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2 **CROP MAINTENANCE AGREEMENT**

3 (Gless Ranch, Inc.)

4 THIS CROP MAINTENANCE AGREEMENT ("Agreement") is made and entered  
5 into this <sup>22nd</sup> day of March, 1999 ("Effective Date") by and between the **CITY OF**  
6 **RIVERSIDE**, a municipal corporation of the State of California ("City"), and **GLESS**  
7 **RANCH, INC.**, a California corporation ("Gless"), with reference to the following facts:

8 A. City is the owner of the various parcels of real property known as "Existing  
9 Groves" located in the City of Riverside, California.

10 B. A portion of the Existing Groves were acquired by City as an enhancement  
11 to and a buffer for the California Citrus State Historic Park ("Citrus Park") through  
12 funds granted pursuant to the Wildlife, Coastal and Park Land Conservation Bond Act  
13 (Prop.70). City must use such lands for a purpose complementary to and compatible  
14 with said Citrus Park. The Existing Groves also include other City owned groves.

15 C. Gless is in the business of the commercial farming of citrus groves. By  
16 that certain Lease and Crop Agreement dated July 8, 1993, certain other properties  
17 owned by City have been leased to Gless for the purpose of planting new citrus  
18 groves and developing and farming the citrus groves.

19 D. The Existing Groves are currently planted in citrus. City is desirous of  
20 employing Gless to farm and manage the Existing Groves.

21 NOW, THEREFORE, incorporating the above referenced facts, City and Gless agree  
22 as follows:

23 **1. DEFINITIONS**

24 **1.1** Each of the terms defined above, including Agreement, Citrus Park,  
25 Effective Date, Existing Groves, and Gless, shall have the respective meaning set out above  
26 for such term.

27 **1.2** Each of the following terms shall be defined as follows:

1                   **1.2.1** "Agricultural Costs" shall mean only those costs and expenses  
2 described herein paid by Gless in connection with the Existing Groves, the  
3 Crops and the improvements thereon. Such Agricultural Costs shall include,  
4 but not be limited to, all of the following costs and expenses of land  
5 preparation, planting, watering, cultivation, fertilization, irrigation, Gage Water  
6 Company assessments for City's Water Entitlement, insurance, maintenance,  
7 taxes, repair, improvement, care, pest, weed and disease control, picking,  
8 packing, hauling, and marketing connected with such Existing Groves and the  
9 Crops and improvements thereon and thereto, less any reimbursements received  
10 by Gless in connection with payment of such Agricultural Costs. Agricultural  
11 Costs shall also include capital improvements made in accordance with  
12 subparagraph 3.3.

13                   **1.2.2** "Annual Settlement" shall mean and refer to a separate yearly  
14 accounting and rent settlement statement for City prepared by Gless relating  
15 to the Existing Groves. The Agricultural Costs taken into account and shown  
16 in each such Annual Settlement shall be those paid in connection with the  
17 Existing Groves during the period for which such Annual Settlement is made.

18                   **1.2.3** "Crop Year" shall be from the Effective Date through May 31,  
19 1999, and if the Agreement is extended each succeeding Crop Year shall be  
20 from each June 1 thereafter to the following May 31.

21                   **1.2.4** "Crops" shall mean and refer to the citrus crops growing and to  
22 be grown on the Existing Groves during the term of this Agreement.

23                   **1.2.5** "Existing Groves" shall mean and refer to the approximately  
24 thirty-six (36) acres upon which citrus trees are currently planted. The  
25 Existing Groves are shown on a map attached hereto as Exhibit "B", and more  
26 particularly described in Exhibit "A" as Parcels E-2, E-3, Lots 42 and 48 of the  
27 re-subdivision of Block 32, Lot A of Tract 8653, Lot D of Tract 8145, and

1                   Lots D, E, F and G of Tract 8684.

2                   **1.2.6** "Farming and Management" shall mean all of the work and  
3                   obligations required to be performed by Gless under this Agreement.

4                   **2. RIGHT OF ENTRY**

5                   City grants to Gless the right to enter on to the Existing Groves at all reasonable times  
6                   and in a reasonable manner during the term of this Agreement to perform its obligations and  
7                   duties under this Agreement and to make the permitted use of the Existing Groves including  
8                   use of any and all trees, fixtures, equipment and other appurtenances located and to be located  
9                   thereon ("Improvements").

10                  **3. GLESS' OBLIGATIONS**

11                  **3.1 Care and Maintenance.** Gless shall use its best efforts to grow, maintain,  
12                  harvest and market the Crops. Gless shall care for and maintain the citrus trees on the  
13                  Existing Groves consistent with good citrus farming practices for similar farming operations  
14                  in the vicinity of the Existing Groves, which includes, without limitation, the following:

15                         (a) fertilization;

16                         (b) regular irrigation and maintenance of irrigation systems in good operating  
17                         condition;

18                         (c) pest, weed and disease control applied by licensed Pest Control Applicators  
19                         working in conjunction with a licensed Pest Control Advisor, which pest, weed and  
20                         disease control applications shall be done in accordance with generally accepted  
21                         practices;

22                         (d) maintenance and repair of wind machines, if any.

23                         (e) removal and disposal of dead or diseased trees; and

24                         (f) planting of new replacement trees as required.

25                  **3.2 Use of Improvements.** In order to fulfill its obligations under this  
26                  Agreement, Gless may use all improvements on the Existing Groves without charge.

27                  **3.3 Capital Improvements.** Gless shall not make any capital improvement

1 to the Existing Groves, the cost of which improvement exceeds \$2,500.00 without the prior  
2 written consent of City, acting by and through its Real Property Services Manager, which  
3 consent City shall not unreasonably withhold. Any capital improvements to the Existing  
4 Groves shall be made at Gless' sole cost and expense, except to the extent such capital  
5 improvements are allowable as Agricultural Costs under this Agreement. At all times during  
6 the term and after the termination of the Agreement, City shall own all capital improvements  
7 to the Existing Groves made by Gless.

#### 8 **4. PERMITTED USE**

9 The Existing Groves are agricultural land and may only be used for agricultural  
10 purposes by Gless during the term of this Agreement. In connection with Section 402.1 of  
11 the Revenue and Taxation Code of the State of California, City confirms the following:

12 (a) The above restriction to use for agricultural purposes is and shall constitute  
13 an enforceable restriction upon the use to which the Existing Groves may be  
14 subjected;

15 (b) The Existing Groves are legally not available to Gless for any other use;

16 (c) Such restriction upon use shall not be removed or substantially modified  
17 during the entire term of the Agreement; and

18 (d) Such restriction on use shall be considered in the assessment of Gless'  
19 possessory interest subject to property taxation.

20 City reserves unto itself any and all other uses to which the Existing Groves may be  
21 put after the termination of the Agreement, by expiration of its term or other cause.

#### 22 **5. TERM; RENEWAL**

23 **5.1 Term.** The term of this Agreement shall commence on the Effective  
24 Date and shall terminate at midnight May 31, 1999 (the "Termination Date") unless extended  
25 as provided herein.

