

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

958



FROM: Economic Development Agency

SUBMITTAL DATE:
December 2, 2010

SUBJECT: Resolution No. 2010-313, Authorization to Purchase Real Property in the City of Indio, County of Riverside, California

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Resolution No. 2010-313, Authorization to Purchase Real Property located in the City of Indio, County of Riverside. The property is identified as Parcel 1 and 3 of Parcel Map 34740, also identified as APN 603-050-009 and APN 603-050-011, at a purchase price not-to-exceed \$1,852,000 plus miscellaneous escrow, closing, and due diligence costs in the amount of \$73,500;
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions and authorize the Chairman of the Board to execute the documents necessary to complete the purchase;

(Continued)

Lisa Brandl for
Robert Field
Assistant County Executive Officer/EDA
By: Lisa Brandl, Managing Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,925,500	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Palm Desert Redevelopment Pass – Through Funds

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: December 14, 2010
xc: EDA, Auditor, CIP, EO

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.: 3.26 of 11/30/10

District: 4

Agenda Number:

3.27

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: *Samuel Wong* 12/13/10
 DATE: 12-2-10
 ANITA C. WILLIS
 FORM APPROVED COUNTY COUNSEL
 BY: *ANITA C. WILLIS*
 Reviewed by CIP TEAM
 Dean Deines
 Policy ☒ Consent ☐
 Policy ☒ Consent ☐
 Dep't Recomm.: Per Exec. Ofc.:

RECOMMENDED MOTION: (Continued)

3. Authorize and direct the Assistant County Executive Officer/EDA to certify acceptance of any documents running in favor of the County as part of this transaction;
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; and
5. Authorize the Auditor-Controller to amend the Economic Development Agency's FY 2010/2011 Real Property budget as specified on Schedule "A".

BACKGROUND:

The Coachella Valley Rescue Mission (CVRM) owns and operates the present Homeless Rescue Mission located at 47-518 and 47-522 Van Buren Blvd., Indio, consisting of a 9,670 square foot facility located on a 0.34 acre site. The mission also owns an adjacent partially vacant 7.76 acre parcel, located on the north east corner of Manilla Avenue and east of Van Buren Blvd. in the City of Indio. The mission has processed Parcel Map 34740 on this 7.76 acre site to divide it into three separate parcels. Parcel 1, identified as APN 603-050-009, a 3.15 +/- acre site, located at 47-470 Van Buren Blvd., for a new 43,000 square foot, 150 bed rescue mission; Parcel 2, identified as APN 603-050-010, a 2.24 +/- acre site, for future development of transitional housing; and Parcel 3, identified as APN 603-050-011, a 1.94 +/- acre site as a remainder lot, presently occupied and leased by two automotive services businesses located at 84-165 and 84-169 Indio Blvd.

In order to meet the needs of the community, and build the new rescue mission, CVRM and the county will collectively develop the area. The County of Riverside's Economic Development Agency will acquire Parcels 1 and 3 of the said new Parcel Map. The mission will retain ownership of Parcel 2. The county will then enter into a long term ground lease with the mission of Parcel 1 for the construction and operation of the new rescue mission by CVRM. The project will be entirely developed by CVRM with the grants and sale proceeds. County will retain ownership but ground lease the project site to CVRM for a dollar a year in consideration of the fact that CVRM will house the county's homeless population. Parcel 3 will not be developed at this time, and will be utilized for general county use in the future.

Environmental review and analysis pursuant to the requirements of the California Environmental Quality Act (CEQA) will be completed prior to and in conjunction with the development of the real property by CVRM.

After the completion of the new rescue mission on Parcel 1, and after CVRM staff has relocated from the existing facility into the new facility, the existing rescue mission facility will be sold and demolished. The existing site will then be redeveloped for a future project which will further eliminate blighted conditions in the area.

On November 30, 2010, the Board of Supervisors approved Resolution 2010-259, Notice of Intention to purchase Parcels 1 and 3 and authorization to negotiate this purchase.

This Form 11 is submitted by the County of Riverside Economic Development Agency for Board approval of Resolution No. 2010-313, authorization to purchase Parcels 1 and 3.

This Form 11 has been reviewed and approved by County Counsel as to legal form.

Economic Development Agency

Resolution No. 2010-313, Authorization to Purchase Real Property in the City of Indio, County of Riverside, California

December 2, 2010

Page 3

FINANCIAL DATA:

The following summarizes the funding that would be necessary to acquire the property:

Purchase Price	\$1,852,000
Estimated Title and Escrow Charges	\$ 6,000
Appraisal Report	\$ 6,500
Environmental Reports	\$ 27,500
Notice of Publication	\$ 1,500
EDA Real Property Costs	<u>\$ 32,000</u>
Total Estimated Acquisition Costs	\$1,925,500

All costs associated with this property acquisition are fully funded through the Palm Desert Redevelopment Pass-Through Funds for FY 2010/11. Thus, no additional net county costs will be incurred as a result of this transaction.

Attachment:

- Schedule A

SCHEDULE A

Increase Estimated Revenues:
47220-7200400000-790600

Transfer from other County funds \$ 1,858,000

Increase Appropriations:
47220-7200400000-540040
47220-7200400000-525400

Land \$ 1,852,000
Title Company Services \$ 6,000
\$ 1,858,000

1 Board of Supervisors

County of Riverside

2
3 RESOLUTION NO. 2010-313
4 AUTHORIZATION TO PURCHASE REAL PROPERTY
5 CITY OF INDIO, COUNTY OF RIVERSIDE, CALIFORNIA
6 PARCEL 1 AND 3 OF PARCEL MAP 34740, ALSO IDENTIFIED AS
7 APN 603-050-009 and APN 603-050-011

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BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Supervisors of the County of Riverside in regular session assembled on December 14, 2010, at 9:00 a.m., in the meeting room of the Board of Supervisors located on the 1st floor of the County Administrative Center, 4080 Lemon Street, Riverside, California, authorizes the County to purchase real property from the Coachella Valley Rescue Mission, A California Corporation certain real property located on the north east corner of Manilla Avenue and east of Van Buren Street in the City of Indio, County of Riverside, State of California, consisting of a 3.15 +/- acre parcel, known as Parcel 1 of Parcel Map 34740, also identified as APN 603-050-009 and a 1.94+/- acre parcel, known as Parcel 3 of Parcel Map 34740, also identified as APN 603-050-011, more particularly described as Exhibit "A," attached hereto and made a part hereof, at a purchase price not to exceed one million eight hundred fifty two thousand dollars (\$1,852,000), plus miscellaneous escrow closing and due diligence costs in the approximate amount of Seventy Three Thousand Five Hundred Dollars (\$73,500).

BE IT FURTHER RESOLVED AND DETERMINED that the Board of Supervisors Approve the Agreement of Purchase and Sale and Joint Escrow Instructions and authorize the Chairman of the Board of Supervisors to execute the documents necessary to complete the purchase by and between the Coachella Valley Rescue Mission and the County.

BE IT FURTHER RESOLVED AND DETERMINED that the Assistant County Executive Officer of the Economic Development Agency, or his designee, is authorized to execute any

FORM APPROVED COUNTY COUNSEL
BY:  DATE

1 other documents and administer all actions necessary to complete this purchase of real
2 property.

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5 ROLL CALL:

6 Ayes: Buster, Tavaglione, Stone, Benoit, and Ashley
7 Nays: None
8 Absent: None

9 The foregoing is certified to be a true copy of a resolution duly
10 adopted by said Board of Supervisors on the date therein set forth.

11 KECIA HARPER-IHEM, Clerk of said Board

12 By: _____

13 Deputy
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Exhibit "A"

LEGAL DESCRIPTION

Parcel 1 and 3 of Parcel Map 34740, as shown by Parcel Map on File in Book 231,
Pages 55, 56 and 57 of Parcel Maps, Records of Riverside County, California.

**AGREEMENT OF PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS
BY AND BETWEEN**

COACHELLA VALLEY RESCUE MISSION, A California Corporation

AS SELLER

AND

**THE COUNTY OF RIVERSIDE
A Political Subdivision of the State of California**

AS BUYER

RELATING TO

**Parcel 1 and 3 of Parcel Map 34740 also indentified as
APN 603-050-009 and APN 603-050-011
CITY OF INDIO**

DEC 14 2010 3.27

**AGREEMENT OF PURCHASE AND SALE
AND JOINT ESCROW INSTRUCTIONS**

THIS AGREEMENT OF PURCHASE AND SALE AND JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into this 14th day of December, 2010, by and between COUNTY OF RIVERSIDE, a Political Subdivision of the State of California ("Buyer"), and the COACHELLA VALLEY RESCUE MISSION, A California Corporation ("Seller").

Buyer and Seller agree as follows:

1. **Definitions.** For the purposes of this Agreement the following terms will be defined as follows:

(a) **"Effective Date":** The Effective Date is the date on which this Agreement is executed by Buyer as listed on the signature page of this Agreement;

(b) **"Property":** Seller is the owner of certain real properties (collectively, the "Property") consisting of a 3.15 acre lot known as Parcel 1 and a 1.94 acre lot known as Parcel 3, as shown in Parcel Map 34740, also identified as APN 603-050-009 and APN 603-050-011, located in the City of Indio, California, as more particularly described in Exhibit "A" attached hereto and incorporated herein;

(c) **"Purchase Price":** The Purchase Price for the Property will be One Million Eight Hundred Fifty Two Dollars (\$1,852,000), less those costs set forth in Paragraph 12.

(d) **"Escrow Holder":** First American Title Company at the address set forth in subparagraph (h) below. The escrow number is 409671 and has been assigned to Janette Delap as the Escrow Officer;

(e) **"Title Company":** First American Title Company at the address set forth in subparagraph (h) below. The title order number is 409671 and has been assigned to David Hughes as the Title Officer;

(f) **"Closing" and "Close of Escrow":** are terms used interchangeably in this Agreement. The Closing or the Close of Escrow will be deemed to have occurred when the Grant Deed (as defined in Paragraph 5.1) is recorded in the Official Records of the County of Riverside;

(g) **"Closing Date":** The Closing Date shall be on or before _____, 2010, unless otherwise agreed to by both parties;

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1 (h) **"Notices":** will be sent as follows to:

2 Seller: Coachella Valley Rescue Mission, A California
3 Corporation
4 47-518 Van Buren, P.O. Box 10660
5 Indio, California 92202-2564
6 Attn: Darla Burkett
7 Telephone: (760) 347-3512
8 Fax No. (760) 347-8073
9 Email: dburkett@cvrn.org

10 Buyer: County of Riverside
11 Attn: Carol Singh
12 3403 Tenth Street, Suite 500
13 Riverside, California 92501
14 Telephone: (951) 955-4826
15 Fax No: (951) 955-4837

16 Escrow Holder: First American Title Company
17 3281 E. Guasti Road, Suite 440
18 Ontario, CA 91761
19 Attn: Janette Delap
20 Telephone: (909) 510-6206
21 Fax No.: (909) 384-7855
22 Email: jdelap@firstam.com

23 Title Company: First American Title Company
24 3281 E. Guasti Road, Suite 440
25 Ontario, CA 91761
Attn: David Hughes
Telephone: (909) 510-6207
Fax No.: (909) 380-8762
Email: dhughes@firstam.com

18 (i) **Exhibits:**

19 Exhibit "A" - Legal Description
20 Exhibit "B" - Form of Deed
21 Exhibit "C" - Form of Ground Lease

22 2. **Purchase and Sale.** Upon and subject to the terms and conditions set
23 forth in this Agreement, Seller agrees to sell the Property to Buyer and Buyer agrees to buy the
24 Property from Seller, together with all easements, appurtenances thereto, and all improvements
25 and fixtures situated thereon.

