

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

500



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
August 8, 2013

SUBJECT: County Law Building, Indio- Ground Lease, Facilities Lease, and Subordination Agreement

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that nothing further is required, based on the findings incorporated in the Initial Study and Environmental Checklist No. RIVCO/CEQA 2013-02, for the Riverside County Law Building Leases and at the conclusion, the project will not have a significant effect on the environment;
2. Approve the attached Ground Lease, Facilities Lease and Subordination Agreement for the County Law Building and authorize the Chairman of the Board to Execute the same on behalf of the County;

(Continued)

RF Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (1)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No	
SOURCE OF FUNDS: Real Property Division Budget Reimbursed by District Attorney (60.05%), Public Defender (30.71%), Law Library (7.49%), and County Counsel (1.75%)	Positions To Be Deleted Per A-30 <input type="checkbox"/>
	Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer Sargent*
Jennifer Sargent

County Executive Office Signature

FORM APPROVED BY COUNTY COUNSEL
BY: PATRICIA MUNROE
DATE: 8/7/13
Departmental Concurrence

REVIEWED BY CIP
Christopher Hans
Christopher Hans

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

(Rev 08/2010)

RECOMMENDED MOTION: (Continued)

3. Authorize the Board of Supervisors to approve the issuance and sale by Riverside Community Properties Development, Inc. of its "Riverside Community Properties Development, Inc. Lease and the Revenue Bonds, 2013 (Riverside County Law Building)" in an aggregate principal amount not to exceed \$45,520,000.
4. Authorize the Assistant County Executive Officer/EDA, or his designee, to execute any other documents and administer all actions necessary to complete this transaction;
5. Delegate authority to Assistant County Executive Officer/EDA or designee to execute Memorandum of Understanding with County departments occupying that space; and
6. Direct the Clerk of the Board to file the Notice of Determination with the County Clerk within five (5) days of approval of the project.

BACKGROUND:

In 2011, California Governor Jerry Brown signed into law Assembly Bill 109, known as the "Realignment Plan" which shifts the responsibility from the state to the counties for the custody, treatment and supervision of certain offenders. This legislation, combined with the current level of demand for detention facilities in the County, has resulted in the need for additional detention system capacity.

To aid in the financing of such a facility, on March 27, 2012, the Board of Supervisors approved item 3.19, entitled "Acceptance of \$100 Million AB 900 Funding Award from the Corrections Standards Authority", formally accepting a funding award in the amount of \$100 million to be applied to the planning, design, and construction of a new detention facility in the County.

The Indio CAC facility at 82-675 Highway 111, Indio was deemed to be the location most suitable for this project and on November 6, 2012, the Board of Supervisors approved item 3.21 for an architectural services agreement to be executed between an architectural firm and the County.

The County will plan and construct a detention facility on the Indio CAC site which will be known as the East County Detention Center (ECDC). The site is currently improved with office and related facilities totaling approximately 122,000 square feet that were constructed between 1968 and 1975. The County plans to relocate the occupants, demolish the facilities, and construct the new detention complex. The new detention complex will feature 1,627 detention beds. On February 26, 2013, the Board of Supervisors approved the first Monthly Progress Report regarding the ECDC, which enumerated the documents required by the State to date in connection with the state-provided bond financing and confirmed the submittal of these documents to the State and compliance by the County.

(Continued)

BACKGROUND: (Continued)

As a companion project to the ECDC project, the Economic Development Agency (EDA) identified County-owned land of approximately 5.68 acres on the southwest corner of Highway 111 and Jackson Street in the City of Indio as the location most suitable for the construction of a privately owned leased office building of approximately 90,000 square feet. The District Attorney, Public facility. The development will include parking facilities and a retail pad on the corner of Highway 111 and Jackson Street for a future restaurant building. On June 24, 2012, the EDA issued a Request for Proposal to real estate developers for the planning, design, and construction of a 90,000 square foot office building to be known as the County Law Building. The deal structure was a ground lease on the County owned land to the developer, planning and construction of the project by the developer, and a facilities lease from the developer to the County for the County's leasing and occupancy of the facility. By August of 2012, the Agency had received eighteen responses to the Request for Proposal. Thereafter, the Agency reviewed the proposals, conducted panel interviews, and after thorough due diligence awarded the project to the Trammell Crow Company. On April 9, 2013, the Board approved item 3-2 which authorized a Pre-Development Agreement with the Trammell Crow Company.

Furthermore, due to the accelerated completion date of the ECDC, it was necessary for EDA to provide temporary leased facilities for the District Attorney, Public Defender, and Law Library, and an In Principle to that effect was approved as Board item 3-13 on June 4, 2013 so as to allow departments to vacate the Indio CAC timely for its projected demolition in late 2013. Upon completion of the County Law Building, the District Attorney, Public Defender and Law Library will relocate from their temporary facilities into the new County Law Building. In addition to these temporary relocations, EDA also provided permanent new locations for the Assessor-Clerk-Recorder and the Transportation and Land Management Agency.

The purpose of this action is to obtain Board approval for the documents necessary to move forward on the planning, construction, and leasing for the County Law Building. While the Trammell Crow Company will develop the project, Riverside Community Properties Development, Inc. (RCP), a California nonprofit public benefit corporation is the landlord and will contract separately with the Trammell Crow Company for development of the project. The landlord will procure financing for the project through a bond offering and the County will reimburse to landlord the bond payments through the payment of rent.

EDA has negotiated a Ground Lease, Facilities Lease, and Subordination Agreement with RCP, and recommends the Board of Supervisors approve the attached Ground Lease, Facilities Lease, and Subordination Agreement.

Staff prepared an Initial Study and determined that although the Ground Lease and Facility Lease Agreements between the County of Riverside and RCP could have a significant effect on the environment, nothing further is required because all potentially significant effects have been fully analyzed in an earlier adopted Mitigated Negative Declaration and have been avoided or mitigated to less than significant pursuant to that earlier Mitigated Negative Declaration. The Project is solely the lease agreements between the County and the RCP. The City of Indio previously adopted an Initial Study/Mitigated Negative Declaration (EA 13-5-503) and Resolution No. 1651 on June 12, 2013 approving the construction, operation and maintenance of the Riverside County Law Building project.

The estimated completion timeframe for the County Law Building is April of 2015.

(Continued)

BACKGROUND: (Continued)

The terms of the Ground Lease and Facilities Lease are as follows:

GROUND LEASE

Lessor: County of Riverside
Lessee: Riverside Community Properties, Inc.
Location: Southwest Corner of Highway 111 and Jackson Street, Indio
Acreage: Approximately 5.68 acres
Consideration: \$1.00
Term: Thirty Years

FACILITIES LEASE

Lessor: Riverside Community Properties, Inc.
Lessee: County of Riverside County
Size: Approximately 90,363 square feet
Occupants: District Attorney, Public Defender, County Counsel and Law Library
Parking: 369 parking spaces
Term: Thirty Years
Rent: Not to exceed \$3,227,561 annually, equivalent to the monthly bond payments for the project (\$2.99 per square foot per month) includes furniture and Riverside County Information Technology improvements and equipment. This amount may decrease based upon the final interest rate at bond funding.

Operating Expenses: \$813,267 Annually (\$.65 per square foot per month), includes Maintenance, Custodial, and Property Management Expenses

FINANCIAL DATA:

Tenant departments will not pay until certificate of occupancy is issued which is estimated to be May 2015. EDA will complete Memorandums of Understanding with known departments for reimbursement. The only expense at this time is a cost of \$1.00 for the Ground Lease. Annual cost beginning in FY15/16 is not to exceed \$4,040,828.

Attachments: Ground Lease, Facilities Lease, Subordination Agreement, Notice of Determination

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GROUND LEASE AGREEMENT

between

COUNTY OF RIVERSIDE
a political subdivision of the State of California

as Lessor

and

RIVERSIDE COMMUNITY PROPERTIES DEVELOPMENT, INC.,
a California nonprofit public benefit corporation

as Lessee

October 1, 2013

County Law Building Project
Indio, California

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GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT ("Ground Lease") is dated for reference purposes October 1, 2013, and is made by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("Lessor"), and **RIVERSIDE COMMUNITY PROPERTIES DEVELOPMENT, INC.**, a California public benefit nonprofit corporation ("RCP" or "Lessee").

RECITALS

A. Lessor is the owner of the real estate described on **EXHIBIT A** attached hereto ("Land") located in the City of Indio, County of Riverside, California.

B. Lessor intends to lease the Land to Lessee pursuant to this Ground Lease, and Lessee intends to construct and equip thereon a County law building containing approximately 90,363 square feet of rentable area (the "Office Building") and certain improvements relating to an ancillary building of approximately 5,000 square feet to be constructed at a future date ("Ancillary Improvements"), together with a parking lot containing approximately 369 parking stalls (the "Parking Lot"), all as more fully described in the Preliminary Plans as shown in Exhibit C of that certain Facilities Lease Agreement between the parties of even date herewith ("Facilities Lease"). The design and construction of the Office Building, Ancillary Improvements and Parking Lot shall be as more particularly described in the Facilities Lease.

C. Lessee anticipates that financing for the Project will be pursuant to its issuance of tax-exempt obligations which satisfy the requirements of the Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the U.S. Treasury (the "Bonds").

D. All capitalized terms used in this Ground Lease but not otherwise defined herein (including these Recitals hereto) shall have the meanings given to such terms in the Facilities Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties hereto agree as follows:

1. The Demise.

1.1 Demise. In consideration of the rents, covenants and agreements contained in this Ground Lease, Lessor hereby leases the Land to Lessee, and Lessee hereby leases the Land from Lessor upon and subject to the conditions set forth in this Ground Lease, and subject to all encumbrances and matters of record as of the date of this Ground Lease.

1.2 Use of the Land. The Land shall be used and occupied only for the purpose of the development, operation, use, repair and maintenance of the Project but, until Lessee commences such use and occupancy, Lessor reserves the right to continue to use and occupy the Land for its purposes at no cost. Lessee shall not use or permit the Land to be used for any other purpose without the prior written approval of Lessor. Lessee is hereby authorized

to lease back to Lessor, and Lessor agrees to lease, the Land as improved by the Project pursuant to the Facilities Lease.

1.3 Access and Utilities. Lessor and Lessee shall mutually cooperate regarding the provision of reciprocal temporary and permanent pedestrian and vehicular access and utilities to, from, and over the Land and the Project to, from, and over adjacent lands of Lessor. Lessor and Lessee shall execute such instruments as may be necessary to provide for such pedestrian and vehicular access, and utilities at no additional cost to Lessee and agree to cooperate in the location thereof.

1.4 Leasehold Title Insurance. The leasehold interest in the Land granted to Lessee by Lessor shall be subject only to those exceptions set forth in the attached Exhibit B, based upon a preliminary commitment for title insurance obtained by Lessee, a copy of which has been previously provided to and approved by Lessor. The leasehold interest granted to Lessee by Lessor shall be insured by a title insurance company acceptable to Lessor and Lessee, and the cost of the policy of title insurance shall be a cost of the Project.

2. Term.

2.1 Commencement. The term of this Ground Lease shall commence on the "Effective Date," which is the date that this Ground Lease is fully executed, acknowledged and delivered by Lessor and Lessee.

2.2 Duration. The term of this Ground Lease shall commence on the Effective Date and shall terminate on the earlier of (i) December 31, 2046 or (ii) the date that the Bonds have been paid and retired and the Premises have been conveyed by Lessee to Lessor as set forth in Section 4.4 of the Facilities Lease, unless sooner terminated hereunder ("Term").

Notwithstanding the foregoing, if on the Expiration Date of the Facilities Lease, the total Monthly Rent (as defined in the Facilities Lease) otherwise payable has not been fully paid as a result of an Abatement of Rent (as defined in the Facilities Lease) and the Bonds have not been fully paid, then, as provided in the Facilities Lease, the term of the Facilities Lease may, at the option of Landlord thereunder, be extended until the total Monthly Rent otherwise payable thereunder shall be fully paid and the Bonds have been fully paid, except that the term of the Facilities Lease shall in no event be extended beyond December 31, 2054. In the event of such an extension, the Term of this Ground Lease shall be deemed extended for the same period of time that the term of the Facilities Lease is extended.

3. Rent. Lessee shall pay to Lessor as rent for the Term the sum of \$1.00 payable in whole in advance on or before the first day of the Term.

4. Development of Project.

4.1 Construction. Lessor agrees that Lessee shall cause the Project to be constructed and developed on the Land pursuant to the Facilities Lease. Lessee shall not permit any development or construction on the Land except as contemplated by the Facilities Lease or as otherwise specifically approved in writing by Lessor.

4.2 Ownership of Improvements. During the Term, the Project and all other improvements on the Land paid for by Lessee shall be owned by Lessee. The Project and improvements include no ownership interest in the Land other than Lessee's leasehold interest hereunder. It is the intention of the parties that separation of the title to the Land from the title to the Improvements shall not change the character of the Improvements as real property.

(a) **No Conveyance of Improvements.** During the term of this Ground Lease, the Improvements shall not be conveyed, transferred or assigned except for a lien to be granted by the Lessee under the terms of the Leasehold Mortgage for the benefit of the Trustee, as further described in the Indenture. In its capacity as the beneficiary of the Leasehold Mortgage herein, the Trustee is hereafter referred to as the "Leasehold Mortgagee." At all times, the owner of the leasehold interest of the Lessee under this Ground Lease shall also be the owner of the Improvements. Any attempted conveyance, transfer or assignment, whether voluntarily or by operation of law or otherwise, to any person or entity not in compliance with the preceding sentence shall be void and of no effect whatsoever. Lessee shall allow no other party to construct any improvements on the Land.

(b) **Vesting of Improvements in Lessor.** Upon any termination of this Ground Lease and payment in full and retirement of the Bonds, all of Lessee's right, title and interest in and to the Improvements shall terminate and title to the Improvements shall automatically vest in the Lessor and the Improvements shall be surrendered by Lessee to the Lessor. No further deed or other instrument shall be necessary to confirm the vesting in the Lessor of title to the Improvements. However, Lessee shall upon request of the Lessor execute, acknowledge and deliver to Lessor a quitclaim deed to convey all of Lessee's leasehold interest in the Land and its fee ownership of the Improvements constructed by Lessee thereon to Lessor and to confirm that title to the Improvements has vested in the Lessor.

5. Taxes and Utilities. Lessee shall be solely responsible for the payment of and shall pay and discharge all Taxes and Utilities which are incurred as part of Project Costs as defined in the Facilities Lease.

6. Condition of the Land.

6.1 "As Is". Lessee hereby accepts the Land "as is" in its existing condition; provided, however, that except for environmental remediation, if any, specifically covered by the approved Project Budget, Lessor shall be solely responsible for all claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the presence, release or disposal of hazardous substances that (i) were present in the soil, groundwater or soil vapor on or under the Land as of the Effective Date of this Ground Lease, (ii) are at any time present on any adjacent property owned or controlled by Lessor and which result in contamination of the Land, or (iii) contaminate the Land as a result of the act or omission of Lessor or the act or omission of any party for which Lessor is liable. Lessor's obligation shall include any costs of investigation or remediation of such toxic or hazard substances that may be required by any federal, state or local government agency. Lessor shall not be responsible for any claims, judgments, damages, penalties, fines, expenses, liabilities or losses relating to the release or disposal of hazardous substances on the Land during construction of the Project by Lessee or the act or omission of

Lessee's contractors or their subcontractors or any other party for which Lessee is liable, and the responsibility for the same shall remain with Lessee.

6.2 Lessor's Right to Inspect. Lessor shall have the right to inspect the Land at any time.

7. Liens; Security Interest.

7.1 Leasehold Mortgage. Except for a leasehold deed of trust ("Leasehold Mortgage") to be granted by Lessee to Trustee in its capacity as beneficiary under the Leasehold Mortgage as security for the Bonds to be issued to finance the Project or as specifically approved in writing by Lessor, Lessee will not directly or indirectly create or permit to be created or to remain, and will discharge any mortgage, lien, security interest, encumbrance or charge on the Land, any part thereof, the Project, Lessee's interest therein, or any equipment, fixtures or personalty on the Land that is imposed by or as a result of the actions of Lessee. The term "Leased Premises" as used in this Section 7 shall have the meaning assigned to it in the Leasehold Mortgage.

7.2 Protection of Leasehold Mortgagee. If Lessee shall mortgage its leasehold interest under this Ground Lease, then so long as such Leasehold Mortgage remains in full force and effect the following provisions shall apply:

(a) **Notice of Default.** Lessor upon serving Lessee any notice of default pursuant to the provisions of this Ground Lease shall also serve a copy of such notice upon Leasehold Mortgagee at the address provided to Lessor. No notice to Lessee under this Ground Lease shall be deemed to have been duly given unless and until a copy thereof has been served on such Leasehold Mortgagee. From and after the date such notice has been given to Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given Lessee after the giving of such notice to Lessee under this Ground Lease, plus in each instance the additional periods of time specified in subsections (b) and (c) of this Section 7.2 to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice.

(b) **Right To Cure.** Leasehold Mortgagee shall have the right, but not the obligation, to remedy such default or cause the same to be remedied for a period of ninety (90) days after the expiration of the cure period, if any, provided for under this Ground Lease, for Lessee to remedy same and Lessor shall accept such performance by or at the instance of Leasehold Mortgagee as if the same had been made by Lessee.

(c) **Extended Cure Period.** If the default is reasonably susceptible of cure, but cannot reasonably be remedied within ninety (90) days, Lessor shall not terminate this Ground Lease, so long as (i) defaults in the payment of money under this Ground Lease are cured, within ninety (90) days and all rent and all other items required to be paid by Lessee under this Ground Lease are paid as and when the same becomes due and payable, and (ii) the cure for any non-monetary default under this Ground Lease has commenced, and is thereafter diligently and in good faith continuously prosecuted to completion. Such cure period shall include any

time required to obtain possession of the Leased Premises by foreclosure of the Leasehold Mortgage or by other appropriate means by reasonable diligence, or until such earlier time as all defaults of Lessee are cured. Nothing in this clause (c), however, shall be construed to extend this Ground Lease beyond the Term, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after all defaults are cured. Once all defaults are cured, this Ground Lease, shall continue in full force and effect as if Lessee had not defaulted.

(d) **New Ground Lease.** In the event of the termination of this Ground Lease prior to the expiration of the Term for any reason, including a termination by reason of a bankruptcy by Lessee, Lessor shall serve upon the Leasehold Mortgagee written notice that the Ground Lease has been terminated together with a statement of any and all sums which would at the time be due under this Ground Lease but for such termination and of all other defaults, if any, under this Ground Lease then known to Lessor. Leasehold Mortgagee shall thereupon have the option, but shall in no event be obligated, to obtain a new lease in accordance with and upon compliance with each of the following terms and conditions:

(1) Leasehold Mortgagee shall within ninety (90) days following service of notice of termination of this Ground Lease, provide written notice to Lessor that it desires to enter into a new lease of the Leased Premises with Lessor; and

(2) Lessor shall enter into a new lease which shall be effective as of the date of the termination of this Ground Lease and shall be for the remainder of the Term of this Ground Lease and at the Rent and upon all other terms, covenants and conditions as this Ground Lease (excluding requirements which are inapplicable or have already been fulfilled).

(e) **Notices.** Any notice or other communication which Lessor shall desire or is required to give or serve upon Leasehold Mortgagee shall be in writing and shall be served by registered mail addressed to Leasehold Mortgagee at the address set forth in such Leasehold Mortgage a copy of which has been provided to Lessor or such other address as shall be designated by Leasehold Mortgagee by notice in writing given to Lessor by registered mail. Any notice or other communication which such Leasehold Mortgagee shall desire or is required to give or serve upon Lessor shall be in writing and shall be served by registered mail addressed to Lessor at the address set forth in Section 15 of this Ground Lease or such other address as shall be designated by Lessor by notice in writing given to Leasehold Mortgagee by registered mail.

(f) **Amendments.** No agreement between Lessor and Lessee modifying, canceling or surrendering this Ground Lease shall be effective without (i) the prior written consent of the Leasehold Mortgagee, acting upon the direction of the holders of a majority in aggregate principal amount of the Bonds and (ii) a written opinion from nationally recognized bond counsel that any such modification, cancelation or surrender will not have an adverse effect on the tax exempt status of interest on the Bonds.

(g) **Insurance Clauses.** A standard mortgagee clause naming Leasehold Mortgagee may be added to any and all insurance policies required to be carried by Lessee hereunder and the Leasehold Mortgagee shall so provide.

(h) **Leasehold Mortgage Not a Transfer.** For the purposes of Section 16 of this Ground Lease, the making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Ground Lease or the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of the Lessee's interest under this Ground Lease or of the leasehold estate created hereby so as to require such Leasehold Mortgagee as such to assume the performance of any of the terms, covenants or conditions on the part of the Lessee to be performed prior to foreclosure of the Leasehold Mortgage; provided, however, that upon foreclosure of the Leasehold Mortgage, the Leasehold Mortgagee or any purchaser at any sale of the Lessee's rights under this Ground Lease in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of the Lessee's rights under this Ground Lease created under any instrument of assignment or transfer in lieu of foreclosure of any Leasehold Mortgage, shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Lessee to be performed hereunder (except any indemnification obligations of the Lessee) from and after the date of such purchase and assignment.

(i) **Leasehold Mortgagee's Right to Assign.** Notwithstanding any provision of this Ground Lease to the contrary, Leasehold Mortgagee may upon acquiring the Lessee's interest under this Ground Lease pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring the Lessee's interest under this Ground Lease, or a new lease as provided above, and without further consent of Lessor sell and assign such leasehold interest on such terms and to such persons and organizations as are acceptable to such Leasehold Mortgagee and thereafter be relieved of all obligations under this Ground Lease, which accrue after the date of such sale or assignment so long as each of the following conditions are met:

(1) There is no default on the part of Leasehold Mortgagee under this Ground Lease and no event that with the giving of notice, the passage of time, or both, would constitute an Event of Default by Leasehold Mortgagee under this Ground Lease, all such defaults having been cured to the reasonable satisfaction of Lessor prior to the effective date of such assignment;

(2) If such assignee will not itself manage the Leasehold Improvements, its proposed operator shall have sufficient experienced and competent personnel to operate, manage, maintain and repair the Leasehold Improvements in accordance with the requirements of this Ground Lease;

(3) As part of such assignment the assignee shall assume the obligations of Lessee under this Ground Lease by executing, acknowledging and recording one or more assumption agreements in form and substance reasonably satisfactory to Lessor. The assignee shall thereafter have all the rights and shall perform all the duties and obligations of Lessee under this Ground Lease; and

(4) No Leasehold Mortgagee or assignee shall have any liability under this Ground Lease beyond its interest in this Ground Lease, even if it becomes Lessee. Any such liability shall: (a) not extend to any defaults that occurred before Leasehold Mortgagee or such Assignee took title to Lessee's interest under this Ground Lease; and

(b) terminate if and when any such Leasehold Mortgagee or Assignee assigns (and the assignee assumes) this Ground Lease. Any such sale or assignment shall not release Leasehold Mortgagee or such Assignee from any claims or obligations under this Ground Lease, which arose while Leasehold Mortgagee or any of its affiliates or Assignee held the Lessee's interest under this Ground Lease or was in possession of the Premises.

(j) **Rejection of Unexpired Ground Lease by Lessee or Lessee's Bankruptcy Trustee.** If Lessee or Lessee's Bankruptcy Trustee rejects this Ground Lease during the Term in a proceeding under Section 365 of the United States Bankruptcy Code or similar or successor statute, such rejection will have no effect on the rights of Leasehold Mortgagee under this Section 7.2, which rights will remain in full force and effect notwithstanding such rejection as if the same were provided for in a separate and independent agreement between Lessor and such Leasehold Mortgagee, and such Leasehold Mortgagee shall have the right to a new Ground Lease on the same terms and conditions set forth in Section 7.2 above. The provisions set forth in Section 7.2 of this Ground Lease granting Leasehold Mortgagee certain rights are for the express benefit of each such Leasehold Mortgagee for the term set forth in this Section 7.2 and are independent of the other provisions of this Ground Lease.

(k) **No Merger.** So long as any Leasehold Mortgage is in existence, unless the Leasehold Mortgagee otherwise consents in writing at the direction of the holders of a majority in aggregate principal amount of the Bonds, the fee title to the Leased Premises and the leasehold estate of Lessee therein created by this Ground Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Lessor or by Lessee or by a third party, by purchase or otherwise.

(l) **Further Assurances.** Upon request from Lessee or any Leasehold Mortgagee (prospective or current), Lessor shall promptly and in writing, under documentation reasonably satisfactory to Lessor and the requesting party: certify that this Ground Lease is in full force and effect, that to Lessor's knowledge no Default exists, the date through which Rent has been paid, and such other similar matters as may be reasonably requested, all subject to any then exceptions reasonably specified in such certificate.

(m) **Miscellaneous.** Notwithstanding anything to the contrary in this Ground Lease, Leasehold Mortgagee: (a) may exercise its rights through an affiliate, assignee, designee, nominee, subsidiary or other person, acting in its own name or in Leasehold Mortgagee's name (and anyone so acting shall automatically have the same protections, rights, and limitations of liability as Leasehold Mortgagee); (b) shall never be obligated to cure any Lessee Default; (c) may abandon such cure at any time; and (d) may withhold its consent or approval for any reason when acting upon the direction of the holders of a majority in aggregate principal amount of the Bonds. Any such consent or approval must be in writing.

8. Indemnity and Hold Harmless.

8.1 Indemnification by Lessor. Lessor shall indemnify, defend and hold harmless Lessee and its elected and appointed officers, officials, representatives, employees, and agents (the "Indemnified Lessee Parties") from and against any and all liability, demands, liens,

damages, claims, causes of action, expenses, and fees (including reasonable attorney's fees and costs and expert witness fees) for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), arising out of or relating to the negligent acts, errors, or omissions of Lessor including, without limitation, any breach of this Ground Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of Lessee.

8.2 Indemnification by Lessee. Lessee shall indemnify, defend and hold harmless Lessor and its officers, employees, and agents (the "Indemnified Lessor Parties") from and against any and all Liabilities (as defined in Section 8.1), arising out of or relating to the negligent acts, errors, or omissions of Lessee including, without limitation, any breach of this Ground Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of Lessor.

8.3 Survival. The indemnification provisions of this Section shall remain in full force and effect and survive the termination and/or expiration of this Lease.