26 **5.2 Renewal; Termination.** Each year without further action by City, the  
27 Agreement shall automatically extend for one Crop Year subject to the same terms and

1 conditions of this Agreement. Notwithstanding the foregoing, City may terminate this  
2 Agreement without cause by giving written notice to Gless not later than sixty (60) days prior  
3 to the end of the relevant Crop Year, and Gless may terminate this Agreement without cause  
4 by giving written notice to City not later than one hundred twenty (120) days prior to the end  
5 of the relevant Crop Year.

## 6 **6. CROPS' NET PROCEEDS**

7 **6.1 Gless' Compensation.** As Gless' sole compensation for all Farming  
8 and Management under this Agreement Gless shall retain fifty percent (50%) of the Existing  
9 Groves Net Proceeds from the Crops grown to maturity during the Crop Year. "Existing  
10 Groves Net Proceeds" shall mean the gross proceeds from the sale of the Crops grown and  
11 harvested from citrus trees on the Existing Groves during the Crop Year ("Gross Crop  
12 Proceeds") and any insurance proceeds received by Gless for such period from loss or  
13 damage to improvements, trees and/or Crops on the Existing Groves ("Crop Insurance  
14 Proceeds"), less the Agricultural Costs.

15 **6.2 Payment to City.** Gless shall pay City fifty (50%) percent of the  
16 Existing Groves Net Proceeds not later than sixty (60) days following the end of the Crop  
17 Year. Gless shall pay said proceeds by check payable to the City of Riverside and mail to  
18 the City of Riverside, Central Cashiering, City Hall, Plaza Level, 3900 Main Street, Riverside,  
19 California 92522.

20 **6.3 Annual Settlement.** Within sixty (60) days after the end of each Crop  
21 Year, Gless shall make and deliver to City an Annual Settlement statement for each such  
22 Crop Year which shall include a monthly breakdown of costs and expenses and income.  
23 Such Annual Settlement shall be signed and certified as accurate by Gless. If, after the final  
24 Crop Year, Gless receives additional cash proceeds from insurance or Crops harvested during  
25 the final Crop Year, then not later than sixty (60) days after Gless receives such additional  
26 cash proceeds, Gless shall recompute the Existing Groves Net Proceeds for the final Crop  
27 Year and shall send City the resulting additional Net Proceeds owed to City and a revised

1 Annual Settlement for the final Crop Year.

2           **6.4 Gless' Records.** Gless shall maintain and keep full and accurate books  
3 of account, records and other pertinent data including receipts and invoices evidencing and  
4 supporting the Agricultural Costs, Gross Crop Proceeds and Crop Insurance Proceeds, and  
5 calculation of the Net Proceeds as are required in accordance with generally accepted  
6 accounting principles and practices. Such books, records and data shall be kept for not less  
7 than two years after the close of each Crop Year to which they relate.

8           **6.5 City Audit.** Gless agrees to make all books, records and data required  
9 pursuant to subparagraph 6.4 available for inspection and audit by City and its authorized  
10 representatives during reasonable times. City's receipt of an Annual Settlement shall not bind  
11 City as to the correctness of the Annual Settlement. Within two years after the receipt of any  
12 such Annual Settlement, City or its authorized representative shall be entitled to audit Gless'  
13 books, records and data following 48 hours advance written notice to Gless. Such audit shall  
14 be conducted during normal business hours at Gless' principal place of business. If such  
15 audit determines there has been a deficiency in the payment of Net Proceeds to City, then  
16 such deficiency shall become immediately due and payable with interest in accordance with  
17 subparagraph 6.6 herein.

18           **6.6 Interest.** If Gless fails to pay City when due and payable, any sums  
19 under this Agreement, the unpaid amounts shall bear interest at the lesser of ten percent  
20 (10%) per annum or the maximum lawful rate from the date due to the date of payment, even  
21 if such date of payment shall occur after termination of this Agreement.

22           **6.7 Obligation Survives Termination.** Gless' obligations under  
23 subparagraphs 6.2, 6.3, 6.4, 6.5, and 6.6 shall survive termination of this Agreement.

24           **6.8 Losses Gless' Obligation.** Gless shall be responsible for any and all  
25 losses incurred during the term of the Agreement. City shall have no obligation to reimburse  
26 Gless for any such losses. Losses realized by Gless and reflected by Gless in the Annual  
27 Settlement shall be carried forward to any subsequent Crop Year for purposes of calculating

Existing Groves Net Proceeds payable to City. Notwithstanding the foregoing, in the event the Agreement is terminated, such losses shall not be carried forward beyond the termination date, and City shall have no liability for such losses.

## **7. HISTORIC PACKING PLANT**

**7.1** City desires that if a historic packing plant is established and fully functional at the Citrus Park (the "Historic Packing Plant"), subject to the terms and conditions herein, Gless shall use the Historic Packing Plant for picking and packing the Crops upon written request of City sent prior to the commencement of the Crop Year to sue such Historic Packing Plant for that Crop Year ("Packing Notice").

**7.2** If City gives Gless a Packing Notice for the upcoming Crop Year (the "Yearly Crop"), Gless shall (i) notify City in writing of the local, reputable packing house which, but for the Packing Notice, Gless would have chosen to pick and pack the Yearly Crop; (ii) allow the Historic Packing Plant to pick and pack the Yearly Crop; (iii) determine the average return which such local packing house designated by Gless paid for crops of size and quality similar to the Yearly Crop (the "Commercial Return"); and (iv) receive all of the proceeds for such Yearly Crop from the Historic Packing Plant. If such proceeds (Packing Plant Proceeds") are less than the Commercial Return ("Deficit"), then Gless shall: (i) provide City with reasonable documentation of the Commercial Return and Packing Plant Proceeds calculation; and (ii) invoice City for the Deficit, which shall be due and payable by City no later than sixty (60) days after City receives such invoice.

## **8. HAZARDOUS SUBSTANCES AND PESTICIDES**

**8.1** During the term of this Agreement, Gless shall use Integrated Pest Management and shall apply to the Existing Groves and the Crops only such pesticides and herbicides and other such regulated substances and materials as are approved at the time of application by all federal, state and local governmental agencies having regulatory responsibility for the use and application of the same. All applications of such materials and substances shall be done by properly licensed pest control applicators and advisors in

1 accordance with good farming practices.

2           **8.2** City shall indemnify, defend, and hold harmless Gless from and against  
3 all claims, demands, loss or liability of any kind or nature, including reasonable attorneys'  
4 fees and court costs which may arise due to the release or spillage of any hazardous or toxic  
5 waste, substance or material which may have occurred prior to commencement of this  
6 Agreement.

7           **8.3** Gless shall indemnify, defend and hold harmless City from and against  
8 all claims, demands, loss or liability of any kind or nature, including reasonable attorneys'  
9 fees and court costs, which may arise due to the release or spillage of any hazardous or toxic  
10 waste, substance or material which may have occurred during and after Gless' commencement  
11 of performance under this Agreement and prior to the termination of this Agreement.

12           **8.4** City warrants to Gless that it has no knowledge of the presence of any  
13 hazardous or toxic waste, substance or material on or underneath the Existing Groves at the  
14 inception of this Agreement except pesticide residues, the existence and level of which  
15 pesticide residues does not violate any law, statute, or regulation governing the disposal,  
16 storage, transportation or release of any hazardous or toxic waste, substance or material.

