

February 5, 2026

Board of Directors  
Ventura Regional Sanitation District  
Ventura, California

**APPROVE, AND AUTHORIZE THE BOARD CHAIR TO SIGN, PROPOSED AGRICULTURAL LEASE AGREEMENT (VRSD CONTRACT NO. 25-008) WITH PYRAMID FLOWERS, INC. FOR THE BAILARD LANDFILL BUFFER PARCEL**

**RECOMMENDATION**

Approve, and Authorize the Board Chairperson to sign, Contract 25-008 with Pyramid Flowers, Inc. for the property known as the Bailard Buffer Parcel.

**FISCAL IMPACT**

The proposed lease agreement's base annual rent as of FY2025-2026 is set at a market consistent amount of \$111,414, which is an increase over the previous base annual rent (\$107,856 for FY2024-2025) and which will be phased in over three years as previously directed by the Board.

**BACKGROUND/ANALYSIS**

When the District assumed ownership and maintenance responsibility for the Oxnard landfills (Bailard and Coastal) in the mid-1990s, the District was required by the County of Ventura to maintain a buffer parcel between the closed Bailard Landfill and adjacent properties. The buffer parcel is required to be kept or maintained in agricultural usage consistent with surrounding land uses.

In accordance with this land use requirement, the District has been leasing the Bailard Buffer Parcel (see attached map within contract) to Pyramid Flowers since 1996 for their agricultural use. The Bailard Buffer Parcel contains approximately twenty-five acres of rentable agricultural land. The current lease expired on June 30, 2025. Pyramid Flowers has been holding over in accordance with the current lease since that time in anticipation of this new lease agreement.

**PROPOSAL**

The terms of the attached proposed lease agreement are consistent with those in the prior contract (Contract 20-003) and have been agreed upon with the owner of Pyramid Flowers. This new lease agreement, Contract 25-008, was written to commence on July 1, 2025 (i.e., backdated), and terminate on June 30, 2028. The new lease agreement also includes the option for Pyramid to renew for one three-year extension. The proposed

lease agreement has also been updated and revised in recognition of ongoing litigation involving groundwater extraction rights.

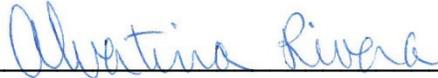
The base rent for each of the three lease agreement years is \$111,414 with an annual inflationary adjustment in the second and third years based on the Consumer Price Index (CPI-U). Should Pyramid decide to exercise its lease option for another 3-year period, those annual rent payment amounts would be subject to a CPI increase as well.

Based on the foregoing, Staff recommends the approval of a new lease with Pyramid Flowers.

This letter and the associated contract have been reviewed by Legal Counsel as to form.

If you should have any questions or need additional information, please contact Eric Zetz by phone at (805) 658-4648 or email at [ericzetz@vrsd.com](mailto:ericzetz@vrsd.com).

Eric Zetz, General Manager

APPROVED FOR FISCAL IMPACT:   
Tina Rivera, Director of Finance

APPROVED FOR AGENDA:   
Eric Zetz, General Manager

Attachments:

1. VRSD Contract No. 25-008 with Pyramid Flowers, Inc.

Ventura Regional Sanitation  
District  
Contract No. 25-008  
AGRICULTURAL LEASE  
(Bailard Buffer Parcel)

THIS AGRICULTURAL LEASE is entered into this 1<sup>st</sup> day of July 2025, by and between the VENTURA REGIONAL SANITATION DISTRICT, a California County Sanitation District (“Landlord”) and PYRAMID FLOWERS, INC., a California corporation (“Tenant”).

1. PREMISES

Pursuant to the terms, conditions and covenants hereof, Landlord hereby leases to Tenant, and Tenant leases from Landlord, that certain real property containing approximately twenty-five (25) gross farmable acres of agricultural land, hereinafter called the Premises, which is illustrated as Bailard Buffer Parcel in Exhibit A more particularly described in Exhibit B, which exhibits are attached hereto and incorporated herein by reference.

2. TERM AND OPTIONS TO EXTEND TERM

- a. The term of this Lease shall be for a period of three years, commencing on July 1, 2025, and terminating on June 30, 2028.
- b. Landlord hereby grants to Tenant an option to extend the term of this Lease for one (1) three (3)-year option period commencing when the prior Term stated in Paragraph 2.a. above expires upon the following terms and conditions:
  - i. Tenant shall give written notice to Landlord of Tenant’s desire to extend the Lease for one (1) three (3)-year option period at least one hundred eighty (180)-days prior to the date the option period would commence;
  - ii. All the terms and conditions of this Lease, except where specifically modified by this option to extend, shall apply; and
  - iii. Rent for the option period shall be equal to the previous year’s annual rent, plus a percentage increase based upon the Consumer Price Index as set forth in Paragraph 3 below.

3. RENTAL

- a. Tenant shall pay an annual base rent the sum of One Hundred and Eleven Thousand Four Hundred and Fourteen Dollars and Forty-six Cents (\$111,414.46) for July 1, 2025 to June 30, 2026.
- b. Tenant shall pay an annual base rent the sum of One Hundred and Eleven Thousand Four Hundred and Fourteen Dollars and Forty-six Cents (\$111,414.46) for July 1, 2026 to June 30, 2027, plus an increase based on the Consumer Price Index applied to this annual base rental amount.