9. Minimum Scope of Insurance Coverage for Lessee. For so long as the Facilities Lease remains in effect, the insurance provisions thereof shall be deemed to be substituted in their entirety for this Section 9. At any other time, the following provisions shall be applicable.

9.1 Property Insurance. In the event that Lessor is not maintaining property insurance with respect to all improvements constructed on the Land, Lessee shall maintain property insurance insuring all improvements constructed on the Land, as well as all of Lessor's personal property and trade fixtures located on the Land as part of the Project, against loss or damage by fire and other perils currently covered by a special causes of loss commercial property insurance form. Lessee shall also cause the improvements to be insured against the perils of earthquake and flood, either as part of the aforementioned property insurance, or under a separate policy or policies; provided, however, that such coverage shall be maintained only so long as it is available at a commercially reasonable cost and in coverage amounts which are commercially available, but Lessee shall not be in default under this Ground Lease if coverage is no longer written, is unavailable for comparable properties or is not available at commercially reasonable premium amounts. The property insurance policy shall meet the requirements set forth in this Section and in the Facilities Lease.

9.2 Lessee's Coverages. Lessee shall at a minimum maintain: Commercial General Liability insurance (Insurance Services Office form number (CG00 001), covering Commercial General Liability with a limit of not less than \$1,000,000 combined single limit per occurrence; \$2,000,000 aggregate. In addition, Lessee shall maintain workers' compensation coverage as required by the laws of the State of California, statutory limits.

9.3 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in insurance coverage maintained by Lessee must be declared to and approved by Lessor. The deductible and/or self-insured retention of the policies shall not limit or apply to Lessor and shall be the sole responsibility of Lessee.

9.4 Other Insurance Provisions. The insurance policies required by this Ground Lease are also to contain or be endorsed to contain the following provisions where applicable:

(a) **Liability Policies:**

(1) Lessor, Leasehold Mortgagee (i.e., Trustee) and their respective officers, officials, employees and agents are to be covered as an additional insured as respects liability arising out of activities performed by or on behalf of Lessee in connection with this Lease.

(2) Lessee's insurance coverage shall be primary insurance as respects Lessor, its officers, officials, employees and agents. Any insurance and/or self-insurance maintained by Lessor, Leasehold Mortgagee (i.e., Trustee) and their respective officers, officials, employees and agents shall not contribute with Lessee's insurance or benefit Lessee in any way.

(3) Lessee's insurance shall apply separately to each insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of the insurer's liability.

(b) **All Policies.** Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except by the reduction of the applicable aggregate limits by claims paid, until after thirty (30) days' prior written notice has been given to Lessor.

(c) **Acceptability of Insurers.** Unless otherwise approved by Lessor:

(1) Insurance is to be placed with insurers with a Best's rating of no less than A:VIII, or, if not rated by Best's with a rating in one of the two highest categories maintained by Standard & Poor's Rating Group and Moody's Investors Service.

(2) If at any time any of the foregoing policies shall fail to meet the above minimum standards, Lessee shall, upon notice to that effect from Lessor, promptly obtain a new policy and shall submit the same to Lessor with certificates and endorsements for approval.

9.5 Waiver of Subrogation. Lessee shall cause its property insurance carrier(s) to release and waive all rights of subrogation against Lessor to the extent a loss is covered by property insurance in force; provided, however, that this Section 9.5 shall be inapplicable if it would have the effect of invalidating any insurance coverage of Lessee.

10. Eminent Domain. In the event of any taking of the Land, partial or whole, Lessor shall be entitled to the entire award judgment or settlement from the condemning authority for the value of the Land taken by the condemning authority, and any taking of the Improvements, partial or whole, shall be subject to the provisions of Section 20 of the Facilities Lease.

11. Events of Default by Lessee and Lessor's Remedies.

11.1 Events of Default. The following occurrences or acts shall constitute an event of default under this Ground Lease:

(a) **Failure to Perform.** If Lessee shall (i) default in making payment when due of any rent or any other amount payable by Lessee hereunder; or (ii) default in the observance or performance of any other substantial provision of this Ground Lease to be observed or performed by Lessee hereunder; and, in either case, if such default shall continue for thirty (30) days, in each case after Lessor shall have given to Lessee notice specifying such default and demanding that the same be cured, or, with respect to a default under subsection (ii), if by reason of the nature thereof such default cannot be cured by the payment of money and cannot with due diligence be wholly cured within such period of thirty (30) days, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default and with all due diligence, it being intended in connection with a default not susceptible of being wholly cured with due diligence within such period that the time within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence; or

(b) **Lessee's Financial Condition.** If Lessee shall make a general assignment for the benefit of creditors, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file an answer admitting or shall fail seasonably to contest the material allegations of a petition filed against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties.

11.2 Remedies Upon Lessee's Default. In the event of any default by Lessee as defined hereinabove which default remains uncured after the expiration of the respective period set forth above, Lessor may exercise any remedy which may be available to Lessor at law or equity, including but not limited to actions for damages, and/or injunctive relief, including termination of this Ground Lease; provided, that, unless the Bonds have been paid in full, Lessor may not terminate this Ground Lease or the Facilities Lease prior to the end of the Term.

11.3 Cumulative Rights and Remedies. The rights and remedies reserved to Lessor herein, including those not specifically described, shall be cumulative, and except as provided by California statutory law in effect at the time, Lessor may pursue any and all such rights and remedies at the same time or independently.

11.4 No Waiver. No delay or omission of Lessor to exercise any right or remedy shall, except as expressly provided herein, be construed as a waiver of any such right or remedy or of any default by Lessee hereunder. The acceptance by Lessor of rent shall not be a waiver of any preceding breach or default by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent accepted, regardless of Lessor's knowledge of such preceding breach or default at the time of acceptance of such rent, or, except as expressly set forth herein, a waiver of Lessor's right to exercise any remedy available to Lessor by virtue of such breach or default.

11.5 Attorneys' Fees. In the event suit is brought by Lessor or Lessee relating to this Lease, including for the breach of any covenant or condition of this Lease, [each party shall bear its own costs and expenses, including attorneys' fees, regardless of the prevailing party, unless otherwise awarded by court of competent jurisdiction] [the prevailing party shall be entitled to a reasonable sum for attorneys' fees, witness fees, and court costs, including costs of appeal].

12. Quiet Enjoyment. If and so long as Lessee shall pay all rent and all other amounts payable by Lessee hereunder whenever the same shall become due and shall keep all of the covenants and conditions required by it to be kept during this Ground Lease and shall perform all of its other obligations hereunder, Lessor covenants and agrees that, except as may otherwise be provided in the Facilities Lease, Lessor will not interfere with the peaceful and quiet occupation and enjoyment of the Land by Lessee, which occupation and enjoyment shall be without hindrance, ejection or molestation by Lessor.

13. Compliance with Laws. Lessee shall not use the Land or permit anything to be done in or about the Land which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Lessee shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and obtain all permits, licenses or other approvals required by governmental agencies or bodies. Lessee shall further comply with the requirements of any board or fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Land.

14. Waiver Limitations. The waiver by either party of any term, covenant or condition herein contained on the part of the other party to be performed shall not be deemed a waiver of such term, covenant or condition for any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance by Lessor of Lessee's performance of any obligations hereunder shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Ground Lease.

15. Notices. All notices or requests required or permitted under this Ground Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, by nationally recognized overnight courier or by confirmed email transmission and shall be deemed given when so delivered, received or email (provided sender obtains a confirmation of receipt). All notices or requests shall be sent as follows:

If to Lessor: County of Riverside
Real Estate Division
3403 Tenth Street, Suite 500
Riverside, California 92501
Email: sdgilbert@rivcoeda.org

If to Lessee: Riverside Community Properties Development, Inc.
c/o National Development Council
1218 Third Avenue, Suite 1403
Seattle, WA 98101
Email: jfinke@nationaldevelopmentcouncil.org

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section 15.

16. Assignment and Subleasing.

16.1 Subleasing. Lessor and Lessee intend that Lessee shall enter into the Facilities Lease with Lessor. Any other proposed subleases of the Land shall be subject to the review and written approval of Lessor.

16.2 Assignment. Except for the Leasehold Mortgage granted by Lessee to the Trustee to secure the repayment of the Bonds for the Project, Lessee shall not assign, mortgage, or encumber this Ground Lease or delegate the duties of Lessee under this Ground Lease without the prior written consent of Lessor. A consent to one assignment shall not be deemed to be a consent by Lessor to any subsequent assignment by another person. This Ground Lease shall not, nor shall any interest of Lessee herein, be assignable by operation of law, without prior written consent of Lessor.

17. Ancillary Improvements. Pursuant to the requirements of the Facilities Lease, Lessee shall construct the Ancillary Improvements as part of the Project. Lessor and Lessee shall cooperate in the preparation and execution of any boundary line adjustment or other subdivision to establish the Ancillary Improvements site as a separately conveyable and leasable parcel for purposes of its development to the extent deemed necessary or desirable by the parties. As provided in the Facilities Lease, Lessor may by written notice to Lessee, require Lessee to convey the Ancillary Improvements to Lessor, in which event the Ancillary Improvements shall be released from the lien of the Indenture, the Leasehold Mortgage and the other security documents for the Bonds upon compliance with the provisions set forth in Section 3.23 of the Leasehold Mortgage, and Lessor and Lessee shall execute an appropriate amendment to this Ground Lease provided that all conditions set forth in Section 37 of the Facilities Lease have been satisfied.

18. Miscellaneous.

18.1 Time of Essence. Time is of the essence in regard to performance of the covenants and agreements stated herein.

18.2 No Joint Venture or Agency. Nothing contained in this Ground Lease nor any of the acts of the parties hereto shall be construed nor is it the intent of the parties, to create a joint venture or partnership between Lessor and Lessee, nor is either party the agent or representative of the other, and nothing in this Ground Lease shall be construed to create any such agency relationship or to hold either party liable to anyone for goods delivered or services performed at the request of the other party.

18.3 Amendments. No change in or addition to or waiver or termination of this Ground Lease any part hereof, shall be valid unless made in writing and signed by or on behalf of the party charged therewith. Lessor and Lessee agree to negotiate in good faith any amendments to this Ground Lease that may be requested or required in connection with the issuance of the Bonds to finance the Project.

18.4 Governing Law. This Ground Lease shall be construed in accordance with and governed by the laws of the State of California.

18.5 Jurisdiction/Venue. In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Superior Court of California, County of Riverside, and agree that in any such action venue shall lie exclusively in Riverside County, California.

18.6 Headings. The article, section and paragraph headings herein contained are for the purposes of identification and reference convenience only and shall not be considered in construing this Ground Lease.

18.7 Successors and Assigns. Subject to the provisions hereof restricting the sublease or assignment by Lessee, all the terms and provisions of this Lease shall be binding upon and to the benefit of and be enforceable by the parties and the successors and assigns of the parties.

18.8 No Merger. In no event shall the leasehold interest of Lessee hereunder merge with any estate of Lessor in or to the Land or the leasehold interest of Lessor under the Facilities Lease. In the event that Lessor acquires the leasehold interest of Lessee, such leasehold interest shall not merge with Lessor's fee interest in the Land or the leasehold interest of Lessor under the Facilities Lease, and this Ground Lease and the Facilities Lease shall remain in full force and effect.

18.9 Counterparts; Recording of Memorandum. This Ground Lease may be executed in several counterparts, each of which shall be deemed an original for all purposes. Either Lessor or Lessee shall have the right to record a memorandum of this Ground Lease in a form comparable to that provided in the Facilities Lease and the parties shall cooperate in execution of such memorandum.

18.10 Schedule of Exhibits. This Ground Lease includes the following exhibits attached hereto and incorporated herein by this reference.

EXHIBIT A Land Legal Description

18.11 Approval. This Ground Lease shall not be binding or effective until its approval by the Chairman of the Board of the Riverside County Board of Supervisors.

LESSOR:
COUNTY OF RIVERSIDE

LESSEE:
RIVERSIDE COMMUNITY PROPERTIES
DEVELOPMENT, INC.
a California nonprofit public benefit
corporation

By: _____
John J. Benoit, Chairman
Board of Supervisors

By: _____

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: _____

Deputy

APPROVED AS TO FORM:
Pamela J. Walls
County Counsel

By:  _____
Patricia Munroe
Deputy County Counsel

California Certificate of Acknowledgment

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } ss.

On _____, 2013, before me, _____,
personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person
whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed the same in
[his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity upon behalf
of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is
true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could
prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

Ground Lease Agreement

(Title or Description of Attached Document)

Number of Pages: _____

Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING:

**SIGNER(S) OTHER THAN
NAMED ABOVE:**

California Certificate of Acknowledgment

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} ss.

On _____, 2013, before me, _____, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

Ground Lease Agreement

(Title or Description of Attached Document)

Number of Pages: _____

Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING:

SIGNER(S) OTHER THAN NAMED ABOVE:

EXHIBIT A
LAND LEGAL DESCRIPTION

That portion of the northeast quarter of Section 26, Township 5 South, Range 7 East, San Bernardino Meridian, in the City of Indio, County of Riverside, State of California, more particularly described as follows:

BEGINNING at the northeast corner of said Section 26;

Thence, along the north line of said Section, South 89°36'03" West 443.66 feet;

Thence leaving said north line. South 00°23'57" East 40.00 feet to the northeast corner of the land described in memorandum of Agreement recorded June 6, 2005 as Instrument No. 20050447427 and in memorandum of (Possession and Use) Agreement recorded July 21, 2005 as Instrument No. 2005-0583245, both of Official records;

Thence, along the easterly line of the land described in said Memorandum of Agreement and Memorandum of (Possession and Use) Agreement, South 00°50'10" East 309.64 feet to the most easterly southeast corner of the land described in said documents;

Thence, along the southerly line of the land described in said documents, South 89°42'54" West 306.02 feet to a point in the easterly line of the lands described in the Grant Deed to the County of Riverside, a Body Corporate and Politic, recorded February 15, 1994 as Instrument No. 065257 of Official Records, as having a length of 485.51 feet;

Thence, along said last-mentioned line, South 15°42'17" East 53.55 feet to a point thereon;

Thence leaving said easterly line. South 07°39'47" East, a distance of 211.50 feet to the beginning of a tangent curve concave northeasterly, having a radius of 25.00 feet;

Thence southeasterly along said curve, to the left, through a central angle of 16°18'44", an arc distance of 7.12 feet

Thence North 89°30'58" East, a distance of 30.65 feet to the southeasterly terminus of said line;

Thence, along the northerly line of said parcel of land described in said last-mentioned Deed, North 89°30'58" East 260.99 feet;

Thence, leaving said northerly line. North 00°00'49" West 218.10 feet;

Thence North 44°35'17" East 22.40 feet;

Thence North 89°48'22" East 388.96 feet to the east line of said Section 26;

Thence, along said east line, North 00°35'40" East 384.39 feet to the **POINT OF BEGINNING**

Containing 5.76 acres, more or less.

EXHIBIT B
APPROVED TITLE EXCEPTIONS

1. An easement for the purpose shown below and rights incidental thereto as set forth in a document. (No representation is made as to the present ownership of said easement)

In Favor of: State of California
Purpose: public highway
Recorded: May 27, 1940 in Book 462, Page 544 of Official Records
Affects: That portion of said land as described in the document attached hereto.

Among other things, said document recites:

And the grantor do hereby waive all claim for compensation for any and all damages on account of the location, establishment and construction of said highway; and do hereby grant to the State of California all tress, growths (growing or that may hereafter grow) and road building materials within said right of way, including the right to take water together with the right to use the same in such manner and at such location as said grantee may deem proper, needful or necessary in the construction, reconstruction, and maintenance of said highway.

2. An easement for the purpose shown below and rights incidental thereto as set forth in a document. (No representation is made as to the present ownership of said easement)

In Favor of: City of Indio
Purpose: street
Recorded: March 1, 1968 as Instrument No. 19035 of Official Records
Affects: That portion of said land as described in the document attached hereto.

3. The fact that said land is included within the Date Capital Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

Recorded: July 12, 1985 as Instrument No. 85-153187, of Official Records

4. The fact that said land is included within the Date Capital Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

Recorded: September 11, 2007 as Instrument No. 2007-0574185, of Official Records

5. Water rights, claims or title to water, whether or not disclosed by the public records.

**FACILITIES
LEASE AGREEMENT**

between

**RIVERSIDE COMMUNITY PROPERTIES DEVELOPMENT, INC.,
a California nonprofit public benefit corporation**

as Landlord

and

**COUNTY OF RIVERSIDE,
a political subdivision of the State of California**

as Tenant

October 1, 2013

**County Law Building Project
Indio, California**

**County Law Building
Indio, California**

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FACILITIES LEASE AGREEMENT

THIS FACILITIES LEASE AGREEMENT (“Lease”) is dated for reference purposes October 1, 2013 and is made by and between **RIVERSIDE COMMUNITY PROPERTIES DEVELOPMENT, INC.**, a California nonprofit public benefit corporation (“Landlord”), and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California (“Tenant”). Landlord and Tenant agree as follows:

RECITALS

A. Landlord is the lessee under that certain Ground Lease dated October 1, 2013 (“Ground Lease”), with Tenant as lessor, pursuant to which Landlord leases that certain real property located in the City of Indio, County of Riverside, California (“Land”), more specifically described on the attached **EXHIBIT A**.

B. Tenant desires to have Landlord construct on the Land an office building containing approximately 90,363 rentable square feet to serve as the County law building (the “Office Building”) and certain improvements relating to an ancillary building of approximately 5,000 square feet anticipated to be constructed at a future date (the “Ancillary Improvements” as defined below), located in the City of Indio. Tenant also desires to have Landlord construct a parking lot located on the Land containing approximately 369 parking stalls (“Parking Lot”) to serve primarily the occupants of the Office Building as well as members of the public. Design, permitting and construction of the Office Building, the Ancillary Improvements and the Parking Lot are referred to herein as the “Project.”

C. Landlord and Tenant desire to enter into this Lease whereby Tenant shall lease and, upon substantial completion, shall occupy the Premises (as defined below) at the rent and subject to all of the terms, covenants and conditions set forth herein.

D. Landlord will engage Trammell Crow So. Cal. Development Services, Inc. as Developer to develop, oversee and manage the design, permitting and construction phases of the Project in accordance with the terms and conditions of a Development Agreement and for a Fixed Price as provided herein, all of which shall be subject to Tenant’s Concurrence as provided herein.

E. Landlord anticipates that financing for the Project will be pursuant to its issuance of tax-exempt obligations in accordance with the provisions of Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury (the “Bonds”). Upon payment in full of the Bonds, or earlier defeasance thereof, Landlord will convey the Premises to Tenant for no additional consideration.

AGREEMENT

1. Definitions. As used in this Lease, the following capitalized terms shall have the following meanings:

1.1 “Abatement” means a reduction in the Rent payable by Tenant hereunder (other than Additional Rent for current Operating Costs) as a result of damage, destruction or partial condemnation of the Premises or a defect in Landlord’s title to the Premises not resulting from Tenant’s ownership of the Land, any of which results in substantial interference with Tenant’s right to use and occupancy of the Premises. The amount by which Rent is abated during any period shall be the amount necessary to cause the resulting Rent payable by Tenant (other than Additional Rent for current Operating Costs) not to exceed the Fair Market Rent for the portions of the Premises with respect to which there is no substantial interference.

1.2 “ADA” means the Americans With Disabilities Act of 1990, as amended from time to time.

1.3 “Additional Rent” means the Operating Costs, including Taxes and Utilities, together with Capital Expenditures, each as defined herein, payable by Tenant under the provisions of this Lease.

1.4 “Administrative Fees and Expenses” shall have the meaning set forth in the Indenture.

1.5 “Ancillary Building” means the approximately 5,000 square feet building anticipated to be constructed at a future date on the site of the Ancillary Improvements. The Ancillary Building is not part of the Project.

1.6 “Ancillary Improvements” means those certain improvements described in the Preliminary Plans as part of the Project, consisting of a pad ready site (finished pad with stubbed utilities) and related improvements necessary to accommodate the potential future construction of the Ancillary Building.

1.7 “Annual Capital Repair Reserve Payment” means the annual payment to the Capital Repairs Fund described in Section 5.11 below.

1.8 “Annual Operating Budget” shall have the meaning set forth in Section 5.7 below.

1.9 “Architect” means Langdon Wilson International, the architect for the Project selected by Landlord, with the Tenant’s Concurrence (as defined in Section 1.70 below).

1.10 “Asset Management Fee” means that fee payable to Landlord as part of the Additional Rent in an amount equal to one percent (1%) of the Rent payable hereunder, except that portion of the Rent payable for (i) the Asset Management Fee and (ii) the Annual Capital Repair Reserve Payments.

1.11 “Bond Closing” refers to the date the Bond proceeds are available to the Trustee.

1.12 “Bonds” means those tax-exempt obligations to be issued by Landlord for design, permitting and construction of the Project pursuant to the Indenture and which satisfy the requirements of Revenue Ruling 63-20 of the U.S. Treasury, as amended and updated by Revenue Procedure 82-26 of the U.S. Treasury, and other regulations, interpretations and letter rulings issued by the Internal Revenue Service with respect to such financings. From the proceeds of such Bonds, Landlord intends to pay all costs associated with the ground lease of the Land, the development of the Project for the Fixed Price, all costs of issuing the Bonds, and capitalized interest during the construction period.

1.13 “Business Day” shall have the meaning set forth in the Indenture.

1.14 “Calendar Year” means a calendar year commencing with January 1 and ending with December 31.

1.15 “Capital Expenditures” means (i) the acquisition of a prior non-existing asset or the repair or replacement of a pre-existing asset; (ii) not characterized as an operating cost or expense under generally accepted accounting principles, (iii) which maintains the value of the Premises over its usual life and is permanently affixed to the real estate, and (iv) does not include personal property, or removable trade fixtures.

1.16 “Capital Repairs Fund” means the fund of that name established under the Indenture and referenced in Section 5.11 below.

1.17 “Code” means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable Department of Treasury regulations.

1.18 “Construction Contracts” means (i) the General Construction Contract and (ii) all other contracts for construction services entered into between Landlord, or Developer, on behalf of and acting as agent for Landlord, and any Contractor, for construction of any portion of the Project not covered by the General Construction Contract.

1.19 “Construction Documents” mean the Construction Drawings and Detailed Specifications approved, in writing, by Landlord with Tenant’s Concurrence, for the construction of the Project, including technical drawings, schedules, diagrams, plans and specifications setting forth in detail the requirements for construction of the Project and providing information customarily required for the use of the building trades.

1.20 “Construction Drawings” means drawings setting forth in detail the requirements for the construction of the Project. As used herein, “Construction Drawings” include all graphic and pictorial documents depicting the design, location and dimensions of the elements of the Project (including Tenant Improvements) and include plans, elevations, sections, details, schedules and diagrams for the Project, all of which shall be consistent with the Project Requirements. The general design and location of the improvements are based upon the general design and concepts presented to Tenant by Landlord in Tenant’s Request for Proposal process.

1.21 “Contract Documents” means the contract with the Architect, Construction Documents, the Construction Contracts and the other documents identified as Contract Documents in the General Construction Contract, all of which shall be subject to Tenant’s Concurrence as defined herein.

1.22 “Contractors” means the General Contractor and any other construction contractors with whom Landlord enters into direct contracts upon the written recommendation of Developer, or with whom Developer on behalf of and acting as the Landlord’s agent, enters into contracts; provided, however, that all such contracts shall be entered into with Tenant’s Concurrence.

1.23 “Detailed Specifications” means all written detailed requirements for materials, equipment, construction systems, standards and workmanship for the construction of the Project.

1.24 “Developer” means Trammell Crow So. Cal. Development Services, Inc., a Delaware corporation, and its successors and permitted assigns under the Development Agreement.

1.25 “Development Agreement” means that certain Development Agreement of even date herewith, as amended from time to time, between Developer and Landlord which provides for the development, design, permitting and construction of the Project, and which has received Tenant’s Concurrence.

1.26 “Effective Date” means the date that this Lease is fully executed, acknowledged and delivered by Landlord and Tenant.

1.27 “Environmental Laws” means all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes relating to the regulation or protection of human health, safety, the environment, and natural resources, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 *et seq.*), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 *et seq.*), the Clean Air Act (42 U.S.C. §§ 7401 *et seq.*), the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*), the Solid Waste Disposal Act (42 U.S.C. §§ 6901 *et seq.*), the Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*), the Emergency Planning and Community Right-To-Know Act (42 U.S.C. §§ 11001 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. §§ 651 *et seq.*), and any similar or comparable state or local laws, including, without limitation, the California Hazardous Substance Account Act (California Health & Safety Code §§ 25300 *et seq.*), as such federal, state, and local laws exist as of the Effective Date and as amended in the future.

1.28 “Event(s) of Default” has the meaning set forth in Section 22 of this Lease.

1.29 “Expiration Date” means the earlier of December 31, 2044, or the date on which this Lease terminates in accordance with its terms; provided, however, that the Expiration Date may be extended as provided in Section 3 in the event of an Abatement of Rent under Section 19.4 or Section 20.2 below.

1.30 “Fair Market Rent” means the fair market rent (other than rent to cover current operating expenses) payable for office premises in Riverside County, California comparable to the Premises hereunder, determined as of the Effective Date. The Fair Market Rent shall be determined by a qualified MAI appraiser selected by Tenant and reasonably acceptable to Landlord. The Fair Market Rent shall be calculated as of the Effective Date and thereafter shall be re-calculated in the event of damage, destruction or partial condemnation of the Premises as contemplated in Sections 19 and 20 or in the event of a defect in Landlord’s title to the Premises not resulting from Tenant’s ownership of the Land and resulting in substantial interference with Tenant’s right to use and occupancy of the Premises; provided that conveyance of the Ancillary Improvements by Landlord to Tenant in accordance with Section 37 shall not result in any decrease in the Fair Market Rent of the remaining Premises, it being agreed that the value of such Ancillary Improvements is *de minimis*.

1.31 “Final Acceptance” means that the following events have occurred with respect to the Project:

(a) The City of Indio, California, has issued all certificates of occupancy for the Project.

(b) Each Contractor has issued its “Certificate of Substantial Completion” together with its “Affidavit of Payment of Debts and Claims” (AIA Forms 706 and 706A), together with final waivers and releases of lien, in form satisfactory to Landlord, from Contractors and all subcontractors who have performed work on site.

