

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

226



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
January 12, 2011

**SUBJECT:** Ground Lease Agreement – Coachella Valley Rescue Mission, Indio

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached Ground Lease Agreement;
2. Authorize the Chairman to execute the same on behalf of the county;
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; and
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.

**BACKGROUND:** (Commences on Page 2)

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

**COMPANION ITEM ON BOARD OF DIRECTORS AGENDA:** No

**SOURCE OF FUNDS:** Revenue Lease

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

**C.E.O. RECOMMENDATION:** APPROVE

BY: *Jennifer L. Sargent*  
Jennifer L. Sargent

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Buster, Stone, Benoit and Ashley  
Nays: None  
Absent: Tavaglione  
Date: January 25, 2011  
xc: EDA

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

Prev. Agn. Ref.: 3.26 of 11/30/10; 3.27 of 12/14/10

District: 4

Agenda Number:

**3.10**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL  
ANITA C. WILLIS  
DATE 1-10-11  
Departmental Concurrence

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

**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 improve the area, CVRM and the county plan to build a new state of the art homeless resource center. The County of Riverside's Economic Development Agency has acquired Parcels 1 and 3 of the said new Parcel Map. CVRM will retain ownership of Parcel 2. The county will then enter into a long term ground lease with the mission on Parcel 1 for the construction and operation of the homeless facility 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 that CVRM will house some of the county's homeless population. The purpose of this form 11 is to approve the Ground Lease between CVRM and the county on Parcel 1.

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.

On December 14, 2010, the Board of Supervisors approved item 3.27, Authorization to Purchase Real Property in the City of Indio, County of Riverside, authorizing the purchase of the parcel's 1 and 3 as set forth above.

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

(Continued)

**BACKGROUND:** (Continued)

The terms of the Ground Lease between the Coachella Valley Rescue Mission and the county are as follows:

- Leased Premises: Northwest corner of Van Buren and Manilla Street, Indio
- Lessor: County of Riverside
- Lessee: Coachella Valley Rescue Mission
- Use: Homeless services including food, shelter, counseling, a specialized Women's and Family shelter, and Emergency Overflow Shelter services for residents and the community.
- Size: Approximately 43,000 square feet on 3.15 Acres
- Term: Twenty – Five Years
- Options: Four (4) Ten (10) year options to extend the agreement
- Rent: \$1.00 per year
- Utilities: To be paid for by Lessee
- Maintenance: Provided by Lessee
- Improvements: At Lessee's sole cost and expense, Lessee shall be responsible for all construction and improvements of the facility.
- Completion: No later than four (4) years from the effective date of the lease
- Estimated Annual Revenue to County: \$1.00 per year

**FINANCIAL DATA:**

This is a Revenue Ground Lease Agreement and there are no costs to the county.

# GROUND LEASE

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Legal Description .....	Exhibit "A"
Preliminary Title Report.....	Exhibit "B"
Purchase Agreement .....	Exhibit "C"

1 **GROUND LEASE**

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

5 **Recitals**

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

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

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

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

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

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

24 Whereas, ensuring that the property continues to be used in the manner set forth herein the  
25 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 shown on the plat map  
("Plat Map") attached hereto as Exhibit "A" and by this reference made a part of this Lease.

///  
///  
///

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  
5                   Lessee as a rescue mission consistent with the nonprofit mission of the Lessee (all herein defined  
6                   as the "Project").

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

14                   **3.     Term.**

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

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

23                  (c)     County hereby grants Lessee four (4) separate options to renew this Lease  
24                  and extend the term hereof for a period of ten (10) years each. The term of the Lease shall  
25                  automatically be extended at the expiration of the prior term unless Lessee notifies County in  
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  
23                   each lease year following commencement of the Lease Term. In the event Lessee holds over  
24                   after expiration of the Lease Term above, the monthly rent shall automatically increase to \$.50 per  
25                   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.

(c) The Facilities constructed by Lessee and any other improvements,  
alterations and fixtures (including, but not limited to, "trade fixtures" as that term is used in Section  
1019 of the Civil Code) on the Property shall be and remain the property of Lessee, except that in  
the event any other portion of the Property is not transferred to Lessee or its assignee on expiration  
or earlier termination of the Lease, then the Facilities constructed by Lessee or any other  
improvements, alterations and fixtures of Lessee located on such portions of the Property not  
transferred to Lessee or its assignee shall become the property of the County or its assignee. At or  
prior to expiration or termination of this Lease, Lessee may remove such trade fixtures; provided,  
however, that such removal does not cause injury or damage to the Property, or in the event it  
does, Lessee shall restore the Property as nearly as practicable. If Lessee fails to make such  
repairs prior to the expiration or termination of this Lease, County may, but shall not be obligated to,  
make said repairs and Lessee shall reimburse County for all costs so incurred within thirty (30)  
days of Lessee's receipt of billing therefore. In the event such trade fixtures are not removed  
from any portion of the Property transferred to Lessee or its assignee on expiration or earlier  
termination of the Lease, then the County may, at its election, either: (1) remove and store such  
fixtures and restore the Property for the account of the Lessee, and in such event, Lessee shall  
within thirty (30) days after billing and accounting therefore reimburse County for the costs so  
incurred, or (2) take and hold such fixtures as its sole property. In the event that Lessee fails to  
timely pay to County any reimbursement due to County under this paragraph, then said unpaid  
reimbursement shall bear interest at the maximum legal rate, calculated from the due date thereof  
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  
7 desired by Lessee in the use, operation and maintenance of such on-site improvements. After  
8 such extensions and/or connections have been made, Lessee shall be responsible for payment for  
9 the use of such utility services.