- c. Tenant shall pay an annual base rent the sum of One Hundred and Eleven Thousand Four Hundred and Fourteen Dollars and Forty-six Cents (\$111,414.46) for July 1, 2027 to June 30, 2028, plus an increase based on the Consumer Price Index for the previous two years applied to this annual base rental amount.
- d. Rent shall be paid in equal quarterly payments, on or before: July 1st, October 1st, January 1st, and April 1st, for each lease year.
  - i. For purposes of this section, the Consumer Price Index shall be the All Urban Consumers Price Index (CPI-U) for the Los Angeles-Long Beach-Anaheim metropolitan area as reported for the last day of that annual period by the Bureau of Labor Statistics of the United States Department of Labor.
- e. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any installment of rent or any other sum due from Tenant is not received by Landlord within ten (10) days after such amount is due, Tenant shall pay to Landlord a late charge equal to six percent (6%) of such overdue amount.
- f. Although the date on which this Lease is executed is after the beginning of the annual rental period of July 1, 2025 through June 30, 2026, the annual rental figure for July 1, 2025 through June 30, 2026 shall be retroactive to July 1, 2025. Any rents paid by Tenant for the period beginning July 1, 2025 but before the final execution of this Lease shall be credited by Landlord towards the correct quarterly rental payment set forth in 3.b above.
- g. All policies of insurance maintained by Tenant (1) shall insure Tenant, Landlord and all.

#### 4. TAXES and FEES

Tenant shall pay to Landlord or directly to the taxing or assessing authority the amount of all assessments, levies, taxes and other charges imposed or levied by (1) the County of Ventura relating to this lease or any personal property or trade fixture belonging to Tenant and located on the Premises, and (2) United Water Conservation District (UWCD) or any successor, replacement, assignee or substituted entity thereof, for the provision of water, water facilities or related services to the Premises for Tenant's use during the term of this Lease. If Tenant uses any UWCD water for which Landlord is charged by UWCD, Landlord shall prorate such UWCD charges during the term of this Lease and Tenant shall pay the pro-rated amount.

#### 5. USE

During the Lease term, Tenant shall use and occupy the Premises solely to conduct agricultural operations, and such other activities as may be reasonably related to agriculture. No buildings or permanent structures shall be constructed on the Premises.

#### 6. UTILITIES

Tenant, at its sole cost and expense, shall pay for all utilities including, but not limited to, telephones, gas, electricity, water and sewage and rubbish removal used in or on the Premises, before the same become delinquent, and Tenant shall hold Landlord harmless from any liability, cost or expense for such utility charges.

## 7. WATER AVAILABILITY

- a. Tenant hereby acknowledges that, except as provided in Paragraph 7.b. below, Landlord has made no representations, warranties or guarantees with respect to the availability, quantity or quality of any water supplies or sources which may be required by Tenant for the operation of its agricultural business on the Premises. Tenant acknowledges and agrees that it shall be solely responsible and liable for the acquisition of all water which may be required by Tenant and to obtain any and all water necessary for the conduct of its business operations on the Premises at its sole cost and expense including, but not limited to, all expenses related to all county or mutual water district fees, charges, assessments, levies, and other costs imposed to provide such water. In the event Tenant purchases water from a water agency, mutual water company, municipal water district, or any other party, Tenant hereby agrees to be responsible for and to pay such water bills directly to such entity. Tenant shall indemnify, defend and hold Landlord, and the Premises, harmless from any and all obligations for the payment of such water billings and charges.
- b. Landlord shall make available to Tenant Landlord's Water Well (02N22W29D08) located on the Landlord's Flood Control Parcel (Water Well). Tenant shall maintain Water Well in accordance with industry standards. The Water Well pump shall be operated within its design parameters and shall not be turned on or off more than three times per hour. Tenant shall immediately notify Landlord if the Water Well begins to pump excessive sand. All ordinary costs of operating the Water Well, including, without limitation, electric energy charges (including any standby charges), and pumping surcharges by United Water Conservation District, or any other governmental agency shall be promptly paid for by Tenant. Tenant shall be solely responsible for and pay all expenses of compliance with any statute, ordinance, rule or regulation applicable to the operation and repair of the Water Well, and all expenses relating to the repair, maintenance or replacement of the mechanical or electrical well equipment located above the surface of the land and shall properly lubricate the well, pump, shaft, and bearings. Landlord shall bear the expense of repairing the well hole, pipes, casing and bowls in the event of any well failure occurring below the surface of the land. Landlord cannot and does not make any guarantee concerning the quantity of water available from the Water Well or concerning the continued availability of water. Tenant hereby acknowledges and accepts that Landlord is not a public utility and does not guarantee any specific quantity or quality of water extracted from the Water Well. Tenant hereby acknowledges and accepts the fact that the Landlord is the sole owner of the Water Well as well as any groundwater extraction rights and/or groundwater allocation that may be associated with either the Water Well or ownership of the Buffer Parcel, which overlies the Oxnard Santa Clara Rier Valley Groundwater Basin, Oxnard Subbasin. Tenant hereby acknowledges and agrees that any water furnished from the Water Well for its use shall be governed by the terms of this Agreement.