(c) All Punch List items for the Project have been completed to the reasonable satisfaction of Landlord with Tenant’s Concurrence, but if Landlord consents to Final Acceptance, with Tenant’s Concurrence, without completion of all Punch List items, Landlord and Developer shall have agreed upon the estimated cost of any Punch List items remaining to be completed and 150% of such estimated costs shall be withheld by the Trustee in the Project Costs Account until the Punch List items have been completed to the reasonable satisfaction of Landlord with Tenant’s Concurrence. When the Punch List items have been completed, and Developer has so notified Landlord, upon Landlord’s reasonable satisfaction (with Tenant’s Concurrence) that such Punch List items have been completed, Landlord shall deliver its requisition to the Trustee for payment of such funds being withheld by Trustee.

(d) Developer has submitted its application for Final Payment together with evidence reasonably satisfactory to Landlord that all construction costs for the Project have been paid in full including evidence of full payment for any personal property installed on the Land as part of the Project Costs.

(e) The period for filing construction liens for the Project has expired and none have been filed or releases or discharges of construction liens in form and substance satisfactory to Landlord have been obtained by Developer from all Contractors in accordance with all Construction Contracts and from such laborers, Contractors and subcontractors performing work on site as Landlord, with Tenant’s Concurrence, may require.

(f) Architect has issued its “Certificate of Final Completion” for the Project and Landlord has received the certificate of any other architect or engineer reasonably requested by Landlord.

(g) General Contractor has issued a certificate that (i) the Project has been finally completed in substantial accordance with the Contract Documents and (ii) no Hazardous Substances were incorporated into the structure of the Project.

(h) Developer has delivered to Landlord a written report showing the allocation of Project Costs among the categories of the Project Budget and the remaining specified dollar amount of the Project Contingency and the undisbursed portion of the Developer’s Fee (as defined in the Development Agreement).

(i) Landlord has received an endorsement to its title policy and Trustee shall have received an endorsement to its title policy, each dated as of and issued on the date of Final Acceptance, which shall (i) insure Landlord and Trustee, respectively, against any liens for labor or materials, whether or not of record, which may have arisen in connection with the construction of the Project, and (ii) show no additional exceptions to such title policy other than those approved by or arising through Landlord.

(j) Developer shall have delivered to Landlord and Tenant its affidavit that the Construction Contracts for the Project required the Contractors under those contracts and their subcontractors to pay prevailing wage in accordance with Section 33.

(k) Developer shall have submitted the initial applications, supporting documents, and other materials needed to obtain LEED Gold certification (or as otherwise agreed by Landlord and Tenant).

1.32 “Final Payment” means payment to the Developer, the Architect, General Contractor and any other Contractors by Landlord following Final Acceptance.

1.33 “Financed FF&E” means furniture, fixtures, equipment and movable property as set forth on **EXHIBIT N** attached hereto, the costs of which will (i) be included in Project Costs, but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget, and (ii) financed through the Bonds. Any cost of Financed FF&E that is in excess of the Financed FF&E Allowance set forth in the approved Project Budget shall not be part of the Fixed Price. The Financed FF&E will be designed, provided and installed as set forth on **EXHIBIT N**.

1.34 “Fixed Price” means an amount not to exceed \$38,555,316, the total amount to be paid by Landlord for Project Costs. A detailed description of Project Costs by line item and category is set forth in the Project Budget.

1.35 “General Construction Contract” means the agreement between Landlord and the General Contractor for construction of the Project.

1.36 “General Contractor” means Millie and Severson, Incorporated, the general contractor for the Project selected by Landlord, with Tenant’s Concurrence.

1.37 “Ground Lease” means the long-term ground lease entered into, or to be entered into, by Riverside Community Properties Development, Inc. as lessee and County of Riverside as lessor for the Land.

1.38 “Hazardous Substance” means any material, waste, substance, industrial waste, toxic waste, chemical contaminant, petroleum, asbestos, polychlorinated biphenyls, radioactive materials, or other substances regulated or classified by Environmental Laws as hazardous, toxic or lethal to persons or property.

1.39 “Indenture” means the trust indenture pursuant to which Landlord will cause the issuance of the Bonds.

1.40 “Land” means the real property located in the City of Indio, County of Riverside, California, which is the subject of the Ground Lease and this Lease and which is more particularly described in the attached **EXHIBIT A**.

1.41 “Landlord” means Riverside Community Properties Development, Inc., a California nonprofit public benefit corporation, and its successors and permitted assigns.

1.42 “Laws” means any constitution, statute, ordinance, regulation, rule, resolution, judicial decision, administrative order or other requirement of any federal, state, county, municipal or other governmental agency or authority having jurisdiction over the parties or the Premises, or both, in effect either at the time of execution of this Lease or at any time during the Term, including without limitation, any regulation or order of a quasi-official entity or body (e.g., board of fire examiners or public utilities) and all rules, laws and regulations issued thereunder, as the same may be amended from time to time.

1.43 “Leasehold Mortgage” means the (a) Construction Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing; (b) Assignment of Leases and Cash Collateral; (c) applicable Uniform Commercial Code financing statements; and (d) other security documents executed by Landlord in connection with or to secure the Bonds.

1.44 “Liens” means any lien, charge, security interest or encumbrance, except the Indenture and the Mortgage, which may be attached to, upon or against the Premises or any portion thereof.

1.45 “Monthly Rent” means the rent payable by Tenant under this Lease from the Rent Commencement Date to and including the Expiration Date in the amounts set forth on the Schedule of Monthly Rent, annexed hereto as **EXHIBIT B** and by this reference incorporated herein. Monthly Rent is the amount necessary to pay principal and interest with respect to the Bonds in accordance with the Indenture.

1.46 “Notice Address” means, as to each of the Notice Parties, its respective address as specified in or pursuant to Section 32.8 of this Lease.

1.47 “Notice Parties” means each of Landlord, Tenant and Trustee.

1.48 “Office Building” means the County law building containing approximately 90,000 rentable square feet of area as described in the Preliminary Plans.

1.49 “Operating Costs” means any and all costs and expenses directly related to ownership, operation and maintenance of the Premises, as more particularly set forth in Section 5.2 of this Lease, but excluding Project Costs, Capital Expenditures and the other items expressly excluded under Section 5.3 of this Lease.

1.50 “Parking Lot” means the parking lot containing approximately 369 parking stalls to be constructed on the Land in accordance with applicable Project Requirements, for use by Tenant pursuant to this Lease. The Parking Lot is more particularly described in the Preliminary Plans, attached hereto as **EXHIBIT C**.

1.51 “Permitted Use” means use of the Premises by Tenant for its County law building, potential government or other use of the Ancillary Improvements, and/or any other lawful use consistent with the provisions of Section 7.

1.52 “Preliminary Plans” are the initial renditions for the Office Building, the Ancillary Improvements and the Parking Lot pursuant to site plan approvals issued with respect to the Project by the City of Indio, California, a schedule of which Preliminary Plans is attached hereto as **EXHIBIT C** and incorporated herein by this reference. The Preliminary Plans include a design intent summary regarding the quality of construction, and general intent of design.

1.53 “Premises” means the entirety of the Office Building, the Ancillary Improvements, the Parking Lot and any other improvements on the Land, together with a leasehold interest in the Land pursuant to the Ground Lease

1.54 “Project” means the total design, permitting and construction, all design and other professional services, and all labor, materials and equipment used or incorporated in such design and construction of the Office Building, the Ancillary Improvements and Parking Lot on the Land and the Tenant Improvements to be constructed within the Office Building. The Project shall be consistent with and reasonably inferable from the approved Project Requirements as being necessary to produce the intended results.

1.55 “Project Budget” means the budget for development of the Project attached hereto as **EXHIBIT D-2** and as revised from time to time by Developer and Landlord with Tenant’s Concurrence, and in accordance with the Development Agreement.

1.56 “Project Contingency” means the contingency by that name set forth in the Project Budget and further defined in the Development Agreement.

1.57 “Project Costs” means all costs for the completion of the development, design, permitting and construction of the Project, including, without limitation, all site work, including utility relocation and installation of utilities as required to serve the Project, all roadway improvements (if any), sidewalks and landscaping, all permit fees, all costs of the Office Building, the Ancillary Improvements and the Parking Lot, HVAC, electrical and other building systems, including but not limited to conduit rough-in for data, telephone, and security, all costs of Tenant Improvements including HVAC thermostats and operating controls, all costs

of Financed FF&E (but only to the extent of the Financed FF&E Allowance set forth in the approved Project Budget), all costs of architectural services provided by the Architect under the Architect's Agreement, all other professional design services and other services provided by Contractors or other professionals engaged by Developer or General Contractor, all amounts paid to General Contractor under the General Construction Contract including all labor, material, and equipment used or incorporated in such design and construction, all amounts paid to other Contractors and subcontractors, if any, under any other Construction Contract or subcontract entered into by Landlord upon the written approval of Developer or by Developer on behalf of and acting as the Landlord's agent in connection with the Project, including all labor, material, equipment used or incorporated in such design and construction, services provided by engineers, environmental consultants, surveyors and other professionals and consultants retained by Developer in connection with the Project, the Developer's Overhead Allowance, Developer's Fee (each as defined in the Development Agreement), insurance (other than Bond insurance and other than builders risk insurance which shall be purchased by Landlord and not by Developer or General Contractor), payment and performance bonds, applicable state and local retail sales taxes, and the Project Contingency.

Notwithstanding anything to the contrary herein, Project Costs do not include and Developer has no responsibility for (a) Tenant's Personal Property and any taxes thereon (which shall be paid by Tenant at its sole cost and expense); (b) Owner Discretionary Costs; (c) Costs Resulting from Owner-Caused Delay; (d) any increase in the cost of the Project resulting from Owner-initiated change orders; (e) real property taxes and assessments with respect to the Land and the improvements thereon; and (f) Other Owner Costs. Owner Discretionary Costs, Costs Resulting from Owner-Caused Delay and Other Owner Costs each shall have the meaning assigned to them in the Development Agreement.

1.58 "Project Requirements" means the Preliminary Plans, Construction Documents, Requirements of Law, and any other requirements for the Project specifically agreed to by Landlord and Developer with Tenant's Concurrence.

1.59 "Project Schedule" means the schedule for development and construction of the Project as revised from time to time by Developer and Landlord in accordance with the Development Agreement, and with Tenant's Concurrence. The initial Project Schedule is set forth in **EXHIBIT D-1** attached hereto and by this reference incorporated herein.

1.60 "Punch List" means a list of items required to be completed prior to Final Acceptance that are minor items which do not affect Landlord's ability to lease the Premises to Tenant and do not affect Tenant's ability to use the Premises for their Permitted Use. The Punch List shall be subject to Tenant's Concurrence.

1.61 "Rent" means the sum of Monthly Rent and Additional Rent.

1.62 "Rent Commencement Date" means the date that Tenant's obligation to pay Monthly Rent commences, which is the first day of the month immediately following the Substantial Completion Date.

1.63 “Requirements of Law” means all requirements relating to land and building construction (including those specifically applicable to Tenant’s contemplated use of the Premises for the Permitted Use, and planning, zoning, subdivision, environmental, air quality, flood hazard, fire safety, accessibility, and other governmental approvals, permits, licenses and/or certificates as may be necessary from time to time to comply with all the foregoing and other applicable statutes, rules, orders, regulations, laws, ordinances, and covenants, conditions and restrictions, which now apply to and/or affect the design, construction, existence, intended use, operation and/or occupancy of the Land, the Premises or any part thereof.

1.64 “Substantial Completion Date” means the date of Substantial Completion of the Project.

1.65 “Substantial Completion of the Project” means that each of the following events has occurred with respect to the Project:

(a) Developer has notified Landlord and Tenant in writing that the Project, including all Tenant Improvements, are Substantially Complete in substantial accordance with the Contract Documents, subject only to the completion of normal Punch List items and activities required for Gold LEED certification (or as otherwise agreed by Landlord and Tenant);

(b) Architect has issued its “Certificate of Substantial Completion” (AIA Document G704) stating that the work under the Construction Contracts is sufficiently complete in substantial accordance with the Contract Documents to permit Tenant to occupy or utilize the Premises for its Permitted Use;

(c) The City of Indio has issued a temporary or final certificate of occupancy or other approval sufficient for initial occupancy of the Premises and the City’s Fire Department has also issued its approval for occupancy such that Tenant is permitted to and could, pursuant to such issued certificate of occupancy, physically occupy the Premises for its Permitted Use; provided, however, if the delay in the issuance of the certificate of occupancy is attributable to the Tenant’s work, including, without limitation Tenant’s installation of Tenant’s Personal Property and any portion of the Financed FF&E that is to be provided or installed by Tenant in accordance with **EXHIBIT N**, then this condition shall be deemed satisfied;

(d) Each Contractor has issued its “Certificate of Substantial Completion” together with its “Affidavit of Payment of Debts and Claims” (AIA Forms 706 and 706A), together with partial waivers and releases of lien for work performed prior to the date of its “Certificate of Substantial Completion” in form satisfactory to Landlord, with Tenant’s Concurrence, from such materialmen, laborers, contractors and subcontractors as Landlord, with Tenant’s Concurrence, may reasonably require;

(e) Access to the Premises has undergone inspection by a “Certified Access Specialist” and has been determined pursuant to such inspection to meet all applicable construction-related accessibility standards under California Civil Code Section 55.53, and Landlord has so certified to Tenant pursuant to California Civil Code Section 1938;

(f) Landlord, with Tenant's Concurrence, has accepted the Project as Substantially Complete, subject to completion of the Punch List items agreed upon by Landlord, with Tenant's Concurrence; and

(g) Landlord shall, or shall cause Developer to, have caused a Notice of Completion under California Civil Code Section 3093 to be recorded.

1.66 "Substantially Complete" means that the Project has been constructed in substantial accordance with the Contract Documents and: (a) all elements required for the functioning of the Project are operational and in good working order and condition including satisfying applicable ADA building requirements, as well as regulations adopted thereunder; (b) the Office Building is weather tight and waterproof; (c) the fire and life safety systems within the Project are operational and in good working order and condition; (d) the Office Building elevators operate and function in good working order and condition, but may still require minor touch up installation and cleaning; (e) the mechanical and electrical systems, including but not limited to the HVAC system, have been individually tested and verified that they are in good working order and able to support the Permitted Use of the Project by the Tenant, and have been tested to assure that the Project systems operate on an integrated basis; (f) the finish work has been substantially completed, including, but not limited to public lobby, elevator, HVAC, plumbing, fire and life safety, sprinkler and electrical systems, doors, partitions, cabinetry, carpet and base, including removal of all construction debris; and (g) all roadway improvements, site utilities, sidewalks and landscaping have been substantially completed and construction barricades and equipment have been removed, except in each case minor Punch List items which do not materially affect use and occupancy of the Project for its Permitted Use.

1.67 "Taxes" means all real and personal property taxes and assessments (including assessments for special assessment district improvements), supplemental assessments, license and permit fees, leasehold excise taxes, other excise taxes, levies, sales, use and occupancy taxes, any tax or charge assessed against the Rent or fair market value of the Premises and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges and all other governmental impositions and charges of every kind and nature, general and special, ordinary and extraordinary, foreseen and unforeseen of every character which at any time from and after the Substantial Completion Date may be imposed, levied upon or assessed against or which arise with respect to or constitute a lien upon the Land, the Premises (or any part thereof), the leasehold estate created by this Lease or any part thereof, or any estate, right or interest therein, or any occupancy, use or possession of or activity conducted on the Premises or any part thereof. Taxes shall not include any tax computed on the basis of Landlord's net income.

1.68 "Tenant" means County of Riverside, and its successors and permitted assigns, as the tenant under this Lease.

1.69 "Tenant Improvements" means any improvements to the interior of the Office Building, including but not limited to HVAC thermostats, operating controls and conduit rough-in for data, telephone, and security wiring, all of which are more specifically described in the Construction Documents and subject to Tenant's Concurrence.

1.70 “Tenant’s Concurrence” means, with respect to any Contract Documents or any action to be taken by Landlord with respect to the Project for which Tenant’s concurrence is specified, the written approval of Tenant to such Contract Document or action following (i) written notice to Tenant from Landlord requesting such concurrence and (ii) the period of time expressly stated in days for Tenant to consider such request either as specified herein or, if not specified, a commercially reasonable period of time. If Tenant fails to respond within such period, Tenant’s Concurrence shall be deemed granted. Tenant’s Concurrence shall not be unreasonably withheld or delayed.

1.71 “Tenant’s Construction Representative” means the designee of Tenant’s Assistant County Executive Officer/EDA who is Deputy Director of Real Estate, or such other individual named in a notice from Tenant to Landlord given from time to time.

1.72 “Tenant’s Personal Property” means Tenant’s furniture, equipment and movable property placed in the Premises. Tenant shall provide and install Tenant’s Personal Property at Tenant’s sole cost and expense. Tenant’s Personal Property does not include Financed FF&E.

1.73 “Term” means the period beginning on the Effective Date and ending on the Expiration Date.

1.74 “Trustee” means a national bank or other financial institution with trust powers selected by Landlord to serve as the bond trustee under the Indenture or any duly authorized successor thereto appointed pursuant to the Indenture.

1.75 “Utilities” means all utilities and services furnished to the Premises, after the Substantial Completion Date including without limitation, gas, electricity, water and sewer.

2. Premises. Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term. Tenant shall not, however, be entitled to occupy the Premises until the date of Substantial Completion of the Project.

3. Term. The Term shall commence on the Effective Date and shall expire on the Expiration Date; provided, however, that the right of Tenant to occupy the Premises shall not commence until the Substantial Completion Date.

If on the Expiration Date, the total Monthly Rent otherwise payable hereunder has not been fully paid as a result of an Abatement of Rent under Section 19.4 or Section 20.2 below and the Bonds have not been fully paid, then the Term of this Lease may, at the option of Landlord, be extended until the total Monthly Rent otherwise payable hereunder shall be fully paid and the Bonds have been fully paid, except that the Term of this Lease shall in no event be extended beyond December 31, 2054. In the event of any such extension of the Term, the Monthly Rent shall be the amount payable by Tenant immediately prior to such extension period.

Notwithstanding that the right of Tenant to occupy the Premises shall not commence until the Substantial Completion Date, all of the other terms and provisions of this Lease shall be effective from and after the Effective Date (except as otherwise provided herein, such as provisions related to Tenant’s obligation to pay Rent and to procure insurance).

4. Monthly Rent; Conveyance of Premises.

4.1 Obligation to Pay Monthly Rent. Tenant shall pay the Monthly Rent to the Trustee at the Trustee's address set forth in Section 32.8 and without deduction, offset, prior notice or demand, in advance on the Rent Commencement Date and thereafter in advance on the first day of each month throughout the Term. The first Monthly Rent payment shall include a pro-rated amount for any partial month occurring between the Substantial Completion Date and the Rent Commencement Date. Tenant may elect to offset against its obligation to pay Monthly Rent amounts in the Capitalized Interest Fund (as defined in the Indenture) or otherwise held by Trustee and that are available to pay principal of and/or interest on the Bonds, all to the extent permitted under the Indenture. Tenant acknowledges that time is of the essence in payment of Monthly Rent since Landlord intends to use Monthly Rent to make principal and interest payments on the Bonds. In any year, the aggregate amount of Monthly Rent plus the Annual Capital Repair Reserve Payment shall not exceed the Fair Market Rent (as defined in Section 1.30) for the Premises.

4.2 Defeasance. In the event that money and/or "Government Obligations," as such obligations are now or may hereafter be defined in the Indenture, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to pay or prepay all Monthly Rent then due under this Lease in accordance with the terms of this Lease, are irrevocably set aside and pledged in a special account created pursuant to the requirements of the Indenture to effect such payment or prepayment and defeasance of the Bonds, then upon such pledge, and provided that Tenant has fulfilled all other obligations under this Lease, including payment of any Additional Rent then due, Landlord shall convey unencumbered title to the Premises to Tenant (subject to Section 4.4), this Lease shall automatically terminate, no further payments need be made of any Rent under this Lease and Landlord shall not be entitled to any lien, benefit or security in the Premises, except the right to receive the funds so set aside and pledged, and neither Landlord nor Tenant shall have any further obligation to the other hereunder. Landlord shall apply such prepaid Monthly Rent to the defeasance or redemption of Bonds in accordance with the Indenture. In the event the Premises are conveyed to Tenant pursuant to this Section, the Ground Lease executed between the parties shall automatically terminate.

4.3 Options to Prepay Rent and Purchase Premises; Conveyance of Title.

(a) **Option to Purchase.** Tenant shall have the option to purchase the Premises and thereby terminate this Lease and the Ground Lease at any time on or after _____, 20__, subject to the provisions of Article VI of the Indenture. The purchase price of the Premises shall be the amount required to fully redeem or defease all outstanding Bonds, plus accrued interest, as set forth in Section 6.01 of the Indenture, plus all costs associated with such purchase.

(b) **Exercise of Option.** Tenant shall give Landlord not less than forty-five (45) days' prior written notice of its irrevocable election to exercise its option to purchase under Section 4.3(a) in the form set forth on the attached **EXHIBIT G**. Within fifteen (15) days thereafter and in accordance with Section 4.3(f) hereof, Landlord shall provide Tenant with an accounting of the amounts necessary to complete the purchase on the date set forth in

such notice. The purchase price shall be paid in cash or same-day available funds by 12:00 noon Pacific Time on the payment date specified in such notice (or such other earlier date as Tenant and Landlord may mutually agree).

(c) **Option to Partially Prepay Lease.** Tenant shall have the option to partially prepay the principal component of Monthly Rent, in \$5,000.00 increments for periods to be determined by Tenant (as represented by the principal components of Monthly Rent due each year as set forth on the attached **EXHIBIT B**). Notice of Tenant's intent to prepay shall be given to Landlord in writing not less than forty-five (45) days in advance of the intended prepayment date. Such prepayment may be at any time on or after _____, 20___. The notice of partial prepayment shall be substantially in the form set forth on the attached **EXHIBIT H**. By 10:00 a.m. Pacific Time on the date set for such prepayment, Tenant shall pay to Trustee in cash or same-day available funds, an amount equal to the principal component of Monthly Rent to be prepaid, together with interest thereon to the date of prepayment, with instructions that such funds shall be used to optionally redeem Bonds. Upon such prepayment, **EXHIBIT B** attached hereto shall be amended to reflect the reduction in Monthly Rent resulting from such prepayment. Tenant shall be responsible for paying all costs associated with the partial prepayment.

(d) **Defeasance of a Portion of Bonds.** Tenant shall have the option to have Landlord defease a portion of the Bonds in accordance with the applicable requirements of the Indenture. Upon written notice from Tenant and deposit by Tenant with Trustee of funds sufficient to accomplish the defeasance in accordance with the Indenture, Landlord shall take all reasonable steps in an expedited manner to effect such defeasance. Tenant shall be responsible for paying all costs associated with the defeasance. Upon such defeasance, **EXHIBIT B** attached hereto shall be amended to reflect the reduction in Monthly Rent resulting from such defeasance.

(e) **No Requirement to Purchase.** Nothing herein shall be construed to require Tenant to exercise the purchase option herein granted.

(f) **Accounting; Disputed Amounts.** Within fifteen (15) days of its receipt of the notice under Section 4.3(b), Landlord shall provide Tenant with an accounting of all Additional Rent then due and expected to be due on the purchase date set forth in the notice. Such accounting shall also include the amounts of money currently in any Capital Repairs Fund or other reserve account, and specifically itemize amounts in those accounts allocated to work already performed, and contracted to be performed. If Tenant does not dispute such accounting, Tenant shall pay all such Additional Rent and other amounts due and owing on the purchase date. If Tenant disputes the amounts set forth in the accounting provided by Landlord and an agreement cannot be reached within twenty (20) days of receipt of the accounting, then Tenant shall pay all undisputed amounts on the purchase date, and any amounts remaining in dispute are not waived by Landlord, and, notwithstanding the conveyance of the Premises, Landlord may seek those amounts per the Dispute Resolution Procedure in **EXHIBIT F**. It is contemplated that amounts remaining in controversy, if any, will relate to Additional Rent, including but not limited to operating costs, capital costs, prorations of expenses, Landlord management fees, capital expenditures, reserve accounts, ongoing or estimated expenses. Amounts paid by Tenant to defease the Bonds and cause conveyance of the Premises shall be used only for that purpose and shall not be first applied to Additional Rent. Payment may, to the extent permitted by the

Indenture, be partially made by demand to use amounts remaining in any operating, capital, or replacement reserve accounts not already allocated to work actually performed or equipment purchased.

4.4 Conveyance of Premises. Landlord shall convey to Tenant unencumbered title to the Premises without recourse or warranty (except by assignment of warranties provided by Contractors and their equipment suppliers) and in its then condition, upon (i) the termination of this Lease, as a result of the full payment and retirement or defeasance of all outstanding Bonds pursuant to the terms of the Indenture and (ii) discharge of the Indenture. The deed by which Landlord conveys the Premises to Tenant may list as exceptions all covenants, conditions and restrictions then recorded against the Premises so long as such exceptions: (i) were approved by Tenant prior to the Substantial Completion Date; (ii) consist of non-delinquent real estate taxes and assessments or (iii) arise by reason of Tenant's activities. Tenant shall pay the cost for any owner's policy of title insurance it elects to obtain in connection with such conveyance. Landlord shall not be required to make any representations regarding the conditions of the Premises, and Tenant agrees to accept the Premises in an "as is" condition. Upon conveyance, the Ground Lease executed between the parties shall automatically terminate, and, upon request by either party, the parties shall execute and record a termination of Ground Lease and this Lease in the real property records of Riverside County. In addition, prior to the conveyance, maintenance records, management records and records of contracts and payments with vendors for the entire Lease period shall be made available to Tenant, or transferred into the Tenant's possession. Complete transfer of records is not required until disputes, if any, are resolved.

4.5 Covenant to Budget for Rent. Tenant's obligation to pay Rent is a general fund obligation of Tenant, and Tenant hereby covenants to take such action as may be necessary to include the payment of all Rent due hereunder in its annual budget and to make the necessary annual appropriations for the payment of Rent, subject to the provisions of this Lease. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of Tenant to take such action and do such things as are required by law in the performance of the official duty of such official to enable Tenant to carry out and perform such covenants.

Subject to Abatement as provided herein, the obligation of Tenant to pay Rent and to perform its obligations hereunder will be absolute and unconditional, and payment of Rent will not be subject to setoff, counterclaim or recoupment.