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

13                   **8.       Cooperation.**

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

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

22                   **9.       County's Reserved Rights.** The Property is accepted by Lessee subject to those  
23 existing easements or other encumbrances or other matters of record described in the Preliminary  
24 Title Report, and County shall have the right, subject to obtaining the prior approval of Lessee,  
25 which approval shall not be unreasonably withheld, delayed or conditioned, to enter upon the  
Property and to install, lay, construct, maintain, repair and operate such sanitary sewers, drains,  
storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone  
and telegraph power lines and such other facilities and appurtenances as are necessary or  
convenient to use in connection therewith, over, in, upon, through, across and along the Property or  
any part thereof; provided, however, County also reserves the right to grant licenses, easements,  
rights of way and permits in, over and upon, along or across any and all portions of said Property  
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  
12 **15. Termination by Lessee.** In addition to its rights to terminate elsewhere in this  
13 Lease, Lessee shall have the right to terminate this Lease in the event County fails to perform,  
14 keep or observe any of its duties or obligations hereunder; provided, however, that County shall  
15 have thirty (30) days in which to correct its breach or default after written notice thereof has been  
16 served on it by Lessee; provided, however, if the breach or default is of a nature that requires more  
17 than thirty (30) days to correct, such efforts as are necessary to make such corrections shall begin  
18 within said thirty (30) day period and shall be diligently prosecuted to completion thereafter;  
19 provided further, however, that if after thirty (30) days County fails to correct or commence to  
20 correct such breach, Lessee shall have the option to correct the default and deduct the cost of such  
21 remedy from rent. If any breach or default is not corrected after the time set forth herein, Lessee  
22 may elect to terminate this Lease in its entirety or as to any portion of the Property affected thereby.

23  
24 **16. Limitations on Termination.** Notwithstanding anything to the contrary contained in  
25 this Lease, County agrees that if Lessee shall be in default under this Lease, except as to any  
default pursuant to Sub-Paragraphs 14 (a) and (b), the County will not exercise any right of  
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  
4 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  
6 Insurance, in full compliance with the Workers' Compensation and Occupational Disease Laws of  
7 all authorities having jurisdiction over the Property. Such policy shall include Employer's Liability  
8 and Occupational Disease coverage, with limits not less than One Million Dollars (\$1,000,000) per  
9 occurrence. Policy shall be endorsed to provide a "Borrowed Servant Endorsement, Alternate  
10 Employer Endorsement, or Additional Insured Endorsement" naming the County of Riverside as an  
11 additional insured. Policy shall provide a Waiver of Subrogation in favor of the County.

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

21 (c) (c) Vehicle Liability: If Tenant uses, or causes to be used, any  
22 vehicle or mobile equipment in the performance of its obligations under this Lease, Tenant shall  
23 maintain liability insurance for all owned, non-owned and hired vehicles in an amount not less than  
24 one million dollars (\$1,000,000) per occurrence combined single limit. If the policy contains a  
25 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.

(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  
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  
obligations of Lessee hereunder.

(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  
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  
underground exposure, coverage to be on a replacement basis and waiver of co-insurance and  
penalties.

(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  
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  
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  
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  
Property until County has been furnished Certificate(s) of Insurance as otherwise required in this  
Paragraph 19.

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

9 **21. Hold Harmless.**

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

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

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

26 **22. Assignment.** Lessee may not assign, transfer or convey this Lease or sublease all  
27 or any portion of the Property at any time to any individual or entity, without the prior written consent  
28 of County granted by its Board of Supervisors. Such consent, if granted, shall be in the sole  
29 discretion of County. If Lessee requests County's consent to a specific assignment or sublease,  
30 then Lessee will submit in writing to County (i) the name and address of the proposed assignee or  
31 sublessee; (ii) the business terms of the proposed assignment or sublease; (iii) banking, financial,  
32 or other credit information reasonably sufficient to enable County to determine the financial  
33 responsibility and character of the proposed assignee or sublessee; and (iv) the proposed form of  
34 assignment or sublease for County's reasonable approval. County shall notify Lessee of County's  
35 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  
8 22. If Lessee is a partnership or limited liability company, transfer of more than fifty percent (50%)  
9 of the equity interest in such entity shall be deemed to be a transfer of this Lease, requiring  
10 approval of County pursuant to this Paragraph 22. Notwithstanding the foregoing, Lessee may  
11 assign this Lease upon giving notice to County, but without obtaining prior County approval, to a  
12 separate entity if required to do so in connection with procuring New Markets Tax Credit financing  
13 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  
13 other security-type instrument, herein called trust deed, but only to the extent necessary to assure  
14 the repayment of the financing of the construction and operation of the Facilities by Lessee  
15 (including any conversion of the construction loan to permanent financing), and in connection with  
16 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  
15 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  
19 transferee, the effective date of such transfer, and a copy of the express agreement of the  
20 transferee assuming and agreeing to perform all of the obligations under this Lease, together with a  
21 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  
21 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  
23 from and after the date of succession. Any subsequent transfer of this leasehold hereunder,  
24 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  
3 request and shall constitute a waiver, with respect to all persons entitled to rely on such statement  
4 of any defaults that may exist before the date of such notice.