## 8. ACCEPTANCE OF PREMISES

Tenant hereby acknowledges that it has fully inspected the Premises, and all improvements thereon, and accepts the same in its present condition "as is". Landlord makes no guarantees, warranties or representations regarding the fitness of the Premises to support agricultural crops. Tenant further acknowledges that the Premises is located adjacent to a closed solid waste landfill and as such, the Premises may be subject to certain conditions including, but

not limited to, the presence of sea gulls and other birds, odor, dust, noise, airborne pollutants and the subsurface migration of methane gas, chemicals, liquid substances and other compounds. Tenant further acknowledges that the Premises experience significant flooding during the winter including, but not limited to, drainage from the landfill drainage ditch when the outlet to the Santa Clara River does not drain due to high water and/or the County drain along Victoria Avenue overflows. Tenant assumes and accepts all risks, losses, damages, and costs related to such conditions and releases Landlord from liability for any of those conditions.

## 9. BOUNDARIES

Tenant is aware of the approximate boundaries of the Premises and, in the event of any dispute between Landlord and Tenant or any other party concerning said boundaries, the designation of these boundaries by Landlord shall be binding on all parties. Tenant further agrees that the Premises contains approximately twenty-five (25) gross acres and that no adjustment in the rent payable hereunder shall be made in the event the actual gross acres is later determined to be greater or less than such agreed acreage.

## 10. ENCUMBRANCES AND LIENS

- a. Tenant shall not, at any time during the Lease Term, encumber its leasehold interest or Landlord's fee title by deed of trust, mortgage, lien or any other similar security instrument.
- b. Tenant shall not suffer or permit to be enforced against the Premises, or any part thereof, any mechanic's, materialman's, contractor's, or subcontractor's lien arising from any claim for damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any other claim or demand, howsoever the same may arise, and Tenant shall pay or cause to be paid all of such liens, claims, and demands before any action is brought to enforce them against the Premises.
- c. Tenant hereby agrees to indemnify and hold Landlord and the Premises free and harmless from all liability for any and all such liens, mortgages, deeds of trust, claims and demands, including reasonable attorney fees, and all costs and expenses in connection therewith.
- d. In the event Tenant fails to discharge any such lien, as provided in subsection b of this Section, or to furnish a bond against the foreclosure of such lien, as provided by the statutes of the State of California, Landlord may, but is not obligated to, discharge such lien or take such other action as Landlord deems necessary to prevent a judgment or foreclosure upon such lien from being executed against the Premises. All costs and expenses of any such action, including reasonable attorney's fees, incurred by Landlord shall be repaid by Tenant upon demand and, if Tenant fails to reimburse Landlord, Landlord may treat Tenant as being in default under this Lease.
- e. Landlord expressly reserves and shall have the right at all reasonable times to post and keep posted on the Premises such notices of non-responsibility as Landlord may deem necessary for the protection of Landlord and the fee of the Premises from mechanic's and materialman's liens.

## 11. INSURANCE

- a. Tenant shall, at its sole cost and expense and at all times during the Term of this Lease, maintain in force and effect for the joint benefit of Landlord and Tenant, a broad-form comprehensive coverage policy of public liability insurance under the terms of which Landlord and Tenant are named as co-insured's and are indemnified against liability for damage or injury to the Premises, property or person (including death) of Tenant or any employee, agent, representative, licensee or invitee of

Tenant, or of any other person entering upon or using the Premises or any structures thereon, and arising from the use and occupancy thereof. Such insurance policy or policies shall be maintained on the minimum basis of Five Hundred Thousand Dollars (\$500,000) for damage to property and Two Million Dollars (\$2,000,000) for bodily injury or death in any one accident, with a minimum of One Million Dollars (\$1,000,000) insurance for any one person. Such insurance policy or policies shall be stated to be primary and noncontributing with any insurance, which may be carried by Landlord, and Tenant shall deliver to Landlord the certificate of each insurance carrier as to each such insurance policy.

