

GROVE LICENSE AGREEMENT

THIS GROVE LICENSE AGREEMENT ("License") is made as of this 18th day of September, 2012, between Howard Industrial Partners LLC, a California limited liability company and its assigns ("Licensor") and the City of Redlands, a municipal corporation ("Licensee").

RECITALS

A. Licensor and Licensee are parties to that certain Conditional Property Disposition Agreement dated as of October 18, 2011, as amended (the "Agreement"), pursuant to which the Licensee agrees to convey to Licensor that certain real property located in the City of Redlands, California, legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Property"), on the terms and conditions contained in the Agreement.

B. Pursuant to the terms of the Agreement, Licensor and Licensee have agreed to enter into this License to permit Licensee to continue to operate the Property as an orange grove, on the terms and conditions contained herein.

AGREEMENT

In consideration of the above and the mutual covenants and agreements herein, the parties agree as follows:

1. Grant of License. Licensor hereby grants to Licensee a nonexclusive, temporary license to use the Property for the purpose of operating the existing orange groves thereon, in the same manner and using the existing improvements, including but not limited to Licensee's right to irrigate the groves and to harvest the oranges from the Property.
2. Use by Licensor. Licensor reserves the right to use, or grant any other party the right to use, the Property for any purpose whatsoever, provided the same does not materially interfere with or prohibit Licensee's use of the Property for the purposes herein granted.
3. Covenants of Licensee. Licensee covenants that (a) when all or any part of the Property or any other property owned by Licensor shall be disturbed or altered in any way by Licensee (or Licensee's agents, contractors, direct and indirect employees, or others for whose acts any of them may be liable [collectively, "Representatives"]) in connection with the exercise of its rights hereunder, Licensee, at its sole expense, shall promptly restore the Property and other Licensor property to as good a condition or better as existed immediately prior to any disturbance or alteration, (b) it shall maintain the Property and all improvements thereon (including, without limitation, fences) in a safe, neat, operational and clean condition and shall minimize any interference with Licensor's operations thereon, (c) it shall at all times comply with applicable laws, rules, regulations,

ordinances and rulings in connection with its use and operations on the Property, and (d) all costs, expenses and liabilities in connection with the operation of the grove on the Property shall be borne solely by Licensee. Licensee shall indemnify, defend and hold harmless Licensors, its parent and subsidiary companies, and all of their officers, directors, trustees, partners, managers, shareholders, employees, agents, successors and assigns (collectively, "Indemnified Parties") from all losses, costs, damages, claims, liabilities or expenses (including attorneys' fees) directly or indirectly suffered or incurred by or asserted against any of the Indemnified Parties by reason of, on account of or in any way relating to, Licensee's or its Representatives' use and enjoyment of the Property. Licensee hereby acknowledges and agrees that the Indemnified Parties shall not be liable to Licensee or any of Licensee's Representatives for any injury, loss, damage, liability, claim, cause of action or expense incurred or suffered by any of them, directly or indirectly arising out of or in any way relating to entry upon the Property and/or the performance thereon of the work contemplated under this License by Licensee or any of Licensee's Representatives from any cause whatsoever, except to the extent caused by the negligence or willful misconduct of an Indemnified Party. Licensee acknowledges that Licensors do not currently occupy the Property, and makes no express or implied representation or warranty concerning subsurface or latent conditions at the Property.

4 Hazardous Materials Handling. Nothing in this Agreement shall give Licensee the right to use the Property to treat, store or dispose of any materials or wastes, including but not limited to hazardous wastes. Licensee is, and at all times shall identify itself as, the generator of any wastes or hazardous wastes resulting from Licensee's activities under this License. Licensee shall be responsible for the proper characterization of any such wastes as hazardous or non-hazardous and their proper management. All documentation for transportation or disposal of such wastes and hazardous wastes from the Property shall be prepared and executed in Licensee's name only and Licensors shall have no responsibility or liability therefore.