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

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

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

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

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

23 (e) The Option shall be exercised by mailing or delivering a written notice  
24 ("Exercise Notice") to County prior to the end of the Option Term. It is a condition to the  
25 effectiveness of the exercise of the Option that Lessee not then be in default under this Lease. If  
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  
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  
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.

(f) County warrants that as owner of the Property, County shall retain fee simple  
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,  
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  
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.

(g) Lessee agrees that within ten (10) days after the end of the Option Term,  
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.

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  
parties hereto shall be jointly and severally liable hereunder.

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

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

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

10           **32. Mediation.** Except as provided herein, no civil action with respect to any dispute,  
11 claim or controversy arising out of or relating to this Agreement may be commenced until the matter  
has been submitted for Mediation. Either party may commence mediation by providing to the other  
12 party a written request for mediation, setting forth the subject of the dispute and the relief  
requested. The parties will cooperate with one another in selecting a Mediator from the JAMS  
13 panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will  
participate in the mediation in good faith, and that they will share equally in its costs. All offers,  
14 promises, conduct and statements, whether oral or written, made in the course of the mediation by  
any of the parties, their agents, employees, experts and attorneys, and by the mediator and any  
15 JAMS employees, are confidential, privileged and inadmissible for any purpose, including  
impeachment, in any litigation or other proceeding involving the parties, provided that evidence that  
16 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  
17 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  
18 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  
19 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,  
20 fees and expenses, including attorney's fees, to be paid by the party against whom enforcement is  
ordered.

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

24           **34. Notices.** Any notices required or desired to be served by either party upon the other  
shall be addressed to the respective parties as set forth below:  
25

1            COUNTY

2            Economic Development Agency  
3            Deputy Director  
4            Real Estate Division  
5            3403 Tenth St., Suite 500  
6            Riverside, CA 92501

LESSEE

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

7 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.

8            **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.

9  
10           **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.

11  
12           **37.    County's Representative.** County hereby appoints the Assistant County Executive Officer/EDA as its authorized representative to administer this Lease.

13  
14           **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.

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16  
17           **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.

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19  
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21  
22           **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

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

3 **41. Toxic Materials.**

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

7 (b) Restrictions on Lessee; Hazardous Substances: Lessee shall not cause or  
8 permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the  
9 Property by Lessee, Lessee's agents, employees, contractors or invitees, without first obtaining  
10 County's written consent, which consent may not be unreasonably withheld. Materials considered  
11 hazardous that are used in the ordinary course of business may be used as regulated by law. If  
12 Hazardous Substances are used, stored, generated, or disposed of on or in the Property, or if the  
13 Property becomes contaminated in any manner during the term hereof, Lessee shall indemnify,  
14 defend, and hold harmless the County from any and all claims, damages, fines, judgments,  
15 penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the  
16 Property or the Facilities, and any and all sums paid for settlement of claims, attorneys',  
17 consultants', and experts' fees) arising during or after the term of this Lease and arising as a  
18 result of such contamination by Lessee. This indemnification includes, without limitation, any and  
19 all costs incurred because of any investigation of the site or any cleanup, removal, or restoration  
20 mandated by a federal, state, or local agency or political subdivision. In addition, if Lessee causes  
21 or permits the presence of any Hazardous Substance on the Property and this results in  
22 contamination, Lessee shall promptly, at its sole expense, take any and all necessary actions to  
23 return the Property to the condition existing before the presence of any such Hazardous Substance  
24 on the Property, provided, however, that Lessee shall first obtain County's approval for any such  
25 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.

21 **42. Modification and Non Waiver.** No variations, modifications, or changes herein  
22 or hereof shall be binding upon any party hereto unless set forth in a writing executed by each party  
23 or by its duly authorized officer or agent. No waiver of any party of any breach or default of any  
24 term, condition, or provision hereof, shall be deemed a waiver of any other or subsequent breaches  
25 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:           JAN 25 2011          

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

4 By:           Peter Del Rio            
5 Board Chair, Peter Del Rio

6 By: \_\_\_\_\_

7  
8 **COUNTY OF RIVERSIDE**

9 By:           Bob Buster            
10 Bob Buster, Chairman  
11 Board of Supervisors

12  
13  
14 **ATTEST:**  
15 Kecia Harper-Ihem  
16 Clerk of the Board

17 By:           Kecia Harper-Ihem            
18 Deputy

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

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

25  
SG:jg  
11/29/10  
13.612

EXHIBIT A

PLAT MAP  
(see attached)