- b. Mortgagees and any other person designated by Landlord as having an interest in the Premises (as their interests may appear), (2) shall be in a form acceptable to Landlord, (3) issued by an insurer acceptable to Landlord and licensed to do business in the state in which the Premises are located, (4) require at least thirty (30) days' written notice to Landlord of termination or material alteration, (5) waive, to the extent available, any right of subrogation against Landlord, (6) provide that the interests of Landlord, its mortgagee or those named insureds designated by Landlord shall not be invalidated because of any breach or violation of any warranties, representations, declarations or conditions contained in the policies, (7) contain a severability of interest and cross-liability clause, (8) shall be primary, (9) shall not provide for contribution of any other insurance available to Landlord, its mortgagee or those named insureds designated by Landlord, and (10) shall be by companies rated A+AAA or better in "Best's Insurance Guide." If requested by Landlord, Tenant shall, upon the Commencement Date and thereafter within fifteen (15) days prior to the expiration date of each such policy, promptly deliver to Landlord certified copies or other written evidence of such policies and written evidence satisfactory to Landlord that all premiums have been paid and all policies are in effect. If such insurance coverage has a deductible clause, the deductible amount shall not exceed Ten Thousand Dollars (\$10,000) per occurrence, and Tenant shall be liable for such deductible amount. Landlord shall have no obligation to carry insurance on Tenant's possessions.
- c. Landlord shall not be liable for any loss, damage or injury of any kind or character to any person or property arising from Tenant's use of the Premises operation of its business thereon, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Tenant or of any of its agents, employees, licensees, or invitees, or by or from any accident on the Premises, or any fire or other casualty thereon, or occasioned by the failure of Tenant to maintain the premises in safe condition, or arising from any other cause whatsoever; and Tenant hereby waives on its behalf all claims and demands against Landlord for any such loss, damage or injury to Tenant, and hereby agrees to indemnify and hold Landlord entirely free and harmless from all liability for any such loss, damage or injury to other persons, and from all costs and expenses arising therefrom.

## 12. TENANT'S IMPROVEMENTS

Landlord shall not be liable for any loss, damage or injury of any kind or character to any person or property arising from Tenant's use of the Premises operation of its business thereon, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any equipment or other facility therein, or caused by or arising from any act or omission of Tenant or of any of its agents, employees, licensees, or invitees, or by or from any accident on the Premises, or any fire or other casualty thereon, or occasioned by the failure of Tenant to maintain the premises in safe condition, or arising from any other cause whatsoever; and Tenant hereby waives on its behalf all claims and demands against Landlord for any such loss, damage or injury to Tenant, and hereby agrees to indemnify and hold Landlord entirely free and harmless from all liability for any such loss, damage or injury to other persons, and from all costs and expenses arising therefrom.

## 13. MAINTENANCE

- a. Landlord shall not be required or obligated to make any changes, improvements or repairs in, on or about the Premises during the Term of this Lease.
- b. At all times during the Lease Term and at Tenant's sole cost and expense, Tenant shall keep and maintain the Premises and all improvements thereon in good order, repair, safe condition, and good farmer-like condition. Tenant, at Tenant's own cost and expense, shall pay all costs of tilling, dusting and otherwise working the Premises in conformity with good farming practices in the area in which the Premises are located, and shall harvest the crops as soon as they are ready for harvesting. Moreover, Tenant shall indemnify, defend and save Landlord harmless from all actions, claims and damages by reason of Tenant's failure to comply with and perform the provisions of this Subsection "B".

## 14. WEEDS, RODENTS AND PESTS

Tenant, during the Term of this Lease, shall control all weeds and foul growth, noxious or otherwise, growing on the Premises and the margins of any roads and the tops and inter-slopes of any levees thereon, in accordance with good farming practices of the neighborhood. Tenant shall furnish all material and labor necessary to destroy squirrels, rodents and other pests on the Premises.

## 15. HUNTING, FISHING AND TRESPASSING

Other than as reserved by Landlord, Tenant shall not permit any hunting, fishing or trespassing whatsoever on the Premises and shall cooperate with and assist Landlord in preventing such activities on the Premises.

## 16. GARBAGE AND REFUSE

Tenant shall keep the Premises clean of all rubbish and other discarded materials.

## 17. FIRE

Lessee shall not set fire to or burn any straw, stubble, vegetation, or other material on the Leased Premises, nor shall Lessee permit any fire on the Leased Premises for any purpose. Lessee shall be liable for any and all damages that may be caused by fire on the Leased Premises which results from any act or omission by Lessee or those acting under Lessee and, in the event fire does occur on the Leased Premises, Lessee will promptly extinguish it.

## 18. WORKERS' COMPENSATION

Tenant shall carry, with insurance companies acceptable to Landlord, full and adequate protection against all liability or loss under the Workers' Compensation Safety and Insurance Act of California, or any similar law or legislation then in effect, with respect to the employees of Tenant, and shall require that all of Tenant's subcontractors, independent contractors, subtenants and other persons or companies rendering services to or on behalf of Tenant shall likewise procure and maintain similar coverage.