17           **8.5** The obligations of the parties under this Paragraph 8 shall survive the  
18 termination of this Agreement.

19           **9. RELATED PARTIES PROVISION OF SERVICES; NONDISCRIMINATION**

20           **9.1** Gless has informed City and City is aware that: (i) Gless' officers,  
21 directors and shareholders are and will continue to be involved individually and in various  
22 other capacities with the ownership and leasing of citrus groves and the planting, cultivation,  
23 farming, harvesting, packing, and sale of citrus; (ii) Gless intends to contract with various  
24 individuals, partnerships, corporations, and other entities to provide services to Gless in  
25 connection with Gless' performance of its obligations under this Agreement; and (iii) the  
26 officers, directors and shareholders of Gless may be involved individually and in such other  
27 capacities with such partnerships, corporations, and other entities used by Gless to provide



1 and perform such services (collectively, the "Related Parties").

2           **9.2** City and Gless expressly agree that: (i) Gless may utilize such Related  
3 Parties as Gless may determine to provide and perform all such services so long as the cost  
4 of the services provided by such Related Parties is comparable to the cost of such services  
5 provided by unrelated parties; and (ii) all references in this Agreement to, or relating to,  
6 Gless' employees or any employment by Gless shall be strictly construed and limited solely  
7 to only (A) employees of Gless (and not the employees of any individual, partnership,  
8 corporation or other entity utilized by Gless in connection with the Existing Groves) and (B)  
9 employment by Gless only on the Existing Groves (and not at any other location owned or  
10 operated by Gless).

11           **9.3** Gless agrees that during the term of this Agreement, except as provided  
12 in Section 12940 of the Government Code of the State of California, Gless shall not  
13 discriminate on the grounds of race, religious creed, color, national origin, ancestry, age,  
14 physical disability, mental disability, medical condition (including the medical condition of  
15 Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto), marital  
16 status, sex or sexual orientation in the selection and retention of Gless' employees on the  
17 Existing Groves or Gless' contractors for the Existing Groves.

## 18           **10. DAMAGE OR DESTRUCTION**

19           **10.1** Gless shall be responsible for the farming and routine maintenance of the  
20 citrus trees, but shall not be responsible for compensating City for or have any obligation in  
21 connection with the restoration of the citrus trees which shall either or both be damaged or  
22 destroyed in whole or in part, unless such damage or destruction is due to Gless' wilful  
23 misconduct or negligence. In the event of such damage or destruction due to Gless' wilful  
24 misconduct or negligence, Gless shall replace or at Gless' option restore any and all property,  
25 including without limitation the citrus trees, which have been damaged or destroyed, as soon  
26 as reasonably possible after the occurrence of such damage or destruction, but no later than  
27 the earlier to occur of the expiration or other termination of this Agreement or 180 days after

1 the occurrence of such damage or destruction.

2           **10.2** In the event of the destruction in whole or in part of the citrus trees  
3 which is not due in whole or in part to Gless' wilful misconduct or negligence as set forth  
4 in subparagraph 10.1 above, where such destruction is caused without limitation by disease,  
5 fire, flood, freeze, insects, act of God or other natural or other disaster, including severe frost  
6 damage to the trees, to such an extent as to render Gless' continued farming of the citrus trees  
7 economically unprofitable or otherwise impracticable, Gless may notify City at any time  
8 within one (1) year after each such occurrence of such condition and, provided Gless has  
9 given such notice, elect to terminate this Agreement at any time within three (3) years after  
10 each such occurrence of such condition, in which event (i) this Agreement, (ii) Gless'  
11 responsibility for the continued farming and maintenance of the citrus trees, and (iii) Gless'  
12 interest in the Crops growing thereon (but not any Crops harvested on or before such  
13 termination date and any Net Proceeds thereof), shall all terminate thirty (30) days after the  
14 date of such election to terminate.

## 15           **11. IRRIGATION WATER**

16           During the entire term of this Agreement, City shall make available to Gless, for  
17 irrigation of the Existing Groves and Crops, at Gless' sole cost and expense, City's Existing  
18 Groves entitlement to non-potable irrigation water from the Gage Canal Company ("City's  
19 Water Entitlement") through the Gage Canal Company's canals, pipes and conduits. Gless  
20 agrees to use City's Water Entitlement and such additional water from the Gage Canal  
21 Company as is necessary to satisfy the irrigation needs of the Existing Groves and Crops, and  
22 agrees that the only water costs allowable as Agricultural Costs shall be the City's Water  
23 Entitlement costs and costs for such additional necessary water supplied by Gage Canal  
24 Company. City's Water Entitlement costs include the Gage Canal Company charges for  
25 water delivered to the Existing Groves and Gage Canal Company annual assessments  
26 associated with City's Water Entitlement.

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1                   **12. NONAVAILABILITY OF WATER**

2                   **12.1** City and Gless expressly acknowledge and agree that an **extremely**  
3 material factor in their negotiation of and agreement upon the terms of this Agreement is that,  
4 during the entire term of this Agreement, City shall make available to Gless City's Water  
5 Entitlement in a quantity sufficient for the normal irrigation of the citrus trees and Crops at  
6 Gless' sole cost, which water shall be available at the Existing Groves through the Gage  
7 Canal Company canals, pipes and conduits.

8                   **12.2** During the term of this Agreement, if sufficient water for the normal  
9 irrigation of the citrus trees and Crops becomes unavailable at the Existing Groves due to  
10 natural causes (e.g. drought) or for any other reason which is beyond the control of Gless,  
11 except the failure of Gless to pay for such water as required by this Agreement, Gless may  
12 notify City at any time within one (1) year after each such occurrence of such condition, and  
13 provided Gless has given such notice, Gless may elect to terminate this Agreement at any  
14 time within three (3) years after each such occurrence of such condition, in which event (i)  
15 this Agreement, (ii) Gless' responsibility for the continued farming and maintenance of the  
16 citrus trees, and (iii) Gless' interest in the Crops growing thereon (but not any Crops  
17 harvested on or before such termination date, and any Net Proceeds thereof) shall all  
18 terminate thirty (30) days after the date of such election to terminate.

19                   **13. INSURANCE**

20                   At all times during the Agreement, Gless shall maintain worker's compensation  
21 insurance with the statutory limits and comprehensive general liability insurance with single  
22 limit policies of not less than \$1,000,000.00 and Crop Growers Insurance on the Crops in an  
23 amount not less than fifty (50%) percent of the value of the Crops. Such comprehensive  
24 general liability and Crop Growers Insurance shall name City as an additional insured. Gless  
25 shall furnish City with original certificates of insurance evidencing all such coverages. All  
26 such insurance certificates shall provide that the insurer will not cancel, modify or non-renew  
27 such coverages without thirty (30) days prior written notice sent to City via certified mail.

1 Gless may purchase such other or additional insurance as Gless may determine appropriate  
2 in connection with the Existing Groves or the Crops. Although the cost of all insurance  
3 acquired or carried in connection with the Existing Groves and the Crops shall be an  
4 Agricultural Cost, City shall not itself be liable for the payment of any premiums or  
5 assessments for any such insurance. Such policy limits provided herein shall not be construed  
6 as a limitation on Gless' liability or indemnification obligations to City herein.