5. Insurance. Licensee and its Representatives shall, at their sole cost and expense, maintain, during the term of this Agreement, the following policies of insurance, with deductibles/self-insured retentions, with carriers that maintain a Rating of no less than A- from A.M. Best, and, except with respect to the coverage in sub-paragraph (i) below, naming Licensors as an additional insured on a primary non-contributing basis. Licensee shall furnish Licensors with certificate(s) evidencing such insurance prior to the commencement of any activities upon the Property:

(i) Worker's Compensation Insurance with limits as required by applicable law, and covering all persons employed in the conduct of the activities to be undertaken under this Agreement;

(ii) Commercial General Liability Insurance on an "occurrence" basis, covering all operations of Licensee as named insured, including, without limitation, (1) property damage liability, and (2) contractual liability (which includes coverage for the indemnity and hold harmless agreement set forth in this License), against claims for bodily injury, property damage and death, and

with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence, and Five Million Dollars (\$5,000,000) in the aggregate;

(iii) Comprehensive Automobile Liability Insurance on an "occurrence" basis, with a combined single limit of not less than Two Million Dollars (\$2,000,000) per occurrence against bodily injury and property damage liability arising out of the use by or on behalf of Licensee or its Representatives, of any owned, non-owned or hired motor vehicle or automotive equipment. Such comprehensive automobile liability insurance shall include contractual liability coverage unless such coverage is included in the Commercial General Liability Insurance;

(iv) Contractors' Pollution Liability for any contractors performing any environmental work on the Property in an amount of not less than Two Million Dollars (\$2,000,000) per occurrence/incident/claim covering losses caused by pollution conditions that arise from the operations of such contractor on or about the Property, including bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death, property damage including physical injury to or destruction of tangible property including resulting loss of use, clean up costs, and the loss of use of tangible property that has not been physically injured or destroyed and defense including costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages.

Such certificates must be provided to Licensors prior to any entry onto the Property by Licensee.

6. Governing Law. This License shall be construed and enforced in accordance with the laws of the State of California.

7. Severability. All terms and conditions of this License will be deemed severable. Should any one or more of the terms and conditions hereof be deemed void or unenforceable, then (a) the remaining provisions will have full force and effect, and (b) those provisions deemed void or unenforceable will be interpreted, to the extent possible, so as to render such provisions enforceable and in a way consistent with the original intent of the parties hereto.

8. Counterparts. This License may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

9. Term. This License shall terminate on the first to occur of the following: (a) Licensors giving Licensee 60 days' advance written notice of Licensors' intent that the Commencement of Construction (as defined in the Agreement) shall begin within the following six (6) months; or (b) Licensors giving Licensee 60 days' advance written notice of Licensors' intent to terminate, which it may give in its sole and absolute discretion; or (c) Licensors giving Licensee 15 days' advance written notice following a

default of Licensee, which default remains uncured within such 15 day period. Licensor may terminate pursuant to Section 9(a) or Section 9(b) at any time without regard to the status of the grove operations, for example, even in the event such termination occurs immediately preceding the grove's harvest time.

10. Default. If either party fails to perform as required hereunder and is given written notice of default, and if the defaulting party fails to correct the default within fifteen (15) days after such notice, or if in the case of a default involving potential danger to personal health or safety, the defaulting party fails to correct the default within one (1) day after that notice, then the nondefaulting party, at its election and in its sole discretion, may cure the default for and on behalf of the nondefaulting party, and any amounts which the non-defaulting party may expend for that purpose or which otherwise may be due by the defaulting party to the nondefaulting party shall be due on demand together with interest thereon at a rate which is the greater of 15% per annum or the maximum rate permissible by law, from the date of expenditure to the date when full payment is made by the defaulting party.