## 19. ASSIGNMENTS, SUBLETTING, TRANSFER OF LEASEHOLD INTEREST

- a. Notice & Consent. Tenant must obtain Landlord's written consent before entering into or permitting any Transfer. A Transfer (Transfer) consists of any of the following, whether voluntary or involuntary, and whether affected by death, operation of law, or otherwise: (1) any assignment, mortgage, pledge, encumbrance, or other transfer of any interest in this Lease; (2) Any sublease or occupancy of any portion of the Premises by any persons other than the Tenant and its employees, invitees, guests, and agents; and (3) Any of the changes (e.g., a change of ownership or reorganization) included in the definition of Transfer as state in this Article. Any person to whom any Transfer is made or sought to be made shall be referred to as "Transferee".
- b. A Landlord's Remedies. If a Transfer fails to comply with Section 19, Landlord may, at its option, do either or both of the following: (1) void the Transfer or (2) declare Tenant in default under Section 25. If Landlord declares Tenant under Section 25, Tenant has 10 business days in which to cure the default after receiving written notice of the default from Landlord notwithstanding any contrary cure period specified in Section 25. Landlord waives its remedies under California Civil Code Section 1995.320 and 1995.330 until the cure period described above has passed and Tenant has failed to cure the default.
- c. Tenant acknowledges that Landlord is subject to state and local regulatory requirements which require its monitoring of all parties in possession of the Premises. Tenant shall provide Landlord with all reasonable information pertaining to any proposed sublessee or assignee in connection with any request to sublet or assign the Premises. Tenant acknowledges Landlord's right to withhold consent if any request if it reasonably concludes the proposed transferee will not conduct operations on the Premises of a quality substantially equal to that conducted by Tenant. Landlord acknowledges that it is not generally opposed to a sublease of the Premises given that subleasing will allow rotation of crops for the benefit of the Premises. But Landlord must receive notice with respect to the proposed sublessee or assignee and its operations prior to its consent to any sublease or assignment.

## 20. FLOOD CONTROL PARCEL

Landlord owns a strip of land adjacent to the north boundary of the Premises that was acquired from the Ventura County Flood Control District (Flood Control Parcel). This strip of land is not part of the Premises and Tenant shall have no right to use this land except to access, operate and maintain the Water Well and to temporarily store agricultural equipment and supplies actually used on the Premises and to park farm workers vehicles while the workers are working on the Premises, provided that all such parking and storage shall be limited to one contiguous area of less than 10,000 square feet including the Water Well. All materials stored shall comply with federal, state, and local laws and regulations and shall be legally stored, listed in a written record available for Landlord's inspection and

maintained in accordance with the provisions of Section 30 below. Any liquid shall be stored in a containment structure approved by Landlord and consistent with governing federal, state, and local laws and regulations since the Flood Control Parcel is adjacent to the Santa Clara River, which is a jurisdictional water of the United States. The Tenant's obligations under this Lease, including, but not limited to, the indemnity, insurance and maintenance provisions, shall apply to Tenant's activity on the Flood Control Parcel. Tenant shall not use the Flood Control Parcel for any other use without Landlord's express written permission. Tenant shall not dump or store any soil, waste or organic material on the Flood Control Parcel and shall not interfere with Landlord's or the Flood Control District's use of this Flood Control Parcel.

#### 21. TENANT'S RIGHT OF ACCESS

Tenant shall take access to the southwest corner of the Premise over a road connecting Tenant's operation south of the Bailard Landfill to the Premise. Tenant shall not take access to the Premises over Landlord's Bailard Landfill internal roads except in special cases expressly approved in writing by Landlord.

#### 22. LANDLORD'S RIGHT OF ACCESS AND MONITORING

Landlord shall have the right to use any road on the Premises to inspect the Premises or Landlord's adjacent property. Landlord shall have the right to install and monitor any groundwater monitoring well or landfill gas monitoring well required by any regulatory agency. While responding to any such regulatory requirements, Landlord shall use reasonable efforts to avoid interference with Tenant's use. If installation of required monitoring wells shall be undertaken without providing at least ninety (90) days' notice to Tenant, then Landlord shall be obligated to pay Tenant for the reasonable cost of any flowers damaged by such installation.

#### 23. SURRENDER

Upon the expiration of the Term of this Lease or any earlier termination hereof, Tenant shall peaceably quit and surrender possession of the Premises, including any and all growing crops located thereon in good condition and repair to Landlord. Without limiting the generality of the foregoing, Tenant agrees to and shall (a) double-disc under all agricultural products, weeds, crop residue, debris, surface materials and waste, and (b) leave the Premises free and clear of all toxic chemicals, hazardous substances, noxious weeds, rodents and other conditions which impair, restrict, limit or affect the use of the Premises for agricultural or horticultural purposes. If the land, crops or improvements are not so returned upon the termination of this Lease, Landlord may, at its election, take the necessary action to perform the duties required of Tenant, at Tenant's sole cost and expense, the amount of which shall be reimbursed by Tenant to Landlord immediately upon demand. All improvements, installations or other facilities of a permanent nature placed upon the Premises by Tenant, including, but not limited to, any irrigation equipment or systems, shall become the property of Landlord upon termination of this Lease. Tenant shall have the right to remove or cause to be removed all portable pipelines or pumps, furnishings, equipment and other movable personal property which are owned by Tenant; provided that if Tenant does not remove all such personal property within fifteen (15) days after the date of any termination or expiration of this Lease, the title to such property shall immediately vest in Landlord.

#### 24. HOLDING OVER

In the event Tenant fails or refuses to timely surrender possession of the entire Premises in accordance with the requirements hereof on or before the Expiration Date of this Lease, Tenant shall conclusively be deemed to have continued to occupy and possess all of the Premises, regardless of any prior or contemporaneous purported surrender of a portion of the

Premises and Tenant shall be deemed to be a month-to-month tenant of the entire Premises, which tenancy may be terminated by either party upon giving fifteen (15) days prior written notice, at a monthly rental rate equal to one hundred fifty percent (150%) of the annual rent prorated for the period of time from the Expiration Date of the Lease until Tenant shall have surrendered all of the Premises to Landlord. Any such holding over shall be pursuant to all of the terms, covenants and conditions of this Lease, except for the amount of rent payable to Landlord, and Tenant shall pay all of such prorated rent monthly in advance to Landlord.