#### 7 **14. INDEMNIFICATION**

8 Gless shall indemnify, hold harmless, and defend City, its officers, agents, and  
9 employees for, from and against all claims, demands, loss or liability of any kind or nature,  
10 including reasonable attorneys' fees and court costs, which may directly result from or be  
11 the direct result of, the negligent acts, errors or omissions of Gless or its officers, agents and  
12 employees, in connection with Gless' performance of its obligations, use or occupancy of the  
13 Existing Groves under this Agreement. City shall indemnify, hold harmless and defend  
14 Gless, its officers, agents and employees, for, from and against all claims, demands, loss or  
15 liability of any kind or nature, including reasonable attorneys' fees and court costs which may  
16 directly result from or be the direct result of, the negligent acts, errors or omissions of City  
17 or its officers, agents and employees, in connection with City's performance of its obligations  
18 or ownership of the Existing Groves under this Agreement.

#### 19 **15. TAXES**

20 Gless acknowledges that, as provided in Section 107.6(a) of the California Revenue  
21 and Taxation Code, City has informed Gless that this Agreement may create a possessory  
22 interest subject to property taxation and that Gless may be subject to the payment of property  
23 taxes levied on such interest. As an Agricultural Cost, Gless shall pay all property taxes  
24 levied against any possessory interest in the Existing Groves arising from this Agreement.

#### 25 **16. NO CURRENT EMINENT DOMAIN**

26 City represents and warrants to Gless that, to the best knowledge of City: (i) no  
27 property included in the Existing Groves has been or is subject to any understanding,

1 agreement, or contract for the conveyance or transfer of any right, title or interest, whether  
2 real, personal, or mixed property; and (ii) there is no pending or threatened condemnation or  
3 eminent domain proceeding against any part of the Existing Groves by, with, or for any  
4 governmental authority, public utility, or other party which has the power of eminent domain  
5 or for which the eminent domain power may be used.

## 6 **17. CITY'S CROP WARRANTY**

7 **17.1** City warrants and agrees: (i) that, except for any liens caused or created  
8 by Gless, all of the Crops are and shall be free and clear of any and all liens, encumbrances,  
9 security interests and adverse claims of any type; and (ii) that City has not, and shall not,  
10 assign, sell, hypothecate or otherwise transfer to any person the right to receive any of the  
11 Crops or any other proceeds of the Crops in excess of City's rights to proceeds created  
12 hereunder, provided that City reserves its rights to direct Gless to send Yearly Crops to the  
13 Historic Packing Plant as provided in Paragraph 7 herein.

14 **17.2** City agrees as follows during the term of this Agreement:

15 **17.2.1** Gless has no obligation to provide access to the Existing Groves  
16 to the public, to Citrus Park visitors or to anyone other than City for the limited purpose of  
17 exercising its rights under this Agreement.

18 **17.2.2** Gless has no obligation to lay out, develop, farm or operate the  
19 Existing Groves as part of the Citrus Park or any other park, except as provided in this  
20 Agreement.

21 **17.2.3** City shall not require, plan or allow any trails or other public  
22 access into, on or through any part of the Existing Groves, including any use of grove roads  
23 in the Existing Groves. If any such trails or access are discovered, City and Gless shall  
24 cooperate to eliminate and prevent development and use of same.

25 **17.2.4** Any landscaping and edge treatments installed by City at the  
26 Existing Groves shall be compatible with and shall not adversely affect Gless' farming of the  
27 Existing Groves. City shall not require Gless to provide any landscaping or edge treatments

1 along any of the boundaries of the Existing Groves.

2                   **17.2.5** Gless may take such steps as Gless reasonably determines are  
3 necessary to prevent public access to the Existing Groves, including fencing, signs, and the  
4 close-planting of lemon trees along the Existing Groves' boundaries.

5                   **18. OWNERSHIP AND HARVESTING OF CROPS**

6                   **18.1** During the term of this Agreement, Gless shall have full and complete  
7 control, subject only to City's rights under Paragraph 7 herein, and ownership of all of the  
8 Crops and of the planting, cultivation, harvesting and marketing of the Crops.

9                   **18.2** City and Gless expressly acknowledge and agree that during the term of  
10 this Agreement and except as provided in Paragraph 6 herein: (i) Gless owns and shall own  
11 all of the Crops and all of the proceeds of the Crops; (ii) City has and shall have no right,  
12 title or interest in or to any of the Crops or the proceeds thereof; and (iii) City shall execute  
13 and acknowledge such instruments as Gless may reasonably request to give third parties  
14 notice that City has and claims no interest in any of the Crops or any proceeds thereof.  
15 Gless acknowledges that Gless' exclusive ownership of such Crops and proceeds, subject to  
16 Paragraph 6 herein, shall not prohibit City from directing that Gless send citrus from the  
17 Existing Groves to the Historic Packing House as provided in Paragraph 7 herein.

18                   **19. CROP MORTGAGE**

19                   All Crop mortgages, encumbrances, or liens given or suffered by Gless on the Crops  
20 shall be for terms or periods not exceeding the term of this Agreement. Gless shall satisfy  
21 all mortgages, encumbrances and liens of record created by Gless before the end of such  
22 term. If a Crop mortgage, encumbrance or lien creates a cloud on City's title to the Existing  
23 Groves and/or Crops, in addition to the cost of removing such cloud on City's title, Gless  
24 shall pay all of City's reasonable costs and expenses, including attorneys' fees incurred in  
25 connection with the removal of the cloud, either before or after termination of this  
26 Agreement, and this obligation shall survive termination of this Agreement.

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1                   **20. ENTRY BY CITY**

2                   Provided City gives Gless verbal or written notice prior to such entry and does not  
3 interfere with Gless' farming of the Existing Groves, City may enter upon the Existing  
4 Groves at such reasonable times as City may desire (i) to inspect the Existing Groves to  
5 determine Gless' compliance with the provisions of this Agreement and (ii) in connection  
6 with City's obligations under this Agreement.

7                   **21. GLESS' DEFAULTS; REMEDIES**

8                   **21.1 Events of Default.** Each of the following shall constitute an Event of  
9 Default under this Agreement:

10                   (a) If Gless is at any time in default of its obligation to pay any sums owing  
11 to City, and such default continues for more than ten (10) days after City gives written  
12 notice to Gless of such default;

13                   (b) If Gless is in default in the prompt and full performance of any other of  
14 its obligations under this Agreement and such default continues more than thirty (30)  
15 days after written notice specifying the particulars of such default, unless the nature  
16 of the default requires more than thirty days to cure, Gless' failure to commence cure  
17 of such default within thirty days after such notice and to diligently prosecute such  
18 cure to completion;

19                   (c) (i) If Gless makes a general assignment or general arrangement for the  
20 benefit of creditors; or (ii) if a petition for adjudication of bankruptcy or for  
21 reorganization or rearrangement is filed by or against Gless and is not dismissed  
22 within thirty (30) days; or (iii) if a trustee or receiver is appointed to take possession  
23 of substantially all of Gless' assets located at the Existing Groves or of Gless' interest  
24 in this Agreement and possession is not restored to Gless within thirty (30) days; or  
25 (iv) if substantially all of Gless' assets located at the Existing Groves or of Gless'  
26 interest in this Agreement is subject to attachment, execution or other judicial seizure  
27 which is not discharged within thirty (30) days; or

1 (d) Gless is in breach of any other Agreement with the City.