26 3. **Purchase Price.** The Purchase Price for the Property will be paid as
27 follows:

28 3.1 Within thirty (30) days following the opening of escrow, as
29 described in Paragraph 4, below, Buyer shall deposit an amount equal to the sum of the
30 Purchase Price as set forth in Paragraph 1 (c) plus a good faith estimate of Buyer's share of all

costs, expenses and prorations under this Agreement with Escrow Holder, in the form of a cashier's check or other immediately available funds. Escrow Holder shall deposit said funds in an interest bearing account which shall be applied against the Purchase Price at Closing and any overages including the interest shall be returned to Buyer at Close of Escrow.

4. Lease Back Provisions. Lease Back of Development Site.

Immediately following the Close of Escrow on the Property, Buyer ("Lessor") agrees to lease to Seller or its assignee ("Lessee") Parcel 1 of Parcel Map 34740, identified as APN 603-050-009 (the "Leaseback Property") for the sole and exclusive use of Lessee to develop an approximately 43,000 square foot facility for use by Lessee as a rescue mission consistent with the non-profit mission of the Coachella Valley Rescue Mission. The lease between Lessor and Lessee for the Leaseback Property (the "Ground Lease") shall contain terms, conditions and other provisions reasonably necessary for Lessee to consummate a New Markets Tax Credit ("NMTC") financing for Lessee's intended development project, including without limitation the ability of Lessee to pledge its leasehold interest in the Leaseback Property as security or to otherwise encumber the same as is customary in NMTC financings. The initial term of the Ground Lease will be for Twenty-Five (25) years with four (4) consecutive ten (10) year options to extend the Lease term, all at a rent of \$1.00 per year. The Lease shall be in substantially the same form as Exhibit "C" attached hereto and incorporated herein.

5. Escrow. Buyer and Seller shall open an escrow (the "Escrow") with Escrow Holder within three (3) business days after the Effective Date by delivery to Escrow Holder of a fully executed original or originally executed counterparts of this Agreement, which date shall be the official opening date of the Escrow. Buyer and Seller agree to execute any additional or supplemental instructions reasonably required by Escrow Holder. If there is a conflict between any standardized printed escrow instructions used by Escrow Holder and the terms of this Agreement, the terms of this Agreement will govern.

6. Deliveries to Escrow Holder.

6.1 By Seller. At least five business days prior to the Closing Date, Seller will deliver or cause to be delivered to Escrow Holder the following items:

(a) A Grant Deed ("Grant Deed"), in the form attached to this Agreement as Exhibit "B", duly executed and acknowledged by Seller and in recordable form, conveying the Property to Buyer; and

(b) A Transferor's Certificate of Non-Foreign Status ("FIRPTA Certificate").

6.2 By Buyer. On or prior to the Closing Date (and in any event in a manner sufficient to allow Escrow to close not later than the Closing Date), Buyer will deliver or cause to be delivered to Escrow Holder the following items:

(a) The Purchase Price in accordance with Paragraph 3, above; and

(b) The amount due Seller and any third parties, if any, after the prorations are computed in accordance with Paragraph 13, below.

1 6.3 By Buyer and Seller. Buyer and Seller will each deposit such
2 other instruments consistent with this Agreement as are reasonably required by Escrow Holder
3 or otherwise required to close the Escrow. In addition, Seller and Buyer will designate the Title
Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the
Internal Revenue Code.

4 **7. Condition of Title.**

5 7.1 At the Close of Escrow, fee simple title to the Property will be
6 conveyed to Buyer by Seller by Grant Deed, subject only to the following matters ("Permitted
Exceptions"):

7 (a) A lien for local real property taxes and assessments not
8 delinquent;

9 (b) Matters of title respecting the Property approved or
deemed approved by Buyer in accordance with this Agreement;

10 (c) Matters affecting the condition of title to the Property
created by or with the written consent of Buyer;

11 (d) Two existing month to month leases (Padilla Tire and
12 Martinez Auto) affecting portions of proposed Parcel 3 of the Property; and

13 (e) Ground Lease between Seller and Buyer for Parcel 1.

14 **8. Conditions to the Close of Escrow.**

15 8.1 Conditions Precedent to Buyer's Obligations. The following
16 conditions must be satisfied not later than the Closing Date of the Escrow or such other period
of time as may be specified below:

17 (a) Title. Buyer has obtained Preliminary Title Reports for
18 the Property prepared by the Title Company (the "Preliminary Reports") dated as of February
19 19, 2010, for Order No. 409671, together with copies of the exceptions to title described in the
Preliminary Report. Within seven (7) business days of the Effective Date, Buyer will obtain
updates of the Preliminary Report and notify Seller in writing within fourteen (14) days of the
Effective Date of any objections to title.

20 (i) Seller will remove any exceptions to title objected
21 to by Buyer in good faith ("Objectionable Exceptions") or obtain appropriate endorsements to
the title policy on or before the Closing Date; or

22 (ii) Seller will not cause the Objectionable Exceptions
23 to be removed. If Seller advises Buyer that it will not cause the exceptions to be removed,
Buyer will have ten (10) days to elect, as its sole remedy, to:

1 (a) Proceed with the purchase and acquire the
2 Property, subject to the Objectionable Exceptions without reduction in the Purchase Price; or

3 (b) Cancel the Escrow and this Agreement by
4 written notice to Seller and the Escrow Holder, in which case any deposit, together with interest
5 thereon will be returned to Buyer and the cancellation costs will be borne by Buyer;

6 (c) If Buyer does not give Seller notice of its
7 election within such ten (10) day period, Buyer will be deemed to have approved the condition
8 of title to the Property and elect to proceed with this transaction;

9 (d) If Seller commits to remove any
10 Objectionable Exception and fails to do so by the Closing Date, then Seller will be in default
11 under this Agreement and Buyer may, at Buyer's election, terminate this Agreement and
12 pursue its remedies as set forth herein.

13 (b) Title Insurance. As of the Close of Escrow, the Title
14 Company will issue, or have committed to issue, the Title Policy to Buyer with only the
15 Permitted Exceptions.

16 (c) Delivery of Information. Within ten (10) days after the
17 Opening of Escrow, Seller shall have delivered to Buyer the original or true copies of all
18 surveys, plans and specifications, building condition audits, past hazardous material studies,
19 environmental studies/reports, as-built drawings, building permits, certificates of occupancy,
20 certificates of completion, soils reports, including engineers' reports, other contracts, but not
21 limited to custodial, elevator maintenance, fire, security and parking, all current leases,
22 accounting records and studies and similar information which it may have in its possession
23 relating to the Property. Except as specifically set forth herein, such items shall be delivered by
24 Seller to Buyer and shall be to the Seller's actual knowledge, without duty of investigation, true
25 and correct and complete copies of the items in Seller's possession; provided, however, that,
except as expressly set forth herein, Seller makes no warranty or representation of any kind
whatsoever regarding the contents, completeness or accuracy of such items. If the Escrow
shall fail to close for any reason, all such items shall be immediately returned to Seller.

(d) The Close of Escrow and Buyer's obligations with respect
to this transaction are subject to Seller's delivery to Escrow Holder on or before the Closing
Date the items described in Paragraph 6.1 and 6.3 above and the removal or waiver of the
conditions described in this Paragraph 8.1.

The conditions set forth in this Paragraph 8.1 are solely for the
benefit of Buyer and may be waived only by Buyer. At all times Buyer has the right to waive any
condition. Such waiver or waivers must be in writing to Seller and Escrow Holder.

8.2 Conditions Precedent to Seller's Obligations. The following
conditions precedent to Seller's obligation to consummate the purchase and sale transaction
contemplated herein must be satisfied not later than the Closing Date:

(a) Buyer shall have delivered to Escrow Holder, prior to the
Closing, for disbursement as directed hereunder, an amount equal to the Purchase Price and
any other funds in accordance with this Agreement; and

1 (b) Buyer shall have delivered to Escrow Holder the items
2 described in Paragraphs 6.2 and 6.3, above.

3 (c) The conditions set forth in the Paragraph 8.2 are solely for
4 the benefit of Seller and may be waived only by Seller. At all times Seller has the right to waive
any condition. Such waiver or waivers must be in writing to Buyer and Escrow Holder.

5 8.3 Termination of Agreement. In the event that, for any reason, the
6 Closing does not occur on or before the Closing Date, either party to this Agreement, who is not
7 in default of its obligations under this Agreement, shall have the right, upon giving the other
8 party (with a copy to Escrow Holder) ten (10) days written notice and, if applicable, opportunity
9 to cure, to terminate this Agreement. Unless Seller is materially in default hereunder, failure by
10 Buyer to cause Escrow to close on or before the Closing Date shall constitute a material
Buyer default, as a result of which Seller may elect to terminate this Agreement and the Escrow
created hereunder, and Buyer shall reimburse Seller for its reasonable costs, including, but not
limited to, attorney's fees or other third party costs incurred in connection with the preparation
and implementation of this Agreement and the delivery of any and all items that Seller is
required to deliver to Buyer hereunder ("Seller's Transaction costs").

11 **9. Due Diligence By Buyer.**

12 9.1 Matters To Be Reviewed. As of the Effective Date, Buyer has
completed its due diligence investigation of and has approved each of the following matter:

13 (a) The physical condition of the Property, including without
14 limitation, any structural components, electrical, system, plumbing or any irrigation system,
15 paving, soil conditions, the status of the Property with respect to hazardous and toxic materials,
if any, and in compliance with all applicable laws, including any laws relating to hazardous and
toxic materials, and all applicable laws;

16 (b) All applicable government ordinances, rules and
17 regulations of Seller's compliance therewith, including, but not limited to, zoning and building
regulations; and

18 (c) All licenses, permits and other governmental approvals
19 and/or authorizations relating to the Property, which shall remain in effect after the Close of
Escrow.

20 9.2 Material New Matters. If Buyer discovers any new matter prior to
21 Close of Escrow which was:

22 (a) Not reasonably discoverable prior to the Effective Date
and that matter is one which:

23 (i) Would appear as an exception to the Title Policy;
24 or

25 (ii) Is materially inconsistent with a disclosure by
Seller or with any representations or warranties contained in Paragraph 19.2, below; and

1 (iii) Such new matter is of such a nature that, in
2 Buyer's reasonable judgment, it would materially and adversely affect the acquisition,
3 development, sale or use of the Property or any material part of it for Buyer's intended purpose;
4 then Buyer shall be entitled to treat such new matter as a failure of condition to the Close of
5 Escrow. If Buyer elects to treat such new matter as a failure of condition to the Close of
Escrow, then Buyer shall give notice to Seller of Buyer's election to terminate this Agreement
within fifteen (15) days of Buyer's obtaining knowledge of such new matter, but in no event,
later than the Closing Date, subject to Seller's right to cure or correct the condition as described
in subparagraph (b) below.

6 (b) However, if Buyer gives Seller notice of its election to
7 terminate this Agreement under this Paragraph 9.2, Seller may elect, in its sole and absolute
8 discretion by written notice to Buyer and to Escrow Holder within five (5) business days
9 following Seller's receipt of Buyer's notice, to correct the new matter prior to the Close of
Escrow, or for not more than twenty (20) days after the Closing Date if required in order to
correct the new matter, and, in such event, this Agreement will not terminate. If Seller fails to
correct the new matter by the Closing Date, as same may be extended, Buyer, as Buyer's sole
remedy, may terminate this Agreement.