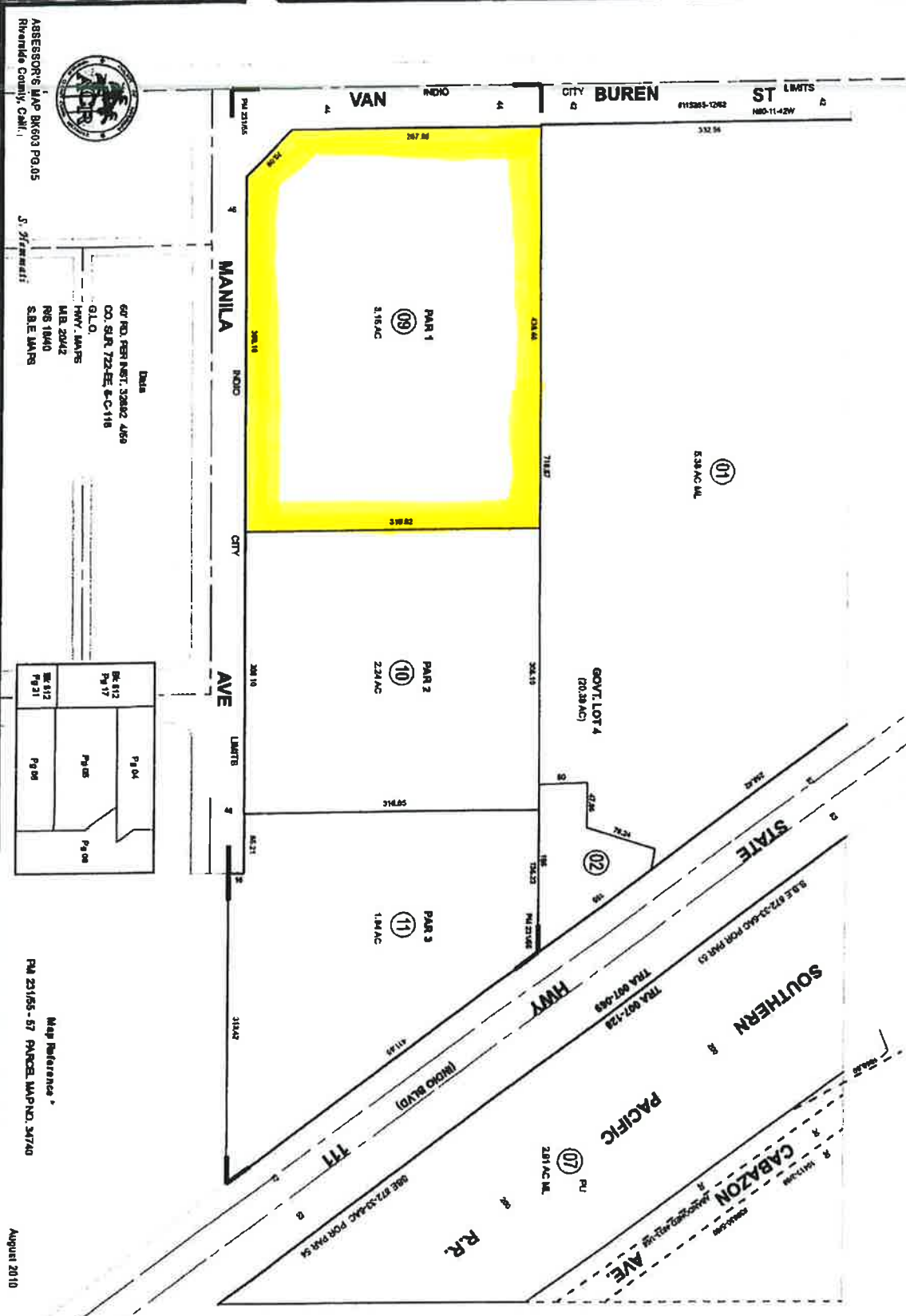


THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR ANY ERRORS OR OMISSIONS. THE USER MAY NOT COMPLY WITH LOCAL, STATE OR FEDERAL REQUIREMENTS.

S 1/2, NW 1/4, SW 1/4, SEC. 30, T. 5S., R. 8E.  
CITY OF INDI

TRA 007-069  
007-128

603-05  
25-25-5



DATA  
607 NO. PER PART: 32802 4.69  
CO. SUR. 72-4E, S-C-118  
G.L.O.  
HWY. MAPS  
M.B. 2042  
R.S. 1840  
S.B.E. MAPS

PK 012 Pg 17	Pg 04
PK 012 Pg 21	Pg 05
	Pg 06

Map Reference  
PA 23155-57 PARCEL MAP NO. 24740

August 2010

Date	City/County	By
10/21/08	5	20114
10/21/08	5	20114
10/21/08	5	20114
10/21/08	5	20114
10/21/08	5	20114

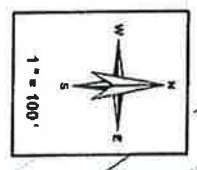


ASSESSOR'S MAP BK603 PG.05  
Riverside County, Calif.

J. Jaramila

Legend

—	Lot Lines
—	Map Boundary
—	Right of Way
—	Water
—	Other Features
—	Other Features
—	Other Features
—	Other Features



**EXHIBIT B**

**PRELIMINARY TITLE REPORT**  
(see attached)

**February 19, 2010  
Update**



**First American Title Insurance Company  
National Commercial Services**

**3281 E Guasti Road, Suite 440  
Ontario, CA 91761**

February 19, 2010

Sue Anna Schatz  
County of Riverside  
3133 Mission Inn Avenue  
Riverside, CA 92507  
Phone: (909)955-4835  
Fax: (909)955-4837

Title Officer: David Hughes  
Phone: (909)510-6207  
Fax No.: (909)380-8762  
E-Mail: dhughes@firstam.com

Owner: Coachella Valley Rescue Mission

Property: 47518 & 47522 Van Buren Street, CA

Attached please find the following item(s):

Commitment

Thank You for your confidence and support. We at First American Title Insurance Company maintain the fundamental principle:

***Customer First!***

**First American Title Insurance Company**  
**INFORMATION**

The Title Insurance Commitment is a legal contract between you and the company. It is issued to show the basis on which we will issue a Title Insurance Policy to you. The Policy will insure you against certain risks to the land title, subject to the limitations shown in the policy.

The Company will give you a sample of the Policy form, if you ask.

The Commitment is based on the land title as of the Commitment Date. Any changes in the land title or the transaction may affect the Commitment and the Policy.