2 **21.2 Remedies.** On the occurrence of any Event of Default under this  
3 Agreement by Gless, City may, at any time, thereafter, with or without notice or demand and  
4 without limiting City in the exercise of any right or remedy which City may have:

5 (a) Declare Gless in Material Breach of this Agreement, terminating this  
6 Agreement, terminating Gless' right to enter the Existing Groves, possess or take  
7 possession of the Crops, and terminating Gless' rights to receive Gross Crops  
8 Proceeds and Crop Insurance Proceeds; and

9 (b) Pursue any other remedy now or hereafter available to City at law or in  
10 equity. City's exercise of any right or remedy shall not prevent City from exercising  
11 any other right or remedy.

12 In the event City terminates this Agreement pursuant to subparagraph 21.2, City shall  
13 have the right, but not the obligation, to remove from the Existing Groves, any personal  
14 property located thereon and to place it in storage at the expense and risk of Gless. On such  
15 termination, City's damages for Material Breach shall include all costs and fees, including  
16 reasonable attorneys' fees incurred by City in connection with the filing, commencement,  
17 pursuing or defending of any action in any bankruptcy court or other court with respect to  
18 this Agreement, the obtaining of relief from any stay in bankruptcy, or pursuing any action  
19 with respect to City's right to possession of the Existing Groves. All such damages suffered  
20 by City shall bear interest from the date such damage occurs at the rate provided in  
21 subparagraph 6.6 herein.

## 22 **22. AUTHORITY OF PARTIES**

23 Each of the parties to this Agreement warrants and represents to the other party as a  
24 material inducement to such other party for its execution and delivery of this Agreement that:  
25 (i) such party has the legal power, right and authority to enter into this Agreement, to  
26 consummate the transactions contemplated by this Agreement, to perform its obligations  
27 under this Agreement and to bind itself to such entry, consummation and performance; (ii)



1 such party is not aware of any law, regulation, judgment, decree, decision, order, contract,  
2 agreement or obligation which might materially adversely affect the ability of such party to  
3 enter into this Agreement, to consummate such transactions, to assume and perform such  
4 obligations, or to bind itself to do so; (iii) such party shall not prevent, limit or restrict its  
5 ability to enter into this Agreement, to consummate such transactions, to assume and perform  
6 such obligations, or to bind itself to do so, including the exercise of any right such party may  
7 otherwise have in connection with the Existing Groves which would have any such effect;  
8 (iv) each individual executing this Agreement on behalf of such party is duly authorized to  
9 execute and deliver this Agreement on behalf of such party; and (v) this Agreement and all  
10 documents required to be executed by such party in connection with this Agreement are and  
11 shall be valid and enforceable against such party.

### 12 **23. ASSIGNMENT**

13 This Agreement is personal to Gless and is entered into by City based upon the  
14 experience and expertise of Gless. Whether voluntarily or by operation of law, Gless shall  
15 not assign or transfer all or any part of this Agreement or Gless' rights or obligations under  
16 this Agreement ("assign" or "assignment") without City's prior written consent, which consent  
17 shall not be unreasonably withheld. City shall not be unreasonable in withholding its consent  
18 to any assignment to any person or entity without both (i) experience in Farming and  
19 Management and (ii) financial condition, which are substantially comparable in quality to that  
20 of Gless' principal shareholder, John Gless. Any attempted assignment without City's prior  
21 written consent shall be void *ab initio*.

### 22 **24. SUCCESSORS AND ASSIGNS**

23 The covenants and agreements herein contained shall bind and inure to the benefit of  
24 the parties hereto and their respective successors, heirs and assigns. Within ten (10) days  
25 after the consummation of the same by City, City shall notify Gless in writing of any  
26 assignment, sale, encumbrance, or transfer by City permitted by the terms of this Agreement  
27 of all or any part of its interest in the Existing Groves and the name and address of such

1 assignee, purchaser, lender, or transferee.

2 **25. NOTICES**

3 All notices or other communications required or permitted under this Agreement shall  
4 be in writing and shall be deemed properly delivered, given or served (i) when personally  
5 delivered or (ii) on the third day after the date of mailing by only certified mail, postage  
6 prepaid, return receipt requested and addressed to the other party at the address set out below:

7 CITY: Real Property Services Manager  
City of Riverside  
8 3787 University Avenue  
Riverside, CA 92501

9 GLESS: Gless Ranch, Inc.  
10 1441 Ravenswood Drive  
Riverside, CA 92504

11 Any party may, upon written notice to the other, change its address for notice.

12 **26. ATTORNEYS' FEES**

13 In the event of any litigation between City and Gless to enforce any of the provisions  
14 of this Agreement or any right of either party hereto, the unsuccessful party to such litigation  
15 agrees to pay to the successful party all costs and expenses, including reasonable attorneys'  
16 fees, incurred therein by the successful party, all of which shall be included in and as a part  
17 of judgment rendered in such litigation.

18 **27. VENUE**

19 Any action at law or in equity brought by either party hereto for the purpose of  
20 enforcing any of the provisions of this Agreement or any right provided for by this  
21 Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State  
22 of California, and the parties hereby waive all provisions of law providing for a change of  
23 venue in such proceedings to any other county.

24 **28. PARAGRAPH TITLES**

25 The paragraph titles of this Agreement (i) are inserted only for the convenience of the  
26 parties, (ii) are not intended to describe, define, limit, or otherwise affect the provisions in  
27 the portions of the Agreement to which they pertain, and (iii) in no way describe, define,

1 limit, or otherwise affect the scope or intent of this Agreement or in any way affect the  
2 agreement of the parties set out in this Agreement.

3 **29. COMPUTATION OF PERIODS OF TIME**

4 All periods of time referred to in this Agreement shall include all Saturdays, Sundays,  
5 and state or national holidays, unless the period of time specifies business days. If the date  
6 or last date to perform any act or give any notice with respect to this Agreement shall fall on  
7 a Saturday, Sunday, or state or national holiday, such act or notice may be timely performed  
8 or given on the next succeeding day which is not a Saturday, Sunday, or state or national  
9 holiday.

10 **30. NO AGENCY OR PARTNERSHIP**

11 Nothing in this Agreement or in any document executed or delivered in connection  
12 with this Agreement is intended to be or to create, nor shall it be or create or be construed  
13 to be or to create, any agency, partnership, limited partnership, joint venture, corporation,  
14 trust, tenancy in common, co-ownership, or other relations between City and Gless other than  
15 Owner and Contractor in connection only with the Existing Groves.

16 **31. INTEGRATION**

17 This Agreement (including all exhibits attached hereto) contains the entire and only  
18 agreement and understanding between the parties with respect to the Existing Groves and the  
19 Crops, and all prior or contemporaneous agreements, understandings, representations,  
20 warranties, and other statements, oral or written, by or between the parties to this Agreement  
21 are merged herein and superseded by the terms of this Agreement. This Agreement may not  
22 be changed orally, but only by agreement in writing and signed by the party against whom  
23 enforcement of any amendment, change, modification, waiver, or discharge is sought.