## 25. DEFAULT

- a. If Tenant shall fail, neglect or refuse to pay any installment of rent or any other monies agreed by Tenant to be paid, at the time and in the amount as herein provided, and if any such default should continue for more than three (3) days after notice thereof in writing given to Tenant; or
- b. If Tenant shall fail to commence and thereafter to continuously conduct its operations on the Premises within the times and in the manner herein provided; or fail to use, maintain and operate the Premises as herein required or abandon the property;
- c. If Tenant shall fail, neglect or refuse to keep and perform any of the other covenants, conditions, stipulations or agreements herein agreed to be performed by Tenant, and such default, if of a nature which can be cured, continues for more than fifteen (15) days after notice thereof in writing given to Tenant by Landlord (no notice to be required or right to cure to apply to defects which cannot be cured); provided, however, in case of any default which involves the making of repairs or other matters reasonably requiring a longer period of time to cure than fifteen (15) days, Tenant shall be deemed to have complied with such notice if Tenant has commenced to comply with such notice within fifteen (15) days and thereafter diligently completes such cure no later than sixty (60) days after the delivery of written notice of default; but for any failure to timely so complete such cure, no further notice or right to cure need be given;
- d. If any voluntary petition in bankruptcy or similar debtor's pleading under any section or sections of any bankruptcy act shall be filed by Tenant, or if any voluntary proceeding in any court or tribunal shall be instituted to declare Tenant insolvent or unable to pay Tenant's debts, or to effect upon Tenant a plan of liquidation, composition or reorganization, or if any involuntary proceeding of the aforesaid nature be filed and Tenant consents thereto or agrees therein by pleading or default, or if Tenant makes any assignment of its property for the benefit of creditors, or the Premises are taken under a levy of execution or attachment in an action against Tenant, or if a trustee or receiver is appointed over any substantial portion of Tenant's assets or Tenant's operations from the Premises, then neither this Lease nor any interest of Tenant in or to the Premises shall become an asset in any such proceeding, and if any of the aforesaid occurrences is not dismissed or discharged within fifteen (15) days after Landlord's demand, or thirty (30) days after such occurrence, whichever date first occurs; or
  - i. If Tenant shall abandon or vacate the Premises.
- e. Upon an event of default hereunder, Landlord shall have the right at any time thereafter:
  - i. To terminate this Lease forthwith and reenter the Premises and take possession thereof and remove all persons therefrom, whereupon Tenant shall have no

further claim thereto but shall not be released from any obligations accruing hereunder prior to the date of termination or surviving any termination;

- ii. Without declaring this Lease ended, to reenter the Premises and occupy the same or any part thereof, or lease the whole or any part thereof upon such terms and conditions and for such rent as Landlord may deem proper, collect said rent on reletting and other rent that may thereafter become payable from Tenant's subtenants, concessionaires or licensees, and apply the same as follows: first, to Landlord's expenses of such reletting (including required remodeling costs) and dispossessing Tenant and those holding under Tenant; second, to any damages sustained by Landlord; and third, to Tenant's account for rental and other payments payable by Tenant hereunder. The excess, if any, shall be paid to Tenant annually after such reletting, but at any time after such reletting, Landlord may elect to terminate this Lease in accordance with the provisions of subparagraph b.(l) above. If the rental so received by Landlord on reletting is less than that herein agreed to be paid by Tenant, Tenant shall pay such deficiency to Landlord on demand; or

1. To exercise any other right now or hereafter afforded by law.

- f. Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay rent thereafter to accrue, or Tenant's liability for damages under any of the provisions hereof, by any such reentry or by any action or notice in unlawful detainer or otherwise to obtain possession of the Premises, unless Landlord shall have so notified Tenant in writing. Nothing herein contained shall be construed as obligating Landlord to relet the whole or any part of the Premises.
- g. In addition to all other damages recoverable by Landlord, if Landlord elects to terminate this Lease under the provisions above, Landlord shall be entitled to recover forthwith from Tenant, as damages, the worth at the time of the award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss for the same period that Tenant can prove could be reasonably avoided, plus interest at the rate of ten percent (10%), or the then maximum legal rate, whichever is greater. Recovery of these damages is in accordance with the provisions of California Civil Code Section 1951.2.
- h. In addition to any other remedies provided to Landlord herein or by law:
  - i. Even though Tenant shall have breached this Lease and abandoned or vacated the Premises, for so long as Landlord does not terminate Tenant's right to possession, Landlord may treat this Lease as continuing in effect and Landlord may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease.
  - ii. As used herein the term "rent" shall include all amounts payable by Tenant to or on behalf of Landlord pursuant to the terms of this Lease.
  - iii. Any termination of this Lease as herein provided shall not relieve Tenant from the payment of any sum or sums that are then due and payable to Landlord hereunder, together with ten percent (10%) interest thereon from the date of breach or nonpayment, or any claim for damages then or theretofore accruing against Tenant hereunder, and no termination shall prevent Landlord from enforcing the payment of any such sum or sums or claim for damages by any

remedy provided for by law, or from recovering damages from Tenant for any default hereunder.