10 **10. No Side Agreements or Representations.** Buyer understands, agrees
11 and acknowledges that it is purchasing the Property in it's "as-is/where-is" condition. Seller
12 has not made and will not make, either expressly or impliedly, any representations or
13 warranties concerning the physical or environmental condition of the Property, or its fitness for
14 any particular use or purpose. Buyer hereby expressly represents and warrants to Seller that
15 prior to the Close of Escrow, Buyer will have had the opportunity to make and will have made
16 such an investigation and inspection of all aspects of the condition of the Property as it has
17 deemed necessary or appropriate, including, but not limited to, soils and the Property's
compliance or non-compliance with applicable laws, rules, regulations and ordinances,
including any Environmental Laws as defined in Paragraph 19.1 below and the existence or
non-existence of Hazardous Substances as defined in Paragraph 19.1 below on, in or under
the Property. Buyer further represents and warrants that in purchasing the Property, Buyer is
relying solely upon its own inspection and investigations of the Property.

18 **11. Title Insurance.** At the Close of Escrow, Buyer will cause the Title
19 Company to issue to Buyer, a CLTA standard coverage, owner's policy, in an amount equal to
20 the Purchase Price showing fee title to the Property vested in Buyer, subject only to the
21 Permitted Exceptions ("Title Policy") and the standard printed exceptions and conditions in the
22 policy of title insurance. If Buyer elects to obtain any endorsements or an ALTA Extended
Policy of Title, the additional premium and costs of the policy survey for the ALTA Extended
Policy of Title and the cost of any endorsements will be at Buyer's sole cost and expense;
however, Buyer's election to obtain an ALTA extended policy of title will not delay the Closing
and Buyer's inability to obtain an ALTA extended policy of title or any such endorsements will
not be deemed to be a failure of any condition to Closing.

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1 12. **Closing Costs and Expenses.** Seller shall pay or be charged with
2 one-half (1/2) of the escrow fee, all recording fees and costs, any documentary transfer tax, the
3 cost of the Title Policy as set forth in Paragraph 11, and Seller's share of any prorations.
4 Buyer shall pay or be charged with one-half (1/2) of the escrow fee, the cost of any title
endorsements or extended coverage as described in Paragraph 11, and Buyer's share of any
prorations. Any other costs and fees shall be split in accordance with the Escrow Holder's
customary practices for closings in Riverside County, California.

5 13. **Prorations.**

6 13.1 Tax Exempt Agency. All parties hereto acknowledge that the
7 Buyer is a public entity and exempt from payment of any real property taxes. There will be no
8 proration of taxes through Escrow. Seller will be responsible for payment of any real property
9 taxes due prior to Close of Escrow. In the event any real property taxes are due and unpaid at
the Close of Escrow, Escrow Holder is hereby authorized and instructed to pay such tax at the
Close of Escrow from Sellers proceeds. At the Close of Escrow, the Buyer will file any
necessary documentation with the County Tax Collector/Assessor for the property tax
exemption.

10 13.2 Utility Deposits. Seller will notify all utility companies servicing the
11 Property of the sale of the Property to Buyer and will request that such companies send Seller
12 a final bill for the period ending on the last day before the Close of Escrow. Buyer will notify the
13 utility companies that all utility bills for the period commencing on the Close of Escrow are to be
14 sent to Buyer. In addition to the Purchase Price, Buyer will pay to Seller an amount equal to the
total of all utility deposits held by utility companies and Seller will assign to Buyer all of Seller's
right, title and interest in any such utility deposits. If Buyer receives a bill for utilities provided to
the Property for the period prior to the Close of Escrow, Seller will pay the bill.

15 14. **Property Condition.** Seller shall maintain the Property and shall deliver
16 the Property to Buyer in substantially the same condition as the Property exists at the time of
execution of this Agreement by Seller. It is further understood that the Buyer is purchasing the
property in an "as is/where is" condition, with all faults.

17 15. **Inspection of Property.** Buyer shall be entitled to inspect the Property
18 five (5) days prior to Close of Escrow to determine that the Property is in substantially the same
19 condition as the Property, exists at the time of execution of this Agreement by Seller. The
provisions of Paragraph 19.4 shall apply to any entry by Buyer or its employees, agents or
contractors onto the Property.

20 16. **Disbursements and Other Actions by Escrow Holder.** At the Close of
21 Escrow, Escrow Holder will promptly undertake all of the following:

22 16.1 Funds. Promptly upon Close of Escrow, disburse all funds
23 deposited with Escrow Holder by Buyer in payment of the Purchase Price as follows: (a) deduct
24 or credit all items chargeable to the account of Seller and/or Buyer pursuant to Paragraphs 12
and 13; (b) disburse the balance of the Purchase Price to Seller (in accordance with wiring
instructions to be provided by Seller); and (c) disburse any excess proceeds deposited by
Buyer to Buyer (in accordance with instruction to be provided by Buyer).

1 16.2 Recording. Cause the Grant Deed to be recorded with the
2 County Recorder and obtain conformed copies thereof for distribution to Buyer and Seller.

3 16.3 Title Policy. Direct the Title Company to issue the Title Policy to
4 Buyer.

5 16.4 Delivery of Documents to Buyer and Seller. Deliver to Buyer the
6 FIRPTA Certificate and any other documents (or copies thereof) deposited into Escrow by
7 Seller. Deliver to Seller any other documents (or copies thereof) deposited into Escrow by
8 Buyer.

9 17. **Joint Representations and Warranties.** In addition to any express
10 agreements of the parties contained herein, the following constitute representations and
11 warranties of the parties each to the other:

12 17.1 Each party has the legal power, right and authority to enter into
13 this Agreement and the instruments referenced in, to perform its obligations under and to
14 consummate the transaction contemplated by this Agreement.

15 17.2 All requisite action and authorizations, corporate, trust,
16 partnership administrative or otherwise, has been taken by each party, respectively, in
17 connection with entering in to this Agreement and the instruments referenced herein, and the
18 consummation of the transaction contemplated hereby. No further consent of any partner,
19 shareholder, creditor, investor, judicial or administrative body, governmental authority or other
20 party is required.

21 17.3 The individuals executing this Agreement and the instruments
22 referenced herein on behalf of each party and the partners, officials or trustees of each party, if
23 any, have the legal power, right, and actual authority to bind the party on whose behalf they are
24 executing such instrument to the terms and condition of those documents.

25 17.4 This Agreement and all other documents required to close this
transaction are and will be valid, legally binding obligations of and enforceable against each
party in accordance with their terms, subject only to applicable bankruptcy, insolvency,
reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the
rights of contracting parties generally.

18. **Indemnification.**

18.1 Indemnification By Seller. Seller agrees to indemnify, defend
and hold Buyer harmless for, from and against any and all claims, demands, liabilities, costs,
expenses, damages and losses; cause or causes of action and suit or suits of any nature
whatsoever, arising from any misrepresentation or breach of warranty or covenant by Seller in
this Agreement. This indemnity does not apply, however, to any item, matter, occurrence or
condition that was disclosed to Buyer by Seller prior to the Close of Escrow. This
indemnification shall include all costs and reasonable attorney fees.

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///
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18.2 Indemnification By Buyer. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, liabilities, costs, expenses, damages and losses, cause or causes of action and suit or suits arising out of the ownership and/or operation of the Property after the Closing Date or any misrepresentation or breach of warranty or covenant by Buyer in this Agreement or any document delivered to Seller pursuant to this Agreement. This indemnification shall include all costs and reasonable attorney fees.

19. **Hazardous Substances.**

19.1 Definitions. For the purposes of this Agreement, the following terms have the following meanings:

(a) "Environmental Law" means any law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environment including, without limitation CERCLA (Comprehensive Environmental Response, Compensation and Liability Act of 1980) and RCRA (Resources Conservation and Recovery Act of 1976);

(b) "Hazardous Substance" means any substance, material or waste which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant" or which is or becomes similarly designated, classified or regulated, under any Environmental Law, including asbestos, petroleum and petroleum products; and

(c) "Environmental Audit" means an environmental audit, review or testing of the Property performed by Buyer or, any third party or consultant engaged by Buyer to conduct such study.

19.2 Seller's Representations and Warranties. As of the date of this Agreement, and except as disclosed in the Environmental Site Assessment ("ESA") described in Paragraph 19.4 below, to Seller's actual knowledge:

(a) no Hazardous Substances exist now or have been used or stored on or within any portion of the Property, except those substances which are or have been used or stored on the Property in the normal course of use and operation of the Property and in compliance with all applicable Environmental Laws;

(b) there are and have been no federal, state, or local enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted or completed affecting the Property;

(c) no claims have been made by any third party relating to any Hazardous Substances on or within the Property; and

(d) there has been no disposal of Hazardous Substances or accidental spills which may have contaminated the Property and there has been no on-site bulk storage of vehicle fuels or waste oils.

1 19.3 Notices Regarding Hazardous Substances. During the term of
2 this Agreement, Seller will promptly notify Buyer if it obtains actual knowledge that Seller or the
3 Property may be subject to any threatened or pending investigation by any governmental
4 agency under any law, regulation or ordinance pertaining to any Hazardous Substance.

5 19.4 Environmental Site Assessment. Buyer has completed, at its sole
6 cost and expense, an ESA of the Property. Buyer has ordered, at its sole cost and expense, the
7 removal of known contaminated soils and abandonment of the existing well (to the estimated
8 depth of 500 feet). If such additional remediation efforts and well abandonment costs identify
9 problems with the Property that Buyer in its sole judgment determines would preclude
10 continuing with this transaction, then Buyer shall have the right at its good faith discretion to
11 terminate this Agreement upon written notice to Seller and Escrow Holder.

12 (a) Buyer shall give Seller at least one (1) business day
13 prior notice of any on-site testing of soil or subsurface conditions.

14 (b) Any groundwater, soil or other samples taken from the
15 Property will be properly disposed of by Buyer at Buyer's sole cost and in accordance with all
16 applicable laws;

17 (c) Buyer hereby agrees to protect, indemnify, defend (with
18 legal counsel reasonably acceptable to Seller) and hold harmless Seller from and against any
19 and all losses, liabilities, claims, liens, stop notices, actions, obligations, damages and/or
20 expenses caused by reason of Buyer's (or its agent's, employee's or independent contractor's)
21 entries into the Property prior to the Close of Escrow in connection with the performance of the
22 ESA as well as the remediation and well abandonment efforts. Buyer shall keep the
23 Property free of mechanic's liens related to the activities of Buyer. This indemnity shall
24 not be merged with the Grant Deed and shall survive the Close of Escrow or the termination of
25 this Agreement prior to the Close. No agent or independent contractor of Buyer may enter the
Property until it has first delivered to Seller written evidence of and thereafter maintains at all
times liability insurance acceptable to Seller with limits of not less than Two Million Dollars
(\$2,000,000.00) and naming Seller as an additional insured with regard to any and all entries
onto the Property by Buyer or its agents, employees or independent contractors.

20. **Notices.** In the event either party desires or is required to give notice to
the party on connection with this Agreement, the same shall be in writing and shall be deemed
to have been given when delivered in person, by recognized overnight air courier service, by
confirmed facsimile transmission, or deposited with the United States Postal Service, certified
mail receipt requested address to Buyer or Seller at the appropriate address as, set forth in
Paragraph 1 above. All notices sent by mail will be deemed received three (3) days after the
date of mailing.

21. **Limited Enforcement of this Agreement.** In the event the Close of
Escrow and the consummation of the transaction contemplated by this Agreement do not occur
by reason of a material, uncured default by one party, the non-defaulting party, as its sole
remedy, will be entitled to payment from the defaulting party of the reasonable out-of-pocket
expenses incurred by the non-defaulting party in connection with the negotiation, preparation
and implementation of this Agreement.

