

If the Beneficiary shall succeed to the position of the Owner, the Lessee shall attorn to the Beneficiary and recognize it as the Landlord under the Lease and promptly execute and deliver an attornment agreement upon request of the Lessor.

The covenants and agreements herein contained shall be deemed to be covenants running with the land and shall inure to the benefit of and be binding upon the successors in interest of the parties hereto.

20. **Real Property Taxes**

Lessor shall pay, on or before the due date for each installment, all real property taxes affecting the premises including, without limitation, special assessments of any nature, obligations imposed by any governmental authority, and a voluntarily-created "Community Facilities District" pursuant to the Mello-Roos Community Facilities Act of 1982. In the event Lessor fails to pay any such payment, assessment or installment in a timely manner, Lessee reserves the right to make such payment and offset the amount of such payment against the rent due and owing hereunder to Lessor. If the rent due and owing pursuant to the remaining term of the Lease is less than the amount of such offset, Lessor

shall remit to Lessee the difference between offset owed to Lessee and rent owed to Lessor, within ten (10) calendar days of receipt of written demand therefore from Lessee. Lessee shall pay any personal property taxes imposed upon or charged to the Lessor as a result of Lessee's possession or tenancy of the Property.

**21. Lessee's Right To Cancel - Well Inspection(s)**

Lessee shall be entitled to perform or cause to be performed well tests at the property. Prior to beginning testing Lessee shall provide Lessor with a complete list of all tests to be performed and after the completion of all well tests Lessee shall provide Lessor with a conforming copy of all tests and studies performed by Lessee in connection with the existing wells. In the event the findings contained within the reports are unacceptable to Lessee, Lessee reserves the right to terminate this Lease without penalty, provided however that Lessee's disapproval is delivered to Lessor within fifteen (15) days from Lessor's delivery to Lessee of Lessor's written acceptance of this Lease. In the event Lessee terminates the Lease pursuant to this provision Lessee shall be refunded all monies paid to Lessor as rent.

**22. Water Adjudication**

Lessor and Lessee acknowledge that (a) a study by the United States Geologic Survey (USGS) and other agencies has been undertaken to determine, inter alia, the amount of local ground water and the impact of well pumping of same throughout the Antelope Valley' and (b) the possibility exists that water rights to, and the amount of available water for, the subject property may be altered by State, County or Local government. Such alteration may affect the amount and/or cost of water available to Lessee hereunder.



If and when 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.

**23. Choice of Law; Venue**

This Agreement shall be governed by and construed in accordance with the substantive and procedural laws of the State of California. Any action commenced under this Agreement shall be brought in the Municipal or Superior Court of California with venue in Los Angeles County.

**24. Brokerage**

Lessee and Lessor hereby acknowledge that Coldwell Banker Commercial/A Hartwig Company, and Dennis Greer (Collectively "Broker") represent the Lessee exclusively. Lessor further acknowledges that no fiduciary relationship or responsibility exists between Lessor and Broker. Lessee agrees to pay compensation for services as follows: Six (6) percent of the Lease amount to Coldwell Banker Commercial/Hartwig Realty, Inc. Lessor shall not be responsible for any commission amounts due to Coldwell Banker Commercial/Hartwig Realty, Inc.

**25. Construction**

Each party hereto has cooperated in the drafting and preparation of this Lease. The parties hereto agree that the normal rules of construction, to the effect that any

ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Lease.

### ACCEPTANCE

The undersigned Lessor accepts the above Lease, and agrees to lease the premises on the above terms and conditions. IN WITNESS WHEREOF, Lessor and Lessee have executed this indenture as of ~~July~~ <sup>August</sup> 2, 2001.

LESSOR:

Sheldon R. Blum

BY: 

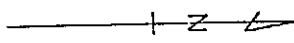
LESSEE:

Wm. Bolthouse Farms,  
A Michigan Corporation

BY: 