The Commitment is subject to its Requirements, Exceptions and Conditions.

This information is not part of the title insurance commitment.

**TABLE OF CONTENTS**

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Agreement to Issue Policy	3
Schedule A	
1. Commitment Date	4
2. Policies to be Issued, Amounts and Proposed Insured	4
3. Interest in the Land and Owner	4
4. Description of the Land	4
Schedule B-1 - Requirements	
Schedule B-2 - Exceptions	
Conditions	

**YOU SHOULD READ THE COMMITMENT VERY CAREFULLY.**  
**If you have any questions about the Commitment,**  
**please contact the issuing office.**

COMMITMENT FOR TITLE INSURANCE

Issued by

*First American Title Insurance Company*

Agreement to Issue Policy

We agree to issue a policy to you according to the terms of this Commitment.

When we show the policy amount and your name as the proposed insured in Schedule A, this Commitment becomes effective as of the Commitment Date shown in Schedule A.

If the Requirements shown in this Commitment have not been met within six months after the Commitment Date, our obligation under this Commitment will end. Also, our obligation under this Commitment will end when the Policy is issued and then our obligation to you will be under the Policy.

Our obligation under this Commitment is limited by the following:

The Provisions in Schedule A.

The Requirements in Schedule B-1.

The Exceptions in Schedule B-2.

The Conditions.

This Commitment is not valid without Schedule A and Sections 1 and 2 of Schedule B.

*First American Title Insurance Company*

**SCHEDULE A**

1. Commitment Date: February 16, 2010 at 7:30 A.M.
  
2. Policy or Policies to be issued: Amount
  - (A) ALTA Owner's Policy \$To Be Determined  
Proposed Insured:  
  
To Be Determined
  
  - (B) ALTA Loan Policy \$To Be Determined  
Proposed Insured:  
  
To Be Determined
  
3. (A) The estate or interest in the land described in this Commitment is:  
  
A fee.  
  
(B) Title to said estate or interest at the date hereof is vested in:  
  
COACHELLA VALLEY RESCUE MISSION AS TO LOTS 1, 2 AND 3 AND COACHELLA VALLEY  
RESCUE MISSION INC., A NON-PROFIT CORPORATION AS TO LOTS 4 AND 5
  
4. The land referred to in this Commitment is situated unincorporated area of the County of  
Riverside, State of California, and is described as follows:  
  
LOTS 1, 2, 3, 4 AND 5, BLOCK "A" OF THE CARVER TRACT IN THE COUNTY OF RIVERSIDE,  
STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 42 OF MAPS, IN THE  
OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.  
  
APN: 603-061-027-1 and 603-061-028-2

## **SCHEDULE B**

### **SECTION ONE REQUIREMENTS**

The following requirements must be met:

1. Pay the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.
5. Releases(s) or Reconveyance(s) of Item(s): None
6. You must give us the following information:
  - A. Any off record leases, surveys, etc.
  - B. Statement(s) of Identity, all parties.
7. Should any of the following entities be involved in this transaction, the Company will require:
  - A. WITH RESPECT TO A CORPORATION:
    1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
    2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
    3. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
  - B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:
    1. That a certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) be recorded in the public records;
    2. A full copy of the partnership agreement and any amendments;
    3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
    4. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.
  - C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:
    1. That a certified copy of the application for registration, foreign limited partnership (form LP-5)

and any amendments thereto (form LP-6) be recorded in the public records;

2. A full copy of the partnership agreement and any amendment;
3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
4. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

D. WITH RESPECT TO A GENERAL PARTNERSHIP:

1. That a certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-I), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), be recorded in the public records;
2. A full copy of the partnership agreement and any amendments;
3. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:

1. A copy of its operating agreement and any amendments thereto;
2. If it is a California limited liability company, that a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) be recorded in the public records;
3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) be recorded in the public records;
4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, that such document or instrument be executed in accordance with one of the following, as appropriate:
  - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
  - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
5. Other requirements which the Company may impose following its review of the material required herein and other information which the Company may require.

F. WITH RESPECT TO A TRUST:

1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.

G. WITH RESPECT TO INDIVIDUALS:

1. A statement of information.



## SCHEDULE B

### SECTION TWO

#### EXCEPTIONS

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction. The printed exceptions and exclusions from the coverage of the policy or policies are set forth in Exhibit A attached. Copies of the policy forms should be read. They are available from the office which issued this Commitment.

1. General and special taxes and assessments for the fiscal year 2010-2011, a lien not yet due or payable.

1a. General and special taxes and assessments for the fiscal year 2009-2010.

First Installment:	\$426.82, PAID
Penalty:	\$0.00
Second Installment:	\$426.82, DUE
Penalty:	\$0.00
Tax Rate Area:	075-007
A. P. No.:	603-061-027-1

(Portion of Bond amount included)

(Affects Lots 1, 2 and 3)

1b. General and special taxes and assessments for the fiscal year 2009-2010.