11. Remedies. In the event of a breach or threatened breach of any term, covenant or condition of this License, the nonbreaching party shall have, in addition to all other legal and equitable remedies available, the right to enforce the provisions hereof by injunctive relief or otherwise, without the necessity of proof of actual damage or inadequacy of any legal remedy. If any legal action or other proceeding is brought to enforce this License, or because of an alleged dispute, breach, or default in connection with any of the provisions of this License, the successful or prevailing party will be entitled to recover reasonable attorney fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

12. Liens. Licensee shall keep the Property, and any part thereof, free and clear of all mechanics', materialmens', Licensees', or subcontractors' liens arising from the Licensee's activities on the Property. In the event any such liens shall be filed against the Property, Licensor shall provide prompt written notice of same to Licensee and Licensee shall cause the same to be paid, discharged, released and satisfied and/or removed of record by bonding or otherwise within ten (10) business days following Licensee's receipt of Licensor's written notice of same. If Licensee fails to cause any such liens to be removed of record within the foregoing time period, then Licensor may do so and Licensee shall reimburse Licensor for the costs it incurs in connection with such removal within ten (10) days following Licensor's written demand.

13. Notices. If any notice required or desired to be given to either party hereunder shall be deemed given: (a) when delivered personally to that party, or (b) one (1) day after deposit with a nationally recognized overnight courier service, or (c) three (3) days after deposit in the United States mail, as certified mail, return receipt requested, postage prepaid. Notices delivered pursuant to subsections (b) or (c) hereof shall be delivered to the following addresses, all of which information shall be deemed current unless notice is given to the other party of a change hereto pursuant to the notice requirements herein:

If to Licensor: Howard Industrial Partners
 Timothy J. Howard, Owner
 155 N. Riverview Drive
 Anaheim Hills, California 92808

If to Licensee: City of Redlands
 City Clerk
 35 Cajon Street, Suite 4
 P.O. Box 3005 (mailing)
 Redlands, California 92373

14. Successors and Assigns. The rights and obligations of Licensor and Licensee hereunder will be binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns. Provided, however, that the rights herein granted are personal to Licensee and may not be assigned, directly or indirectly, partially or wholly, to any other party.

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THIS LICENSE has been executed by the Licensors and the Licensee as of the date and year first set forth above.

LICENSOR

HOWARD INDUSTRIAL PARTNERS
LLC, a California limited liability company

By: Timothy J. Howard
Timothy J. Howard, Owner

LICENSEE

THE CITY OF REDLANDS

By: Pete Aguilar
Pete Aguilar, Mayor

ATTEST:

By: Sam Irwin
Sam Irwin, City Clerk

EXHIBIT A

Property Legal Description

EXHIBIT 'A'

File No.: **NCS-499611-ONT1 (jd)**

Property: **+/-37.18 Acres, APN# 0292-044-09;10;11and;12, Redlands, CA 92374**

PARCEL A:

LOTS 1 AND 4, GREGORY TRACT NO. 1, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 19 OF MAPS, PAGE 94, RECORDS OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF PALMETTO AVENUE VACATED BY RESOLUTION NO. 7145 RECORDED JUNE 4, 2012 AS INSTRUMENT NO. 2012-0218943 OF OFFICIAL RECORDS DESCRIBED IN EXHIBIT "A", BOUNDED ON THE EAST BY THE EASTERLY LINE OF SAID LOT 4 PROJECTED SOUTHERLY.

APN: 0292-044-09-0-000 AND 0292-044-10-0-000

PARCEL B:

LOT 7 OF GREGORY TRACT NO. 1, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED IN BOOK 19, PAGE 94 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

EXCEPTING THAT PORTION OF LOT 7 OF SAID GREGORY TRACT NO. 1 DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF LOT 7 OF SAID GREGORY TRACT NO. 1 AS SHOWN ON RECORD OF SURVEY RECORDED IN BOOK 68, PAGE 23 RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, THENCE; S89°27'57"E 320 FEET, MORE OR LESS, ALONG THE NORTH LINE OF SAID LOT 7, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 320 FEET EAST OF THE WEST LINE OF SAID LOT 7, SAID POINT BEING THE TRUE POINT OF BEGINNING, THENCE; S00°38'21"W 30.07 FEET, MORE OR LESS, PARALLEL WITH AND 320 FEET EAST OF SAID WEST LINE OF LOT 7, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 600.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 7, THENCE; S89°27'49"E 340.66 FEET, MORE OR LESS, PARALLEL WITH AND 600.00 FEET NORTH OF SAID SOUTH LINE OF LOT 7, TO THE EAST LINE OF SAID LOT 7, THENCE; N00°36'38" E 30.08 FEET, MORE OR LESS, ALONG THE EAST LINE OF SAID LOT 7, TO THE NORTHEAST CORNER OF SAID LOT 7, THENCE; N89°27'57"W 340.65 FEET, ALONG THE NORTH LINE OF SAID LOT 7, TO THE POINT OF BEGINNING.