Notwithstanding the foregoing, the obligation of Tenant to pay Monthly Rent and Additional Rent does not constitute an obligation of Tenant for which Tenant is obligated to levy or pledge any form of taxation or for which Tenant has levied or pledged any form of taxation. Neither the Bonds nor the obligation of Tenant to pay Monthly Rent or Additional Rent constitutes an indebtedness of the County of Riverside, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

5. Additional Rent; Payment of Operating Costs and Capital Costs.

5.1 Absolute Net Lease. Tenant acknowledges that this Lease is an absolute net lease. From and after the Substantial Completion Date, Landlord shall provide for and Tenant shall pay (i) all Operating Costs in accordance with Section 5.7 and (ii) Capital Repair Reserve Payments made in accordance with Section 5.11. Prior to the Substantial Completion Date, all Operating Costs relating to the Premises shall be paid by Landlord or as otherwise provided by the Development Agreement.

5.2 Operating Costs. Tenant shall pay as Additional Rent amounts sufficient to pay or reimburse Landlord for all Operating Costs incurred by Landlord pursuant to an Annual Operating Budget approved by Tenant pursuant to Section 5.7. In consideration of Tenant's payment of the Operating Costs, Landlord shall be responsible for all operations and all property management for the Premises which result in the Operating Costs as set forth in this Section. Landlord shall at all times use its best efforts to operate the Premises in an economically reasonable manner and control such Operating Costs in accordance with reasonable commercial standards prevailing in the market place for comparable premises. Operating Costs means any and all costs and expenses directly related to ownership, operation and maintenance of the Premises in connection with the following, in each case excluding costs described in Section 5.3:

(a) the repair, replacement (other than capital repairs and replacement), operation, and maintenance of the Premises, including, without limitation, interior and exterior maintenance, all exterior doors and windows, elevators, sidewalks, driveways, dock or pier, interior perimeter and interior partition walls and finishes (including periodic painting thereof), exterior wall finishes, broken glass in exterior and interior doors and windows, roof, floor covering, window frames, gutters and downspouts, HVAC system, electrical system, plumbing system, pest control, landscaping and all other areas used in connection with the Premises;

(b) the Asset Management Fee payable to Landlord pursuant to Section 10.2(d);

(c) the commercially reasonable property management fees paid to the entity managing the Premises under any property management contract entered into pursuant to, and terminable in accordance with, Section 10.2(b);

(d) the auditing fees incurred by Landlord in connection with the preparation of the financial statements required under Section 10.2(c);

(e) all costs of services provided by third parties (i.e., service providers other than Landlord) and benefiting the Premises; provided, however, that Landlord shall be required to obtain services at rates generally competitive in the marketplace. Such services shall include janitorial, security, gardening, parking lot sweeping and landscaping, together with related costs and expenses, licenses, permits, and inspection fees, the cost of supplies, materials, equipment, and tools used in connection therewith;

(f) Utilities until such time as the account for any such Utility is established in the name of Tenant with Tenant's Concurrence pursuant to Section 6, and security /fire alarm monitoring fees and related costs;

(g) Taxes;

(h) any damage to the Premises (but not to Tenant's Personal Property) caused by breaking and entering or other criminal act or any other event not covered by insurance;

(i) all costs of compliance with governmental laws or the board of fire underwriters (or similar organization) now or hereafter constituted as applicable to the Premises;

(j) all insurance premiums for insurance required to be carried under this Lease (including loss of rent insurance);

(k) amounts necessary to fund or restore any operating or maintenance reserve provided for in the Annual Operating Budget or as may otherwise be agreed by Landlord and Tenant;

(l) the amount of any deductible payable under any insurance policy described herein as a result of repairs or replacements attributable to fire or other casualty;

(m) following Final Acceptance, all attorneys' fees and other costs incurred by Landlord in efforts to enforce the provisions of the Development Agreement or the General Construction Contract as approved by Tenant, to enforce product or workmanship warranties given by Developer, General Contractor or other Contractors or suppliers of equipment or materials (unless Tenant desires that Landlord instead assign such warranties to Tenant in accordance with Section 5.8), but only to the extent that such costs have not been paid from the Project Contingency or reimbursed by or recovered from Developer, General Contractor, any other Contractor or any other party who may be obligated to Landlord;

(n) Administrative Fees and Expenses, any Rebatable Arbitrage payable with respect to the Bonds (as defined in the Indenture), and costs payable in connection with any prepayment of Monthly Rent and any defeasance or redemption of the Bonds;

(o) all other costs reasonably incurred by Landlord in connection with the ownership, maintenance, and upkeep of the Premises in order to: (i) prevent any dangerous or unsafe condition on the Premises that could result in liability to Landlord or its officers, employees, directors, or other agents or (ii) comply fully with and to avoid or to cure any default under the Indenture, Leasehold Mortgage and other documents relating to the Bonds and all Requirements of Law;

(p) all costs of compliance with federal, state or local laws, regulations or permits pertaining to storm water pollution, prevention plans ("SWPP") and all National Pollution Discharge Elimination System ("NPDES") laws or regulations adopted or to be adopted by the United States Environmental Protection Agency;

(q) the costs for a day porter for the Premises, five (5) days per week (or as otherwise agreed by Landlord and Tenant);

(r) the costs for a Building engineer for the Premises, three (3) days per week (or as otherwise agreed by Landlord and Tenant); and

(s) the costs for a security guard for the Premises, five (5) days per week (or as otherwise agreed by Landlord and Tenant).

5.3 Exclusions from Operating Costs. Operating Costs shall exclude:

(a) Project Costs;

(b) Utilities except to the extent otherwise provided in Section 5.2(f);

(c) political or charitable contributions made by Landlord;

(d) fines, penalties and interest penalties incurred as a result of Landlord's negligence or unwillingness to make payments when due or take such other actions as may be required;

(e) legal fees, accountant's fees and other expenses incurred in connection with (i) disputes with Tenant or associated with the interpretation of the terms of this Lease (unless Tenant is otherwise required to pay such fees and expenses pursuant to Section 29 of this Lease) or (ii) legal proceedings arising out of Landlord's violation of the terms of this Lease;

(f) costs of any service provided to Tenant for which Landlord is reimbursed, or any other expense for which Landlord is or will be reimbursed by another source (i.e., expenses covered by insurance or warranties or the proceeds of any condemnation) or expenses which would be reimbursed if the Landlord maintained the insurance coverage required by Section 16;

(g) fees to Landlord for goods or services in excess of the fees that would typically be charged by unrelated, independent persons or entities for similar goods and services;

(h) repairs or replacements made to rectify or correct any latent defect(s) in the original design, materials or workmanship of the Project, as originally constructed, to the extent of and in the amount that the cost of such repairs or replacements are paid to Landlord (i) from the Project Contingency or (ii) by reimbursement or other recovery from Developer, General Contractor, any other Contractor, or any other party who may be obligated to Landlord to pay or reimburse for such repairs, including, but not limited to, warranty claims;

(i) repairs or replacements necessitated by the negligence or willful misconduct of Landlord, Landlord's employees, contractors or agents;

(j) repairs or replacements attributable to fire or other casualty to the extent covered by the proceeds of insurance required by Section 16;

(k) notwithstanding Section 5.2(f), any Utilities directly related to the completion of the Project following Substantial Completion of the Project in an amount determined by Landlord in the exercise of its reasonable discretion if not otherwise metered, all of which shall be payable as part of the Project Costs;

(l) any cost of repair, replacement, operation and/or maintenance of the Premises incurred as a direct result of the ongoing construction of the Project following Substantial Completion of the Project, all of which shall be payable as part of the Project Costs;

(m) Capital Expenditures;

(n) depreciation or amortization;

(o) debt service on loans with respect to the Premises not approved by Tenant;

(p) damages recoverable by Tenant due to violation by Landlord of any of the terms and conditions of this Lease;

(q) Except for the Asset Management Fee, Landlord's general corporate overhead and general administrative expenses not related to the operation of the Premises and all compensation to executives, officers or partners of Landlord or to any other person at or above the level of building manager, other than the building manager of the Premises (if any); and

(r) Costs associated with the operation of the business of the Landlord as the same are distinguished from the costs of operation of the Premises, including accounting and legal matters, costs of defending any lawsuits with any lender or any employee or vendor of Landlord that do not properly arise from Landlord's operation of the Premises.

5.4 Payment of Taxes by Landlord. Landlord shall be liable for Taxes that accrue from and after the Effective Date. Landlord shall pay all Taxes directly to the applicable governmental agency prior to delinquency and shall provide proof of such payment promptly to Tenant. To the extent Taxes or other charges can be paid in installments, Landlord may pay such Taxes in installments. With respect to any general or special assessments which may be levied against or upon the Premises, or which under the Laws then in force may be evidenced by improvement or other bonds or may be paid in annual installments, only the amount of such annual installment, and interest due thereon, shall be included within the computation of Taxes. Landlord and Tenant shall cooperate to minimize the amount of applicable Taxes where reasonably possible and to the extent consistent with applicable law.

5.5 Real and Personal Property Tax Statements. Landlord shall make appropriate arrangements to receive directly from the applicable governmental agency assessment notices and real and personal property tax statements for the current year and shall provide a copy thereof promptly to Tenant.

5.6 Right to Contest Taxes. If Landlord receives prior notice that an appraisal of the Premises, or any portion thereof, will be conducted for real property tax purposes, Landlord shall so notify Tenant and permit Tenant to be present during such appraisal if Tenant so elects. Tenant shall have the right in Landlord's name and stead, and at Tenant's sole expense, to contest the validity or amount of any real property taxes provided all such taxes are paid when and as due. Landlord shall cooperate with Tenant and provide reasonable assistance with respect to any such contest, including, without limitation, such information and supporting documents as may be reasonably requested by Tenant. Notwithstanding any provision of this Lease to the contrary, Tenant shall not be required, nor shall Landlord have the right, to pay, discharge or remove any such real property tax so long as no Event of Default has occurred and Tenant is contesting the existence, amount, applicability or validity thereof by appropriate proceedings conducted in good faith with due diligence. In the event Landlord shall obtain a tax refund as a result of any such tax appeal or other proceedings Tenant shall be entitled to, and Landlord shall promptly pay to Tenant, all such tax refunds.

5.7 Payment of Operating Costs. From and after the Substantial Completion Date Tenant shall pay the Operating Costs to Landlord in the following manner:

(a) **Annual Operating Budget.** Landlord shall develop an annual operating budget ("Annual Operating Budget") for the Premises and shall submit a copy of such Budget to Tenant no later than ninety (90) days prior to the anticipated Substantial Completion Date and the commencement of each fiscal year thereafter for review and written approval by Tenant for the purpose of determining the amount of estimated Operating Costs expected to be incurred in connection with the Premises for the upcoming fiscal year. If Tenant does not approve the proposed Annual Operating Budget and Tenant and Landlord are unable to agree upon an Annual Operating Budget by the thirtieth (30th) day prior to the commencement of the following fiscal year, Landlord and Tenant will resolve the dispute per **EXHIBIT F**. Until such time as such dispute is resolved, Tenant shall continue to pay Operating Costs in accordance with the previously approved Annual Operating Budget.

(b) **Payment as Additional Rent.** Following the Substantial Completion Date, Tenant shall pay monthly, as Additional Rent, on the same day of each month during the Term as Monthly Rent is due, an amount equal to one-twelfth ($\frac{1}{12}$) of the Operating Costs for each fiscal year as reasonably estimated by Landlord and set forth in the Annual Operating Budget; provided, however, that the portion of Additional Rent representing Administrative Fees and Expenses and the Capital Repair Reserve Payment shall be paid by Tenant directly to the Trustee, to be held and applied as provided in the Indenture.

(c) **Tenant Review.** Operating Costs shall be subject to Tenant's review, and Tenant shall have the right to object to (i) any cost or expense which exceeds the prevailing price for such goods or services in the market; (ii) any cost or expense which has been improperly included under Section 5.2; or (iii) the failure of the Landlord to include costs or expenses for goods or services which Landlord is obligated to provide under this Lease.

(d) **Reconciliation.** Within ninety (90) days after the end of each fiscal year occurring during the Term (or, if applicable, the Expiration Date), Landlord shall furnish to Tenant a reconciliation statement of the actual Operating Costs for the preceding fiscal

year and Tenant's actual payment of Operating Costs based upon the parties' approved Annual Operating Budget. The reconciliation statement shall be prepared, signed and certified to be correct by Landlord. If the actual Operating Costs for that fiscal year exceed the monthly payments of estimated Operating Costs made by Tenant, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of the reconciliation statement. If Tenant's payments of estimated Operating Costs made during that fiscal year exceed the actual Operating Costs, the excess shall be credited by Landlord to the Additional Rent next due and payable; provided, however, that such excess sum which is more than three (3) months of then estimated Operating Costs shall be paid to Tenant in cash via Landlord's check within thirty (30) days after the date of the reconciliation statement.

5.8 Warranties. During the Term, Landlord shall exert its good faith and diligent efforts to enforce any and all applicable warranties, express or implied, in connection with defects which may arise in the original design, materials or workmanship of the Premises as originally constructed. Landlord shall assess maintenance, repairs, and replacements for potential warranty coverage and comply with warranty requirements, including but not limited to notices to the warrantor and requests for warranty service. Prior to Final Acceptance, costs incurred by Landlord in enforcing any such warranties shall be deemed a Project Cost and not payable by Tenant. Thereafter, costs incurred by Landlord to enforce any warranties shall be an Operating Expense, subject to the provisions of Section 5.2(m). Notwithstanding the foregoing, following Final Acceptance, Tenant may require Landlord to assign any such warranties to Tenant and Tenant shall thereafter be responsible for enforcement of such warranties.

If Landlord fails to take actions reasonably requested by Tenant to enforce or otherwise obtain the benefit of any such warranty, Tenant shall have the right, but not the obligation, to perform required work and shall have the right to be reimbursed by Landlord for the sum it actually expends in the performance of such work. If Landlord does not reimburse Tenant within thirty (30) days after demand from Tenant, Tenant shall have the right to pursue any and all remedies available at law or equity except that Tenant shall have no right to offset against Monthly Rent payable under this Lease.

5.9 Proration. Operating Costs for any partial month during the Term shall be prorated on a daily basis at the rate of one-thirtieth ($\frac{1}{30}$) of the Operating Costs for that month.

5.10 Right to Audit. Each Calendar Year, within that period expiring ninety (90) days after Tenant's receipt of the reconciliation statement provided under Section 5.7, Tenant shall have the right to audit Landlord's books and records pertaining to the accuracy of the computation of Operating Costs. Copies of such audit shall be delivered to Landlord and Trustee. If, after consultation with Landlord to determine such accuracy, any such audit, conducted in accordance with generally accepted accounting principles, reveals a discrepancy between Landlord's statement of the actual Operating Costs for a Calendar Year and the amount determined by such audit, then Landlord shall reimburse to Tenant the excess amount paid by Tenant (or Tenant shall pay to Landlord the deficiency), if any; and, if such discrepancy exceeds three percent (3%) or more, Landlord shall pay for the cost of such audit. The Trustee shall have no duty to review, verify or analyze such audits and shall hold such audits solely as a repository for the benefit of the Landlord and the holders of the Bonds. The Trustee shall not be deemed to

have notice of any information contained therein or default or Event of Default which may be disclosed therein in any manner.

Tenant shall also have the right either before or after Final Acceptance to cause Landlord to undertake an audit of the books and records of Developer, or any Project contractor in accordance with Section 18 of the Development Agreement, in a method and at a budget approved by Tenant, and to submit the results of any such audit to Tenant. Similarly, Tenant shall have the right to cause Landlord to undertake an audit of the books and records of the property manager for the Project in accordance with the provisions of the agreement entered into between Landlord and such property manager. Costs incurred by Landlord in connection with any such audit shall be reimbursed by Tenant except to the extent otherwise reimbursed under Section 19 of the Development Agreement.

5.11 Annual Capital Repair Reserve Payment. Following the Substantial Completion Date and on the same day as Monthly Rent is due, Tenant shall pay to Trustee each month, as Additional Rent, one-twelfth ($\frac{1}{12}$) of the Annual Capital Repair Reserve Payment which has been established for the Premises. The Annual Capital Repair Reserve Payment shall be deposited by Trustee in the Capital Repairs Fund. The Annual Capital Repair Reserve Payment for the Premises for the first five (5) Calendar Years following the Substantial Completion Date is approximately \$60,000 per year, but such amount is reviewable annually and is subject to revision by mutual agreement of Landlord and Tenant. The annual payment for the initial year shall be prorated for any partial year.

On January 1 of the sixth (6th) Calendar Year following the Substantial Completion Date and on the first day of each and every month thereafter during the Term, Tenant shall pay to Trustee each month, as Additional Rent, one-twelfth ($\frac{1}{12}$) of the Annual Capital Repair Reserve Payment set forth in the Approved Work Plan for the Premises (as defined and described below). The Approved Work Plan for the Premises and the amount of the Annual Capital Repair Reserve Payment shall be re-determined every fifth (5th) Calendar Year following the Substantial Completion Date utilizing the procedures set forth in Section 5.11(a).

Landlord shall provide Trustee with written notice of the amount of each Annual Capital Repair Reserve Payment to be made by Tenant hereunder, including any modification of the initial Annual Capital Repair Reserve Payment, as soon as practicable after each calculation thereof but in no event later than the Substantial Completion Date and each January 1 thereafter. A copy of each such notice shall be provided to Tenant, and the Trustee shall be entitled to rely on the calculation set forth therein without independent investigation or verification.

(a) **Calculation of Annual Capital Repair Reserve Payment and Disbursements.** For the sixth (6th) Calendar Year following the Substantial Completion Date and each Calendar Year thereafter, the Annual Capital Repair Reserve Payment shall be determined in accordance with the following procedure: on or before September 1 of the fifth (5th) Calendar Year following the Substantial Completion Date, and every fifth (5th) September 1 thereafter, Landlord shall, following consultation with Tenant, retain an independent qualified structural engineering firm with at least five (5) years of experience inspecting buildings comparable to the Premises or other qualified construction professional mutually acceptable to Landlord and Tenant with comparable levels of expertise (“Inspecting Engineer”) to conduct a

physical inspection of the condition of the Premises (including all major building systems). Any contract for such services must specifically be transferrable to Tenant upon conveyance of the Premises, and terminable by the Tenant by written notice within forty-five (45) days of conveyance of the Premises with or without cause.

Within thirty (30) days following such inspection, the Inspecting Engineer shall deliver a copy of its report ("Inspection Report") to Landlord and Tenant, including a description of what Capital Expenditures, if any, need to be made to the Premises through the stated maturity date of the Bonds in order to maintain the Premises in substantially its present condition and state of repair as of Final Acceptance, normal wear and tear excepted (which may include recommendation for periodic maintenance or other preventive measures which should be taken to minimize Capital Expenditures and otherwise maintain the Premises in an economic and cost-effective manner), a recommended schedule of Capital Expenditures to be made during the next ten (10) year period, and cost estimates to implement such schedule.

Landlord, or Landlord's property manager, shall consult with Tenant to determine a proposed capital expenditure work plan ("Proposed Capital Expenditure Work Plan") based upon the Inspection Report and taking into account amounts already on deposit in the Capital Repairs Fund. Tenant shall not be required to make payments into a reserve for Capital Expenditures which do not need to be completed within the next ten (10) years unless the Tenant agrees otherwise. Disputes between Landlord and Tenant regarding the Proposed Capital Expenditure Work Plan may, but are not required to be, submitted according to the independent dispute mediation process set forth in Section 5.11(d), and the Work Plan so approved by the parties or resolved by the independent dispute mediation process shall be deemed the "Approved Work Plan" for the next five (5) year period.

(b) **Disbursements from the Capital Repairs Fund.** Landlord, or Landlord's property manager, shall from time to time as required by the Approved Work Plan prepare requests for disbursements from the Capital Repairs Fund for submission to the Trustee in accordance with Section 4.15 of the Indenture. Such requests shall be signed by both Landlord and Tenant. Disbursements made from the Capital Repairs Fund by Trustee pursuant to any such written request shall be presumed to be made properly and the Trustee shall not be required to verify (i) the propriety of any Capital Expenditure, (ii) the application of any disbursement made from the Capital Repairs Fund, (iii) the compliance of any party with any Approved Work Plan, (iv) the accuracy of any calculation of the Annual Capital Repair Reserve Requirement or (v) the purpose of any disbursement from the Capital Repairs Fund.

(c) **Determination of Capital Expenditure Amount.** The cost of a Capital Expenditure shall include construction and project management fees payable to Landlord and Landlord's property manager as determined by Landlord and agreed to by Tenant in writing based upon the complexity of the Capital Expenditure project but not less than one percent (1%) and not to exceed a total of five percent (5%) of the hard construction costs associated with the Capital Expenditure. For reference, projects consisting of a purchase and installation by a single vendor, without separate design costs or other contractors may have a lower construction and project management fee; projects requiring several contractors, special inspections, round the clock access, coordination with existing service providers, other contractors, or design professionals may have a higher construction management fee. As defined in Section 1.10,

Asset Management Fees shall not be assessed on payments into the Capital Repairs Fund. The acquisition of a prior non-existing asset requested by Tenant that is not part of the Approved Work Plan shall be paid for by Tenant as a tenant improvement at the time of such acquisition unless Landlord and Tenant agree that the acquisition of such asset can be paid for out of funds on deposit in the Capital Repairs Fund.

(d) **Mediation of Disputes.** Landlord and Tenant have the option, but not the obligation, to follow the independent dispute mediation process set forth in the attached **EXHIBIT F** to attempt to resolve disputes regarding the Proposed Capital Expenditure Work Plan in an economic and time efficient manner and without resorting to litigation so that the Proposed Capital Expenditure Work Plan conforms to the requirements of this Lease and any Capital Expenditures made to the Premises are made in a cost-effective, appropriate and timely manner so as to maintain the Premises in not less than substantially its condition and repair as of Final Acceptance, normal wear and tear excepted; provided, however, Tenant shall not be required to make payments into the Capital Repairs Fund for Capital Expenditures which do not need to be made during the next ten (10) years unless the Tenant agrees otherwise. Nothing in this Section prohibits either party from pursuing remedies in law or equity with courts of the County of Riverside consistent with Section 32.5.

(e) **Remaining Balance of Capital Repairs Fund.** Any balance remaining in the Capital Repairs Fund not specifically allocated to Capital Expenditures in progress or already completed at the time of conveyance of the Premises to Tenant pursuant to Section 4.3 and/or 4.4 will be, at the Tenant's option, and in accordance with the Indenture, returned to Tenant within forty-five (45) days following conveyance by either the Landlord or Trustee.

(f) **Limit on Annual Capital Repair Reserve Payment.** Notwithstanding any other provision of this Lease to the contrary, in no event shall the Annual Capital Repair Reserve Payment for any year exceed an amount which, when added to the total Monthly Rent for such year, causes the aggregate of such amounts to exceed the Fair Market Rent of the Premises for such year.

6. Utilities. Landlord shall be solely responsible for and shall pay for all charges for Utilities used or consumed in the Premises from the Effective Date until the Substantial Completion Date, and Landlord shall make any necessary arrangements to have all such Utilities billed directly to and paid for directly by Landlord during this time. Upon written notice from Tenant following the Substantial Completion Date, Landlord shall arrange for the transfer of any specified Utility account into Tenant's name. Thereafter, Tenant shall be responsible for and shall pay for all charges for such Utility or Utilities used or consumed on the Premises. Notwithstanding anything to the contrary herein, until Substantial Completion of the Project has occurred, Landlord shall be solely responsible for and shall pay for all charges for Utilities used or consumed in the Premises.

7. Use. Tenant intends to use the Premises for the Permitted Use. Landlord shall permit Tenant to sublease a portion of the Office Building to the county law library trustees for use as a public law library. Any sublease by Tenant to private persons as defined in the Code shall require that Landlord, Trustee and Tenant receive an opinion of nationally recognized bond

counsel that any such sublease will not adversely affect the tax-exempt status of interest payable on the Bonds. Furthermore, no such sublease shall adversely affect the status of Landlord as a 501(c)(3) organization as defined in the Code. Tenant has determined to its satisfaction that the Premises can be used for the Permitted Use. Tenant's use of the Premises shall be in accordance with the following:

7.1 No Insurance Cancellation. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises.

7.2 Compliance with Laws. From and after the Substantial Completion Date, Tenant shall comply with all Laws concerning the Premises and Tenant's use of the Premises, including without limitation, Environmental Laws. Tenant shall not use the Premises for the transportation, storage or generation of any Hazardous Substances in violation of Environmental Laws. From and after the Substantial Completion Date, and to the extent permitted by law, Tenant shall absolutely and unconditionally indemnify, defend and hold Landlord harmless from and against any and all debts, demands, obligations, liens, judgments, claims, liabilities, losses, damages, cleanup costs and expenses (including reasonable attorneys' fees) now or hereafter arising in connection with the presence, transportation, storage, disposal or handling of Hazardous Substances located in, on or about the Premises or Land which are proven to be caused by or resulting from the actions of Tenant, its agents or employees after the Substantial Completion Date, excluding (a) any Hazardous Substances introduced on the Land or the Premises by Landlord or its agents prior to the Substantial Completion Date or which migrate onto the Land from property not owned by Tenant through any act or omission of Landlord or its agents; (b) any such debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense resulting from the actions or omissions of Landlord, Developer, General Contractor and their respective agents, employees, contractors, subcontractors or invitees; or (c) any debt, demand, obligation, lien, judgment, claim, liability, loss, damage, cleanup cost or expense as a result of Landlord's violation of any contractual obligation under this Lease, the Indenture, or any other document executed by Landlord in connection with a Leasehold Mortgage incurred in connection with Section 11. This indemnification shall survive the Expiration Date.

7.3 No Waste, Nuisance or Damage. Tenant shall not use the Premises in any manner that will constitute waste of the Premises or nuisance and Tenant shall not do anything on the Premises that will cause damage to the Premises.