1 **22. Miscellaneous.**

2 22.1 Counterparts. This Agreement may be executed in two or more
3 counterparts, each of which shall be deemed an original, and all of which, taken together, shall
4 comprise a fully executed original Agreement for all intents and purposes.

5 22.2 Partial Invalidity. If any term or provision of this Agreement shall
6 be deemed to be invalid or unenforceable to any extent, the remainder of this Agreement will
7 not be affected thereby, and each remaining term and provision of this Agreement will be valid
8 and be enforced to the fullest extent permitted by law.

9 22.3 Possession of the Property. Seller will deliver possession of the
10 property to buyer upon the close of escrow.

11 22.4 No Waivers. No waiver of any breach of any covenant or
12 provision contained herein will be deemed a waiver of any preceding or succeeding breach
13 thereof or of any other covenant or other provision contained herein. No extension of time for
14 performance or any obligation or act except those of the waiving party, which will be extended
15 by a period of time equal to the period of the delay.

16 22.5 Successors and Assigns. Neither party shall transfer or assign its
17 rights or responsibilities under this Agreement without the express written consent of the other
18 party.

19 22.6 Entire Agreement. This Agreement (including all Exhibits
20 attached hereto) constitutes the entire contract and understanding between the parties hereto
21 and may not be modified except by an instrument in writing signed by both parties.

22 22.7 Time of Essence. Seller and Buyer hereby acknowledge and
23 agree that time is strictly of the essence with respect to each and every term, condition,
24 obligation and provision hereof.

25 22.8 Governing Law. The parties hereto expressly agree that this
Agreement will be governed by, interpreted under, and construed and enforced in accordance
with the laws of the State of California in which the Property is located. Venue for any
proceeding related to this Agreement shall be in the County of Riverside.

 22.9 No Recordation. No memorandum or other document relating to
this Agreement shall be recorded without the prior written consent of Seller and Buyer.

 22.10 Survival. Paragraphs 18 and 19, and any other provision of this
Agreement that by its terms requires performance by either party after the Close of Escrow
shall survive the Close of Escrow.

 22.11 Brokers. Neither Buyer nor Seller has utilized the services of, or
for any other reason owes compensation to, a broker, sales agent, finder or other person or
entity in connection with the transaction described in this Agreement.

 22.12 Exhibits. Each exhibit attached hereto is incorporated herein by
this reference as if set forth in full in the body of this Agreement.

1 THIS AGREEMENT WILL BE NULL AND VOID IF NOT EXECUTED BY BUYER and
2 approved by the Board of Supervisors of the County of Riverside.

3 IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the
4 date and year set forth below.

5 Date: _____, 2010

6 **"SELLER"**

7 COACHELLA VALLEY RESCUE MISSION
8 A California Corporation

9 By: 

10 Title: Board Chair, Peter Del Rio

11 **APPROVED AS TO FORM:**

12 Pamela J. Walls
13 County Counsel

14 By: 

15 Anita Willis
16 Deputy County Counsel

17 **"BUYER"**

18 COUNTY OF RIVERSIDE

19 By: 

20 Marion Ashley, Chairman
21 Board of Supervisors

22 **ATTEST:**

23 Kecia Harper-Ihem
24 Clerk of the Board

25 By: 

Deputy

CS:jg
11/3/10
152FM
13.221

EXHIBIT "A"

LEGAL DESCRIPTION

Parcel 1 and 3 of Parcel Map 34740, as shown by Parcel Map on File in Book 231,
Pages 55, 56 and 57 of Parcel Maps, Records of Riverside County, California.

Recorded at request of and return to:
Economic Development Agency
Real Estate Division
3403 Tenth Street, Suite 500
Riverside, CA 92501

FREE RECORDING

This instrument is for the benefit of
the County of Riverside and is
entitled to be recorded without fee.
(Govt. Code 6103) *Exempt*

NCS-409671-DH

DOC # 2011-0006602

01/06/2011 09:12A Fee:NC

Page 1 of 3

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



S	R	U	PAGE	SIZE	DA	MISC	LONG	RFD	COPY
1			3						
M	A	L	465	426	PCOR	NCOR	SMF	NCHG	EXAM
T:							CTY	UNI	034

PROPERTY: City of Indio, CA

APNS: 603-050-009 and 603-050-011

Parcel 1 and 3 of Parcel Map 34740

GRANT DEED



FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

COACHELLA VALLEY RESCUE MISSION
A California Corporation

hereby **GRANTS** to the **COUNTY OF RIVERSIDE**, a political subdivision of the State of
California, the real property in the County of Riverside, State of California, described as:

SEE ATTACHED EXHIBIT "A"

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of the day and year indicated.

DATE: 12/1/2010

COACHELLA VALLEY RESCUE MISSION, A
California Corporation

By: Pete Del Rio
Board Chair, Peter Del Rio

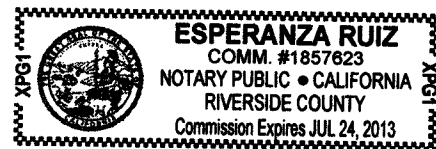
STATE OF CALIFORNIA)
)ss.
COUNTY OF RIVERSIDE)

On December 01, 2010 before me, Esperanza Ruiz a Notary Public in and for said County and State, personally appeared Peter Del Rio who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 *Stephen R. Ruiz*



(SEAL)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the within deed to the COUNTY OF RIVERSIDE, a political subdivision, is hereby accepted by order of the Board of Supervisors on the date below and the grantee consents to the recordation thereof by its duly authorized officer.

Date: 12/22/10

By: Spencer Brandt

Lisa Brandl, Managing Director for
Robert Field
Assistant County Executive Officer/EDA



OWNER'S POLICY OF TITLE INSURANCE

ISSUED BY

First American Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:


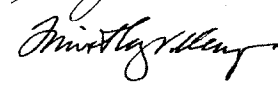
1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
 - (a) A defect in the Title caused by
 - (i) forgery, fraud, undue influence, duress, incompetency, incapacity, or impersonation;
 - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
 - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
 - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
 - (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
 - (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
 - (vii) a defective judicial or administrative proceeding.
 - (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
 - (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (a) the occupancy, use, or enjoyment of the Land;
 - (b) the character, dimensions, or location of any improvement erected on the Land;
 - (c) the subdivision of land; or
 - (d) environmental protectionif a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.
6. An enforcement action based on the exercise of a governmental

police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.
8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.
9. Title being vested other than as stated in Schedule A or being defective
 - (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or
 - (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
 - (i) to be timely, or
 - (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.
10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this policy, but only to the extent provided in the Conditions.

First American Title Insurance Company

BY  PRESIDENT
ATTEST  SECRETARY



EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

- (a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.
- (c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.
- (d) "Insured": The Insured named in Schedule A.
 - (i) The term "Insured" also includes
 - (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
 - (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
 - (C) successors to an Insured by its conversion to another kind of Entity;
 - (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
 - (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
 - (2) if the grantee wholly owns the named Insured,
 - (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
 - (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

- (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.
- (e) "Insured Claimant": An Insured claiming loss or damage.
- (f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.
- (h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.
- (i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.
- (j) "Title": The estate or interest described in Schedule A.
- (k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

- (a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.
- (b) The Company shall have the right, in addition to the options contained in

Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

- (c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

- (a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.
- (b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Insurance.
To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay. Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.
- (b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.
(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or
(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs,

attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

- (a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of
(i) the Amount of Insurance; or
(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.
- (b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,
(i) the Amount of Insurance shall be increased by 10%, and
(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.
- (c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

- (a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.
- (c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

- (a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.
If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

- (b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

- (a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.
- (b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.
- (c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

- (d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

- (a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located. Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.
- (b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at 1 First American Way, Santa Ana, CA 92707, Attn: Claims Department.

POLICY OF TITLE INSURANCE



SCHEDULE A

First American Title Insurance Company

Name and Address of the issuing Title Insurance Company:

First American Title Insurance Company

3281 E Guasti Road, Suite 440

Ontario, CA 91761

File No.: **NCS-409671-ONT1**

Policy No.: **409671**

Address Reference: 84169 Indio Blvd, Indio, CA

Amount of Insurance: \$1,852,000.00

Premium: \$3,129.00

Date of Policy: January 06, 2011 at 8:00 A.M.

1. Name of Insured:

County of Riverside, a political subdivision of the State of California

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. Title is vested in:

County of Riverside, a political subdivision of the State of California

4. The Land referred to in this policy is described as follows:

Real property in the City of Indio, County of Riverside, State of California, described as follows:

PARCELS 1 AND 3 OF PARCEL MAP NO. 34740, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 231, PAGES 55 THROUGH 57, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 603-050-003-5

SCHEDULE B

File No. **NCS-409671-ONT1**

Policy No. **409671**

EXCEPTIONS FROM COVERAGE

This Policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

Part One:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

Part Two:

1. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
2. The lien of special tax for the following municipal improvement bond, which tax is collected with the county taxes.
District: 01-1
3. Rights of the public in and to that portion of the land lying within any street, road or highway.
4. A right of way for ditches or canals constructed by the authority of the United States: Also such rights of way for telephone line purposes as the Pacific Telephone and Telegraph Company may have under the Act of March 4, 1911 (36 stat. 1253) as amended (43 U.S. 961) as provided for in patent for in patent from the United States of America to Edith Jim Welmas dated February 13, 1952 and recorded March 28, 1952 in Book 1354, Page 355 of Official Records of Riverside County, California, and in patent from the United States of America to Edith Jim dated March 10, 1928 and recorded March 15, 1955 in Book 1707, Page 474 of Official Records of Riverside County, California.
5. Rights of parties in possession.

6. An easement for domestic water pipeline and incidental purposes, recorded January 14, 2010 as Instrument No. 2010-0016358 of Official Records.
In Favor of: City of Indio, a Municipal Corporation
Affects: As described therein

7. An easement for public drainage and incidental purposes, recorded January 14, 2010 as Instrument No. 2010-0016359 of Official Records.
In Favor of: The City of Indio, a Municipal Corporation
Affects: As described therein

EXHIBIT "C"

FORM OF GROUND LEASE

(Attached)

GROUND LEASE

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Legal Description Exhibit "A"
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GROUND LEASE

The **COUNTY OF RIVERSIDE** ("County") leases to the **COACHELLA VALLEY RESCUE MISSION**, a California Non-Profit Corporation ("Lessee") the property described below as of _____, 2010 (the "Effective Date"), upon the following terms:

Recitals

Whereas, the Coachella Valley Rescue Mission owns and operates the present Rescue Mission located at 47-518 and 47-522 Van Buren Street, Indio, consisting of a 9,670 square foot facility located on a 0.34 acre site;

Whereas, the County of Riverside's Economic Development Agency will acquire Parcel 1, also known as Assessor's Parcel Number 603-050-009, a 3.15 acre site, owned by the Coachella Valley Rescue Mission, the funds from which the Rescue Mission will utilize to construct a new Rescue Mission Facility consisting of approximately 35,000 to 45,500 square feet;

Whereas, in accordance with California Government Code Section 26227, the County may make available, by lease, to a public agency, non profit corporation, or nonprofit association any county real property which is not needed for county purposes, to be used to carry out social programs, upon terms and conditions determined by the Board of Supervisors to be in the best interests of the County and the general public;

Whereas the Coachella Valley Rescue Mission will provide homeless services including food, shelter, counseling, a specialized Woman's and Family shelter, and Emergency Overflow Shelter services for the residents and the community at large;

Whereas, the Coachella Valley Rescue Mission has outgrown its current facility and requires new and additional facilities to continue provide such services;

Whereas, the residents living within the community are in need of these services; and

Whereas, ensuring that the property continues to be used in the manner set forth herein the property and related use will benefit, improve and enhance the health, safety, and welfare and safety of the community and its residents;

NOW, THEREFORE, in consideration of the preceding promises and the mutual covenants and agreements hereinafter contained, the parties hereto do hereby agree as follows:

1. **Description.** The real property hereby leased consists of that certain parcel located in Riverside County, California ("Property"), consisting of approximately 3.15 acres, together with all roads, rights of way and easements and appurtenances, whether public or private, reasonably required for the use contemplated by the parties and as more particularly described in the legal description ("Legal Description") attached hereto as Exhibit "A" and by this reference made a part of this Lease.