26. SUBORDINATION

This Lease, and Tenant's rights and interest under this Lease, shall be subordinate and subject to all mortgages, liens, deeds of trust and other encumbrances placed or imposed against the Premises whether the same currently exist or may hereafter arise.

27. LANDLORD NOT RESPONSIBLE FOR FLOOD OR SEEPAGE

Landlord shall not be liable for any injury, damage, or loss suffered, sustained or claimed by Tenant or the employees of Tenant or any other persons injured on the Premises, arising from or related to flood, seepage, other waters upon the Premises, drainage or lack of drainage, irrigation or lack of irrigation, or any causes beyond the control of Landlord.

28. SUCCESSORS IN INTEREST

Each and all of the covenants, conditions and restrictions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of Landlord and the authorized encumbrancers, assignees, transferees, subtenants, licenses and other successors in interest of Tenant.

29. WASTE

Tenant shall not cause, permit or suffer any waste to be committed upon the Premises.

30. COVENANT AGAINST TOXIC CHEMICALS OR RESIDUES

- a. Tenant shall not spray, spread, irrigate, inject, deposit, dispose or otherwise apply under, on or upon the Premises any fertilizer, chemicals, waste products, or other substances which are toxic, hazardous or otherwise inappropriate for application upon agricultural or horticultural real property contrary to any rule, law, ordinance or procedure affecting or governing the use, storage or disposal of hazardous or toxic materials and substances. Tenant further shall not spray, irrigate, inject, deposit, disperse or otherwise apply under, on or upon the Premises any fertilizer, chemicals, waste products, or other substances, the label of which contains a restriction on the planting of subsequent crops where the Term of the Lease would terminate before the planting restriction on subsequent crops would have expired, without the express written consent of the Landlord. Tenant hereby agrees to indemnify and hold harmless Landlord and its officers, employees, servants and agents from and against any and all claims, actions, losses, liabilities, damages, costs, attorney's fees and other expenses including, without limitation (a) all foreseeable and all unforeseeable consequential damages, directly or indirectly arising out of the use, generation, storage or disposal of Hazardous Materials on the Premises, or arising out of the presence or use of any underground tanks presently located on the Premises; and (b) the cost of any required or necessary repair, cleanup or detoxification, and the preparation of any closure or other required plans, to the full extent that such action is attributable, to the full extent that such action is attributable, directly or indirectly, to the presence or use, generation, storage, release, threatened release or disposal of Hazardous Materials on the Premises.
- b. As used in this Section, Hazardous Materials means any flammable explosives, radioactive materials, asbestos, PCBs, hazardous waste, toxic substances or related materials, including, without limitation, substances defined as "hazardous

substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42USC, Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 USC, Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 USC, Section 6901, et seq.; the Toxic Substances Control Act, 15 USC, Section 2601, et seq.; any other federal, state or local law applicable to the Premises; and in the rules and regulations adopted or promulgated under or pursuant to any of said laws. The provisions of this Section shall survive the expiration or termination of this Lease, and shall relate back to all periods of Tenant's previous ownership or possession of the Premises.

### 31. ENTIRE AGREEMENT

This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement or promise made by any party or by any employee, officer or agent of any party which is not contained in this Lease shall be binding or valid.

### 32. PARTIAL INVALIDITY

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

### 33. ATTORNEY FEES

In the event either Landlord or Tenant shall bring any action or proceeding for any alleged breach of any provision of this Lease, to recover rents, or to enforce, protect, or establish any right or remedy of either party, the prevailing party shall be entitled to recover, as a part of such action or proceedings, reasonable attorney's fees and costs.

### 34. MODIFICATION

This Lease is not subject to modification except in writing.

### 35. NOTICES

All notices, demands or requests provided for under this Lease shall be in writing and personally delivered to mailed, properly addressed, first class, postage prepaid and directed to the following parties at the described locations:

Landlord:

Ventura Regional Sanitation District  
4105 W. Gonzales Road  
Ventura, California 93003

With a courtesy copy to:

Robert Kwong  
Nossaman LLP  
777 S. Figueroa Street, 34th Floor  
Los Angeles, CA 90017

Tenant:

Pyramid Flowers, Inc. Attn: Fred Van Wingerden  
3813 Doris Ave  
Oxnard, CA 93030

All written notices mailed to either party hereto shall be deemed delivered three (3) days following the date of such mailing.

36. COUNTERPARTS

This Lease may be executed in several counterparts and, as executed, shall constitute one agreement which shall be binding upon all of the parties hereto, notwithstanding that all of the parties may not be signatory to the original or to the same counterpart.

LANDLORD:

VENTURA REGIONAL SANITATION DISTRICT:

By: \_\_\_\_\_  
David Newman, Chairman

TENANT:

PYRAMID FLOWERS, INC.