7.4 Tax Covenants. At all times from and after the Effective Date, Landlord (a) shall maintain its purposes and engage only in activities which are in furtherance of its purposes and which are permitted by the California Nonprofit Public Benefit Corporation Law; (b) will maintain its status as a nonprofit corporation and as an organization described in Section 501(c)(3) of the Code whose income does not inure to the benefit of any private person; (c) shall not encumber, pledge, hypothecate or grant a security interest in all or any part of the Premises (except for the Indenture and the Leasehold Mortgage which comply with the provisions of Section 11) or except as consented to in writing by Tenant and, if so directed in writing by holders of a majority in aggregate principal amount of the Bonds, Trustee; (d) shall not engage in any activities related to the Premises or the Leasehold Mortgage (except those specifically set forth in Sections 9 and 11) which would cause the transaction contemplated

under this Lease to constitute an unrelated trade or business determined by applying Section 513(a) of the Code; and (e) will not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds. At all times during the Term, Landlord shall not assign its rights under this Lease (except to Trustee pursuant to the Indenture and the Leasehold Mortgage) without the prior written consent of Tenant and, if so directed in writing by holders of a majority in aggregate principal amount of the Bonds, Trustee and the opinion of nationally recognized bond counsel to the effect that such assignment will not adversely affect the tax-exempt status of interest payable on the Bonds. Such consent shall not be unreasonably denied by the Tenant. At all times from and after the Effective Date, Tenant covenants that it will not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of interest payable on the Bonds.

8. Liens.

8.1 Covenant Against Liens. Except for the Indenture and the Leasehold Mortgage incurred by Landlord in compliance with the provision of Section 11 to secure the Bonds, Landlord covenants and agrees that it shall not during the Term suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or any Rent payable under this Lease for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, construction, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Landlord. Tenant acknowledges that Landlord shall cause Developer to keep the Premises free and clear of all construction liens resulting from the construction of the Project (including the right to contest same by appropriate proceedings conducted in good faith with due diligence) under the terms of the Development Agreement prior to the Substantial Completion Date. If Developer shall fail to do so, Landlord shall protect, defend, indemnify and hold Tenant harmless against any such liens. Landlord agrees to indemnify, protect, defend and hold Tenant harmless from and against all liabilities, losses, damages, expenses and costs (including reasonable attorneys' fees and costs) incurred in connection with any such Lien. Landlord's obligations pursuant to this Section 8.1 shall survive the Expiration Date. Tenant covenants and agrees that, from and after the Substantial Completion Date, it shall not during the Term suffer or permit any Liens to be attached to, upon or against the Premises, or any portion thereof or its leasehold interest in the Premises for any reason, including without limitation, Liens arising out of the possession, use, occupancy, acquisition, maintenance, operation, repair, or rebuilding of the Premises or by reason of the furnishing of labor, services, materials, or equipment to the Premises or to Tenant.

8.2 Covenant to Remove Liens. Landlord will promptly, and in all events within thirty (30) days following the attachment of same, remove and discharge any and all Liens which attach to, upon or against the Premises or any portion thereof, or any leasehold interest of Tenant created under this Lease (other than liens or encumbrances arising through the actions of Tenant). Landlord reserves the right to contest the validity or amount of any such Lien in good faith provided that, within thirty (30) days after the filing of such Lien, Landlord discharges such Lien of record or records a bond which complies with the requirements of applicable law eliminating such Lien as an encumbrance against the Premises. In the event Landlord shall fail to so remove any such Lien, Tenant may take such action as Tenant shall reasonably determine to remove such Lien and all costs and expenses incurred by Tenant including, without limitation,

amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Landlord to Tenant together with interest thereon at the rate of twelve percent (12%) interest per annum from the date advanced until paid. Landlord's obligations pursuant to this Section 8.2 shall survive the Expiration Date and, unless properly incurred under other provisions of this Lease, the costs of such obligations shall not be included as Operating Costs hereunder.

8.3 Tenant's Disclaimer. Notwithstanding the consent or request of Tenant, express or implied, for the performance of any labor or services or for the furnishing of any materials or equipment for any construction, alteration, addition, or repair to the Premises (or any part thereof), Landlord and Tenant agree and notice is hereby given that Tenant will not be liable for any labor, services, materials or equipment furnished or to be furnished to Landlord, Developer or anyone holding an interest in the Premises (or any part thereof) through or under Landlord or Developer, and that no construction or other liens for any such labor, services, materials or equipment shall attach to or affect the interest of Tenant in the Premises. Nothing in this Section shall relieve Tenant of its obligation to pay Rent hereunder.

9. Construction of Project. Tenant would not have entered into this Lease but for the agreement by Landlord to undertake the Project, including without limitation (i) the obtaining of financing for the Project, (ii) the acquisition of a leasehold interest in the Land by way of the Ground Lease, and (iii) the construction and equipping of the Premises for use by Tenant for the Permitted Use. It is of critical importance to Tenant that the construction of the Project be completed in a timely manner and within the Project Budget. Accordingly, Landlord shall diligently cause the Project to be designed, permitted and constructed in a good and workmanlike manner and delivered to Tenant Substantially Complete by the date set forth in the approved Project Schedule. Upon Final Acceptance, the Project shall be free of patent or latent defects, free and clear of all Liens and otherwise in accordance with the requirements of this Lease. In order to assure timely communications between Landlord and Tenant during the construction process, any notice to Tenant requiring or permitting a response by Tenant shall specify the outside date by which Tenant's response must be received to be effective, which response date shall not be less than three (3) Business Days.

9.1 Development Agreement. To meet the requirements of this Lease for completion of the Project, Landlord shall, simultaneously with the execution of this Lease by the parties, enter into the Development Agreement with Developer, that has received Tenant's Concurrence. Landlord shall also cause Developer to procure and maintain, at a minimum, for the duration of the Development Agreement, insurance as more particularly described in the attached **EXHIBIT I**, against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of work pursuant to the Development Agreement by Developer, its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by the Developer or its subcontractors.

9.2 Schedule for Design and Construction. The dates set forth in the initial Project Schedule attached hereto as **EXHIBIT D-1** and by this reference incorporated herein, and as revised from time to time, with Tenant's Concurrence, shall serve as target dates for achieving the matters set forth therein. Landlord shall require Developer to agree that time is of the essence and Substantial Completion of the Project must occur by the date set forth in the approved Project Schedule, subject to Unavoidable Delays as defined the Development Agreement. In

order to ensure to the greatest extent practicable that the Project is designed, permitted and completed on or before the dates set forth in the Project Schedule, Landlord and Tenant shall each proceed with all necessary due diligence and in good faith to complete such matters as require action or approval on the part of Tenant and Landlord. Landlord shall, following consultation with Tenant's Construction Representative, promptly and diligently respond to all questions and concerns raised by Developer or by the Architect, Contractors, engineers or other consultants.

(a) **Notices from Developer to Landlord.** To ensure that Tenant is fully apprised of decisions required of Landlord pursuant to the Development Agreement, Landlord shall require Developer (if specifically requested by Tenant in writing) to simultaneously provide to Tenant a copy of notices, plans and specifications or other documents required to be delivered by Developer to Landlord under the Development Agreement and Landlord shall also simultaneously provide to Tenant a copy of notices, plans and specifications or other documents required to be delivered by Landlord to Developer under the Development Agreement. In addition, Tenant shall have the right, but not the obligation, to attend design meetings with Developer, Architect, and other design professionals as appropriate in the course of development of Construction Documents.

(b) **Notices by Tenant to Landlord and Developer.** To ensure that Developer is fully apprised of Tenant's position on Project decisions to be made by Landlord, Tenant shall have the right to simultaneously provide to Developer a copy of any notice Tenant issues to Landlord hereunder. Such notice shall be sent to Developer at the following address by messenger or fax:

Trammell Crow So. Cal. Development Services, Inc.
Attention: David Nazaryk
3501 Jamboree Road, Suite 230
Newport Beach, CA 92660
Email: dnazaryk@trammellcrow.com

(c) **Tenant's Construction Representative.** Landlord shall, and shall direct Developer to, direct all notices and submittals required to be sent to Tenant hereunder to the attention of Tenant's Construction Representative.

9.3 Plans and Specifications.

(a) **Preliminary Plans.** As of the date of this Lease, Tenant has reviewed and accepted the Project Requirements for the Project to be constructed on the Land, including the Preliminary Plans, a list of which is attached to this Lease as **EXHIBIT C**. In addition, Tenant has reviewed and accepted the Project Budget, which is attached as **EXHIBIT D-2**, which sets forth a detailed itemization by line item and category for all Project Costs.

(b) **Construction Drawings and Detailed Specifications.** Landlord will cause the preparation by Architect of Construction Drawings and Detailed Specifications for the Project and plans and specifications for Tenant Improvements, in each case for review and

acceptance by Tenant. Landlord shall, following consultation with Tenant, cooperate in good faith with Developer to cause a completed design which meets all Requirements of Law and is consistent with all Project Requirements and the building quality reflected therein, in an amount not to exceed the Project Budget, as expeditiously as possible to ensure the Substantial Completion of the Project by the date set forth in the approved Project Schedule. Accordingly, as provided above, Developer will provide Tenant a copy of all submittals requiring Landlord's review and approval pursuant to the Development Agreement, as and when such submittals are provided to Landlord. Tenant shall only have the right to withhold Tenant's Concurrence to interim and final sets of such Construction Drawings and Detailed Specifications which (i) do not meet the Project Requirements, or (ii) do not comply with Requirements of Law, or (iii) do not comply with previous iterations of the Construction Drawings and Detailed Specifications in all material respects, or (iv) propose changes in work or materials that would result in a material change in appearance or diminution in quality of the Project. Tenant shall have the right to give notice to Landlord disapproving any such iterations of the Construction Drawings and Detailed Specifications and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. Tenant's written Concurrence, objection or comments shall be provided within five (5) Business Days of receiving iterations of the Construction Drawings and Detailed Specifications. Tenant's failure to respond within such time period shall be deemed a Concurrence. The final Construction Drawings and Detailed Specifications setting forth in detail the requirements for the construction of the entire Project which have been approved by Landlord, with Tenant's Concurrence, are called the Construction Documents.

(c) **Changes to Construction Documents.** Landlord has directed that Developer provide Tenant a copy of all proposed changes in the Construction Documents requiring Landlord's review and/or approval pursuant to the Development Agreement, as and when such proposed changes are provided to Landlord. Tenant shall have the right to give notice to Landlord disapproving any such proposed change in the Construction Documents within the time period set forth in the notice of any such proposed change, but in no event shall the time period be less than seven (7) days. If Tenant fails to issue such notice so as to allow Landlord to make timely objection or comment, any such change shall be deemed approved by Tenant. If Tenant timely disapproves any such proposed change, Tenant shall notify Landlord in writing specifying the reason for its disapproval and Landlord shall so notify Developer. Tenant shall only have the right to disapprove changes which (i) are not a consistent development of the Project Requirements, (ii) do not meet Project Requirements, (iii) do not comply with Requirements of Law, (iv) would violate the terms of any permits for the Project, (v) would cause the Project Schedule to be adversely impacted or the Project Budget to be exceeded, or (vi) involve proposed changes in work or materials which would result in a material change in appearance or diminution in quality of the Project. Disputes regarding a proposed change in the Construction Documents shall be subject to the dispute resolution process set forth in Section 9.5.

9.4 Tenant Improvements. The Fixed Price shall include the design, permitting and construction of Tenant Improvements. As is the case for the Project in general, the aspects of the Construction Documents, the Project Schedule and the Project Budget that relate to the Tenant Improvements shall be subject to Tenant's Concurrence. Final plans for the Tenant Improvements must be completed within the applicable period set forth in the Project Schedule. The Tenant Improvements must not exceed the amount budgeted in **EXHIBIT D-2**.

9.5 Dispute Resolution Process. Tenant and Landlord have the option to follow the independent resolution process set forth in this Section 9.5 to resolve disputes regarding preparation of the Construction Drawings and Detailed Specifications and changes to Construction Documents in an economic and time efficient manner so that such documents conform to the requirements of this Lease, the Project Schedule is not adversely impacted, and the Project as constructed will satisfy the Project Requirements. In the event that a dispute arises between Tenant and Landlord during the design or construction of the Project regarding the adequacy of any Drawings or Specifications or the responsibility for any costs associated with any design development, addition or change (e.g., whether any design development is consistent with and reasonably inferable from the Project Requirements), the parties shall attempt to resolve such dispute as expeditiously as possible and shall cooperate so that the progress of the design and construction of the Project is not delayed. If, however, the parties are unable to resolve the dispute within three (3) Business Days, either party may, by delivering written notice to the other and Trustee, refer the matter to a dispute resolution mediator as set forth on the attached EXHIBIT F.

9.6 Project Contingency. To the extent the actual Project Costs in any line item of the Project Budget exceed the amount shown for such line item, Developer shall first allocate amounts in other line items, in which the actual known Project Costs will be less than the amount of the Project Budget, to the line item in which the excess Project Costs have been incurred. However, Developer must first provide a written explanation to Landlord and Tenant explaining why, with documentary support, the budgeted amount was exceeded. Following the allocation by Developer as set forth in the preceding sentence with respect to all line items, Developer is entitled to draw upon the Project Contingency for such excess Project Costs; provided, however, Developer must first provide a written explanation to Landlord and Tenant explaining why, with documentary support, the Project Contingency must be drawn upon. If the Project Contingency is not sufficient to pay such excess Project Costs, Developer shall be responsible therefor in accordance with Section 9.6 of the Development Agreement.

9.7 Permits; Costs; Compliance with Legal Requirements. Landlord shall cause Developer to secure all permits for the Project, licenses, permissions, consents and approvals required to be obtained from governmental agencies or third parties in connection with construction of the Project pursuant to Requirements of Law. Tenant shall join in the application for such permits or authorizations whenever such joinder is required; provided, however, Tenant shall incur no expense or liability in connection therewith. Landlord shall cause all work on the Project to be performed in accordance with (i) the Development Agreement, and (ii) all Requirements of Law and all directions and regulations of all governmental agencies and the representatives of such agencies having jurisdiction over the Project and/or the Premises.

9.8 Construction Contracts. Landlord intends to contract for the construction of the Project directly with the General Contractor and to cause Developer to serve as construction manager in connection therewith pursuant to the provisions of the Development Agreement. Prior to its execution, Landlord shall provide Tenant with a copy of the General Construction Contract for Tenant's Concurrence. In addition, Tenant shall have the right to view, for its own information, all Construction Contracts and the bids submitted by potential Contractors and subcontractors.

(a) **General Contractor's Insurance.** By the date of the execution of the General Construction Contract, Landlord shall cause the General Contractor to procure and maintain, at a minimum, for the duration of that General Construction Contract the insurance more particularly described in the attached **EXHIBIT J** against claims for injuries to persons or damages to property which may arise from, or in connection with the performance of work thereunder by the General Contractor, its agents, representatives, employees and/or subcontractors. The cost of such insurance shall be paid by the General Contractor or its subcontractor.

(b) **No Assumption of Risk.** By requiring such minimum insurance, Landlord shall not be deemed to, or construed to, have assumed the risks that may be applicable to the General Contractor in the General Construction Contract.

9.9 Construction of Project. Landlord shall use its reasonable best efforts to commence initial construction of the Project following receipt of the clearing and grading permits. Thereafter, following receipt of the building permits for the Project, Landlord shall use its best efforts to cause construction of the Project to be diligently and continuously prosecuted. All work shall be performed in a good and workmanlike manner, shall be free of defects in the work and materials and shall be constructed in substantial accordance with the Contract Documents, the requirements of this Lease and Requirements of Law. Landlord shall use its best efforts to cause Substantial Completion of the Project in accordance with the Project Schedule attached hereto as **EXHIBIT D-1**. In addition, Landlord shall use its best efforts to cause all Project Costs to be paid within the Fixed Price; provided, however, that (i) Landlord shall have no obligation to pay Project Costs in excess of the Fixed Price, and (ii) Tenant, whose only payment obligation hereunder is the payment of Rent and other amounts specifically set forth herein, shall have no obligation for the payment of any Project Costs. As reflected in **EXHIBIT N**, Tenant may directly procure certain Financed FF&E. In such event, upon written request by Tenant (including such supporting documentation as Landlord may reasonably require), Landlord shall reimburse Tenant as a Project Cost for Tenant's costs of procuring such Financed FF&E; provided that such reimbursement shall not exceed the amount of the Financed FF&E Allowance as set forth in the Project Budget, and any costs in excess of such FF&E Allowance shall be borne by Tenant and are not part of the Fixed Price.

9.10 Payment of Project Costs and Other Costs Associated with the Project. Throughout the course of construction of the Project, Developer shall submit to Landlord on a monthly basis Project Applications for Payment, as defined in, and in the manner, and with all supporting documentation described in, the Development Agreement. Pursuant to Section 9.2(a) above, Landlord shall require Developer to simultaneously provide Tenant with a copy of all such Project Applications for Payment and supporting documentation. Tenant shall have the right, but not the obligation, to give notice to Landlord objecting to any aspect of such submittals and Landlord shall notify Developer in the manner and within the time period set forth in the Development Agreement. If Tenant fails to give such notice so as to allow Landlord to make timely objection, Landlord shall be free to approve or to take such other action as it deems appropriate with respect to any such submittal. Any dispute with respect to Project Applications for Payment may be subject to dispute resolution pursuant to Section 9.5 above. In no event shall Landlord approve any Project Application for payment unless and until the Project is in balance in accordance with Section 9.6 of the Development Agreement.

9.11 Savings. Upon Final Acceptance, Landlord shall provide Tenant and Trustee notice of the unexpended amount, if any, of the Project Contingency. Subject to the payment to Developer of the incentive fee specified in Section 12.7 of the Development Agreement, one hundred percent (100%) of the remaining savings shall be used, at the direction of the Tenant with approval from bond counsel and consistent with the Indenture, to finance other capital improvements related to the Project or to pay or redeem Bonds, which shall result in a corresponding reduction to the Monthly Rent due from the Tenant.

9.12 Substantial Completion of Project. Substantial Completion of the Project shall have occurred when all of the events described in Section 1.65 have occurred.

9.13 Final Acceptance. Final Acceptance shall have occurred when all of the events set forth in Section 1.31 have occurred.

9.14 As-Constructed Plans and Specifications; Manuals; Warranties; Permits and Licenses; and Survey. On or before Final Acceptance, Landlord shall provide Tenant with a complete and detailed set of “as constructed” plans and specifications for the Project (Tenant Improvements to be provided in a CAD—computer-aided design—format), together with copies of all other materials received from Developer pursuant to the Development Agreement including manuals, warranties, permits and licenses and a survey. Landlord shall ensure that Tenant has the right and irrevocable license to use the Construction Documents for repairs and additions to the Project following Final Acceptance.

9.15 Inspection by Tenant. Tenant shall have the right to inspect the ongoing construction of the Project and the Contract Documents upon reasonable prior notice to Landlord.

9.16 No Amendment of Documents. In the event Landlord desires to amend the agreement with the Architect, the General Construction Contract, any Contract Document, the Development Agreement, the Indenture, the Leasehold Mortgage, or any other document, contract or agreement entered into in connection with the Project or the Bonds, Landlord shall submit a copy of such proposed amendment to Tenant. In the event Tenant notifies Landlord within fifteen (15) days following receipt of such proposed amendment of its objection to such proposed amendment, stating any conditions for assent and reasons for the objections, Landlord shall not enter into the proposed amendment unless Landlord first (i) responds to the concerns expressed by Tenant, (ii) determines that any such amendment does not materially and adversely affect the Project, and (iii) confirms that any such amendment complies with the provisions of the Indenture. Landlord agrees not to enter into any amendment without Tenant’s Concurrence.

9.17 Tenant’s Construction Representative. Tenant’s Construction Representative shall have the right, but not the obligation, to (i) review and suggest revisions to the Construction Contracts prior to their execution, (ii) review and suggest revisions to the Construction Documents prior to or during construction in order to clarify, correct or properly reflect the intent of design (as defined below), (iii) review, comment on, or suggest actions with respect to all submittals and change orders concurrently with the Architect’s review and with a reasonable time for such comments prior to final approval of the change order or submittal, and (iv) provide written notice to Landlord of any known or suspected failure of the Project to

comply with the Construction Documents, or any other construction related defects in the Project or construction means and methods.

(a) **Copies of Review Items.** Landlord shall require Developer to provide, or make available, to the Tenant's Construction Representative copies of all potential Construction Contracts, Construction Documents, submittals and change orders. Tenant Construction Representative's efforts shall be coordinated with Landlord and Developer so as to not interfere with or delay design, development or construction of the Project.

(b) **Notices to Landlord.** If during the course of such construction Tenant Construction Representative notifies Landlord that it believes that the Project is not proceeding in accordance with the Contract Documents, Landlord shall provide a copy of such notice to Developer for review and response and Landlord shall thereafter require Developer to take, or cause to be taken, any steps necessary to correct any deficiency or omission that is determined to exist. The failure of Tenant's Construction Representative or Tenant to give such notice or to take advantage of such rights listed above shall not give rise to any liability for Tenant and shall not be considered a waiver of any right of Tenant under this Lease.

(c) **Intent of Design.** As of the Effective Date of this Lease, the Construction Documents are in development and are not complete. Accordingly, to the extent such Contract Documents are silent or internally inconsistent as to various design and construction matters, Tenant Construction Representative may issue notice to Landlord and Developer as to what it considers to be the intent of design. For purposes of this Section, "intent of design" shall mean what would be naturally and reasonably inferable from the Contract Documents by an experienced professional in the construction industry accustomed to projects similar to the Project as being necessary for the construction of a fully complete and operational project.

10. Maintenance, Management, Alterations, and Janitorial Services

10.1 Maintenance and Repair. Landlord shall, at Landlord's sole cost and expense (but only to the extent of funds in the Annual Operating Budget or available operating or maintenance reserves (with respect to Operating Costs), the Capital Repairs Fund (with respect to Capital Expenditures), or as otherwise made available by Tenant), and in accordance with this Lease, maintain, repair and replace in an attractive condition, good order and function throughout the Term the Premises, including but not limited to the following: (a) the structural portions of the Premises (understood to include the roof, foundation and load bearing walls); (b) the non structural portions of the Premises (understood to include the roof covering and membrane), including but not limited to all improvements, alterations and fixtures, but excluding furnishings; (c) all systems and equipment, including but not limited to electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, security systems, flooring, ceiling, doorways, windows, hardware, fixtures, lighting, heating, ventilating and air conditioning system ("HVAC"), and loading doors; (d) the exterior of the Premises including, but not limited to, landscaping, driveways, sidewalks, lighting and parking facilities, and storm water maintenance servicing the Premises. Landlord shall take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs required to keep all parts of the Premises in good repair and condition, subject only to

ordinary wear and tear. It is the intent of this Section that Landlord, to the extent of available funds as set forth above, agrees to perform all maintenance and make all repairs to the Premises that may become necessary by reason of industry standard for age, wear and tear, deferred maintenance or defects in any construction thereof by Landlord. In determining a maintenance and repair program for the Premises, Landlord shall determine the most cost-effective program of maintenance and repair.

(a) **Time for Repairs.** Repairs shall be made promptly when appropriate to keep the applicable portion of the Premises and other items in the condition described in this Section 10. Landlord understands certain response time is required to ensure Tenant's operations continue with minimal interruption and to ensure the safety of employees and delivery of services. Landlord agrees to use its best efforts to include in any property management contract for the Premises a requirement that the property manager commence repairs within eight (8) hours from written notice with respect to electrical power, HVAC operations and certain essential daily custodial services, and within thirty (30) days for all other repairs and maintenance (unless, due to the nature of the particular repair or maintenance obligation, more than thirty (30) days are reasonably required to complete it, in which case the property manager shall not be in default if it begins the work within this thirty (30) day period and diligently pursues it to completion).

(b) **Tenant's Right to Make Repairs.** If Tenant provides notice to Landlord of an event or circumstance that requires the action of Landlord with respect to the replacement, repair, or maintenance to the Premises as set forth in Section 10.1 and Landlord fails to provide such action as required by the terms of this Lease within the time period specified in Section 10.1(a), Tenant may (but shall not be obligated to do so) take the required action if: (1) Tenant delivers to Landlord an additional written notice advising Landlord that Tenant intends to take the required action if Landlord does not begin the required repair or maintenance within twenty four (24) hours, after the written notice; and (2) Landlord fails to begin the required work within the twenty four (24) hour period.

(c) **Tenant's Right to Reimbursement.** If such action was required under the terms of this Lease to be taken by Landlord, Tenant shall be entitled to prompt reimbursement within thirty (30) days of invoice by Tenant to Landlord, which invoice shall include reasonable supporting documentation with respect thereto.

(d) **Emergency Repairs.** An "Emergency Repair Situation" is defined as the existence of any condition that requires prompt repair, replacement or service to minimize the impact of an event or situation which affects Tenant's ability to conduct business in a neat, clean, safe and functional environment. If Tenant notifies Landlord of an Emergency Repair Situation which occurs in or about the Premises which is the responsibility of Landlord to repair or maintain, then Landlord shall commence appropriate repairs or maintenance immediately after notice of the condition is given by Tenant, which notice may be via telephone, facsimile, email, personal contact or any other means, and Landlord shall thereafter diligently pursue to completion said repairs or maintenance.

(e) **Tenant's Right to Cure.** If Landlord fails to commence repairs within twenty-four (24) hours of the aforementioned notice, or if the Tenant is unable to contact the Landlord or any designated agent within a reasonable time based upon the seriousness of the

event or situation, Tenant may, but shall not be obligated to, cause said repairs or replacements to be made or such maintenance to be performed. Within ten (10) days following demand and invoice by Tenant accompanied by reasonable supporting documentation with respect thereto, Landlord shall reimburse Tenant the actual cost and expenses thereof, provided said costs and expenses are reasonable and funds are available therefor.

(f) **Tenant's Right to Consent.** Landlord and Tenant shall consult as to whether a particular expenditure under this Section 10.1 is properly chargeable as an Operating Cost or Capital Expenditure, and no withdrawals from the Capital Repairs Fund shall be made without Tenant's written consent (either at the time or in advance by means of approval of a budget providing for such expenditure).

10.2 Management of Premises; Accounting.

(a) **Standard of Operation.** Landlord shall cause the Premises to be operated and managed, and services provided, in a manner consistent with that of a reasonably prudent building owner of comparable institutional office buildings located in the business districts of Riverside County, California, and in a manner which is efficient and reasonably controls expenses.