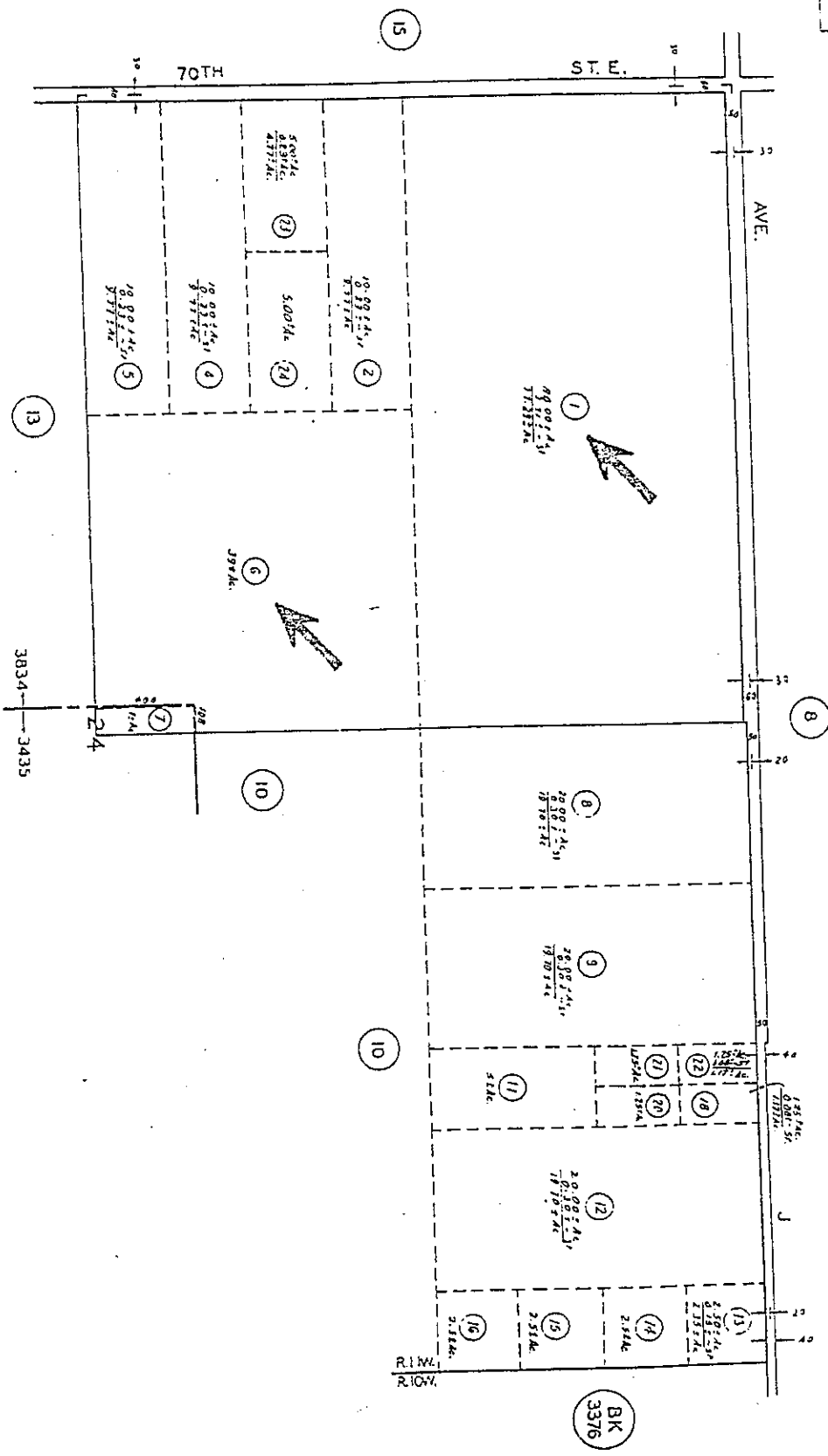
Its: 

6861



T. 7N., R. 11W

ASSessor's MAP  
COUNTY OF LOS ANGELES, CALIF.



760715641  
X401  
00001516  
110023333  
081213

3384-009-01

The north half of the northwest quarter of Section 24, Township 7N, Range 11W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plats of said land.

3384-09-06

The northeast quarter of the northwest quarter of Section 24, Township 7N, Range 11W, San Bernardino Meridian, in the County of Los Angeles, State of California, according to the official plats of said land.

Except therefrom that portion described as follows beginning at the southeast corner of said northwest quarter; Thence westerly along the south line of said northwest quarter, 108 feet; Thence northerly parallel with the west line of said section, 400 feet; Thence easterly parallel with the south line of said section, to the east line of said northwest quarter; thence southerly along said east line 400 feet to the point of beginning.