24 **32. CONTRACT IN COUNTERPARTS**

25 This Agreement may be executed in counterparts, each of which shall be deemed an  
26 original and all of which together shall constitute one and the same agreement.

27 // //

1                   **33. LIST OF EXHIBITS**

2                   The following is the list of exhibits attached to this Agreement, and incorporated  
3 herein by this reference:

4                   Exhibit A -- Description of the Existing Groves  
5                   Exhibit B -- Map of the Existing Groves

6                   EXECUTED by the undersigned to be effective as of the date first written above.

7  
8                   "CITY"

9                   CITY OF RIVERSIDE, a  
10                   municipal corporation

11                  By John E. Holmes  
12                   City Manager

13                  Attest C. Nicol  
14                   City Clerk

"GLESS"

GLESS RANCH, INC., a  
California corporation

By John J. Gless  
Name: John J. GLESS  
Its: President

By John S. Gless  
Name: John S. GLESS  
Its: VICIPRESENT

Approved as to Form

Deputy City Attorney  
3-1-99

18                  G:\LEG\WPDATA\AGR\97180905.ET

PARCEL E-2:

A PORTION OF LOT 4 IN BLOCK 25 OF ARLINGTON HEIGHTS, AS SHOWN BY MAP ON FILE IN BOOK 11 PAGES 20 AND 21, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 4;  
THENCE NORTH 56° EAST, 237.5 FEET ALONG THE NORTHWESTERLY LINE OF DUFFERIN AVENUE;  
THENCE NORTH 34° WEST, 680.25 FEET;  
THENCE SOUTH 56° WEST, 237.5 FEET;  
THENCE SOUTH 34° EAST, 680.25 FEET TO THE POINT OF BEGINNING.

PARCEL E-3:

ALL THAT PORTION OF LOT 4 IN BLOCK 25 OF ARLINGTON HEIGHTS, AS SHOWN BY MAP ON FILE IN BOOK 11 PAGES 20 AND 21, OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS, BY METES AND BOUNDS;

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT;  
THENCE NORTH 56° EAST, ALONG THE NORTHWESTERLY LINE OF DUFFERIN AVENUE, 237.5 FEET FOR THE POINT OF BEGINNING;  
THENCE NORTH 34° WEST, 680.25 FEET;  
THENCE NORTH 56° EAST, 398.34 FEET;  
THENCE SOUTH 34° EAST, 528.15 FEET;  
THENCE SOUTH 56° WEST, 40.35 FEET;  
THENCE SOUTH 34° EAST, 152.10 FEET;  
THENCE SOUTH 56° WEST, 358 FEET TO THE POINT OF BEGINNING;  
ESTIMATED TO CONTAIN 6.08 ACRES OF LAND;

TOGETHER WITH ALL THAT PORTION OF THE NORTHWESTERLY HALF OF DUFFERIN AVENUE, ADJOINING THE HEREINABOVE DESCRIBED PROPERTY, WHICH WAS ABANDONED BY RESOLUTION OF THE COUNCIL OF THE CITY OF RIVERSIDE, DATED JULY 21, 1926, AND RECORDED JULY 24, 1926 IN BOOK 682 PAGE 471 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

LOT 42 OF THE RE-SUBDIVISION OF BLOCK 32 IN ARLINGTON HEIGHTS, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 37 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

LOT 48 OF THE RESUBDIVISION OF BLOCK 32, AS SHOWN BY MAP ON FILE IN BOOK 1, PAGE 37 OF MAPS, RIVERSIDE COUNTY RECORDS.

CROP MAINTENANCE AGREEMENT - EXHIBIT "A-1"

CITRUS MANAGEMENT AGREEMENT  
VAN BUREN AND VICTORIA

*EXHIBIT "A - 2"*

LOT A OF TRACT 8653 ON FILE IN MAP BOOK 92, PAGES 70 THROUGH 73  
THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

LOT D OF TRACT 8145 ON FILE IN MAP BOOK 90, PAGES 29 THROUGH 30  
THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

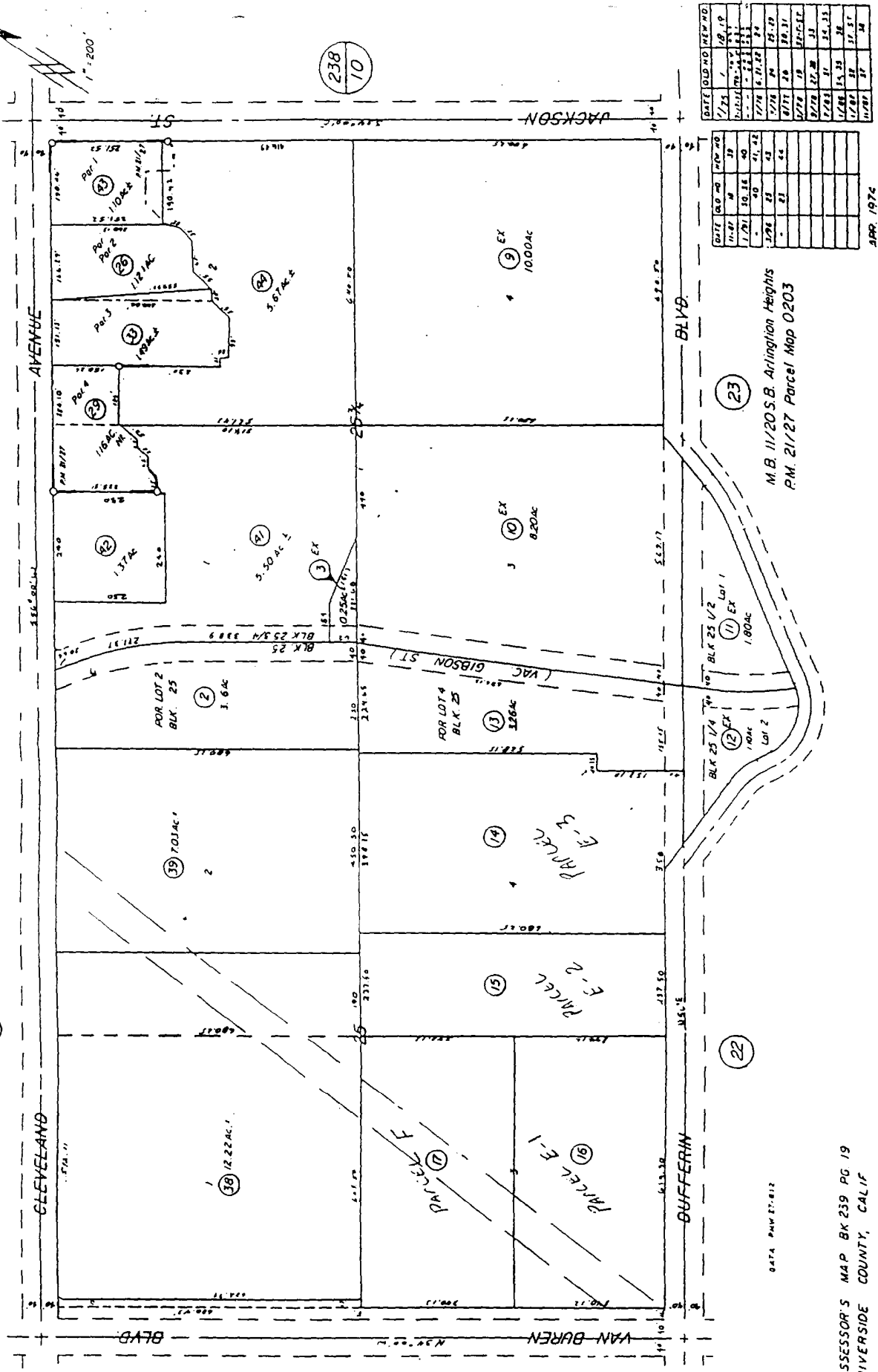
LOTS D, E, F, AND G OF TRACT 8684 ON FILE IN MAP BOOK 93, PAGES 84  
THROUGH 85 THEREOF, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