(b) **Property Management.** Following Substantial Completion of the Project, Landlord shall at all times cause the Premises to be operated by a professional property management company selected and managed by Landlord. Such property manager shall have experience in managing office buildings of comparable size and quality to the Premises at a management fee which shall not be in excess of the management fee charged by property management companies managing commercial office buildings of comparable size and quality in Riverside County. The property management contract shall include the provisions set forth in **EXHIBIT L** attached hereto, and shall comply with Revenue Procedure 97-13 or any successor revenue procedure issued by the Internal Revenue Service governing management, operation or other service contracts in connection with the issuance of tax-exempt obligations. Such property manager shall at all times operate the Premises in compliance with the requirements of all laws and in compliance with the terms and provisions of this Lease. Contracts with property management firms should be terminable upon not less than six (6) months' notice beginning two (2) years after the Substantial Completion Date.

Beginning two (2) years after the Substantial Completion Date, Tenant may, upon not less than six (6) months' written notice to Landlord, elect to operate and maintain the Premises itself or by a property manager of its choosing; provided, however, that if Tenant elects to do so, Landlord shall have no further rights or obligations with respect to the operation and maintenance activities specifically set forth in Tenant's notice as being assumed by Tenant; and, provided, further, that if Tenant makes such an election, Tenant shall operate and maintain the Premises to a standard equal to or better than that of Landlord.

(c) **Financial Statements.** As soon as reasonably possible and in any event within ninety (90) days after the close of each fiscal year of Landlord, Landlord shall deliver to Tenant and Trustee the (i) consolidated balance sheet of Landlord and the Premises as at the end of such fiscal year setting forth in comparable form the corresponding figures as at the

end of the preceding fiscal year, certified as to accuracy by an officer of Landlord; (ii) statements of income, retained earnings and changes in financial position for such fiscal year of Landlord and the Premises setting forth in comparable form the corresponding figures for the previous fiscal year prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year or containing disclosure of the effect on financial position or results of operations of any change in the application of accounting principles during the year certified as to accuracy by an officer of Landlord; (iii) operating statement for the Premises for the preceding Calendar Year certified as to accuracy by an officer of Landlord; and (iv) certificate executed by an officer of Landlord certifying compliance by Landlord with the requirements of this Lease, the Leasehold Mortgage, the Indenture and the Bonds. Such year-end balance sheet and income statements of the Premises shall be accompanied by an unqualified report and audit opinion of independent public accountants of recognized standing selected by Landlord and not objected to by Tenant, which report and opinion shall be in accordance with generally accepted auditing standards relating to reporting, or, if qualified, the opinion shall not be qualified due to any departure from any generally accepted accounting principles, and shall be accompanied by a statement of such accountants that in making the audit necessary for the certification of such financial statements and any such report, such accountants have obtained no knowledge of any default under this Lease, the Leasehold Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or of any event which, with notice or lapse of time, or both, would constitute an event of default under this Lease, the Leasehold Mortgage, the Indenture, the Bonds or any other evidence of indebtedness or, if in the opinion of such accountants any such event of default or other event shall exist, shall include a statement as to the nature and status thereof.

Notwithstanding anything to the contrary contained herein, Trustee shall have no duty to review any such audited or unaudited financial statements or reports, including the balance sheet, income, retained earnings, and changes in financial position statements and operating statements described above (collectively, "Financial Statements") or inquire into the underlying facts and circumstances of any certificate or notice delivered by Landlord. Trustee shall not be considered to have notice of the contents of any such financial statements or of any default or Event of Default hereunder or under any Bond Document or Other Document (as defined in the Indenture) based upon such content. Further, Trustee has no duty to verify the accuracy of any such Financial Statements or any such notice or certificate.

(d) **Asset Management Fee.** As compensation for its services in overseeing the management of the Premises, the preparation of financial statements and the preparation of an Annual Operating Budget for the Premises, Tenant shall pay Landlord the Asset Management Fee as an Operating Expense pursuant to Section 5.2.

10.3 Tenant's Remedies. If Landlord does not perform its obligations under Section 10.1 of this Lease within the time limitations set forth therein, or if Landlord does not reimburse Tenant as required under Section 10.1 after demand from Tenant, Tenant may resort to the mediation procedure in **EXHIBIT F**. Tenant shall also have the right to pursue any and all remedies available at law or equity, except that Tenant shall have no right to offset against Monthly Rent payable under this Lease.

10.4 Alterations by Landlord. From and after the Substantial Completion Date, Tenant may require Landlord to complete alterations of the Premises and Landlord shall provide a written cost estimate of the requested alterations with complete line item breakdown for each component of the requested alterations for Tenant's review and approval. In the event Tenant approves the cost, and the total cost is \$25,000 or less, Landlord shall proceed to complete the requested alterations. Upon completion of the alterations, Landlord shall submit an invoice for payment to Tenant including a detailed breakdown on the costs for the alteration(s), and Tenant shall pay said invoice within forty-five (45) days of receipt of invoice. In the event the cost of the alterations exceeds \$25,000 and Tenant approves the costs, Landlord shall proceed to complete the requested alterations subject to the availability of funds, or, Tenant's undertaking to reimburse Landlord for such costs prior to the due date for payment to contractors, architects, or other third parties in connection with such alterations, provided said due date is not less than forty-five (45) days from each invoice for completion of the alterations. Such alterations and additions shall not decrease the value of the Premises, and such modifications, alterations, and additions shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable laws and the requirements of all insurance policies required to be maintained by Landlord. Any alterations completed by Landlord pursuant to this Section shall be maintained by Landlord during the term of this Lease.

10.4.1 To the extent required, Landlord shall comply and stay current with all applicable local, state, and federal building codes and laws as from time to time amended, including, but not limited to, the Americans with Disabilities Act requirements in providing Tenant with any requested alterations.

10.4.2 Landlord shall cause all alterations to be lien free, completed in a workmanlike manner and in compliance with all applicable Laws.

10.5 Alterations by Tenant. Any alterations or Tenant Improvements to be undertaken by Tenant shall have the prior written consent of Landlord. Such consent shall not be unreasonably withheld, conditioned or delayed. Any alterations or Tenant Improvements made by Tenant shall remain Tenant property and may be removed by Tenant at or prior to the expiration of this Lease; provided, however, that such removal does not cause injury or damage to the Premises beyond normal wear and tear. Landlord shall, upon reasonable notice, have access to all plans and specifications relating to alterations or Tenant Improvements made by Tenant to Premises.

10.6 Communications Equipment. Tenant may, from time to time, install, maintain, replace and/or remove any satellite dishes, links, duct bank or antennas on the grounds, roof and/or exterior walls or parapet of the Premises as Tenant deems reasonably necessary or desirable, provided Tenant shall first obtain Landlord's approval, which approval shall not be unreasonably withheld, conditioned, or delayed. Upon the removal by Tenant of any such satellite dishes, links, or antennas, Tenant shall repair any damage incurred in connection with such removal. Any work by Tenant pursuant to this Section shall be subject to compliance with the Landlord's reasonable requirements, including, without limitation, the requirement that any work affecting the roof of the Office Building be undertaken in a manner so as not to affect any roof warranty then in effect.

10.7 Janitorial Services. Landlord shall provide, or cause to be provided, as an Operating Cost, all janitorial services in connection with the Premises, consistent with the requirements set forth on **EXHIBIT M** attached hereto. The provider of such janitorial services will perform background checks through LiveScan or in the manner specified by Tenant, of qualified permanent and temporary employees to determine their suitability for employment. The provider will be bonded in the sum of \$10,000.00 and proof of such insurance, as supplied by the Landlord, shall be furnished prior to occupancy of the Premises by Tenant. In addition to bonding as required herein, Landlord shall also receive proof of statutory worker's compensation insurance, commercial general liability and vehicle liability insurance from the provider of any janitorial functions performed at the Premises.

10.8 Termination of Contracts. All third-party contracts entered into by Landlord with respect to the maintenance and operation of the Premises shall include a provision allowing Tenant to terminate such contracts upon not less than forty-five (45) days' written notice following the conveyance of the Premises to Tenant pursuant to Section 4.4 above. Such termination shall be in Tenant's sole discretion and with or without cause.

11. Landlord Financing of Project. Landlord shall not have the right to mortgage, pledge, encumber or assign the Premises in whole or in part except in connection with its financing of the Project through the Bonds issued by Landlord. Copies of the Indenture and the Leasehold Mortgage securing the Bonds shall be provided to and shall be approved by Tenant, which approval shall not be unreasonably withheld. Pursuant to a subordination, non-disturbance and attornment agreement entered into by Landlord and Tenant with the Trustee as the beneficiary under the Leasehold Mortgage, so long as Tenant is not in default under any of the terms, covenants or conditions of this Lease, the beneficiary under the Leasehold Mortgage shall not disturb Tenant's possessory rights in the Premises in the event such beneficiary should foreclose the Leasehold Mortgage.

12. Construction Liens. From and after the Substantial Completion Date, Tenant shall pay all costs for modifications, alterations and additions done by it or caused to be done by it on the Premises as permitted or required by this Lease (other than the construction of the Project) and Tenant shall keep the Premises free and clear of all Liens resulting from modifications, alterations and additions done by or for Tenant; provided, however, Tenant shall have the right to contest the correctness or validity of any such Lien by appropriate proceedings conducted in good faith with due diligence. Within thirty (30) days following written notice from Landlord, Tenant shall discharge such Lien of record or record a bond which complies with the requirements of law for eliminating such Lien as an encumbrance against the Premises if in the reasonable exercise of Landlord's judgment the protection of the Premises or Landlord's interest therein shall require such payment. In the event Tenant shall fail to so remove any such Lien, Landlord may take such action as Landlord shall reasonably determine to remove such Lien and all costs and expenses incurred by Landlord including, without limitation, amounts paid in good faith settlement of such Lien and attorneys' fees and costs shall be paid by Tenant to Landlord. Tenant's obligations pursuant to this Section shall survive the Expiration Date.

13. Indemnity and Hold Harmless.

13.1 Indemnification by Landlord. Landlord shall indemnify, defend and hold harmless Tenant and its elected and appointed officers, officials, representatives, employees, and agents (the "Indemnified Tenant Parties") from and against any and all liability, demands, liens, damages, claims, causes of action, expenses, and fees (including reasonable attorneys' fees and costs and expert witness fees) for bodily injury, property damage, and death (hereinafter collectively referred to as "Liabilities"), arising out of or relating to the negligence, acts, errors, or omissions of Landlord including, without limitation, any breach of this Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of Tenant.

Landlord shall require the Developer, General Contractor and Contractors to agree to and abide by the indemnification requirements set forth in this Section in favor of Tenant, subject to the provisions of California Civil Code sections 2782 *et seq.*, as such may be applicable to the work and/or services being provided by Landlord's contractors and consultants.

13.2 Indemnification by Tenant. Tenant shall indemnify, defend and hold harmless Landlord and its officers, employees, and agents (the "Indemnified Landlord Parties") from and against any and all Liabilities (as defined in Section 13.1), arising out of or relating to the negligent acts, errors, or omissions of Tenant including, without limitation, any breach of this Lease except to the extent that such Liabilities are caused by the negligence or willful misconduct of Landlord, Developer, the General Contractor, or their consultants, agents or employees.

13.3 Survival. The indemnification provisions of this Section shall remain in full force and effect and survive the termination and/or expiration of this Lease.

14. Minimum Scope of Insurance Coverage for Landlord. After the Effective Date, Landlord shall at a minimum maintain insurance coverage of the type and amount specified on the attached **EXHIBIT K**.

15. Minimum Scope of Insurance Coverage for Tenant.

15.1 General Liability. After the Substantial Completion Date, Tenant shall have the right to self-insure under Section 15.2 or, at its sole cost and expense, shall obtain and keep in force throughout the Term a Commercial General Liability insurance policy on an occurrence basis insuring Tenant against claims for injuries to persons and property damage liability. "Commercial General Liability" insurance shall mean Insurance Services Office form number (CG00 001) with a limit of not less than \$1,000,000 combined single limit per occurrence, \$5,000,000 aggregate. Tenant agrees to add Landlord and Trustee as additional insureds to any Commercial General Liability insurance policy.

15.2 Self-Insurance by Tenant. Notwithstanding anything herein to the contrary, Tenant may self-insure for general liability coverage. Upon request by Landlord or Trustee (the Trustee having no obligation to make such request) to Tenant's Risk Manager, Tenant shall provide Landlord and Trustee with at least thirty (30) days' prior written notice of any change in Tenant's self-insured status and will provide Landlord and Trustee with a certificate of self-insurance as adequate proof of insurance. If Tenant elects to self-insure as set

forth in this Section, Tenant acknowledges and agrees that Landlord shall have no liability for such losses or damage which would otherwise have been covered by the general liability insurance which Tenant could have provided in accordance with Section 15.1, nor shall Tenant's failure to obtain commercial general liability insurance have any effect on Tenant's obligations under this Lease.

15.3 Workers' Compensation. Tenant is self-insured for all of its workers' compensation liability exposure. Tenant shall, at its own expense, maintain through its self-insurance program coverage for its workers' compensation liability exposure for the duration of the Term. Tenant shall provide Landlord and Trustee with at least thirty (30) days' prior written notice of any change in the Tenant's self-insured status and will provide Landlord and Trustee with a certificate of self-insurance as adequate proof of insurance.

16. Property Insurance.

16.1 Coverage for Premises. From and after the Substantial Completion Date, Landlord shall cause the Premises to be insured for fire and other perils currently covered by a special causes of loss commercial property insurance form. Such coverage shall include eighteen (18) months of rental interruption coverage for the costs of Monthly Rent and Additional Rent, with Extra Expense coverage and shall name Trustee and Tenant as loss payee as each of their interests may appear. Landlord shall further cause the Premises to be insured against the perils of earth movement and flood, either as part of the aforementioned commercial property policy, or under a separate policy or policies. Such earth movement and flood insurance shall include eighteen (18) months of rental interruption coverage and shall name Trustee as loss payee as its interests may appear. Landlord shall cause coverage to be maintained against loss arising from earth movement and flood so long as such coverage is available at a commercially reasonable cost and in coverage amounts which are commercially available, but shall not be in default under this Lease if coverage is no longer written, is unavailable for properties comparable to the Premises or is not available at commercially reasonable premium amounts. Landlord will provide Tenant and Trustee with thirty (30) days' prior written notification of material changes in coverage. Landlord will, upon request, furnish Tenant and Trustee with satisfactory evidence that such coverage is in effect.

16.2 Coverage for Tenant's Personal Property. Landlord shall have no obligation to insure any of Tenant's Personal Property.

17. Waiver of Subrogation. Landlord and Tenant shall cause their respective property insurance carriers to release and waive all rights of subrogation against the other to the extent a loss is covered by property insurance in force. Landlord and Tenant hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided, that this provision shall be inapplicable if it would have the effect of invalidating any insurance coverage of Landlord or Tenant.

18. [Intentionally Omitted.]

19. Destruction.

19.1 Insured Damage. If during the Term, the Premises are partially or totally destroyed by any casualty that is covered by insurance described in Section 16, rendering the Premises partially or totally inaccessible or unusable, Landlord shall restore the Premises to substantially the same condition as they were in immediately before such destruction, if (i) the insurance proceeds available to Landlord equal or exceed the cost of such restoration, (ii) such restoration can be completed within a period which is not longer than eighteen (18) months from date of such destruction, and (iii) such restoration is permitted under then existing Laws to be done in such a manner as to return the Premises to substantially the same condition as it was immediately before the destruction. Landlord will advise Tenant and Trustee with respect to the preceding conditions and, accordingly, whether such restoration of the Premises can proceed, on or before that date which is ninety (90) days after the date of destruction. If the foregoing conditions cannot be met, such destruction shall be treated as "Underinsured Damage" in accordance with the provisions of Section 19.2. The insurance proceeds shall be retained by Trustee who shall disburse same to Landlord from time to time as the restoration work progresses, provided, however, that Landlord shall complete such restoration as soon as reasonably practical, but in any event not longer than that period which is eighteen (18) months from the date of such destruction.

19.2 Underinsured Damage. If during the Term the Premises are partially or totally destroyed by any casualty and the conditions set forth in Section 19.1, captioned "Insured Damage" cannot be met, Landlord shall provide written notice to Tenant and Trustee within ninety (90) days after the date of destruction. Such notice shall describe the extent of the destruction, which of the conditions(s) cannot be met, and the estimated time necessary for restoration of the Premises. Within thirty (30) days of Tenant's receipt of Landlord's notice, Tenant shall notify Landlord in writing whether Tenant will proceed to satisfy the conditions which cannot be met, including the deposit of funds with the Trustee sufficient to restore any Underinsured Damage.

(a) If Tenant so fulfills such conditions, then Landlord shall proceed to restore the Premises in accordance with the terms agreed between Landlord and Tenant. In that event, the insurance proceeds shall be retained by Trustee who shall disburse same to Landlord from time to time as the restoration work progresses.

(b) If Tenant elects not to fulfill such conditions and the Premises are totally destroyed, this Lease shall terminate and the entire amount of the insurance proceeds held by Trustee shall be used to repay or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture.

(c) If Tenant elects not to fulfill such conditions and the Premises are partially destroyed, this Lease shall not terminate, Tenant shall continue to pay Rent subject to Abatement and the amount of the insurance proceeds held by Trustee shall be disbursed to Landlord to complete such restoration as Landlord reasonably determines to be practicable to allow for Tenant's partial use of the Premises for its intended purposes. Any insurance proceeds not disbursed for such restoration shall be used to repay or defease Bonds and to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture.

(d) If any monies deposited by Tenant in connection with any restoration pursuant to this Section 19.2 remain after the Premises have been restored, those monies shall be returned to Tenant.

19.3 Extent of Landlord's Obligation to Restore. If Landlord is required or elects to restore the Premises or such portion thereof which has been destroyed as provided in this Section 19, Landlord shall not be required to restore Tenant's Personal Property, such excluded items being the sole responsibility of Tenant to restore.

19.4 Abatement of Rent. In the event that (i) the Premises are (i) damaged or destroyed by fire or other casualty following the Rent Commencement Date resulting in substantial interference with Tenant's right to the use and occupancy of the Premises or (ii) a defect in Landlord's title occurs, other than a defect that results from Tenant's ownership of the Land resulting in substantial interference with Tenant's right to the use and occupancy of the Premises, this Lease shall not terminate (except as provided in Section 19.2), but the Rent otherwise payable by Tenant hereunder (other than Additional Rent for payment of Operating Costs) shall be subject to Abatement during the period of such interference.

19.5 Waiver of Certain Rights. In recognition of the specifically negotiated provisions in this Lease with respect to Tenant's rights in the event of damage, destruction or condemnation of the Premises, Tenant hereby waives its rights pursuant to California Civil Code §§ 1932(2) and 1933(4).

20. Condemnation.

20.1 Total Condemnation. If there is a taking or damaging of all or any portion of the Premises by the exercise of any governmental power, whether by legal proceedings or otherwise, by a governmental agency with jurisdiction over the Premises or a transfer by Landlord either under threat of condemnation or while legal proceedings for condemnation are pending (a "Condemnation") such that there can be no reasonable use of the Premises by Tenant, as reasonably determined by Tenant, this Lease shall terminate on the date the condemnor has the right to possession of the Premises. The entire award with respect to a taking of the Premises (including Tenant's leasehold estate under this Lease) shall be paid to Trustee and applied at Tenant's direction to repay or defease Bonds or to reimburse Trustee for any costs incurred by Trustee for which it is entitled to reimbursement under the Indenture. Any Condemnation proceeds remaining after Bonds have been paid in full shall be paid to Tenant.

20.2 Partial Condemnation. If, prior to Substantial Completion of the Project, there is a partial taking of the Premises by Condemnation but the Project can be completed substantially in accordance with the Project Requirements, such condemnation proceeds shall be paid to Trustee who shall deposit such condemnation proceeds into the Non-Bond Proceeds Account established under the Indenture for purposes of paying Project Costs. Following Substantial Completion of the Project, if there is a partial taking of the Premises by Condemnation, and Tenant determines that restoration is possible or a reasonable use can be made of the Premises without restoration, then the condemnation proceeds shall be paid to Trustee who shall, as applicable, (i) deposit such condemnation proceeds into the Capital Repairs Fund and shall disburse such condemnation proceeds to Landlord from time to time as

restoration progresses, or (ii) deposit such condemnation proceeds in the Bond Fund to be used to repay or defease Bonds. In no event shall this Lease terminate as a result of a partial taking (except a partial taking which results in no reasonable use of the Premises by Tenant as determined pursuant to Section 20.1), but Rent hereunder (other than Additional Rent for payment of Operating Costs) shall be subject to Abatement to the extent and during the period that the partial condemnation results in substantial interference with Tenant's right to the use and occupancy of the Premises.

21. Assignment of Project; Subletting. Except as provided in the Indenture including as described in Section 32.13 below, Landlord shall not sell, transfer, convey or assign all or any portion of its interest in this Lease or in the Premises (except to Trustee) without the prior written consent of Tenant and, at the written direction of the holders of a majority in aggregate principal amount of the Bonds, Trustee and a written opinion from nationally recognized bond counsel that any such sale, transfer, conveyance or assignment will not have an adverse effect on the tax exempt status of interest payable on the Bonds. Tenant shall not sell, transfer, convey or assign all or any portion of its interest in this Lease or in the Premises without the prior written consent of Landlord and, at the written direction of the holders of a majority in aggregate principal amount of the Bonds, Trustee together with an opinion of nationally recognized bond counsel that any such sale, transfer, conveyance or assignment will not adversely affect the tax exempt status of interest payable on the Bonds. Notwithstanding the foregoing sentence, Tenant may sublease the Premises or any portion thereof without the consent of Landlord or Trustee, to the extent and on the terms and conditions set forth under Section 7 so long as the execution of such sublease would not violate the provisions of Section 7; provided, however, that under no circumstances shall Tenant be released or relieved from any of its obligations hereunder.

Any sale, transfer, conveyance, assignment or sublease permitted under this Section shall be in writing and shall require the purchaser, transferee, grantee, assignee or subtenant to comply fully with the terms of this Lease, including, without limitation, the provisions of Section 7 regarding use of the Premises. Tenant shall provide Landlord and Trustee with written notice of any such sale, transfer, conveyance, assignment or sublease and a copy of all documentation relating thereto. Any attempted sale, transfer, conveyance, assignment or sublease in material violation of the requirements set forth in this Section 21 shall be null and void and shall constitute an event of default under the Indenture.

22. Default by Tenant. The occurrence of any of the following shall constitute an Event of Default by Tenant under this Lease:

22.1 Payment; Insurance. Failure (a) to make any Monthly Rent payments due under this Lease if the failure to pay is not cured within ten (10) Business Days after written notice of such failure has been given by Trustee or Landlord to Tenant, (b) failure to make any other payment required if the failure to pay is not cured within fifteen (15) Business Days after written notice of such failure has been given by Landlord to Tenant, or (c) failure to maintain insurance coverage as required herein if the failure to maintain such insurance is not cured within fifteen (15) Business Days after written notice of such failure has been given by Landlord to Tenant.

22.2 Other Failure to Perform. Failure to materially perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice of such default has been given by Trustee or Landlord to Tenant. If the default cannot reasonably be cured within thirty (30) days, then such default shall not constitute an Event of Default if Tenant commences to cure the default within thirty (30) days and diligently and in good faith continues to cure the default within one hundred eighty (180) days from the delivery of such default notice.

22.3 Remedies for Tenant Default. If Tenant commits an Event of Default under this Section 22 and fails to cure such default within the time period provided therein, then Landlord shall have the right to pursue any and all remedies available at law or in equity, including without limitation, the right to (i) terminate this Lease or, with the consent of Tenant, which consent shall not be unreasonably withheld, to keep this Lease in full force and effect and, in either event, to re-enter the Premises and eject all parties in possession therefrom and re-let the Premises as the agent and for the account of Tenant upon such terms and conditions as Landlord may deem advisable, in which event the rents received on such re-letting will be applied first to the expenses of re-letting and collection, including expenses necessary for repair or restoration of the Premises to its condition as of the Rent Commencement Date (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commissions actually paid, and second to the Revenue Fund for the payment of Monthly Rent and to Landlord for the payment of Additional Rent, both in accordance with this Lease and the Indenture; or (ii) in lieu of the above, so long as Landlord or its assignee does not terminate Tenant's right to possession, this Lease shall continue in effect and Landlord or its assignee shall have the right enforce all of its rights and remedies under this Lease, including the right to recover Monthly Rent payments as they become due hereunder pursuant to Section 1951.4 of the California Civil Code.

Notwithstanding the foregoing, in no event shall Landlord have the right to accelerate any payments owing by Tenant under this Lease.

Notwithstanding anything to the contrary herein, in the event Tenant commits an Event of Default under Section 5.11 and fails to cure such default within the time period provided herein, Landlord shall have no right to cancel and terminate this Lease or evict Tenant and re-enter the Premises through an unlawful detainer action or otherwise.

23. Default by Landlord. Landlord shall be in default if Landlord fails to perform its obligations (i) within five (5) Business Days after notice by Tenant specifying the obligation which Landlord has failed to perform if such failure occurs prior to the Substantial Completion Date and (ii) within thirty (30) days after notice by Tenant specifying the obligation which Landlord has failed to perform if such failure occurs after the Substantial Completion Date; provided, that if the nature of Landlord's obligation is such that more than five (5) Business Days or thirty (30) days, as applicable, are required for performance, Landlord shall not be in default if Landlord commences diligent performance within such period following Tenant's notice and thereafter completes performance within a reasonable time. Landlord agrees to include in any property management contract for the Premises a requirement that, if the nature of the obligation presents a hazard or emergency, the property manager shall commence performance within 8 to 24 hours, depending on the scope and nature of the hazard or emergency, and shall thereafter pursue such cure with diligence. In the event that Landlord fails

to cure any such default within the time periods permitted, Tenant shall have the right to pursue any and all remedies available at law or in equity, or have the option to pursue such remedies after resort to the procedure in **EXHIBIT F**; provided, however, that Tenant shall have (i) no right to offset against Rent payable under this Lease and (ii) no right to terminate this Lease or the Ground Lease so long as the Bonds remain outstanding.

In light of the specific agreements in this Lease with regard to Landlord's obligations to maintain the Premises, Tenant hereby waives its rights under California Civil Code §§ 1941 and 1942.

24. Signs. Tenant shall have the right to place identification signage, other signage, advertisements, awnings, banners or other exterior decorations on the exterior of the Premises without any further consent or approval from Landlord. Any sign that Tenant has the right to place, construct and maintain shall comply with all laws, and Tenant shall obtain any approval required by such laws. Landlord makes no representation with respect to Tenant's ability to obtain such approval.