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1 **2. Use.**

2 (a) The Property is leased hereby for the exclusive purpose of constructing,
3 maintaining and operating the Project, which shall consist of an approximately forty-three thousand
4 (43,000) square foot building and ancillary improvements (collectively, "Facilities") for use by
Lessee as a rescue mission consistent with the nonprofit mission of the Lessee (all herein defined
as the "Project").

5 (b) The Property shall not be used for any other purpose without first obtaining
6 the written consent of County, which consent shall be at the absolute discretion of County as
7 determined by its Board of Supervisors. Failure to comply with the terms of this section shall be
8 considered a material default of the lease. Failure to timely cure such default may result in early
termination as set forth in section 14 herein and/or modification of the rent set forth in section 4
herein, to the current existing fair market rate rent as determined by an appraisal conducted by an
MAI appraiser.

9 **3. Term.**

10 (a) The initial term of this Lease shall be for a period of twenty-five (25) years,
11 commencing on the Effective Date, or the date the Property is conveyed by Lessee to County,
whichever is later.

12 (b) With respect to any portion of the Property, the ownership of which, at the
13 election of Lessee, is not transferred by County to Lessee at the expiration of the term of this
14 Lease, any holding over by Lessee after the expiration of the term of this Lease shall be on a day-
to-day basis strictly, and continuing tenancy rights shall not accrue to Lessee. During any such
hold over period, Lessee shall be bound by all terms and conditions of this Lease.

15 (c) County hereby grants Lessee four (4) separate options to renew this Lease
16 and extend the term hereof for a period of ten (10) years each. The term of the Lease shall
17 automatically be extended at the expiration of the prior term unless Lessee notifies County in
18 writing at least six (6) months prior to the expiration date of the initial term of this Ground Lease, or
the most recent extension thereof, as applicable, that it elects not to extend the term for the
applicable extension. Rent during each extended 10-year term shall be the sum of one dollar
(\$1.00) per year.

19 **4. Rent.** In consideration for the services to be provided to County residents by the
20 Coachella Valley Rescue Mission, Lessee shall pay the sum of \$1.00 per year to County as rent for
21 the Leased Premises, payable, in advance, on the first day of each lease year during the term of
22 this Lease. The anniversary dates shall be deemed to fall on the first day of the first full month of
each lease year following commencement of the Lease Term. In the event Lessee holds over
after expiration of the Lease Term above, the monthly rent shall automatically increase to \$.50 per
square foot payable monthly.

23 **5. Title.**

24 (a) The County represents and warrants that the leasehold interest in the
25 Property shall be subject only to those exceptions as set forth in the preliminary title report
("Preliminary Title Report") attached hereto as Exhibit "B" and by this reference made a part of this

1 Lease. Said leasehold interest shall, at Lessee's option, be insured by a title insurance company
2 acceptable to County and Lessee and the cost of a policy of title insurance shall be paid by Lessee.

3 (b) In the event County cannot deliver the insurable leasehold interest as set
4 forth in Sub-paragraph 5(a) above, this Lease may be terminated at the option of the Lessee. Any
5 notification by Lessee to County to terminate this Lease shall be in writing.

6 **6. On-Site Improvements.**

7 (a) Lessee, at its expense, shall construct, or cause to be constructed, upon the
8 Property, the Project as herein defined, including landscaping, roadways, walkways, and utility
9 improvements. Subject to the provisions of Paragraph 15 herein, construction of the Project shall
10 commence as soon as practicable after Lessee has raised or obtained the necessary capital and/or
11 loans (tax credit and/or construction) required to finance the Project, and after such time as Lessee
12 has obtained the required approvals from all applicable governmental and regulatory agencies,
13 including the governmental Permits. Lessee shall diligently pursue the completion of the
14 construction of the Project; provided, however, that Lessee shall complete approximately 35,000
15 square feet of the Facilities in the project no later than four (4) years from the Effective Date of this
16 Lease. In the event Lessee does not complete all of the foregoing on or before four (4) years from
17 the Effective Date of this lease, this Lease shall automatically terminate. No less than ten (10) days
18 before beginning construction of the Project, Lessee shall give County written notice thereof so that
19 County can post a Notice of Non-Responsibility.

20 (b) Within thirty (30) days following the completion of the Facilities, Lessee shall
21 submit to County: (1) (an) itemized statement(s) showing the entire cost of the Facilities; and (2)
22 copies of lien waivers from all contractors, subcontractors, suppliers and materialmen involved in
23 construction of the Facilities, or copies of lien release bonds in the event there are any disputes
24 between the contractor, subcontractors, suppliers or materialmen and Lessee with respect to
25 construction of the Facilities.

26 (c) The Facilities constructed by Lessee and any other improvements,
27 alterations and fixtures (including, but not limited to, "trade fixtures" as that term is used in Section
28 1019 of the Civil Code) on the Property shall be and remain the property of Lessee, except that in
29 the event any other portion of the Property is not transferred to Lessee or its assignee on expiration
30 or earlier termination of the Lease, then the Facilities constructed by Lessee or any other
31 improvements, alterations and fixtures of Lessee located on such portions of the Property not
32 transferred to Lessee or its assignee shall become the property of the County or its assignee. At or
33 prior to expiration or termination of this Lease, Lessee may remove such trade fixtures; provided,
34 however, that such removal does not cause injury or damage to the Property, or in the event it
35 does, Lessee shall restore the Property as nearly as practicable. If Lessee fails to make such
36 repairs prior to the expiration or termination of this Lease, County may, but shall not be obligated to,
37 make said repairs and Lessee shall reimburse County for all costs so incurred within thirty (30)
38 days of Lessee's receipt of billing therefore. In the event such trade fixtures are not removed
39 from any portion of the Property transferred to Lessee or its assignee on expiration or earlier
40 termination of the Lease, then the County may, at its election, either: (1) remove and store such
41 fixtures and restore the Property for the account of the Lessee, and in such event, Lessee shall
42 within thirty (30) days after billing and accounting therefore reimburse County for the costs so
43 incurred, or (2) take and hold such fixtures as its sole property. In the event that Lessee fails to
44 timely pay to County any reimbursement due to County under this paragraph, then said unpaid
45 reimbursement shall bear interest at the maximum legal rate, calculated from the due date thereof
46 until paid in full.

1 **7. Off-Site Improvements.**

2 (a) It is understood by the parties hereto that sewer, water, telephone, gas and
3 electrical utilities are available nearby the Property, but they do not reach the Property. Therefore,
4 in order for the on-site improvements required in Paragraph 6 herein to be fully usable and
5 operational, Lessee, at its expense, shall extend and/or connect or cause to be extended and/or
6 connected, to such on-site improvements such utility service facilities that may be required or
 desired by Lessee in the use, operation and maintenance of such on-site improvements. After
 such extensions and/or connections have been made, Lessee shall be responsible for payment for
 the use of such utility services.

7 (b) The off-site improvements referred to in Sub-Paragraph 7(a) above shall be
8 completed prior to or at the same time the on-site improvements are completed as provided in
 Paragraph 6 herein.

9 **8. Cooperation.**

10 (a) County shall cooperate with Lessee and otherwise exercise its best efforts to
11 assist Lessee in expediting the processing of on-site and off-site improvements to be constructed
 upon, within or in connection with the Property. Lessee acknowledges and agrees that it must
 comply with all government laws and regulations affecting development to the Property.

12 (b) Any easements required by third parties for utilities to serve the Property
13 shall be submitted to County, in writing, for its approval, which approval shall not be unreasonably
14 withheld. Any and all costs associated with the preparation and recordation of any such easements
 required by third parties shall be borne solely by Lessee.

15 **9. County's Reserved Rights.** The Property is accepted by Lessee subject to those
16 existing easements or other encumbrances or other matters of record described in the Preliminary
17 Title Report, and County shall have the right, subject to obtaining the prior approval of Lessee,
18 which approval shall not be unreasonably withheld, delayed or conditioned, to enter upon the
19 Property and to install, lay, construct, maintain, repair and operate such sanitary sewers, drains,
20 storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone
21 and telegraph power lines and such other facilities and appurtenances as are necessary or
22 convenient to use in connection therewith, over, in, upon, through, across and along the Property or
23 any part thereof; provided, however, County also reserves the right to grant licenses, easements,
24 rights of way and permits in, over and upon, along or across any and all portions of said Property
25 as County may elect; provided, however, that no right of County provided for in this Paragraph shall
 be so executed as to interfere unreasonably with Lessee's rights and use hereunder, or with the
 requirements of any encumbrancer that provides New Market Tax Credit financing or other
 construction financing for the Project. County shall cause the surface of the Property to be restored
 to its original condition (as they existed prior to any such entry) upon the completion of any
 construction by County or its agents. Any right of County set forth in this Paragraph shall not be
 exercised unless a prior written notice of thirty (30) days is given to Lessee; provided, however, in
 the event such right must be exercised by reason of emergency, then County shall give Lessee
 such notice in writing as is reasonable under the existing circumstances. Notwithstanding anything
 to the contrary contained herein, County agrees that all sanitary sewers, storm drains, pipelines,
 manholes, water and gas mains, electric power lines, transformers and conduits, cabling, telephone
 lines and other communications equipment and facilities utilized in connection with utility services

1 (collectively "Utility Lines") to be located at or on the Property shall be placed underground and in a
2 manner which does not interfere with the Facilities or their use. Any easement, license, right-of-
3 way, permit or other agreement entered into by County pursuant to this Paragraph 9, including but
4 not limited to the installation, operation, maintenance, repair and replacement of Utility Lines, shall
require the easement holder to maintain the easement and equipment located therein at its sole
cost. County agrees to use best efforts to minimize any interference to Lessee's business or
operations caused by County's exercise of its rights hereunder.

5 **10. Maintenance.**

6 (a) Lessee shall maintain the Property, the Facilities and any other
7 improvements to be constructed on the Property, including the landscaping and grounds, in a neat,
8 safe, orderly and attractive condition during the term of this Lease, and Lessee shall provide for the
9 sanitary handling and disposal of all refuse accumulated as a result of Lessee's use of the Property
(including any waste and hazardous waste) and the improvements thereon. In addition, the exterior
and the interior of the improvements on the Property shall be maintained by Lessee in good
working condition and repair during the term of this Lease.

10 (b) In the event of damage or destruction of all or any part of the improvements
11 to be constructed upon the Property rendering said Property unusable for the purposes set forth in
12 Paragraph 2 herein, in whole or in part, Lessee shall repair such damage or destruction with due
diligence in accordance with Paragraph 6, but only to the extent of the insurance coverage required
by this Lease.

13 **11. Inspection of Property.** County, through its duly authorized agents, shall have, at
14 any time during normal business hours, the right to enter the Property for the purpose of
inspecting, monitoring and evaluating the obligations of Lessee hereunder and for the purpose of
doing any and all things which it is obligated and has a right to do under this Lease.