By: \_\_\_\_\_  
Fred Van Wingerden, President

APPROVED AS TO FORM:

NOSSAMAN LLP

By: \_\_\_\_\_  
Robert Kwong, Legal Counsel

ATTEST:

CLERK TO THE VRSD BOARD OF DIRECTORS

By: \_\_\_\_\_  
Mayra Rodriguez, Clerk of the Board

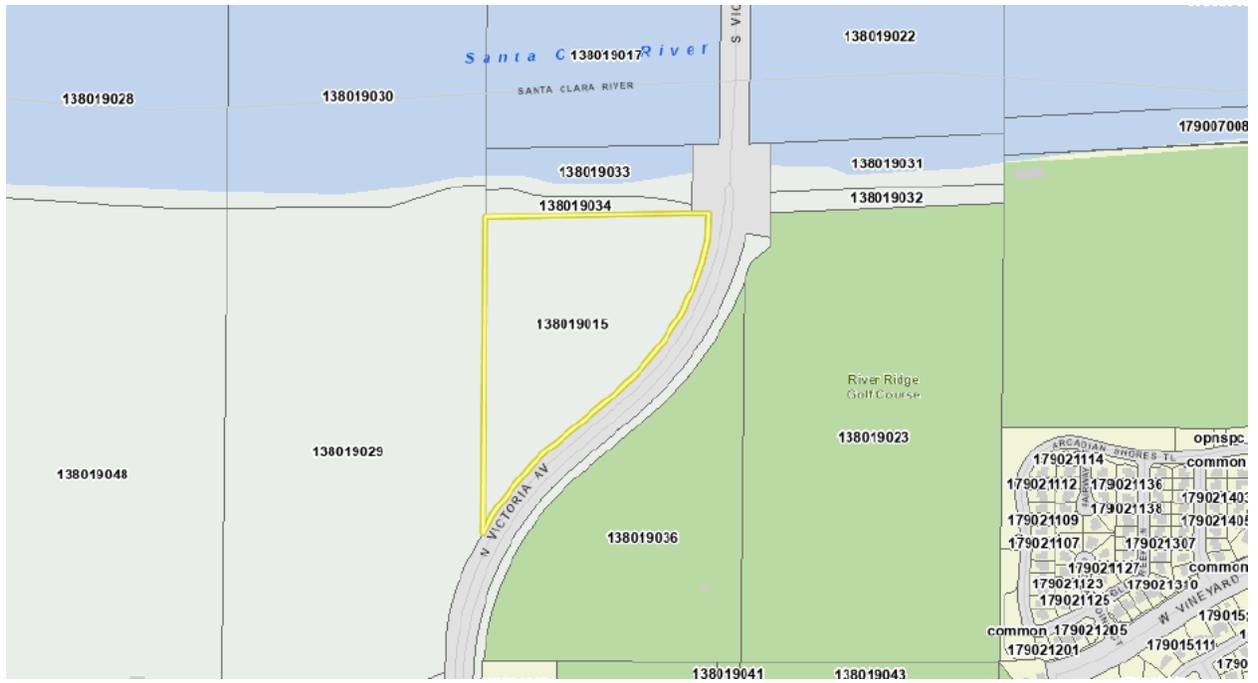


EXHIBIT B  
(BAILARD BUFFER PARCEL)

Being Portions of Parcel B, Subdivision No.4, Rancho El Rio De Santa Clara 0' La Colonia as per map recorded in Book 3, Page 44 of Miscellaneous Records (maps), in the Office of the County Recorder, County of Ventura, State of California.

Commencing at the Westerly terminus of the third course of Parcel A as per that certain Deed recorded in Book 4445, Page 904 of Official Records, in the Office of the County Recorder of said county; thence along the boundary of said Deed recorded in Book 4445, Page 904, South 1° 27' 16" West 350.15 feet to the True Point of Beginning; thence continuing along the boundary of Parcel A per said Deed in Book 4445, Page 904 the following 5 courses,

- 1st: North 89° 45' 45" East 85.54 feet to a point; thence,
- 2nd: South 1° 27' 16" West 138.48 feet to a point; thence,
- 3rd: Southerly and Southwesterly along a curve concave Northwesterly, having a radius of 1415.58 feet at a central angle of 37° 14' 52", the radial of which at said point bears North 76° 36' 31" West, an arc distance of 920.26 feet to a point; thence,
- 4th: South 50° 47' 01" West 399.53 feet to a point; thence,
- 5th: Southwesterly along a tangent curve concave Southeasterly, having a radius of 1575.00 feet and a central angle of 21° 40' 00", an arc distance of 599.72 feet to a point in the Westerly line of said Parcel B; thence Northerly along the Westerly line of said Parcel B,
- 6th: North 1° 15' 41" East 1610.81 feet to the Southwesterly comer of that certain Deed recorded in Book 4437, Page 688 of Official Records in the Office of the County Recorder of said county; thence Easterly along the Southerly line of last said Deed,
- 7th: North 89° 45' 45" East 1053.58 feet to the True Point of Beginning.