25. Landlord's Right to Enter the Premises. Landlord shall have the right to enter the Premises at reasonable times during Tenant's normal business hours for the purposes listed below; provided, however, Landlord acknowledges and agrees to comply with Tenant's requests regarding security. Landlord shall conduct its activities on the Premises as allowed in this Section in a manner that will cause the least possible inconvenience, annoyance or disturbance to Tenant. Should any disturbance or security violation occur, then Tenant may require that all future entries into the Premises be only during working hours after twenty-four (24) hours' written notice from Landlord to Tenant. This does not affect Landlord's right to enter in case of emergency. Landlord shall not be liable in any manner for any inconvenience, annoyance, disturbance, loss of business, nuisance, or other damage arising out of Landlord's entry on the Premises as provided in this Section, except damage resulting from the negligent acts, willful misconduct or omissions of Landlord. Tenant shall not be entitled to an abatement or reduction of Rent if Landlord exercises any right reserved in this Section.

25.1 Condition. To determine whether the Premises are in good condition, whether Tenant is complying with its obligations under this Lease and to perform any maintenance, repair or replacement obligations of Landlord pursuant to Section 10.

25.2 Notices. To serve, post or keep posted any notices required or allowed under the provisions of this Lease.

26. No Encumbrances by Landlord. Except to the extent expressly authorized in Sections 11 and 21, Landlord shall not at any time during the Term sell, transfer, lease (other than to Tenant pursuant to this Lease), convey, encumber (other than to Trustee pursuant to the Leasehold Mortgage), pledge (other than to Trustee pursuant to the Indenture), hypothecate or otherwise grant a security interest in the Premises or any portion thereof.

27. Right to Estoppel Certificates. Each party, within fifteen (15) days after notice from the other party, shall, unless it is in default hereunder, execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified and stating the modifications. Unless the party

requested to provide such a certificate is in default, failure to deliver the certificate within such fifteen (15) day period shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.

28. Limitation on Landlord's Liability. Notwithstanding any provision in this Lease to the contrary, Tenant shall look solely to the estate and property of Landlord in the Land and buildings constituting the Premises, any insurance proceeds or condemnation proceeds payable to Landlord under this Lease, any sums paid to Landlord under the Development Agreement and any amounts payable to Landlord under any warranty or other contract with respect to the Project for the collection of any judgment requiring the payment of money by Landlord or for the enforcement of any other judgment or remedy against Landlord and no other assets of Landlord shall be subject to levy, execution or other procedure for the satisfaction of Tenant's remedies.

29. Attorneys' Fees. In the event suit is brought by Landlord or Tenant relating to this Lease, including for the breach of any covenant or condition of this Lease, the party prevailing on a majority of the issues shall be entitled to a reasonable sum for attorney' fees, witness fees, and court costs, including costs of appeal.

30. Surrender. Tenant shall, on the Expiration Date, surrender and deliver up the Premises, including all improvements then located thereon and the appurtenances thereto, into the possession of Landlord, in good order, condition and repair, free and clear of all lettings and occupancies, and free and clear of all liens and encumbrances other than those existing on the date of this Lease and those, if any, created by Landlord, without any payment or allowance whatsoever by Landlord, unless Tenant exercises the Option to Purchase as set forth in Section 4.3 and 4.4 of this Facilities Lease Agreement. Tenant shall execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to all of the above-described property.

30.1 Conveyance of Premises. Notwithstanding Tenant's obligation to surrender the Premises on the Expiration Date, Landlord shall nonetheless be obligated to convey the Premises to Tenant pursuant to Sections 4.3 and 4.4 above.

30.2 Survival. The provisions of this Section shall survive the expiration or termination of this Lease.

31. Broker. Landlord and Tenant each represent to the other that neither is represented by any broker, agent or finder with respect to this Lease in any manner. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any other broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Lease.

32. Miscellaneous Provisions.

32.1 Entire Agreement. This Lease sets forth the entire agreement of the parties as to the subject matter hereof and supersede all prior discussions and understandings between them. This Lease may not be amended or rescinded in any manner except by an instrument in writing signed by a duly authorized officer or representative of each party hereto and the consent of the Bondholders if required pursuant to the provisions of Section 32.13. Furthermore, Landlord shall not assign nor amend the Development Agreement without the Tenant's prior approval, which approval shall not be unreasonably withheld.

32.2 Quiet Enjoyment Landlord covenants that Tenant shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the use of the Premises.

32.3 Governing Law. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of California.

32.4 Severability/Construction of Lease. Should any of the provisions of this Lease be found to be invalid, illegal, unconstitutional or unenforceable by any court of competent jurisdiction, such provision shall be stricken and the remainder of this Lease shall nonetheless remain in full force and effect unless striking such provision shall materially alter the intention of the parties. The parties hereby acknowledge and agree that each was represented by counsel and this Lease was negotiated and drafted at arms' length. Accordingly, the judicial rule of construction that any ambiguities are to be construed against the drafting party shall be inapplicable in the interpretation of this Lease. The provisions of this Lease shall be construed as a whole according to their common meaning and consistent with the other provisions contained herein in order to achieve the objectives and purposes of this Lease.

32.5 Jurisdiction/Venue. In the event any action is brought to enforce any of the provisions of this Lease, the parties agree to be subject to exclusive in personam jurisdiction in the Riverside County Superior Court for the State of California and agree that in any such action venue shall lie exclusively in the County of Riverside, California.

32.6 Waiver. No waiver of any right under this Lease shall be effective unless contained in writing signed by a duly authorized officer or representative of the party sought to be charged with the waiver and no waiver of any right arising from any breach or failure to perform shall be deemed to be a waiver of any future right or of any other right arising under this Lease.

32.7 Captions. Section captions contained in this Lease are included for convenience only and form no part of the agreement between the parties.

32.8 Notices. All notices or requests required or permitted under this Lease shall be in writing, shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid, by nationally recognized overnight courier or by email and shall be deemed given when so delivered, received or emailed (provided sender obtains a confirmation of receipt). All notices or requests to any party shall be sent to all other parties as follows:

If to Landlord:

Riverside Community Properties Development, Inc.
Attention: John Finke
1218 – 3rd Avenue, Suite 1403
Seattle, WA 98101
Facsimile: 206.448.5246

If to Tenant:

County of Riverside
Real Estate Division
3403 Tenth Street, Suite 500
Riverside, CA 92501
Facsimile: 951.955.4837

If to Trustee:

The Bank of New York
Mellon Trust Company, N.A.
601 Union Street, Suite 520
Seattle, WA 98101
Attn: Corporate Trust
Facsimile: 206.667.8905

Any party may change the address to which notices shall be sent by notice to the other party in the manner and with the effect set forth in this Section.

32.9 Binding Effect. Subject to the provisions of Sections 11 and 21, this Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. No permitted assignment of this Lease or Tenant's rights hereunder shall be effective against Landlord unless and until an executed counterpart of the instrument of assignment shall have been delivered to Landlord and Landlord shall have been furnished with the name and address of the assignee. The term "Tenant" shall be deemed to include the assignee under any such permitted assignment. The term "Landlord" shall include any successors to or assigns of the Landlord's interest in the Premises following any foreclosure of the Leasehold Mortgage, including Trustee (except with respect to the Landlord's obligations and representations hereunder) or any purchaser at a trustee's or sheriff's sale of the Premises.

Notwithstanding anything to the contrary herein, Landlord and Tenant agree that Trustee, in acting under this Lease, acts not in its individual capacity but solely as Trustee under the Indenture and Trustee shall be entitled to the same rights, protections and immunities hereunder to which it is entitled as Trustee under the Indenture. In furtherance and not in limitation of the foregoing, the exercise of the rights of Trustee and the duties of Trustee hereunder, or under any assignment hereof to Trustee, shall be, in each and every case, subject to the express provisions of Articles VII and VIII of the Indenture; provided, that the Indenture shall not operate to limit Trustee's rights to compensation and indemnification provided hereunder.

32.10 Gender and Number. As used in this Lease, the masculine shall include the feminine and neuter, the feminine shall include the masculine and neuter, the neuter shall include the masculine and feminine, the singular shall include the plural and the plural shall include the singular, as the context may require.

32.11 Nondiscrimination. Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 1926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises herein leased.

32.12 Recording; Memorandum of Lease. Neither Landlord nor Tenant shall record this Lease without the written consent of the other; provided, however, that a Memorandum of this Lease in the form attached hereto as **EXHIBIT E** and by this reference incorporated herein shall be recorded upon the Effective Date.

32.13 Amendment of Lease. So long as the Bonds remain outstanding, any amendment of this Lease must comply with applicable provisions of the Indenture. Without limitation, Landlord and Tenant may, from time to time, amend this Lease to exclude any surplus portion of the Land in accordance with Section 9.06 of the Indenture.

32.14 Time Is of the Essence. Time is of the essence in the performance of each party's obligations under this Lease. Each party will carry out its obligations under this Lease diligently and in good faith.

33. Prevailing Wage. Landlord shall require that General Contractor and its subcontractors comply with the prevailing wage requirements and be subject to restrictions and penalties in accordance with Section 1770 of the California Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts. The Landlord shall require that the General Contractor furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Landlord will post at the job site. All prevailing wages shall be obtained by the Landlord/Contractor from:

Department of Industrial Relations
Division of Labor Statistics and Research
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102

Landlord shall require that General Contractor comply with the payroll record keeping and availability requirement of Section 1776 of the Labor Code. In addition, Landlord shall require

that General Contractor make travel and subsistence payments to workers needed for performance of work in accordance with Section 1773.8 of the Labor Code. Prior to commencement of work, Landlord shall require that General Contractor contact the Division of Apprenticeship Standards and comply with Sections 1777.5, 1777.6 and 1777.7 of the Labor Code and applicable regulations.

Landlord shall indemnify, hold harmless, and defend Tenant and shall be responsible for any fine, penalty or fee levied against the Premises arising out of any violations by Landlord of this Section.

34. Authority. By execution of this Lease, Landlord and Tenant represent that they have authority to enter into this Lease. This Lease shall not be effective until approved of and signed by the Chairman of the County of Riverside Board of Supervisors.

35. Force Majeure. Landlord and Tenant shall not be deemed in default with respect to the performance of any of the terms, conditions and covenants of this Lease (other than the payment of Rent or other amounts due hereunder) if Landlord's or Tenant's failure to perform shall be due to any strike, lockout, war, sabotage, governmental action, Unavoidable Delays as defined in the Development Agreement, or act of God or other cause beyond the reasonable control of Landlord or Tenant, providing such cause is not due to the willful act or neglect of Landlord or Tenant. In the event either party is delayed or prevented from performing any of its respective obligations under this Lease (other than the payment of Rent or other amounts due hereunder) due to force majeure, then the time period for performance of such obligations shall be extended for the period of such delay. Nothing contained in this Section 35 shall be deemed to extend the Rent Commencement Date nor to excuse Tenant's obligation to pay Rent as and when required by the terms of this Lease.

36. Failure to Achieve Substantial Completion of Project by Developer Obligation Date. In the event that Substantial Completion of the Project is not achieved by the Developer Obligation Date (as defined in the Development Agreement), the following provisions shall apply until such time as Substantial Completion is achieved.

36.1 Enforcement of Development Agreement. Landlord shall vigorously enforce the provisions of the Development Agreement, including, without limitation, Section 7.2(b) thereof, with regard to the failure of the Developer to cause Substantial Completion of the Project to occur by the Developer Obligation Date. Amounts received from Developer thereunder for the payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture.

36.2 Enforcement of General Construction Contract. Landlord shall vigorously enforce the provisions of the General Construction Contract including, without limitation, provisions requiring the payment of liquidated damages in the event General Contractor fails to achieve completion of construction of the Project by the date set forth therein. Amounts received from General Contractor and available for payment of debt service on the Bonds shall be deposited with the Trustee as provided under the Indenture.

37. Ancillary Improvements. In addition to the Office Building and Parking Lot, Landlord shall construct the Ancillary Improvements as part of the Project. The costs of entitlements, design, permitting and construction for the Ancillary Improvements (as outlined on the Preliminary Plans) shall be included as Project Costs; but, notwithstanding anything to the contrary contained herein, all costs associated with the Ancillary Building (including, without limitation, the cost of design, permitting and construction of the vertical improvements constituting the Ancillary Building) shall not be included as Project Costs and shall not be the responsibility of Landlord or Developer..

37.1 Zone Change and Subdivision. The Project Budget contains a total amount of \$50,000 (the "Zone Change/Subdivision Allowance") for Landlord to pursue a zone change and other entitlements as necessary to permit the uses of the potential Ancillary Building desired by Tenant and a boundary line adjustment (or other subdivision) for the potential disposition of the Ancillary Building, and the site as improved by the Ancillary Improvements. Landlord, Tenant and Developer shall cooperate in the preparation and execution of any zone change and boundary line adjustment or other subdivision documentation necessary or useful to facilitate such zone change and boundary line adjustment or subdivision to the extent deemed necessary or desirable by Landlord and Tenant; provided, however, notwithstanding anything to the contrary contained in this Agreement, Tenant shall be solely and directly responsible for all costs in excess of the Zone Change/Subdivision Allowance that are associated with the pursuit or obtaining of a zone change, entitlements, boundary line adjustment and/or subdivision with respect to the potential Ancillary Building and the site as improved by the Ancillary Improvements, including but not limited to costs related to an extended zone change or subdivision processes, off-site and on-site conditions of approval, EIR, consultant fees, impact fees, etc. Tenant acknowledges that neither the Project nor the Substantial Completion thereof requires the obtaining of any such zone change, entitlements, boundary line adjustment or subdivision pertaining to the potential Ancillary Building and related Ancillary Improvements, and neither Landlord nor Developer shall not be obligated to obtain said zone change, entitlements, boundary line adjustment or subdivision, nor shall Landlord or Developer have any obligations to comply with or satisfy any conditions imposed by the City of Indio or other governmental agencies or entities associated with any of the foregoing.

37.2 Procuring Subtenants. During the term of this Agreement, Landlord shall cause Developer to use due diligence and its commercially reasonable efforts to assist in the marketing of the potential Ancillary Building site to procure prospective subtenants or, if applicable, purchasers for the potential Ancillary Building site for Tenant's consideration. For purposes of this provision, commercially reasonable efforts shall be deemed to mean diligent, good faith efforts exercised in a manner consistent with what other similarly situated commercial parties would be reasonably expected to exert.

37.3 Possible Ancillary Building; Conveyance of Ancillary Improvements. At any time during the Term of this Lease, Tenant at its option may:

(i) provide written notice to Landlord that it desires Landlord to undertake the design, permitting and construction of the Ancillary Building subject to availability of funds through the issuance of additional bonds, Tenant-provided amounts or otherwise. In that event, Landlord shall notify Developer and shall negotiate in good faith with Developer for an

amendment to the Development Agreement whereby Developer would provide services to Landlord for the purpose of developing the Ancillary Building but neither Landlord nor Developer shall have any obligation to enter into such an amendment or undertake the work unless the terms of such amendment are acceptable to Landlord and Developer in each party's sole discretion; or

(ii) prior to construction of the Ancillary Building, upon at least sixty (60) days' written notice to Landlord, require Landlord to convey to Tenant the Ancillary Improvements, in which event the Ancillary Improvements shall be released from the lien of the Indenture, the Leasehold Mortgage and the other security documents for the Bonds upon compliance with the provisions set forth in Section 3.23 of the Leasehold Mortgage, and the parties shall execute appropriate amendments to this Lease and to the Ground Lease (provided that such conveyance shall not result in any reduction of Monthly Rent, and provided further that Landlord shall not be required to convey the Ancillary Improvements to Tenant unless and until (a) Tenant, at Tenant's expense, shall have obtained any required boundary line adjustment, subdivision or other entitlements to the extent not already obtained, (b) the title company insuring the first lien priority of the Leasehold Mortgage shall have issued the title endorsements required under Section 3.23 thereof, and (c) the conveyance shall have received the approving opinion of bond counsel to the extent deemed necessary or desirable by Landlord).

DATED the date first above written.

LANDLORD:

**RIVERSIDE COMMUNITY PROPERTIES
DEVELOPMENT, INC.**, a California
nonprofit public benefit corporation

By: _____
Name: _____
Title: _____
Date: _____

TENANT:
COUNTY OF RIVERSIDE,
a political subdivision of the State of
California

By: _____
John J. Benoit, Chairman
Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
Pamela J. Walls, County Counsel

By: 
Patricia Munroe
Deputy County Counsel

California Certificate of Acknowledgment

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} ss.

On _____, 2013, before me, _____, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

Facilities Lease Agreement

(Title or Description of Attached Document)

Number of Pages: _____

Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING:

SIGNER(S) OTHER THAN NAMED ABOVE:

California Certificate of Acknowledgment

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } ss.

On _____, 2013, before me, _____,
personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed
the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity
upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is
true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could
prevent fraudulent reattachment of this form.

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(Title or Description of Attached Document)

Number of Pages: _____
Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING:

**SIGNER(S) OTHER THAN
NAMED ABOVE:**

EXHIBIT A

LAND

That portion of the northeast quarter of Section 26, Township 5 South, Range 7 East, San Bernardino Meridian, in the City of Indio, County of Riverside, State of California, more particularly described as follows:

BEGINNING at the northeast corner of said Section 26;

Thence, along the north line of said Section, South 89°36'03" West 443.66 feet;

Thence leaving said north line. South 00°23'57" East 40.00 feet to the northeast corner of the land described in memorandum of Agreement recorded June 6, 2005 as Instrument No. 20050447427 and in memorandum of (Possession and Use) Agreement recorded July 21, 2005 as Instrument No. 2005-0583245, both of Official records;

Thence, along the easterly line of the land described in said Memorandum of Agreement and Memorandum of (Possession and Use) Agreement, South 00°50'10" East 309.64 feet to the most easterly southeast corner of the land described in said documents;

Thence, along the southerly line of the land described in said documents, South 89°42'54" West 306.02 feet to a point in the easterly line of the lands described in the Grant Deed to the County of Riverside, a Body Corporate and Politic, recorded February 15, 1994 as Instrument No. 065257 of Official Records, as having a length of 485.51 feet;

Thence, along said last-mentioned line, South 15°42'17" East 53.55 feet to a point thereon;

Thence leaving said easterly line. South 07°39'47" East, a distance of 211.50 feet to the beginning of a tangent curve concave northeasterly, having a radius of 25.00 feet;

Thence southeasterly along said curve, to the left, through a central angle of 16°18'44", an arc distance of 7.12 feet

Thence North 89°30'58" East, a distance of 30.65 feet to the southeasterly terminus of said line;

Thence, along the northerly line of said parcel of land described in said last-mentioned Deed, North 89°30'58" East 260.99 feet;

Thence, leaving said northerly line. North 00°00'49" West 218.10 feet;

Thence North 44°35'17" East 22.40 feet;

Thence North 89°48'22" East 388.96 feet to the east line of said Section 26;

Thence, along said east line. North 00°35'40" East 384.39 feet to the **POINT OF BEGINNING**

Containing 5.76 acres, more or less.

EXHIBIT B

SCHEDULE OF MONTHLY RENT

NOTE: Monthly rent shall not in any month exceed \$268,965, based upon the attached pro forma Bond Debt Service Schedule.

Following the pricing of the Bonds and prior to execution of this Lease, a final Schedule of Monthly Rent as approved by Tenant will be attached hereto.

EXHIBIT C

PRELIMINARY PLANS

1. Off-site Civil drawings as prepared by Albert A. Webb Associates:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
1 of 7	Title Sheet	Undated	GMP
2 of 7	Notes, Abbreviations and Typical Street Sections	Undated	GMP
3 of 7	Highway 111 (Sta. 9+00.00 TO Sta. 19+00.00)	Undated	GMP
4 of 7	Highway 111 (Sta. 19+00.00 TO Sta. 23+15.54)	Undated	GMP
5 of 7	Jackson Street	Undated	GMP
6 of 7	Plaza Avenue	Undated	GMP
7 of 7	Access Road	Undated	GMP
1 of 1	RCIT Conduit System	Undated	GMP

2. On-site Civil drawings as prepared by Albert A. Webb Associates:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
C100	Site Layout	Undated	GMP
C200	Site Grading	Undated	GMP

3. Landscape drawings as prepared by RGA Landscape Architects, Inc.:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
LC-1	Landscape Plan	06/28/13	GMP
LC-2	Landscape Plan	06/28/13	GMP
LP-1	Landscape Plan	06/28/13	GMP
LP-2	Landscape Plan	06/28/13	GMP

4. Architectural drawings as prepared by Langdon Wilson International:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
A001	Sheet Index, Summary, Symbols, & Abbreviations	06/28/13	GMP
A002	General Notes	06/28/13	GMP
A100	Site Plan	06/28/13	GMP
A101	Signage Site Plan	05/03/13	Plan submit
A210	Ground Floor Plan	06/28/13	GMP
A220	Second Floor Plan	06/28/13	GMP
A230	Third Floor Plan	06/28/13	GMP
A240	Roof Plan	06/28/13	GMP
A310	Exterior Elevations	06/28/13	GMP
A310B	Exterior Elevations Alternate 1	06/28/13	GMP
A311	Exterior Elevations	06/28/13	GMP
A330	Building Sections	06/28/13	GMP

A340	Wall Sections	06/28/13	GMP
A341	Wall Sections	06/28/13	GMP
A342	Wall Sections	06/28/13	GMP
A410	Exterior Wall Details	06/28/13	GMP
A510	Enlarged Core Plans	06/28/13	GMP
A512	Enlarged Core Plans	06/28/13	GMP
A810	Finish and Accessories Schedule and Legend	06/28/13	GMP
A820	Door Schedule	06/28/13	GMP
A830	Wall Types and Details	06/28/13	GMP

5. Tenant Architectural drawings as prepared by Langdon Wilson International:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TA001	Sheet Index, Summary, Symbols, & Abbreviations	06/28/13	GMP
TA002	General Notes	06/28/13	GMP
TA210	Ground Floor Plan Tenant Improvements	06/28/13	GMP
TA212	Ground Floor Plan Tenant Furniture / Power	06/28/13	GMP
TA213	Ground Floor Plan Tenant Improvements Finish Plan	06/28/13	GMP
TA220	Second Floor Plan Tenant Improvements	06/28/13	GMP
TA222	Second Floor Plan Tenant Furniture / Power	06/28/13	GMP
TA223	Second Floor Plan Tenant Improvements Finish Plan	06/28/13	GMP
TA230	Third Floor Plan Tenant Improvements	06/28/13	GMP
TA232	Third Floor Plan Tenant Furniture / Power	06/28/13	GMP
TA233	Third Floor Plan Tenant Improvements Finish Plan	06/28/13	GMP
TA810	Finish and Accessories Schedule and Legend	06/28/13	GMP
TA820	Door Schedule Tenant Improvements	06/28/13	GMP
TA821	Door Schedule Tenant Improvements	06/28/13	GMP
TA830	Wall Types and Details	06/28/13	GMP

6. Structural drawings as prepared by KPFF Consulting Engineers:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
S001	General Notes	06/28/13	GMP
S002	General Notes, Abbreviations and Symbols	06/28/13	GMP
S210	Foundation Plan	06/28/13	GMP
S220	Second Floor Framing Plan	06/28/13	GMP
S230	Third Floor Framing Plan	06/28/13	GMP
S240	Roof Framing Plan	06/28/13	GMP
S301	Moment Frame Elevations	06/28/13	GMP
S302	Moment Frame Elevations	06/28/13	GMP
S401	Typical Concrete Details	06/28/13	GMP
S402	Typical Concrete Details	06/28/13	GMP
S403	Typical Concrete Details	06/28/13	GMP
S501	Typical Steel Details	06/28/13	GMP
S502	Typical Steel Details	06/28/13	GMP
S503	Typical Steel Details	06/28/13	GMP
S504	Typical Steel Details	06/28/13	GMP

S505	Typical Steel Details	06/28/13	GMP
S506	Typical Moment Frame Details	06/28/13	GMP
S507	Typical Moment Frame Details	06/28/13	GMP
S601	Stair Framing Plans	06/28/13	GMP
S602	Typical Stair Details	06/28/13	GMP

7. Plumbing drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
P001	Legend, Schedules and Notes	06/28/13	GMP
P100	Site Plan	06/28/13	GMP
P210	Ground Floor Plumbing Plan	06/28/13	GMP
P220	Second Floor Plumbing Plan	06/28/13	GMP
P230	Third Floor Plumbing Plan	06/28/13	GMP
P240	Roof Plumbing Plan	06/28/13	GMP
P510	Details	06/28/13	GMP

8. Tenant Plumbing drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TP001	Legend, Schedules and Notes	06/28/13	GMP
TP212	Ground Floor Plumbing Plan	06/28/13	GMP
TP222	Second Floor Plumbing Plan	06/28/13	GMP
TP232	Third Floor Plumbing Plan	06/28/13	GMP
TP510	Details	06/28/13	GMP
TP241	Roof Plumbing Plan	06/28/13	GMP

9. Mechanical drawings as prepared TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
M001	Legend, Schedules & Notes	06/28/13	GMP
M210	Ground Floor Mechanical Plan	06/28/13	GMP
M220	Second Floor Mechanical Plan	06/28/13	GMP
M230	Third Floor Mechanical Plan	06/28/13	GMP
M240	Roof Mechanical Plan	06/28/13	GMP
M510	Details	06/28/13	GMP
M520	Details	06/28/13	GMP
M610	Wiring & Controls	06/28/13	GMP
M620	Controls System Architecture	06/28/13	GMP
M630	Controls Diagram	06/28/13	GMP

10. Tenant Mechanical drawings as prepared TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TM001	Legend, Schedules & Notes	06/28/13	GMP
TM212	Ground Floor Mechanical Plan	06/28/13	GMP
TM212Z	Ground Floor Mechanical Zoning Plan	06/28/13	GMP
TM222	Second Floor Mechanical Plan	06/28/13	GMP

TM222Z	Second Floor Mechanical Zone Plan	06/28/13	GMP
TM232	Third Floor Mechanical Plan	06/28/13	GMP
TM232Z	Third Floor Mechanical Zoning Plan	06/28/13	GMP
TM242	Roof Mechanical Plan	06/28/13	GMP
TM501	Details	06/28/13	GMP
TM502	Details	06/28/13	GMP
TM601	Wiring & Controls	06/28/13	GMP
TM602	Controls	06/28/13	GMP