15 **12. Quiet Enjoyment.** Lessee shall have, hold and quietly enjoy the use of the Property
16 so long as it shall fully and faithfully perform the terms and conditions that it is required to do under
this Lease.

17 **13. Compliance With Government Regulations.** Lessee shall, at Lessee's sole cost
18 and expense, comply with the requirements of all local, state and federal statutes, regulations,
19 rules, ordinances and orders now in force or which may be hereafter in force, pertaining to
Lessee's use of the Property pursuant to this Lease.

20 **14. Termination by County.** County shall have the right to terminate this Lease
forthwith:

21 (a) In the event Lessee commences any voluntary proceeding under the
22 Bankruptcy laws of the United States, or Lessee fails to terminate any involuntary proceeding under
said bankruptcy laws within ninety (90) days from the commencement thereof.

23 (b) In the event that Lessee makes a general assignment, or Lessee's interest
hereunder is assigned involuntarily or by operation of law, for the benefit of creditors.

24 (c) In the event Lessee fails or refuses to perform, keep or observe any of
25 Lessee's duties or obligations hereunder; provided, however, that Lessee shall have thirty (30)
days in which to correct Lessee's breach or default after written notice thereof has been served on

1 Lessee by County unless the nature of default or breach is such that more than thirty (30) days are
2 required. In such event, Lessee shall have such additional time as is reasonably required to
3 remedy any such breach or default, provided such remedy has commenced within the thirty (30)
4 day period and is diligently prosecuted to completion; provided, however, that if Lessee is unable,
5 financially or otherwise, to continue the operation and maintenance of the Facilities as
6 contemplated hereunder, Lessee shall so notify County and shall have a period not to exceed one
7 hundred eighty (180) days to assign this Lease to a third party, which assignment shall be subject
8 to County's consent and proposed assignee assuming all of Lessee's obligations hereunder;
9 provided, further, however, that Lessee faithfully and diligently pursues such assignment from the
10 commencement of such one hundred eighty (180) day period.

11 **15. Termination by Lessee.** In addition to its rights to terminate elsewhere in this
12 Lease, Lessee shall have the right to terminate this Lease in the event County fails to perform,
13 keep or observe any of its duties or obligations hereunder; provided, however, that County shall
14 have thirty (30) days in which to correct its breach or default after written notice thereof has been
15 served on it by Lessee; provided, however, if the breach or default is of a nature that requires more
16 than thirty (30) days to correct, such efforts as are necessary to make such corrections shall begin
17 within said thirty (30) day period and shall be diligently prosecuted to completion thereafter;
18 provided further, however, that if after thirty (30) days County fails to correct or commence to
19 correct such breach, Lessee shall have the option to correct the default and deduct the cost of such
20 remedy from rent. If any breach or default is not corrected after the time set forth herein, Lessee
21 may elect to terminate this Lease in its entirety or as to any portion of the Property affected thereby.

22 **16. Limitations on Termination.** Notwithstanding anything to the contrary contained in
23 this Lease, County agrees that if Lessee shall be in default under this Lease, except as to any
24 default pursuant to Sub-Paragraphs 14 (a) and (b), the County will not exercise any right of
25 termination without first providing Lessee and any Encumbrancers (described in Paragraph 23
below) with written notice of any default and an opportunity to cure such default. Any such cure
shall be completed within thirty (30) days of the date of receipt of the County's notice of such
default; provided, however, if the breach is of a nature that requires more than thirty (30) days to
cure, such cure shall begin within said thirty (30) day period and shall be diligently prosecuted to
completion thereafter. If any default remains uncured after the time set forth herein, County may
exercise any and all rights or remedies at law or in equity, including, but not limited to:

(a) The right, without terminating this Lease or relieving Lessee of any
obligations hereunder, and with process of law, to re-enter the Property, take possession thereof,
remove all persons therefrom, other than those present under existing subleases, and occupy or
lease the whole or any part thereof for and on account of the Lessee and upon terms and
conditions and for such rent as County may deem proper, and to collect said rent or any other rent
that may thereafter become payable and apply the same toward the amount due or thereafter to
become due from Lessee and on account of such expenses of such subletting and any other
damages sustained by County; and should such rental be less than that herein agreed to be paid
by Lessee, Lessee agrees to pay such deficiency to County in advance on the day of each month
hereinbefore specified for payment of minimum rental and to pay to County forthwith upon any such
reletting the costs and expenses County may incur by reason thereof. Should County relet the
Property under the provisions of this Paragraph, it may execute any such lease either in its own
name or in the name of the Lessee, but the Lessee hereunder shall have no right or authority
whatsoever to collect any rent from such tenant. The proceeds of any such reletting shall be first
applied to the payment of the costs and expenses of reletting the Property including alterations and
repairs which County, in its sole discretion, deems reasonably necessary and advisable and
reasonable attorneys' fees incurred by County in connection with the retaking of the said Property

1 and such reletting and, second, to the payment of any rent due hereunder owing from Lessee to
2 County. When such costs and expenses of reletting have been paid, Lessee shall be entitled to a
3 credit for the net amount of rental received from any such reletting each month during such
4 unexpired balance of the term and Lessee shall pay County monthly such sums as may be required
5 to make up the rentals provided for in this Lease. County shall not be deemed to have terminated
6 this Lease, the Lessee's right to possession of the leasehold or the liability of the Lessee to pay
7 rent thereafter to accrue, or Lessee's liability for damages under any of the provisions hereof by any
8 such re-entry or by any action in unlawful detainer or otherwise to obtain possession of the
9 Property, unless County shall have notified Lessee in writing that it has so elected to terminate this
10 Lease. Lessee covenants that the service by County of any notice pursuant to the unlawful
11 detainer statutes of the State of California and the surrender of possession pursuant to such notice
12 shall not (unless County elects to the contrary at the time of or at any time subsequent to the
13 service of such notice and such election is evidenced by a written notice to Lessee) be deemed to
14 be a termination of this Lease or of the Lessee's right to possession thereof. Nothing herein
15 contained shall be construed as obligating County to relet the whole or any part of the Property. In
16 the event of any entry or taking possession of the Property as aforesaid, County shall have the
17 right, but not the obligation, to remove therefrom all or any part of the personal property located
18 therein and may place the same in storage at a public warehouse at the expense and risk of the
19 owner or owners thereof. County shall not, by any re-entry or other act, be deemed to have
20 accepted any surrender by Lessee of the Property or Lessee's interest therein, or be deemed to
21 have otherwise terminated this Lease, or to have relieved Lessee of any obligation hereunder,
22 unless County shall have given Lessee express written notice of County's election to do so as set
23 forth herein; or

24 (b) The right to terminate Lessee's right to possession of the Property by any
25 lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender
possession of the Property to County. In such event, County shall be entitled to recover from
Lessee, in addition to any other obligation which has accrued prior to the date of termination:

(i) The worth at the time of award of the unpaid rent which had been
earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid
rent which would have been earned after termination until the time of award exceeds the amount of
such rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid
rent for the balance of the term after the time of award exceeds the amount of such rental loss that
Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate County for all the
detriment proximately caused by Lessee's failure to perform its obligations under this Lease or
which in the ordinary course of things would be likely to result therefrom, including, but not limited
to, the cost of recovering possession of the Property; real estate brokerage commissions and other
expenses of reletting, including necessary renovation and alteration of the Property, reasonable
attorneys' fees and any other reasonable costs.

(v) The "worth at the time of award" of the amounts referred to in
subparagraphs (i) and (ii) above shall be computed by allowing interest thereon at eight per cent
(8%) per annum. The worth at the time of award of the amount referred to in subparagraph (iii)

1 above shall be computed by discounting such amount at one (1) percentage point above the
2 discount rate of the Federal Reserve Bank of San Francisco at the time of award; or

3 (c) Pursue any other remedy now or hereafter available to County under the
4 laws or judicial decisions of the State of California, including, without limitation, the remedy
5 provided in California Civil Code, Section 1951.4, and laws amendatory to said section, to continue
6 this Lease in effect.

7 (d) County shall be under no obligation to observe or perform any covenant of
8 this Lease on its part to be observed or performed which accrues after the date of any default by
9 Lessee hereunder. In any action of unlawful detainer commenced by County against Lessee by
10 reason of any default hereunder, the reasonable rental value of the Property for the period of the
11 unlawful detainer shall be deemed to be the amount of rent and other sums required to be paid
12 hereunder for the same period. Lessee hereby waives any right of redemption or relief from
13 forfeiture under Sections 1174 or 1179 of the California Civil Code of Civil Procedure, or under any
14 other present or future law, in the event Lessee is evicted or County takes possession of the
15 Property by reason of any default by Lessee hereunder. The various rights and remedies reserved
16 to County herein, including those not specifically described herein, shall be cumulative, and, except
17 as otherwise provided by California law in force and effect at the time of the execution hereof,
18 County may pursue any or all of such rights and remedies, whether at the same time or otherwise.

19 (e) No delay or omission of County to exercise any right or remedy shall be
20 construed as a waiver of any such right or remedy or of any default by Lessee hereunder.

21 (f) The subsequent acceptance of rent hereunder by County shall not be
22 deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of
23 this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of
24 County's knowledge of such pre-existing breach at the time of acceptance of such rent.

25 **17. Eminent Domain.** If any portion of the Property shall be taken by eminent domain
and a portion thereof remains which is reasonably usable by Lessee for any of the fully
contemplated purposes as set forth in Paragraph 2 herein, this Lease shall, as to the part taken,
terminate as of the date title shall vest in the condemnor, or the date prejudgment possession is
obtained through a court of competent jurisdiction, whichever is earlier, and the rent payable
hereunder shall abate pro rata as to the part taken. If all of the Property is taken by eminent
domain or such part be taken so that the remaining Property or any portion thereof are rendered
unusable for the purposes set forth in Paragraph 2 herein, then at the election of Lessee this
Lease, or that portion of the remaining Property rendered unusable, shall terminate. If a part or all
of the Property be so taken, the compensation awarded upon such taking shall be paid to the
parties hereto in accordance with the values attributable to their respective interests in such
eminent domain proceedings.

18. Force Majeure. If either party is delayed in the performance of any covenant of this
Lease because of any of the following causes; acts of the other party, action of the elements, war,
riot, labor disputes, inability to procure or general shortage of labor or materials in the normal
channels of trade, delay in transportation, delay in inspections, or any other cause beyond the
reasonable control of the other party so obligated, whether similar or dissimilar to the foregoing,
financial inability excepted, then such performance shall be excused for the period of the delay and
the period for such performance shall be extended for a period equivalent to the period of such
delay, except that the foregoing shall in no way affect Tenant's obligation to pay rent and other
charges for the length of the term of this Lease. The following shall be complied with by the delayed
Party:

1 (a) The delayed Party shall give prompt written notice of such occurrence to the other
party;

2 (b) The delayed Party shall diligently attempt to remove, resolve, or otherwise eliminate
3 such event causing delay, keep the other Party advised with respect thereto, and shall commence
performance of its obligations hereunder immediately upon such removal, resolution or elimination.

4 **19. Insurance.** Lessee shall, during the term of this Lease:

5 (a) Workers' Compensation: Procure and maintain Workers' Compensation
Insurance, in full compliance with the Workers' Compensation and Occupational Disease Laws of
6 all authorities having jurisdiction over the Property. Such policy shall include Employer's Liability
and Occupational Disease coverage, with limits not less than One Million Dollars (\$1,000,000) per
7 occurrence. Policy shall be endorsed to provide a "Borrowed Servant Endorsement, Alternate
Employer Endorsement, or Additional Insured Endorsement" naming the County of Riverside as an
8 additional insured. Policy shall provide a Waiver of Subrogation in favor of the County.