SAID PROPERTY BEING DESCRIBED AS PROPOSED PARCEL 1 IN A CERTIFICATE OF COMPLIANCE RECORDED JUNE 4, 2012 AS INSTRUMENT NO. 2012-0218944 OF OFFICIAL RECORDS OF SAID SAN BERNARDINO COUNTY.

TOGETHER WITH THAT PORTION OF PALMETTO AVENUE VACATED BY RESOLUTION NO. 7145 RECORDED JUNE 4, 2012 AS INSTRUMENT NO. 2012-0218943 OF OFFICIAL RECORDS DESCRIBED IN EXHIBIT "A", BOUNDED BY THE WESTERLY AND EASTERLY LINES OF SAID LOT 7 PROJECTED SOUTHERLY.

Date: **September 19, 2012**

APN: A PORTION OF 0292-044-11-0-000

PARCEL C:

LOT 10 OF GREGORY TRACT NO. 1, IN THE CITY OF REDLANDS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED IN BOOK 19, PAGE 94 OF MAPS IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

EXCEPTING THAT PORTION OF LOT 10 OF SAID GREGORY TRACT NO. 1 DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 10 OF SAID GREGORY TRACT NO. 1 AS SHOWN ON RECORD OF SURVEY RECORDED IN BOOK 68, PAGE 23 RECORDS OF SURVEY IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, THENCE; N89°27'57"W 300 FEET, MORE OR LESS, ALONG THE NORTH LINE OF SAID LOT 10, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 300 FEET WEST OF THE EAST LINE OF SAID LOT 10, SAID POINT BEING THE TRUE POINT OF BEGINNING, THENCE; S00°34'55"W 30.10 FEET, MORE OR LESS, PARALLEL WITH AND 300 FEET WEST OF SAID EAST LINE OF LOT 10, TO A POINT ON A LINE THAT IS PARALLEL WITH AND 600.00 FEET NORTH OF THE SOUTH LINE OF SAID LOT 10, THENCE; N89°27'49"W 330.67 FEET, MORE OR LESS, PARALLEL WITH AND 600.00 FEET NORTH OF SAID SOUTH LINE OF LOT 10, TO THE WEST LINE OF SAID LOT 10, THENCE; N00°36'38"E 30.08 FEET, MORE OR LESS, ALONG THE WEST LINE OF SAID LOT 10, TO THE NORTHWEST CORNER OF SAID LOT 10, THENCE; S89°27'57"E 330.65 FEET, ALONG THE NORTH LINE OF SAID LOT 10, TO THE POINT OF BEGINNING.

SAID PROPERTY BEING DESCRIBED AS PROPOSED PARCEL 3 IN A CERTIFICATE OF COMPLIANCE RECORDED JUNE 4, 2012 AS INSTRUMENT NO. 2012-0218944 OF OFFICIAL RECORDS OF SAID SAN BERNARDINO COUNTY.

TOGETHER WITH THAT PORTION OF PALMETTO AVENUE VACATED BY RESOLUTION NO. 7145 RECORDED JUNE 4, 2012 AS INSTRUMENT NO. 2012-0218943 OF OFFICIAL RECORDS DESCRIBED IN EXHIBIT "A", BOUNDED ON THE WEST BY THE WESTERLY LINE OF SAID LOT 10 PROJECTED SOUTHERLY.

A.P.N. A PORTION OF 0292-044-12-0-000