11. Electrical drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
E100	Symbol List	06/28/13	GMP
E101	Site Utility Plan	06/28/13	GMP
E102	Site Electrical Plan	06/28/13	GMP
E301	Ground Floor Power Plan	06/28/13	GMP
E302	Second Floor Power Plan	06/28/13	GMP
E303	Third Floor Power Plan	06/28/13	GMP
E401	Single Line Diagram	06/28/13	GMP
E402	Feeder & Transformer Schedule Ground Details	06/28/13	GMP
E403	Enlarged Elec. Rooms & Power Syst. Study Specs	06/28/13	GMP
E407	Lighting Control System	06/28/13	GMP
E408	Distributed Lighting Controls	06/28/13	GMP
E409	Generator Schedule	06/28/13	GMP
E410	Generator Specifications	06/28/13	GMP
E411	Generator Plans	06/28/13	GMP
E412	ATS & Above Ground Fuel Storage Tanks	06/28/13	GMP
E413	TVSS, Motor Control Center, Bus Duct	06/28/13	GMP
E414	Telecom Pathways & Grounding Riser Diagram	06/28/13	GMP
E701	Fire Alarm Specs	06/28/13	GMP
E702	Fire Alarm Details	06/28/13	GMP
E801	Floor Box Specs	06/28/13	GMP
E802	Miscellaneous Details (Exterior)	06/28/13	GMP
E803	Miscellaneous Details (Interior)	06/28/13	GMP
E804	Miscellaneous Details (Roof Top)	06/28/13	GMP
E805	Elevator Details	06/28/13	GMP
E901	Electrical Specifications	06/28/13	GMP
E902	Electrical Specifications	06/28/13	GMP

12. Tenant Electrical drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TE100	Symbol List	06/28/13	GMP
TE301	Ground Floor Power Plan	06/28/13	GMP
TE 302	Second Floor Power Plan	06/28/13	GMP
TE 303	Third Floor Power Plan	06/28/13	GMP
TE 401	Single Line Diagram	06/28/13	GMP

TE 406	Distributed Lighting Controls	06/28/13	GMP
TE 407	Telecom Pathways & Grounding Riser Diagram	06/28/13	GMP
TE 701	Fire Alarm Specs	06/28/13	GMP
TE 702	Fire Alarm Details	06/28/13	GMP
TE 801	Floor Box Specs	06/28/13	GMP
TE 802	Miscellaneous Details (Interior)	06/28/13	GMP
TE 901	Electrical Specifications	06/28/13	GMP
TE 902	Electrical Specifications	06/28/13	GMP

13. Distribution Antenna System drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TDAS100	Distribution Antenna System Specification	06/28/13	GMP
TDAS201	Ground Floor DAS Plan	06/28/13	GMP
TDAS202	Second Floor DAS Plan	06/28/13	GMP
TDAS203	Third Floor DAS Plan	06/28/13	GMP
TDAS204	DAS Roof Plan	06/28/13	GMP

14. Security System drawings as prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TSE100	Symbol List, Camera Schedule, Schematic Det.	06/28/13	GMP
TSE101	Site Plan Security Plan	06/28/13	GMP
TSE201	Ground Floor Security Plan	06/28/13	GMP
TSE202	Second Floor Security Plan	06/28/13	GMP
TSE203	Third Floor Security Plan	06/28/13	GMP
TSE401	Camera Mounting Details	06/28/13	GMP
TSE501	Door Elevations	06/28/13	GMP
TSE502	Door Elevations	06/28/13	GMP
TSE503	Door Elevations	06/28/13	GMP

15. Audio Visual Drawings as Prepared by TK1SC:

<u>Drawing #</u>	<u>Description</u>	<u>Date</u>	<u>Revision</u>
TAV100	Symbol List	06/28/13	GMP
TAV201	Ground Floor AV Ceiling Plan	06/28/13	GMP
TAV202	Second Floor AV Ceiling Plan	06/28/13	GMP
TAV203	Third Floor AV Ceiling Plan	06/28/13	GMP
TAV301	Ground Floor AV Floor Plan	06/28/13	GMP
TAV302	Second Floor AV Floor Plan	06/28/13	GMP
TAV303	Third Floor AV Floor Plan	06/28/13	GMP
TAV401	Single Line	06/28/13	GMP
TAV501	Elevation Details	06/28/13	GMP
TAV801	Details	06/28/13	GMP
TAV802	Details	06/28/13	GMP

16. Shell & Core Outline Specifications dated June 28, 2013 as prepared by Langdon Wilson International.
17. Tenant Improvement Outline Specifications dated June 28, 2013 as prepared by Langdon Wilson International.
18. GEOTECHNICAL – GEOTECHNICAL PROFESSIONALS, INC.
Geotechnical investigation, proposed three-story office building 05/30/13
19. GEOTECHNICAL – GEOTECHNICAL PROFESSIONALS, INC.
Percolation testing 06/18/13
20. CIVIL – ALBERT A. WEBB ASSOCIATES
ALTA/ACSM Land title survey, Due diligence report 05/17/13
21. ENVIRONMENTAL – HALEY & ALDRICH
ASTM Phase I Environmental Site Assessment 04/2013
22. ENVIRONMENTAL – VISTA ENVIRONMENTAL
Air Quality, Global Climate Change, and Health Risk Assessment
Impact Analysis 05/22/13
23. ENVIRONMENTAL – HALEY & ALDRICH
Vapor Intrusion Evaluation 07/03/13
24. TRAFFIC IMPACT ANALYSIS – LSA ASSOCIATES, INC. 05/21/13
25. CIVIL – ALBERT A. WEBB ASSOCIATES
Preliminary Water Quality Management Plan 05/22/13
26. ENVIRONMENTAL/BIOLOGICAL – TETRA TECH
Biological Reconnaissance Survey & Habitat Assessment 05/2013

EXHIBIT D-1

PROJECT SCHEDULE

[See attached.]

EXHIBIT D-2
PROJECT BUDGET

[See attached.]

Trammell Crow Company

**County Law Building
County of Riverside / EDA
90,000 SF 3 Story Build-To-Suit
Final GMP - 7/24/13**

#	Item	Cost	Cost / SF
Hard Costs			
1	Sitework	\$4,541,930	\$50.47
2	Building Shell & Core	\$12,572,376	\$139.69
3	Offsite Improvements	\$3,624,915	\$40.28
4	Building Tenant Improvements	\$6,939,577	\$77.11
5	FF&E	\$3,277,500	\$36.42
	Hard Cost Sub Total	\$30,956,298	\$343.96
Soft Costs			
6	Professional Fees	\$2,271,200	\$25.24
7	Plan Check, Permit & Impact Fees	\$1,814,000	\$20.16
	Soft Cost Sub Total	\$4,085,200	\$45.39
	Managed Cost Total	\$35,041,498	\$389.35
8	Contingency (5% of Managed Cost)	\$1,752,075	\$19.47
9	4% Development Fee	\$1,471,743	\$16.35
10	Developer's Overhead Allowance (Dec/12 -April/15)	\$290,000	\$3.22
	Total	\$38,555,316	\$428.39

Note:

- 1) Includes Conditions of Approval as discussed in the Planning Commission meeting.
- 2) Includes +/- \$750,000 in Security and Audio Visual work previously anticipated to be in the FF&E line item.
- 3) Includes a \$50,000 allowance for processing the restaurant zone change and or subdivision.
- 4) GMP is based upon Development Timeline dated 7/24/13.
- 5) Excludes potential code upgrade costs associated with code change occurring in January 2014.
- 6) Includes sunshades on the south elevation of the building. (Not included in the previous GMP estimate)

EXHIBIT E

MEMORANDUM OF PROJECT LEASE

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Hillis Clark Martin & Peterson P.S.
Attention: Steven R. Rovig
1221 Second Avenue, Suite 500
Seattle, WA 98101-2925

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE ONLY.

Assessor's Parcel No. _____

This instrument is exempt from recording fees (California Government Code Section 27383) and from Documentary Transfer Tax (California Revenue and Tax Code Section 11922).

MEMORANDUM OF FACILITIES LEASE

THIS MEMORANDUM OF FACILITIES LEASE (this "Memorandum") is dated for reference purposes October 1, 2013 and is made by and between **RIVERSIDE COMMUNITY PROPERTIES DEVELOPMENT, INC.**, a California nonprofit public benefit corporation ("Landlord"), and **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("Tenant").

- 1. Ground Lease.** Landlord is the lessee under that certain Ground Lease Agreement dated for reference purposes October 1, 2013 ("Ground Lease"), with Tenant as lessor, pursuant to which Landlord leases that certain real property located in the City of Indio, County of Riverside, California ("Land"), more specifically described on the attached **EXHIBIT A**.
- 2. Facilities Lease.** Landlord leases to Tenant certain Premises in the County of Riverside, State of California, located on and including the Land, at a rent and on the terms and conditions set forth in that certain Facilities Lease Agreement dated October 1, 2013 ("Facilities Lease") which is made part of this Memorandum as though fully set forth herein. The Facilities Lease is for a term commencing on the date it is fully executed, acknowledged and delivered, and expiring December 31, 20____ unless the Term is sooner terminated or extended pursuant to the terms of the Facilities Lease; provided, however, that Tenant's duty to pay Monthly Rent shall not commence until the Rent Commencement Date as defined in the Facilities Lease.

3. Definition of Terms. All capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Facilities Lease.

4. Purpose of Memorandum. This Memorandum is prepared for purposes of recordation only and to provide constructive notice of the rights of Landlord and Tenant under the Facilities Lease to all third parties, and does not set forth all of the terms and conditions set forth in the Facilities Lease. In the event there is any conflict between the terms and conditions of the Lease and this Memorandum, the Facilities Lease shall control.

DATED the date first above written.

LANDLORD:

**RIVERSIDE COMMUNITY
PROPERTIES DEVELOPMENT, INC.,** a
California nonprofit public benefit corporation

By _____
Name: _____
Title: _____

California All-Purpose Acknowledgment

STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } ss.

On _____, 2013, before me, _____,
personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed
the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity
upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is
true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could
prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

(Title or Description of Attached Document)

Number of Pages: _____
Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING: Riverside Community Properties Development, Inc.

**SIGNER(S) OTHER THAN
NAMED ABOVE:**

TENANT:

COUNTY OF RIVERSIDE,
a political subdivision of the State of
California

By _____

Name: John J. Benoit,
Title: Chairman, Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM:
Pamela J. Walls, County Counsel

By _____
Patricia Munroe
Deputy County Counsel

California All-Purpose Acknowledgment

STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } ss.

On _____, 2013, before me, _____,
personally appeared _____, who proved to me on the basis of satisfactory evidence
to be the person whose name is subscribed to the within instrument and acknowledged to me that [he/she] executed
the same in [his/her] authorized capacity, and that by [his/her] signature on the instrument the person, or the entity
upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is
true and correct.

WITNESS my hand and official seal.

(Signature of California Notary Public)

Additional Optional Information*

*Though the data below is not required by law, it may prove valuable to persons relying on the document and could
prevent fraudulent reattachment of this form.

DESCRIPTION OF ATTACHED DOCUMENT

(Title or Description of Attached Document)

Number of Pages: _____
Document Date: _____

(Additional Information)

CAPACITY CLAIMED BY THE SIGNER

- Individual
- Corporate Officer: _____
(Title)
- Partner (Limited)
- Partner (General)
- Attorney-in-Fact
- Trustee
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING: County of Riverside

**SIGNER(S) OTHER THAN
NAMED ABOVE:**

EXHIBIT F

DISPUTE RESOLUTION PROCEDURE

In the event a dispute or claim in law or equity shall arise between the parties to this Lease, the parties have the option to participate in neutral, non-binding mediation prior to the filing of litigation or any other legal action or any other proceeding before a trier of fact. Landlord or Tenant shall provide 30 days written notice to the other party of the desire to mediate. The mediation shall be conducted in Riverside County, California. Landlord and Tenant shall choose a mutually agreeable mediator within fifteen days of notice of the desire to mediate and shall thereafter attend the mediation in good faith. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof. Mediation fees will be divided evenly between parties. By entering into this agreement, the parties are not waiving their right to a jury trial or to bypass the mediation process and directly pursue remedies in law or equity.

The parties recognize that mediation proceedings are settlement negotiations, and that all offers, promises, conduct and statements, whether written or oral, made in the course of the proceedings, are inadmissible in any arbitration or court proceeding, to the extent allowed by applicable state law. The parties agree to not subpoena or otherwise require the mediator to testify or produce records, notes or work product in any future proceedings, and no recording or stenographic record will be made of the mediation session. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation session. In the event the parties do reach a settlement agreement, the terms of that settlement will be admissible in any court or arbitration proceedings required to enforce it, unless the parties agree otherwise. Information disclosed to the mediator in a private caucus shall remain confidential unless the party authorizes disclosure.

If mediation is unsuccessful, either the Landlord or the Tenant may file litigation or any other legal action or proceeding pursuant to California law.

EXHIBIT G

**FORM OF NOTICE OF ELECTION
OF
OPTION TO PURCHASE**

To: Landlord

You are hereby notified that **COUNTY OF RIVERSIDE** (“Tenant”) has elected to exercise on _____, 20__ [date of payment] its option to purchase the office building, parking lot and related improvements (“Premises”) currently leased by Tenant pursuant to the Facilities Lease Agreement (“Lease”) by and between Tenant and Landlord dated October 1, 2013. This purchase option is being exercised pursuant to Section 4.3 of the Lease. Tenant is now, and on the date set forth above for payment will be, in full compliance with all terms and conditions of the Lease. On or after _____, 20__, the purchase price of the Premises shall be an amount equal to the total outstanding principal components of Monthly Rent set forth on Exhibit A of the Lease, plus interest accrued thereon to the date of prepayment at the applicable rate(s) set forth on the attached Exhibit A of the Lease, plus an option exercise fee of One Dollar (\$1.00). Prior to _____, 20__, the purchase price of the Premises shall be an amount equal to the total outstanding principal components of Monthly Rent set forth on Exhibit A of the Lease, plus interest accrued thereon to the date of prepayment at the applicable rate(s) set forth on Exhibit A of the Lease, plus an option exercise fee of One Dollar (\$1.00), plus the amount, if any, required to fully defease the outstanding Bonds in accordance with the Lease and the Indenture.

TENANT:

COUNTY OF RIVERSIDE,
a political subdivision of the State of
California

By: _____
Chairman
Board of Supervisors

ATTEST:
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
County Counsel

By: _____
Deputy County Counsel

EXHIBIT H
FORM OF NOTICE OF ELECTION
TO
PARTIALLY PREPAY MONTHLY RENT

To: Landlord

You are hereby notified that **COUNTY OF RIVERSIDE** ("Tenant") has elected to exercise its option to prepay a portion of the Monthly Rent due under that certain Facilities Lease Agreement ("Lease") by and between Tenant and Landlord dated October 1, 2013. In accordance with Section 4.3(c) of the Lease, the date of prepayment shall be _____, 20__ and the principal components of Monthly Rent to be prepaid on such date are _____, representing the maturities (or portions thereof) set forth below. By 10:00 a.m. Pacific Time on such date, Tenant shall pay to Trustee in cash or same-day available funds, an amount equal to the principal components of Monthly Rent to be prepaid, together with interest thereon accruing to such date, together with any other amounts payable under the Lease on such date. In accordance with that certain Indenture of Trust dated October 1, 2013 between Landlord and The Bank of New York Mellon Trust Company, N.A., as Trustee, Landlord shall direct Trustee to cause an optional redemption of the Bonds in principal amounts and maturities corresponding to the principal components of Monthly Rent set forth below.

TENANT:

COUNTY OF RIVERSIDE,
a political subdivision of the State of
California

By: _____
Chairman
Board of Supervisors

ATTEST:
Clerk of the Board

By: _____
Deputy

APPROVED AS TO FORM:
County Counsel

By: _____
Deputy County Counsel

**Schedule of Principal Components of Monthly Rent
to Be Prepaid and Bonds to Be Redeemed**

Date Principal Component (of Monthly Rent) Due	Amount of Principal Component to be Prepaid*
---	---

*Principal may be prepaid only in increments of \$5,000.00.

EXHIBIT I

MINIMUM INSURANCE AND INDEMNIFICATION REQUIREMENTS FOR DEVELOPER

Developer's Insurance. Without limiting or diminishing any indemnification contained within the Agreement, Developer and/or its authorized representatives shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage during the term of the Development Agreement:

Workers' Compensation. Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of Riverside Community Properties Development, Inc. ("Owner" in this Exhibit J) and the County of Riverside.

Commercial General Liability. Commercial General Liability Insurance coverage, including but not limited to, premises liability, contractual liability, products/completed operations, personal and advertising injury, and cross liability coverage covering bodily injury, property damage, and personal injury arising out of or relating, directly or indirectly, to the maintenance, repair, alteration and ownership of the Premises and all areas appurtenant thereto including claims which may arise from or out of Developer's operations, use, and management of the Premises, or the performance of its obligations hereunder. Policy shall name Owner and the County of Riverside, its Special Districts, Agencies, Districts and Departments, their respective Directors, Officers, Board of Supervisors, elected and appointed officials, employees, agents, independent contractors or representatives as an Additional Insured. Policy limits shall not be less than \$5,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Development Agreement or be no less than two (2) times the occurrence limit.

Developer is required to maintain employment practices coverage if it has any employees.

Vehicle Liability. Developer shall maintain auto liability insurance for all owned, non-owned or hired automobiles in an amount not less than \$1,000,000 per occurrence combined single limit. Policy shall name Owner and the County of Riverside, its Special Districts, Agencies, Districts, and Departments, their respective Directors, Officers, Board of Supervisors, elected and appointed officials, employees, agents, independent contractors or representatives as an Additional Insured.

General Insurance Provisions – All Lines.

(a) Any insurance carrier providing Developer's insurance coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

(b) The Developer or Developer's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000.00 per occurrence such deductibles and/or retentions shall have the prior written consent of the County Risk Manager before the commencement of the term of the Development Agreement. Upon notification of deductibles or self insured retentions which are deemed unacceptable to the County, at the election of the County's Risk Manager, Developer's carriers shall either: 1) reduce or eliminate such deductibles or self-insured retentions as respects the Development Agreement, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses.

(c) At the inception of the Development Agreement and annually at the Developer's insurance policy renewal date(s), the Developer shall cause their insurance carrier(s) to furnish Owner and the County of Riverside with 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or, 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) shall provide no less than thirty (30) days written notice be given to Owner and the County of Riverside prior to any cancellation of such insurance. In the event of a material modification or cancellation of coverage, County of Riverside shall have all rights and remedies provided under this Lease to Owner to enforce this obligation, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage and the insurance required herein is in full force and effect. Individual(s) authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance. The term of this Lease shall not commence until Owner and the County of Riverside have been furnished original Certificate(s) of Insurance and certified original copies of endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Exhibit.

(d) It is understood and agreed by the parties hereto and the Developer's insurance company(s) that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the Owner's and County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory

EXHIBIT J

**MINIMUM INSURANCE REQUIREMENTS
FOR
GENERAL CONTRACTOR**

EXHIBIT K

MINIMUM INSURANCE REQUIREMENTS FOR LANDLORD

Landlord's Insurance. Without limiting or diminishing any indemnification contained within this Lease, Landlord and/or their authorized representatives, including, if any, a property management company, shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage during the term of this Lease:

Workers' Compensation. If Landlord has any employees, Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.

Commercial General Liability. Commercial General Liability Insurance coverage, including but not limited to, premises liability; contractual liability, products/completed operations, personal and advertising injury, and cross liability coverage covering bodily injury, property damage, and personal injury arising out of or relating, directly or indirectly, to the maintenance, repair, alteration and ownership of the Premises and all areas appurtenant thereto including claims which may arise from or out of Landlord's operations, use, and management of the Premises, or the performance of its obligations hereunder. Policy shall name the County of Riverside, its Special Districts, Agencies, Districts and Departments, their respective Directors, Officers, Board of Supervisors, elected and appointed officials, employees, agents, independent contractors or representatives as an Additional Insured. Policy limits shall not be less than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Lease or be no less than two (2) times the occurrence limit.

Landlord is required to maintain employment practices coverage if it has any employees.

Vehicle Liability. If Landlord has any employees, Landlord shall maintain auto liability insurance for all owned, non-owned or hired automobiles in an amount not less than \$1,000,000 per occurrence combined single limit. Policy shall name the County of Riverside, its Special Districts, Agencies, Districts, and Departments, their respective Directors, Officers, Board of Supervisors, elected and appointed officials, employees, agents, independent contractors or representatives as Additional Insured.

Property (Physical Damage).

(a) All-Risk real property insurance coverage, including earthquake and flood, as and to the extent provided in Section 16.1 of this Facilities Lease, for the full replacement cost value of buildings, structures, fixtures, all improvements therein, and building systems on the Premises as the same exists at each early anniversary of the term. Policy shall include Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure. Policy shall name the County as a Loss Payee as their interests may appear.

(b) Boiler and Machinery insurance providing coverage for at least, but not limited to, all high voltage electrical and rotating mechanical equipment on a full replacement cost value basis. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure. Policy shall name the County as a Loss Payee as their interests may appear.

(c) During such time, prior to the commencement of this Lease while Landlord is preparing the Premises for occupancy, Landlord shall keep or require its Contractor to keep in full force and effect, a policy of Course of Construction Insurance covering loss or damage to the Premises for the full replacement value of such work. The Named Insured shall include the Landlord, County and Contractor as their interests appear. Landlord or their Contractor shall be responsible for any deductible payments that result from a loss at the Premises under this coverage. If, at the time of any loss to the property described on Exhibit "B," it is determined that the insurance has not been carried or the insurance does not cover the loss of property being installed, the Landlord shall be responsible to pay the loss without contribution from the County.

General Insurance Provisions – All Lines.

(a) Any insurance carrier providing Landlord's insurance coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

(b) The Landlord or Landlord's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000.00 per occurrence such deductibles and/or retentions shall have the prior written consent of the County Risk Manager before the commencement of the Lease term. Upon notification of deductibles or self insured retentions which are deemed unacceptable to the County, at the election of the County's Risk Manager, Landlord's carriers shall either: 1) reduce or eliminate such deductibles or self-insured retentions as respects this Lease with the County, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses.

(c) At the inception of this Lease and annually at the Landlord's insurance policy renewal date(s), the Landlord shall cause their insurance carrier(s) to furnish the County of Riverside with 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or, 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) shall provide no less than thirty (30) days written notice be given to the County of Riverside prior to any cancellation of such insurance. In the event of a material modification or cancellation of coverage, County of Riverside shall have all rights and remedies provided under this Facilities Lease, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original

copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage and the insurance required herein is in full force and effect. Individual(s) authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance. The Lease term shall not commence until the County of Riverside has been furnished original Certificate(s) of Insurance and certified original copies of endorsements or policies of insurance including all endorsements and any and all other attachments as required in this Section.

(d) It is understood and agreed by the parties hereto and the Landlord's insurance company(s) that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

EXHIBIT L
PROPERTY MANAGEMENT CONTRACT REQUIREMENTS

EXHIBIT M
JANITORIAL SERVICES CONTRACT REQUIREMENTS

EXHIBIT N
FINANCED FF&E

#	Item	Included in bond financing	Responsible for design	Furnished and installed by	Comments
Financed FF&E*					
1	Modular furniture system	Yes	Tenant	Tenant	Includes inventory, evaluation, refurbishment if reuse of existing furniture is a consideration and transportation. Tenant may elect to reuse some of their existing furniture, purchase refurbished furniture or purchase new furniture. Tenant to provide Owner and Developer cost for inclusion in Project Budget. Developer to coordinate TI design with Tenant's furniture vendor.
2	Miscellaneous loose furniture (tables, chairs, credenzas, desks, book shelves, file cabinets, high density filing systems, etc.)	Yes	Tenant	Tenant	Tenant may elect to reuse some of their existing furniture, purchase refurbished furniture or purchase new furniture. Includes transportation. Tenant to provide Owner and Developer cost for inclusion in Project Budget. Developer to coordinate TI design with Tenant furniture vendor.
3	Structured cabling systems	Yes	Tenant	Tenant	Developer to install conduit pathways in walls per Tenant standards. County vendor to install product/system utilizing plenum rated cabling in above ceiling areas. Developer is not providing a conduit pathway and or cable tray path way in above ceilings areas. Tenant to provide Owner and Developer cost for inclusion in Project Budget.
4	Computer systems (servers, printers, UPS systems, etc.)	Yes	Tenant	Tenant	RCIT will likely relocate equipment but it may involve procuring some new equipment as well. Tenant to provide Owner and Developer cost for inclusion in Project Budget.
5	Telephone systems	Yes	Tenant	Tenant	Conduit infrastructure is to be provided by Developer. Tenant to

#	Item	Included in bond financing	Responsible for design	Furnished and installed by	Comments
	(handsets, equipment, etc.)				provide Owner and Developer cost for inclusion in Project Budget.
6	Telephone provider services (Verizon, AT&T, etc.)	Yes	Tenant	Tenant	Conduit rough-in infrastructure is to be provided by Developer from POC in street to MPOE room. Tenant to provide Owner and Developer cost for inclusion in Project Budget.
7	Cable television provider services (Comcast, Time Warner, Verizon, etc.)	Yes	Tenant	Tenant	Conduit rough-in infrastructure is to be provided by Developer from POC in street to MPOE room. Tenant to provide Owner and Developer cost for inclusion in Project Budget.
FF&E Furnished and Installed by Developer**					
1	Security system including video monitoring	Yes	Developer	Developer	
2	Audio visual system (televisions, video equipment, sound systems, projection screens, projectors, video-conference systems, etc.)	Yes	Developer	Developer	
3	Access controls	Yes	Developer	Developer	
4	White boards and tack boards	Yes	Developer	Developer	
5	Exterior monument signs and roof top identification signage	Yes	Developer	Developer	
6	Interior and exterior wayfinding and tenant identification signage	Yes	Developer	Developer	
7	Flag pole (3)	Yes	Developer	Developer	
8	Parking control systems	Yes	Developer	Developer	

*Except as specifically set forth in this Exhibit N, Developer has no obligation for the Financed FF&E

**Such FF&E is not included in the definition of Financed FF&E.