First Installment:	\$171.73, DELINQUENT
Penalty:	\$17.17
Second Installment:	\$171.73, DUE
Penalty:	\$0.00
Tax Rate Area:	075-007
A. P. No.:	603-061-028-2

(Portion of Bond amount included)

(Affects Lots 4 and 5)

2. The lien of defaulted taxes for the fiscal year 2008-2009, and any subsequent delinquencies.

Tax Rate Area:	075-007
A. P. No.:	603-061-028-2
Amount to redeem:	\$457.18
Valid through:	February 2010
Amount to redeem:	\$462.27

Valid through: March 2010

(Affects Lots 4 and 5)

3. The lien of special tax for the following municipal improvement bond, which tax is collected with the county taxes.  
District: Coachella Valley 01-1 Indio
4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
5. Rights, rights of way, reservations and exceptions in the patent recorded July 5, 1929 in Book 9 of Patents, Page 402.
6. Covenants, conditions, restrictions and easements in the document recorded March 20, 1945 in Book 664, Page 434 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

Document(s) declaring modifications thereof recorded January 4, 1946 in Book 720, Page 398 of Official Records.

7. The fact that the land lies within the boundaries of the Indio Redevelopment Project Area, as disclosed by the document recorded July 12, 1985 as Instrument No. 153187 of Official Records.
8. The terms and provisions contained in the document entitled "Notice of Interest in Mutual Water Corporation" recorded March 25, 1998 as Instrument No. 110379 of Official Records.

The terms and provisions contained in the document entitled "Judgement by the Superior Court of the State of California for the County of Riverside" recorded March 25, 1998 as Instrument No. 110380 of Official Records.

**INFORMATIONAL NOTES**

1. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 47518 Van Buren Street, Unincorporated Area of Riverside County, California.

(Affects Lots 1, 2 and 3)

2. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 47522 Van Buren Street, Unincorporated Area of Riverside County, California.

(Affects Lots 4 and 5)

3. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

4. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.

*\*\*\*\*\*To obtain wire instructions for deposit of funds to your escrow file please  
contact your Escrow Officer.\*\*\*\*\**

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

## CONDITIONS

### 1. DEFINITIONS

(a)"Mortgage" means mortgage, deed of trust or other security instrument.

(b)"Public Records" means title records that give constructive notice of matters affecting the title according to the state law where the land is located.

### 2. LATER DEFECTS

The Exceptions in Schedule B - Section Two may be amended to show any defects, liens or encumbrances that appear for the first time in the public records or are created or attached between the Commitment Date and the date on which all of the Requirements (a) and (c) of Schedule B - Section One are met. We shall have no liability to you because of this amendment.

### 3. EXISTING DEFECTS

If any defects, liens or encumbrances existing at Commitment Date are not shown in Schedule B, we may amend Schedule B to show them. If we do amend Schedule B to show these defects, liens or encumbrances, we shall be liable to you according to Paragraph 4 below unless you knew of this information and did not tell us about it in writing.

### 4. LIMITATION OF OUR LIABILITY

Our only obligation is to issue to you the Policy referred to in this Commitment, when you have met its Requirements. If we have any liability to you for any loss you incur because of an error in this Commitment, our liability will be limited to your actual loss caused by your relying on this Commitment when you acted in good faith to:

comply with the Requirements shown in Schedule B - Section One

or

eliminate with our written consent any Exceptions shown in Schedule B - Section Two.

We shall not be liable for more than the Policy Amount shown in Schedule A of this Commitment and our liability is subject to the terms of the Policy form to be issued to you.

### 5. CLAIMS MUST BE BASED ON THIS COMMITMENT

Any claim, whether or not based on negligence, which you may have against us concerning the title to the land must be based on this commitment and is subject to its terms.

**EXHIBIT A**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990**  
**SCHEDULE B**

**EXCEPTIONS FROM COVERAGE**

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

1. Taxes or assessments which 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. Proceedings by a public agency which may result in taxes or assessments, or notice 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 which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are 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.

**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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:  
(a) whether or not recorded in the public records at Date of Policy, but 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; or  
(e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970**  
**SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or

created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One

1. Taxes or assessments which 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.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970  
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
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 and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder, (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

**5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

Part One

1. Taxes or assessments which 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.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992  
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy;  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but 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 (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

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

1. Taxes or assessments which 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.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992**



### 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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
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; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

### 9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 WITH REGIONAL EXCEPTIONS

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

#### SCHEDULE B

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

Part One:

1. Taxes or assessments which 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.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

### 10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY - 1987 EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- |                            |                            |
|----------------------------|----------------------------|
| * land use                 | * land division            |
| * improvements on the land | * environmental protection |

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.  
This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - \* a notice of exercising the right appears in the public records on the Policy Date
  - \* the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
  - \* that are created, allowed, or agreed to by you
  - \* that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
  - \* that result in no loss to you
  - \* that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
  - \* to any land outside the area specifically described and referred to in Item 3 of Schedule A, or
  - \* in streets, alleys, or waterways that touch your landThis exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

#### 11. EAGLE PROTECTION OWNER'S POLICY

##### CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 1998

Covered Risks 14 (Subdivision Law Violation), 15 (Building Permit), 16 (Zoning) and 18 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability

#### EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
  - a. building
  - b. zoning
  - c. land use
  - d. improvements on the land
  - e. land division
  - f. environmental protectionThis exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.  
This exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
  - a. a notice of exercising the right appears in the Public Records at the Policy Date; or
  - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.This exclusion does not limit the coverage described in Covered Risk 11 or 18.