9 (b) Commercial General Liability Insurance: Procure and maintain
comprehensive general liability insurance coverage that shall protect Lessee from claims for
10 damages for personal injury, including, but not limited to, accidental and wrongful death, as well as
from claims for property damage, which may arise from Lessee's use of the Property or the
11 performance of its obligations hereunder, whether such use or performance be by Lessee, by any
subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall
12 name County as an additional insured with respect to this Lease and the obligations of Lessee
hereunder. Such insurance shall provide for limits of not less than Two Million Dollars (\$2,000,000)
per occurrence.

13 (c) Vehicle Liability: If Tenant uses, or causes to be used, any
vehicle or mobile equipment in the performance of its obligations under this Lease, Tenant shall
14 maintain liability insurance for all owned, non-owned and hired vehicles in an amount not less than
one million dollars (\$1,000,000) per occurrence combined single limit. If the policy contains a
15 general aggregate limit, it shall apply separately to this Lease of be no less than two (2) times the
occurrence limit. The policy shall be endorsed to name the Landlord as Additional Insured.

16 (d) Property Insurance: Procure and maintain fire and extended coverage on
the improvements, alterations and fixtures to be constructed and installed upon the Property in an
17 amount not less than the full replacement value of such improvements, alterations and fixtures.
Such insurance shall name County as an additional insured with respect to this Lease and the
18 obligations of Lessee hereunder.

19 (e) Builder's Risk Insurance: Tenant shall procure Builder's Risk Insurance
coverage no less than the cost total construction costs of the improvements to be constructed by
20 Tenant. Coverage shall be on an "all risks basis." The coverage shall include vandalism coverage
which shall remain in effect until all the improvements are complete, automatic inclusion of
21 underground exposure, coverage to be on a replacement basis and waiver of co-insurance and
penalties.

22 (f) Cause its insurance carrier(s) to furnish County by direct mail Certificate(s) of
Insurance showing that such insurance is in full force and effect, and County is named as an
23 additional insured with respect to this Lease and the obligations of Lessee hereunder. Further,
said Certificate(s) shall contain the covenant of the insurance carrier(s) that thirty (30) days written
24 notice shall be given to County prior to modification, cancellation or reduction in coverage of such
insurance. In the event of any cancellation in coverage or any reduction or modification in
25 coverage such that such insurance coverage fails to comply in all material respects with this
Paragraph 19, then Lessee shall be deemed in default under this Lease, unless the County

1 receives prior to the effective date of such cancellation, modification or reduction in coverage
2 another certificate from another insurance carrier of Lessee's choice evidencing that the insurance
3 required herein is in full force and effect. Lessee shall not take possession or otherwise use the
4 Property until County has been furnished Certificate(s) of Insurance as otherwise required in this
5 Paragraph 19.

6 **20. County's Reserved Rights – Insurance.** County reserves the right to require that
7 Lessee adjust the monetary limits of insurance coverage as required in Paragraph 19 herein every
8 fifth (5th) year during the term of this Lease or any extension thereof, subject to ninety (90) days
9 written notice to Lessee of such adjustment, in the event that County reasonably determines that
10 the then existing monetary limits of insurance coverage are no longer consistent with those
11 monetary limits of insurance coverage generally prevailing in the eastern Riverside County area for
12 facilities comparable to the Property; provided, however, that any adjustment shall not increase the
13 monetary limits of insurance coverage for the preceding five (5) years in excess of twenty-five
14 percent (25%) thereof.

15 **21. Hold Harmless.**

16 (a) Except as otherwise provided herein, Lessee represents that it has inspected
17 the Property, accepts the condition thereof in its "AS-IS" condition and fully assumes any and all
18 risks incidental to the use thereof. County shall not be liable to Lessee, its agents, employees,
19 subcontractors or independent contractors for any personal injury or property damage suffered by
20 them which may result from hidden, latent or other dangerous conditions in, on, upon or within the
21 Property unknown to the County, its officers, agents or employees.

22 (b) Lessee shall indemnify and hold County, its officers, agents, employees and
23 independent contractors free and harmless from any liability whatsoever, based or asserted upon
24 any act or omission of Lessee, its officers, agents, employees, subcontractors and independent
25 contractors for property damage, bodily injury, or death (Lessee's employees included) or any other
element of damage of any kind or nature, relating to or in any way connected with or arising from its
use, occupancy or operation of the Property from and after the date of this Lease, and Lessee
shall defend, at its expense, including attorney fees, County, its officers, agents, employees and
independent contractors in any legal action based upon such alleged acts or omissions.

(c) The specified insurance limits required in Paragraph 19 herein shall in no
way limit or circumscribe Lessee's obligations to indemnify and hold County free and harmless
herein.

22. Assignment. Lessee may not assign, transfer or convey this Lease or sublease all
or any portion of the Property at any time to any individual or entity, without the prior written consent
of County granted by its Board of Supervisors. Such consent, if granted, shall be in the sole
discretion of County. If Lessee requests County's consent to a specific assignment or sublease,
then Lessee will submit in writing to County (i) the name and address of the proposed assignee or
sublessee; (ii) the business terms of the proposed assignment or sublease; (iii) banking, financial,
or other credit information reasonably sufficient to enable County to determine the financial
responsibility and character of the proposed assignee or sublessee; and (iv) the proposed form of
assignment or sublease for County's reasonable approval. County shall notify Lessee of County's
decision in connection with Lessee's request for County's consent to a proposed assignment or
subletting within thirty (30) days following the date County receives Lessee's notice required by this
Paragraph 22 and all necessary supporting documents as mentioned above. If County refuses to

1 consent to a proposed assignment or subletting, County shall notify Lessee in writing of its
2 reason(s) for such denial. The consent by County to an assignment will not be construed to relieve
3 Lessee or any subsequent lessee, assignee or successor party from obtaining County's prior
4 written consent in writing to any further assignment. Upon such assignment, Lessee shall be
5 relieved of any liability hereunder in connection with any assignment or sublease. If Lessee is a for
6 profit corporation, conveyance of more than fifty percent (50%) of the stock of Lessee shall be
7 deemed to be a transfer of this Lease, requiring County's approval as provided in this Paragraph
22. If Lessee is a partnership or limited liability company, transfer of more than fifty percent (50%)
of the equity interest in such entity shall be deemed to be a transfer of this Lease, requiring
approval of County pursuant to this Paragraph 22. Notwithstanding the foregoing, Lessee may
assign this Lease upon giving notice to County, but without obtaining prior County approval, to a
separate entity if required to do so in connection with procuring New Markets Tax Credit financing
for the Project.

8 **23. Right to Encumber/Right to Cure.**

9 (a) Lessee's Right to Encumber: Notwithstanding provisions of Paragraph 21 or
10 any other provision contained herein, County does hereby consent to and agree that Lessee may
11 encumber or assign, or both, for the benefit of an Encumbrancer (defined below), this Lease, the
12 leasehold estate of Lessee and the Facilities constructed by Lessee by a deed of trust, mortgage or
other security-type instrument, herein called trust deed, but only to the extent necessary to assure
the repayment of the financing of the construction and operation of the Facilities by Lessee
(including any conversion of the construction loan to permanent financing), and in connection with
such encumbrance the prior written consent of County shall not be required:

13 (i) To a transfer of this Lease at foreclosure under the trust deed, judicial
14 foreclosure, or an assignment in lieu of foreclosure or in connection with the Encumbrancer's
exercise of any remedy provided in the deed of trust; or

15 (ii) To any subsequent transfer by the Encumbrancer if the
16 Encumbrancer is the purchaser at such foreclosure sale or is the assignee under an assignment in
17 lieu of foreclosure; provided, however, that in either such event the Encumbrancer promptly gives
18 notice to County in writing of any such transfer, setting forth the name and address of the
transferee, the effective date of such transfer, and a copy of the express agreement of the
transferee assuming and agreeing to perform all of the obligations under this Lease, together with a
copy of the document by which such transfer was made.

19 For purposes of this Lease, an "Encumbrancer" shall mean an established
20 bank, savings and loan association, insurance company or other entity which provides tax exempt
bond financing, New Markets Tax Credit financing, or other institutional financing of any type.

21 Any Encumbrancer or other transferee who succeeds to Lessee's interest
22 under this Lease shall be liable to perform the obligations and duties of Lessee under this Lease
from and after the date of succession. Any subsequent transfer of this leasehold hereunder,
except as provided for in Sub-Paragraph 23(a)(ii) above, shall be subject to Paragraph 16 herein.

23 Lessee shall give County prior notice of any such trust deed, and shall
24 accompany such notice with a true copy of the trust deed and a note secured thereby. Except as
25 described in this Paragraph 23, Lessee shall not permit any other liens or encumbrances on the
Property or its interest therein without the County's prior written consent.

1 **24. Right of Encumbrancer to Cure.** Notwithstanding anything to the contrary
2 contained in this Lease, County agrees that it will not terminate this Lease because of any default
3 or breach hereunder on the part of Lessee if an Encumbrancer under a trust deed, within thirty (30)
4 days after service of written notice on the Encumbrancer by County of its intention to terminate this
5 Lease for such default or breach shall:

6 (a) Cure such default or breach if the same can be cured by the payment or
7 expenditure of money provided to be paid under the terms of this Lease;

8 (b) If such default or breach is not so curable, Encumbrancer shall either:

9 (i) commence the cure of such breach or default within such thirty (30)
10 day period and diligently pursue the cure to completion; or

11 (ii) commence, or cause the trustee under the trust deed to commence,
12 and thereafter diligently pursue to completion steps and proceedings for judicial foreclosure, the
13 exercise of the power of sale under and pursuant to the trust deed in the manner provided by law,
14 or accept from Lessee an assignment in lieu of foreclosure, and keep and perform all of the
15 covenants and conditions of this Lease requiring the payment or expenditure of money by Lessee
16 until such time as said leasehold shall be sold upon foreclosure pursuant to the trust deed, be
17 released or reconveyed thereunder, be sold upon judicial foreclosure or be transferred by deed in
18 lieu of foreclosure.

19 **25. Free From Liens.** Lessee shall pay, when due, all sums of money that may
20 become due for any labor, services, material, supplies, or equipment, alleged to have been
21 furnished or to be furnished to Lessee, in, upon, or about the Property, and which may be secured
22 by a mechanics', materialmen's or other lien against the Property of County's interest therein, and
23 will cause each such lien to be fully discharged and released at the time the performance of any
24 obligation secured by such lien matures or becomes due; provided, however, that if Lessee desires
25 to contest any such lien, it may do so, but notwithstanding any such contest, if such lien shall be
reduced to final judgment, and such judgment or such process as may be issued for the
enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then
and in such event, Lessee shall forthwith pay and discharge said judgment.

1 **26. Estoppel Certificates.**

2 (a) Lessee and County, at any time and from time to time during the term of this
3 Lease, and any extension thereof, and within thirty (30) days after request, in writing, have been
4 given by the other party, shall execute, acknowledge and deliver to the requesting party a
5 statement in writing certifying that this Lease is unmodified and in full force and effect (or if there
6 have been any modifications, that the same is in full force and effect as modified and stating the
7 modifications). The statement shall also include the dates to which the rent and any other charges
8 have been paid in advance, that there are no defaults existing or that defaults exist and the nature
9 of such defaults. It is intended that such statement as provided in this Paragraph 26 may be relied
10 upon by any prospective encumbrancer as assignee of the Property or improvements thereon or
11 both or all or any portion or portions of Lessee's interest under this Paragraph 26.