239-19.

T.R. A 902

POR. CITY OF RIVERSIDE  
(ARLINGTON HEIGHTS, BLKS 25, 25 1/4, 25 1/2, 25 3/4, 25 1/2 W)

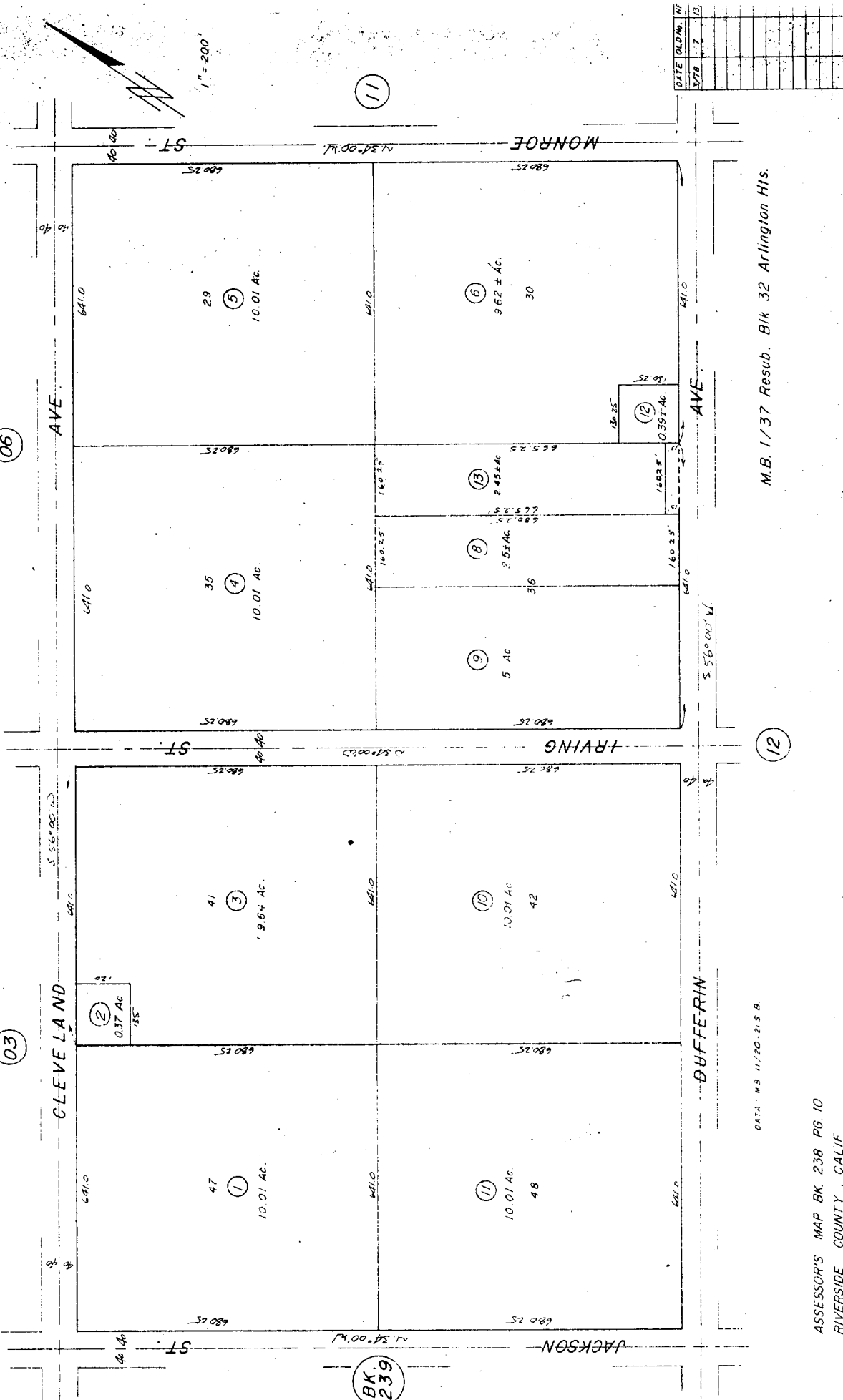
THIS MAP IS FOR  
ASSESSMENT PURPOSES ONLY



DATE	OLD NO	NEW NO.
1/25	1	18, 19
1/25	2	20, 21
1/25	3	22, 23
1/25	4	24, 25
1/25	5	26, 27
1/25	6	28, 29
1/25	7	30, 31
1/25	8	32, 33
1/25	9	34, 35
1/25	10	36, 37
1/25	11	38, 39

06

03



M.B. 1/37 Resub. Blk. 32 Arlington Hts.

DATA: M.B. 11/20-21 S.B.

ASSESSOR'S MAP BK. 238 PG. 10  
RIVERSIDE COUNTY, CALIF.