#### 12. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE WITH EAGLE PROTECTION ADDED

#### 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 which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or area of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 of this policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under insuring provisions 14, 15, 16 and 24 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
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 (this paragraph (d) does not limit the coverage provided under insuring provisions 7, 8, 16, 17, 19, 20, 21, 23, 24 and 25); or
  - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon:
  - (a) usury, except as provided under insuring provision 10 of this policy; or
  - (b) any consumer credit protection or truth in lending law.
6. Taxes or assessments of any taxing or assessment authority which become a lien on the Land subsequent to Date of Policy.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (i) to timely record the instrument of transfer; or
    - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.
8. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided under insuring provision 7.
9. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting title, the existence of which are Known to the Insured at:
  - (a) The time of the advance; or
  - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than **it would have** been before the modification.This exclusion does not limit the coverage provided under insuring provision 7.

#### SCHEDULE B

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

1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE.

#### 13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH EAGLE PROTECTION ADDED WITH REGIONAL EXCEPTIONS

When the American Land Title Association loan policy with EAGLE Protection Added is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 12 above are used and the following exceptions to coverage appear in the policy.

#### SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:  
Part One:

1. Taxes or assessments which 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.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.

3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. ~~Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.~~
5. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Part Two:

1. Environmental protection liens provided for by the following existing statutes, which liens will have priority over the lien of the Insured Mortgage when they arise: NONE

**EXHIBIT C**

**PURCHASE AGREEMENT**  
**(see attached)**

**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 327

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

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

8 Buyer and Seller agree as follows:

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

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

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

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

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

24 (e) **"Title Company"**: First American Title Company at the address  
25 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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(h) **"Notices"**: will be sent as follows to:

Seller: Coachella Valley Rescue Mission, A California Corporation  
47-518 Van Buren, P.O. Box 10660  
Indio, California 92202-2564  
Attn: Darla Burkett  
Telephone: (760) 347-3512  
Fax No. (760) 347-8073  
Email: [dburkett@cvmr.org](mailto:dburkett@cvmr.org)

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

Escrow Holder: First American Title Company  
3281 E. Guasti Road, Suite 440  
Ontario, CA 91761  
Attn: Janette Delap  
Telephone: (909)510-6206  
Fax No.: (909) 384-7855  
Email: [jdelap@firstam.com](mailto:jdelap@firstam.com)

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

(i) **Exhibits:**  
Exhibit "A" - Legal Description  
Exhibit "B" - Form of Deed  
Exhibit "C" - Form of Ground Lease

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

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

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



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

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

6 Immediately following the Close of Escrow on the Property, Buyer ("Lessor") agrees to lease  
7 to Seller or its assignee ("Lessee") Parcel 1 of Parcel Map 34740, identified as APN 603-050-  
8 009 (the "Leaseback Property") for the sole and exclusive use of Lessee to develop an  
9 approximately 43,000 square foot facility for use by Lessee as a rescue mission consistent  
10 with the non-profit mission of the Coachella Valley Rescue Mission. The lease between  
11 Lessor and Lessee for the Leaseback Property (the "Ground Lease") shall contain terms,  
12 conditions and other provisions reasonably necessary for Lessee to consummate a New  
13 Markets Tax Credit ("NMTC") financing for Lessee's intended development project, including  
14 without limitation the ability of Lessee to pledge its leasehold interest in the Leaseback  
15 Property as security or to otherwise encumber the same as is customary in NMTC financings.  
16 The initial term of the Ground Lease will be for Twenty-Five (25) years with four (4)  
17 consecutive ten (10) year options to extend the Lease term, all at a rent of \$1.00 per year.  
18 The Lease shall be in substantially the same form as Exhibit "C" attached hereto and  
19 incorporated herein.

20 **5. Escrow.** Buyer and Seller shall open an escrow (the "Escrow") with  
21 Escrow Holder within three (3) business days after the Effective Date by delivery to Escrow  
22 Holder of a fully executed original or originally executed counterparts of this Agreement, which  
23 date shall be the official opening date of the Escrow. Buyer and Seller agree to execute any  
24 additional or supplemental instructions reasonably required by Escrow Holder. If there is a  
25 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  
Property, subject to the Objectionable Exceptions without reduction in the Purchase Price; or

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

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

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

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

11 (c) Delivery of Information. Within ten (10) days after the  
Opening of Escrow, Seller shall have delivered to Buyer the original or true copies of all  
12 surveys, plans and specifications, building condition audits, past hazardous material studies,  
environmental studies/reports, as-built drawings, building permits, certificates of occupancy,  
13 certificates of completion, soils reports, including engineers' reports, other contracts, but not  
limited to custodial, elevator maintenance, fire, security and parking, all current leases,  
14 accounting records and studies and similar information which it may have in its possession  
relating to the Property. Except as specifically set forth herein, such items shall be delivered by  
Seller to Buyer and shall be to the Seller's actual knowledge, without duty of investigation, true  
15 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  
16 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.

17 (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  
18 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.

19  
20 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  
21 condition. Such waiver or waivers must be in writing to Seller and Escrow Holder.

22 8.2 Conditions Precedent to Seller's Obligations. The following  
conditions precedent to Seller's obligation to consummate the purchase and sale transaction  
23 contemplated herein must be satisfied not later than the Closing Date:

24 (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  
25 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  
5 any condition. Such waiver or waivers must be in writing to Buyer and Escrow Holder.

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

17 **9. Due Diligence By Buyer.**

18 9.1 Matters To Be Reviewed. As of the Effective Date, Buyer has  
19 completed its due diligence investigation of and has approved each of the following matter:

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

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

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

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

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

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

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

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(iii) Such new matter is of such a nature that, in Buyer's reasonable judgment, it would materially and adversely affect the acquisition, development, sale or use of the Property or any material part of it for Buyer's intended purpose; then Buyer shall be entitled to treat such new matter as a failure of condition to the Close of 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.