12 (b) A party's failure to execute, acknowledge and deliver on request of such
13 statement described in Sub-Paragraph 24(a) above within the required time shall constitute
14 acknowledgment by such party to all persons entitled to rely on such statement that this Lease is

1 unmodified and in full force and effect and that the rent and other charges have been duly and fully
2 paid to and including the respective due dates immediately preceding the date of the notice or
request and shall constitute a waiver, with respect to all persons entitled to rely on such statement
of any defaults that may exist before the date of such notice.

3 **27. Option to Purchase.** In addition to all of Lessee's lease rights under this Lease,
4 County grants to Lessee an option ("Option") to purchase the Property and acquire fee simple title
5 to the Property and all improvements thereon. The purchase price (the "Purchase Price") for the
Property (including all improvements thereon) shall be One Million Dollars (\$1,000,000). The
purchase shall be made based upon the following terms and conditions:

6 (a) As consideration for the Option, Lessee shall make all annual payments of
7 rent required under this Lease and shall perform all other material obligations required of Lessee
under this Lease.

8 (b) The Purchase Price shall be due on the close of the purchase of the
9 Property and paid by cashier's check or by federal wire transfer.

10 (c) This Option may be exercised at any time during the term of this Lease and
before the expiration or termination of this Lease, including during any extended term of this Lease
11 ("Option Term"). On expiration of the Term of this lease or any Option Term, County shall be
released from all obligations under this Option, and all Lessee's rights under this Option, legal or
12 equitable, shall cease.

13 (d) The Option may be assigned only with the prior written consent of County, in
the sole discretion of County.. The Option granted under this Lease is personal to Lessee and may
14 not be separated from or transferred independently from this Lease.

15 (e) The Option shall be exercised by mailing or delivering a written notice
("Exercise Notice") to County prior to the end of the Option Term. It is a condition to the
effectiveness of the exercise of the Option that Lessee not then be in default under this Lease. If
16 Lessee is in default under this Lease at the time Lessee gives the Exercise Notice, the Exercise
Notice will then be void. It is acknowledged and agreed that simultaneously with exercising the
17 Option, Lessee shall execute a purchase agreement in the form attached as Exhibit "C" under
which Lessee shall purchase the Property ("Purchase Agreement"). The Purchase Agreement
18 shall not be effective for any purpose unless Lessee effectively exercises the Option. The effective
date of the Purchase Agreement shall be the day Lessee fully exercises the Option.

19 (f) County warrants that as owner of the Property, County shall retain fee simple
20 marketable title to the Property free of restrictions, leases, liens and other encumbrances, except
for this Lease and as permitted in the Purchase Agreement. If the Option is exercised by Lessee,
21 County will convey title to the Property by grant deed. County covenants that during the Option
Term, and until the Property is conveyed to Lessee (assuming the Option is exercised), County will
22 not encumber the Property in any way nor grant any property or contract right relating to the
Property without the prior written consent of Lessee.

23 (g) Lessee agrees that within ten (10) days after the end of the Option Term,
24 Lessee will execute, acknowledge and deliver to County a quitclaim deed or any other documents
required by any title company to remove the cloud of the Option from the Property.
25

1 **28. Binding on Successors.** The parties hereto, their assigns and successors in
2 interest, shall be bound by all the terms and conditions contained in this Lease, and all of the
3 parties hereto shall be jointly and severally liable hereunder.

4 **29. Waiver of Performance.** No waiver by either party at any time of any of the terms
5 and conditions of this Lease shall be deemed or construed as a waiver at any time thereafter by
6 such party of the same or of any other terms or conditions contained herein or of the strict and
7 timely performance of such terms and conditions.

8 **30. Severability.** The invalidity of any provision in this Lease as determined by a court
9 of competent jurisdiction shall in no way affect the validity of any other provision hereof.

10 **31. Venue.** Any action at law or in equity brought by either of the parties hereto for the
11 purpose of enforcing a right or rights provided for by this Lease shall be tried in the Superior Court
12 in the County of Riverside, State of California, and the parties hereby waive all provisions of law
13 providing for a change of venue in such proceedings to any other county.

14 **32. Mediation.** Except as provided herein, no civil action with respect to any dispute,
15 claim or controversy arising out of or relating to this Agreement may be commenced until the matter
16 has been submitted for Mediation. Either party may commence mediation by providing to the other
17 party a written request for mediation, setting forth the subject of the dispute and the relief
18 requested. The parties will cooperate with one another in selecting a Mediator from the JAMS
19 panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will
20 participate in the mediation in good faith, and that they will share equally in its costs. All offers,
21 promises, conduct and statements, whether oral or written, made in the course of the mediation by
22 any of the parties, their agents, employees, experts and attorneys, and by the mediator and any
23 JAMS employees, are confidential, privileged and inadmissible for any purpose, including
24 impeachment, in any litigation or other proceeding involving the parties, provided that evidence that
25 is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable
as a result of its use in the mediation. Either party may seek equitable relief prior to the mediation to preserve the status quo pending the
completion of that process. Except for such an action to obtain equitable relief, neither party may
commence a civil action with respect to the matters submitted to mediation until after the
completion of the initial mediation session, or 45 days after the date of filing the written request for
mediation, whichever occurs first. Mediation may continue after the commencement of a civil
action, if the parties so desire. The provisions of this Clause may be enforced by any Court of
competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs,
fees and expenses, including attorney's fees, to be paid by the party against whom enforcement is
ordered.

26 **33. Attorneys' Fees.** In the event of any litigation or arbitration between Lessee and
27 County, including, without limitation, such an action brought pursuant to Lessee's bankruptcy, to
28 enforce any of the provisions of this Lease or any right of either party hereto, the unsuccessful party
29 to such litigation or arbitration agrees to pay to the successful party all costs and expenses,
30 including reasonable attorneys' fees, incurred therein by the successful party, all of which shall be
31 included in and as a part of the judgment or ruling rendered in such litigation or arbitration.

32 **34. Notices.** Any notices required or desired to be served by either party upon the other
33 shall be addressed to the respective parties as set forth below:

COUNTY

Economic Development Agency
Deputy Director
Real Estate Division
3403 Tenth St., Suite 500
Riverside, CA 92501

LESSEE

Coachella Valley Rescue Mission, Inc.
Attn: Chairman of the Board
37518 Van Buren St.
Indio, CA 92201

or to such other addresses as from time to time shall be designated by the respective parties. Notices must be in writing and will be deemed to have been given when personally delivered, sent by facsimile with receipt acknowledged, deposited with any nationally recognized overnight carrier that routinely issues receipts, or deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to the party for whom it is intended at its address set forth above.

35. Permits, Licenses and Taxes. Lessee shall secure, at its expense, the Permits, and Lessee shall pay prior to delinquency all fees, taxes and penalties levied against the Property or required by any authorized public entity. Failure to pay such sums in a timely manner shall be a material default hereunder.

36. Paragraph Headings. The Paragraph headings herein are for the convenience of the parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Lease.

37. County's Representative. County hereby appoints the Assistant County Executive Officer/EDA as its authorized representative to administer this Lease.

38. Acknowledgment of Memorandum of Lease. Upon execution of this Lease by the parties hereto, a memorandum of this Lease and the purchase option in a form reasonably acceptable to County and Lessee ("Memorandum") shall be acknowledged by County and Lessee in such a manner that it will be acceptable by the County Recorder for recordation purposes, and thereafter, Lessee shall cause such Memorandum to be recorded in the Office of the County Recorder of Riverside County forthwith and furnish County with a conformed copy thereof.

39. Agent for Service of Process. It is expressly understood and agreed that in the event Lessee is not a resident of the State of California or it is an association or partnership without a member or partner resident of the State of California, or it is a foreign corporation, then in any such event, Lessee shall file with County's Assistant County Executive Officer/EDA, upon its execution hereof, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Lease, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Lessee. It is further expressly understood and agreed that if for any reason service of such process upon such agent is not feasible, then in such event Lessee may be personally served with such process out of this County and that such service shall constitute valid service upon Lessee. It is further expressly understood and agreed that Lessee is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto.

40. Notification of Taxability of Possessory Interest. The Property herein granted by County to Lessee may create a possessory interest, subject to property taxation. In the event Lessee's interest in the Property, including the Facilities, become subject to the payment of

property taxes levied on such interest, Lessee (and not County) shall be solely responsible for the payment of such property taxes.

41. Toxic Materials.

(a) The County warrants that to its actual knowledge there are no Hazardous Substances located on or within the Property that have not been previously disclosed by County to Lessee.

(b) Restrictions on Lessee; Hazardous Substances: Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the Property by Lessee, Lessee's agents, employees, contractors or invitees, without first obtaining County's written consent, which consent may not be unreasonably withheld. Materials considered hazardous that are used in the ordinary course of business may be used as regulated by law. If Hazardous Substances are used, stored, generated, or disposed of on or in the Property, or if the Property becomes contaminated in any manner during the term hereof, Lessee shall indemnify, defend, and hold harmless the County from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the Property or the Facilities, and any and all sums paid for settlement of claims, attorneys', consultants', and experts' fees) arising during or after the term of this Lease and arising as a result of such contamination by Lessee. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. In addition, if Lessee causes or permits the presence of any Hazardous Substance on the Property and this results in contamination, Lessee shall promptly, at its sole expense, take any and all necessary actions to return the Property to the condition existing before the presence of any such Hazardous Substance on the Property, provided, however, that Lessee shall first obtain County's approval for any such remedial action.

(c) As used herein, "Hazardous Substance" shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publications promulgated pursuant to said laws.

42. Modification and Non Waiver. No variations, modifications, or changes herein or hereof shall be binding upon any party hereto unless set forth in a writing executed by each party or by its duly authorized officer or agent. No waiver of any party of any breach or default of any term, condition, or provision hereof, shall be deemed a waiver of any other or subsequent breaches or defaults of any kind, character, or description under any circumstance. No waiver of any breach or default of any term, condition, or provision hereof shall be implied from any action of any party, and any such waiver, to be effective, shall be set out in a written instrument signed by the waiving party.

43. Exhibits Incorporated By Reference. All Exhibits attached hereto are incorporated into and made a part of this Lease by reference to them herein.

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44. Entire Lease. This Lease is intended by the parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous leases, agreements and understandings, oral or written, in connection therewith. This Lease may be changed or modified only upon the written consent of the parties hereto.

45. Execution by Lessee. Lessee covenants that it is a duly constituted under the laws of the state of its organization, and that the person(s) who is acting as its signatory in this Lease is duly authorized and empowered to act for and on behalf of the Lessor. Lessee shall furnish County prior to the execution hereof with evidence of the authority of the signatory to bind the entity or trust as contemplated herein.

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1 **46. Execution by County.** This Lease shall not be binding or consummated until its
2 approval and execution by the County's Board of Supervisors.

3 Dated: _____

**COACHELLA VALLEY RESCUE MISSION,
a California Non Profit Corporation**

5 By: _____

6 By: _____

8 **COUNTY OF RIVERSIDE**

10 By: _____
11 Marion Ashley, Chairman
12 Board of Supervisors

13
14 **ATTEST:**
15 Kecia Harper-Ihem
16 Clerk of the Board

17 By: _____
18 Deputy

19 **APPROVED AS TO FORM:**
20 Pamela J. Walls
21 County Counsel

22 By: _____
23 Anita C. Willis
24 Deputy County Counsel

25
SG:jg
11/29/10
13.612

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT B

PRELIMINARY TITLE REPORT

EXHIBIT C

PURCHASE AGREEMENT