

**CONSENT TO ASSIGNMENT OF RENTAL AGREEMENT DATED AUGUST 1, 2014  
BY AND BETWEEN 32<sup>ND</sup> DISTRICT AGRICULTURAL ASSOCIATION  
AND TEL PHIL ENTERPRISES, INC.**

**RECITALS.**

A. Effective August 1, 2014, the 32<sup>nd</sup> District Agricultural Association, a California state institution ("District") and Tel Phil Enterprises, Inc., a California corporation ("Tel Phil") entered into a written Rental Agreement ("Agreement") with a ten year term and one ten year option. A copy of the Agreement is attached as Exhibit "A" to this Consent to Assignment of Rental Agreement ("Consent") and incorporated by this reference.

B. Under the Agreement, Tel Phil agreed to operate an outdoor marketplace for the sale of goods and/or services on the District's property, as identified in Schedule 1-A to the Agreement, organized and administered in the format of a swap meet (the "OC Marketplace").

C. Under Section F.3. of the Agreement, Tel Phil acknowledged, among other things, that the aggregate rent paid by Tel Phil under the terms of the prior rental agreement with the District fell short by the amount of \$226,904 for the period from August 1, 2012 to July 31, 2013 and by the amount of \$293,486 for the period from August 1, 2013 to July 31, 2014 (collectively, the "Outstanding Rent Shortfalls").

D. Under Section F.3. of the Agreement, Tel Phil agreed, among other things, to pay to the District the Outstanding Rent Shortfalls in accordance with a payment schedule attached to the Agreement as Schedule 15 (the "Rent Shortfall Payment Schedule"). As of March 31, 2016, the total outstanding balance due and owing by Tel Phil to the District under the Agreement will be \$220,985.80. This amount includes the Outstanding Rent Shortfalls in the amount of \$215,985.80 and estimated security expenses in the amount of \$5,000.

E. Paragraph P of the Agreement states:

*Tel Phil shall not directly or indirectly sell, assign, license, transfer, mortgage, charge or otherwise encumber, or permit or suffer any other party to sell, assign, transfer, mortgage, charge or otherwise encumber, whether voluntary or by operation of law (collectively referred to as a "Transfer"), all or any part of the Tel Phil's interest under this Agreement without the prior written approval of the Association. During the first five (5) Rental Years, such approval may be granted or withheld in the sole and absolute discretion of the Association.*

F. Paragraph X.1. of the Agreement states:

*No modification or amendment of this Agreement shall be binding on the Association unless the same is reduced to writing, approved by the Board of Directors of the Association, and executed by the Association and approved by the appropriate State agencies.*

G. In or around January 2016, Tel Phil advised the District that Tel Phil had initiated discussions to sell all of its rights and obligations under the Agreement to Ovations Fanfare, L.P.,

a Pennsylvania limited partnership, authorized to conduct business in the State of California ("Ovations").

## CONSENT

1. Pursuant to Paragraph P of the Agreement, the Board of Directors of the 32<sup>nd</sup> District Agricultural Association consent to Tel Phil's assignment of its rights and obligations under the Agreement to Ovations; provided, however, that this Consent is subject to and expressly conditioned upon the following:

- A. The execution by Ovations and the District of the "AMENDMENT TO FOOD SERVICE MANAGEMENT AGREEMENT", a copy of which is attached to this Consent as Exhibit "B" and incorporated by this reference.
- B. Tel Phil's payment of the total outstanding balance due and owing by Tel Phil to the District under the Agreement in the amount of \$220,985.80, which includes the Outstanding Rent Shortfalls in the amount of \$215,985.80 and estimated security expenses in the amount of \$5,000, by the close of business on March 30, 2016. Tel Phil shall make the payment under this Paragraph 1(B) with a Cashier's Check.
- C. Tel Phil's removal from the Premises (as defined under Section A of the Agreement), all personal property owned or controlled by Tel Phil and stored on the Premises, on or before 12:00 p.m. on March 30, 2016. On March 30, 2016, the District will inspect the Premises to determine whether Tel Phil has removed all personal property from the Premises to the sole and exclusive satisfaction of the District.
- D. The execution by Ovations and Tel Phil of the "ASSIGNMENT AND ASSUMPTION AGREEMENT", a copy of which is attached to this Consent as Exhibit "C" and incorporated by this reference (the "Assignment").
- E. The written approval of the Assignment by the California Department of Food and Agriculture ("Effective Date"). The District shall not be liable to pay or reimburse Ovations for any performance under the Agreement or under this Consent including, but not limited to, costs or expenses incurred, or to be bound by any provision prior to the Effective Date.
- F. The written approval of the Assignment by the District, which approval may be granted or withheld by the District in its sole and absolute discretion.

2. This Consent is incorporated by reference into the Agreement and the Agreement remains in full force and effect. Except as expressly provided in this Consent, all other terms, conditions and provisions of the Agreement shall remain in full force and effect as provided in the Agreement as if fully republished in this Consent.

3. This Consent does not waive any restriction or requirement in the Agreement, including but not limited to Paragraph P, related to any further assignment by Ovations, Tel Phil, their respective assigns and representatives, and/or any other person, firm or entity.

4. Ovations and Tel Phil acknowledge and agree that the District will not approve the Assignment until Ovations and Tel Phil timely satisfy each, every and all of the conditions set forth in Paragraph 1 of this Consent.

5. Tel Phil agrees that if it fails to remove all personal property owned or operated by Tel Phil from the Premises by 12:00 p.m. on March 30, 2016, Tel Phil shall pay to the District \$4,905.26, which amount is equal to a one-thirtieth (1/30<sup>th</sup>) pro rata share of Tel Phil's monthly rental payment under the Agreement, for each day starting on March 31, 2016 and continuing until Tel Phil has removed all personal property owned or operated by Tel Phil from the Premises ("Pro Rata Rent Payment"). The Pro Rata Payment must be in the form of a cashier's check and Tel Phil must pay the Pro Rata Rent Payment to the District within 30 days of the effective date of the Assignment.

6. Subject to the terms and conditions of this Consent, Ovations expressly assumes and agrees to be bound by and to perform and comply with each and every obligation of Tel Phil under the Agreement.

7. Notwithstanding this Consent and the Assignment, Tel Phil remains fully liable for any and all claims or causes of action, of every kind and nature whatsoever, in law and in equity, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, related to the Agreement or Tel Phil's performance under the Agreement, that predate the effective date of the Assignment.

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8. The officers of the 32<sup>nd</sup> District Agricultural Association are authorized and directed to take such action and to execute the such documents as may be deemed necessary or proper to carry out the purpose and intent of this Consent.

Dated: April \_\_, 2016

32<sup>nd</sup> DISTRICT AGRICULTURAL ASSOCIATION

By:

Gerardo Mouet

Gerardo Mouet  
Chairman of the Board of Directors

By:

Kathy Kramer

Kathy Kramer  
Chief Executive Officer

Dated: April \_\_, 2016

TEL PTEL ENTERPRISES, INC.

By:

Cherif H. Alley

Name:  
Title:

Dated: April \_\_, 2016

OVATIONS FANFARE, L.P.

By:

Philip I. Weinberg

Name: Philip I. Weinberg  
Title: President & Secretary

Ovations Food Services, Inc., its General Partner