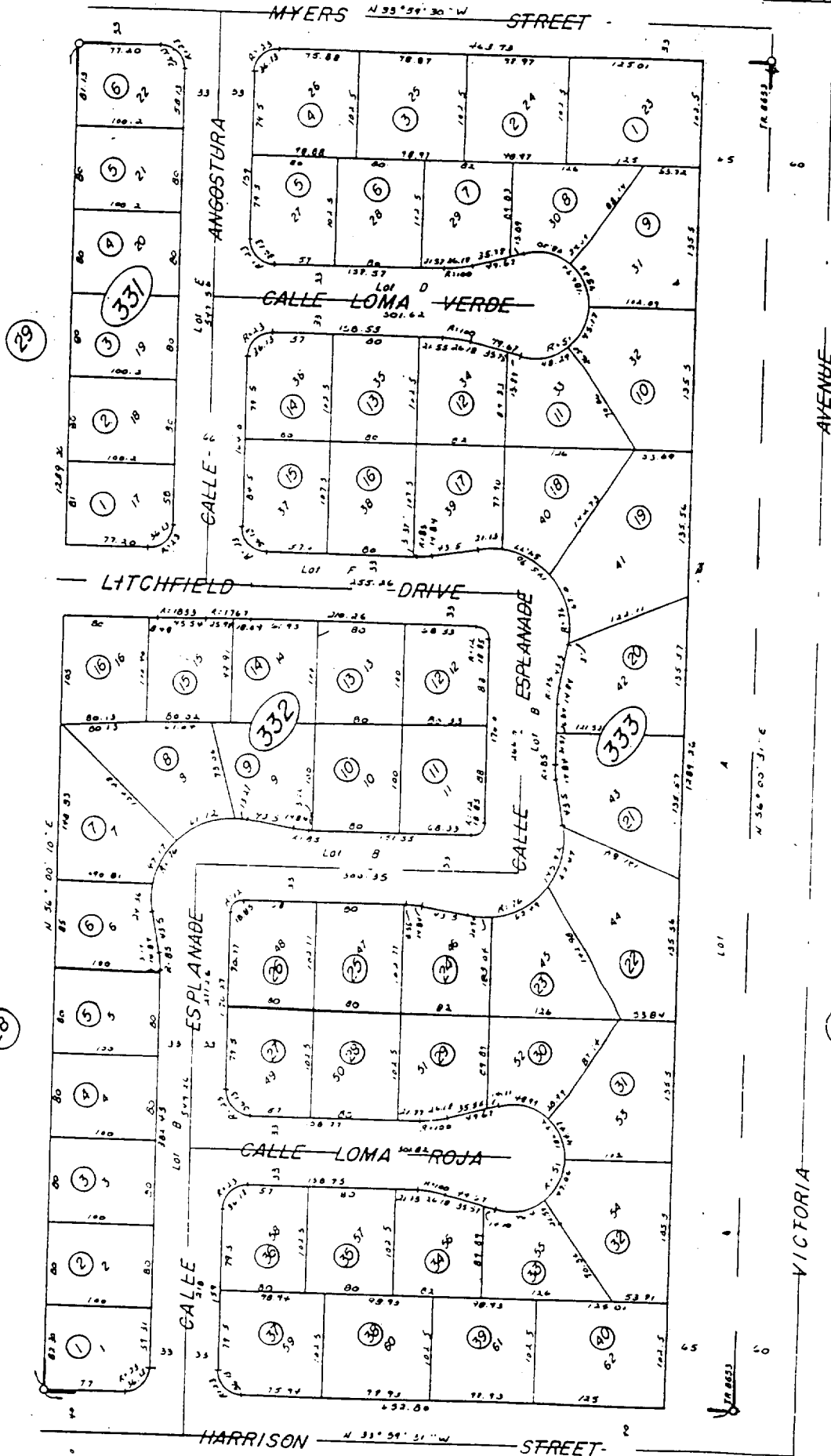
APR. 1974



239-33

I.R.A. 902

Por. CITY OF RIVERSIDE  
(POR. T.3S. R.5W.)



M.B. 92/70-73 TR. 8653

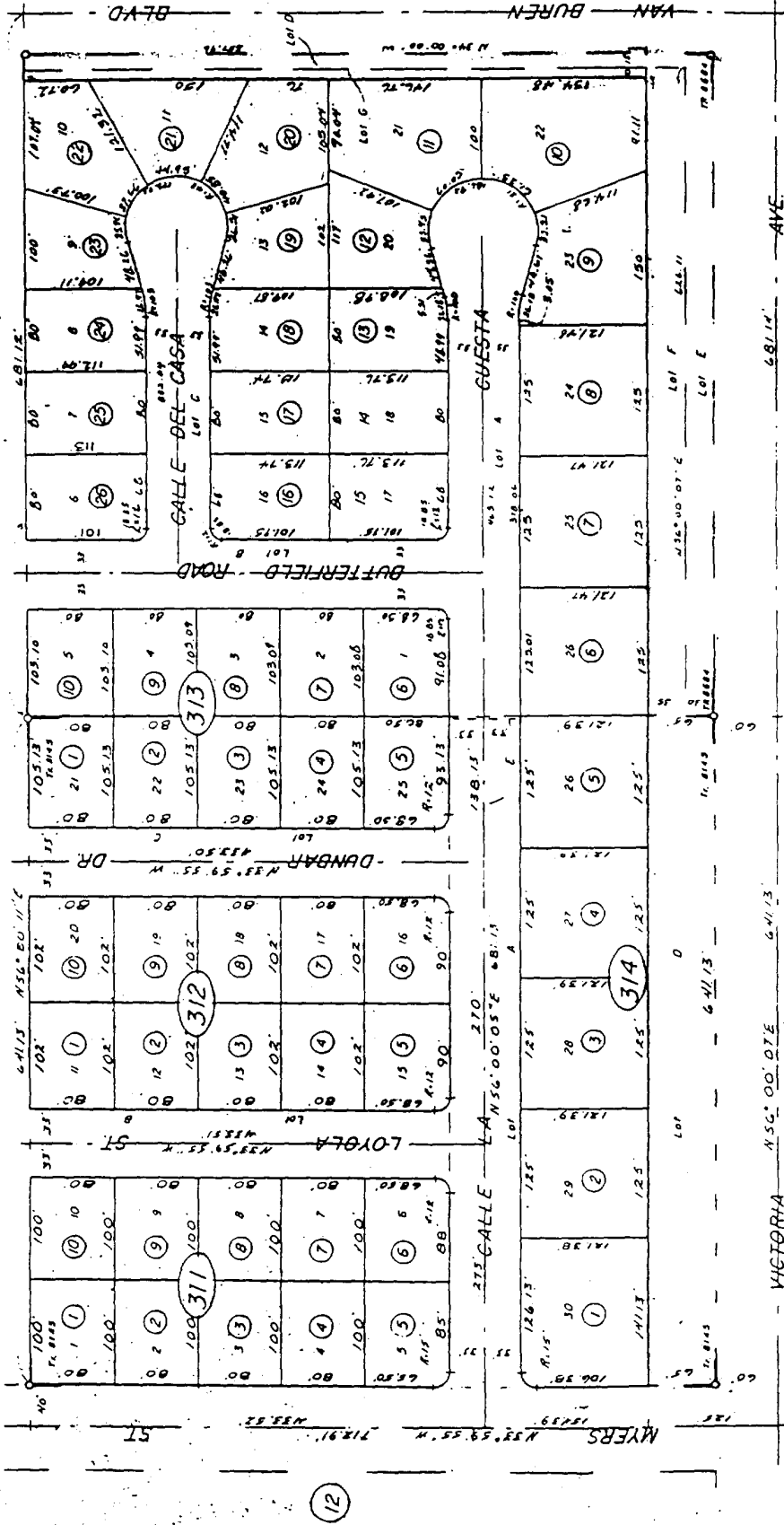
ESSOR'S MAP BK 239 PG. 33  
ERSIDE COUNTY, CALIF.

EXISTING GROVES

crop maintenance Agreement - Exhibit "B-2"

NOV. 1977

POR. SEC. 18 T.3 S., R.5 W.  
(POR. CITY OF RIVERSIDE)

[illegible]

M.B. 90/29-30 Tract. No. 8145  
M.B. 93/84 TRACT NO. 8684

MAY 1977

ASSESSOR'S MAP BK 239 PG. 31  
RIVERBEND COUNTY CALIF

EXISTING GROVES