(b) However, if Buyer gives Seller notice of its election to terminate this Agreement under this Paragraph 9.2, Seller may elect, in its sole and absolute discretion by written notice to Buyer and to Escrow Holder within five (5) business days 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. No Side Agreements or Representations.** Buyer understands, agrees and acknowledges that it is purchasing the Property in it's "as-is/where-is" condition. Seller has not made and will not make, either expressly or impliedly, any representations or warranties concerning the physical or environmental condition of the Property, or its fitness for any particular use or purpose. Buyer hereby expressly represents and warrants to Seller that prior to the Close of Escrow, Buyer will have had the opportunity to make and will have made such an investigation and inspection of all aspects of the condition of the Property as it has 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.

**11. Title Insurance.** At the Close of Escrow, Buyer will cause the Title Company to issue to Buyer, a CLTA standard coverage, owner's policy, in an amount equal to the Purchase Price showing fee title to the Property vested in Buyer, subject only to the Permitted Exceptions ("Title Policy") and the standard printed exceptions and conditions in the 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  
10 the Close of Escrow, Escrow Holder is hereby authorized and instructed to pay such tax at the  
11 Close of Escrow from Sellers proceeds. At the Close of Escrow, the Buyer will file any  
12 necessary documentation with the County Tax Collector/Assessor for the property tax  
13 exemption.

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

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

**15. Inspection of Property.** Buyer shall be entitled to inspect the Property  
five (5) days prior to Close of Escrow to determine that the Property is in substantially the same  
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.

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

**16.1 Funds.** Promptly upon Close of Escrow, disburse all funds  
deposited with Escrow Holder by Buyer in payment of the Purchase Price as follows: (a) deduct  
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  
County Recorder and obtain conformed copies thereof for distribution to Buyer and Seller.

2                   16.3 Title Policy. Direct the Title Company to issue the Title Policy to  
3 Buyer.

4                   16.4 Delivery of Documents to Buyer and Seller. Deliver to Buyer the  
5 FIRPTA Certificate and any other documents (or copies thereof) deposited into Escrow by  
6 Seller. Deliver to Seller any other documents (or copies thereof) deposited into Escrow by  
Buyer.

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

9                   17.1 Each party has the legal power, right and authority to enter into  
10 this Agreement and the instruments referenced in, to perform its obligations under and to  
consummate the transaction contemplated by this Agreement.

11                   17.2 All requisite action and authorizations, corporate, trust,  
12 partnership administrative or otherwise, has been taken by each party, respectively, in  
13 connection with entering in to this Agreement and the instruments referenced herein, and the  
consummation of the transaction contemplated hereby. No further consent of any partner,  
shareholder, creditor, investor, judicial or administrative body, governmental authority or other  
party is required.

14                   17.3 The individuals executing this Agreement and the instruments  
15 referenced herein on behalf of each party and the partners, officials or trustees of each party, if  
any, have the legal power, right, and actual authority to bind the party on whose behalf they are  
executing such instrument to the terms and condition of those documents.

16                   17.4 This Agreement and all other documents required to close this  
17 transaction are and will be valid, legally binding obligations of and enforceable against each  
18 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.

19                   **18. Indemnification.**

20                   18.1 Indemnification By Seller. Seller agrees to indemnify, defend  
21 and hold Buyer harmless for, from and against any and all claims, demands, liabilities, costs,  
22 expenses, damages and losses; cause or causes of action and suit or suits of any nature  
23 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.

24 ///  
25 ///

1                                    18.2 Indemnification By Buyer. Buyer agrees to indemnify, defend  
2 and hold Seller harmless for, from and against any and all claims, demands, liabilities, costs,  
3 expenses, damages and losses, cause or causes or action and suit or suits arising out of the  
4 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.

5                                    19. **Hazardous Substances.**

6                                    19.1 Definitions. For the purposes of this Agreement, the following  
7 terms have the following meanings:

8                                    (a) "Environmental Law" means any law, statute, ordinance  
9 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);

10                                   (b) "Hazardous Substance" means any substance, material  
11 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  
12 regulated, under any Environmental Law, including asbestos, petroleum and petroleum  
products; and

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

15                                   19.2 Seller's Representations and Warranties. As of the date of this  
16 Agreement, and except as disclosed in the Environmental Site Assessment ("ESA") described  
in Paragraph 19.4 below, to Seller's actual knowledge:

17                                   (a) no Hazardous Substances exist now or have been used or  
18 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;

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

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

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

25



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.

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

33                                   21. **Limited Enforcement of this Agreement.** In the event the Close of  
34 Escrow and the consummation of the transaction contemplated by this Agreement do not occur  
35 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  
approved by the Board of Supervisors of the County of Riverside.

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

4 Date: \_\_\_\_\_, 2010

5 "SELLER"

6 COACHELLA VALLEY RESCUE MISSION  
A California Corporation

7 By: 

8 Title: Board Chair, Peter Del Rio

9  
10 APPROVED AS TO FORM:

11 Pamela J. Walls  
County Counsel

12 By: 

13 Anita Willis  
Deputy County Counsel

14  
15 "BUYER"

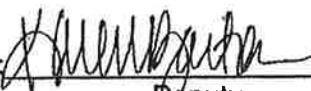
16 COUNTY OF RIVERSIDE

17 By: 

18 Marion Ashley, Chairman  
Board of Supervisors

19 ATTEST:

20 Kecia Harper-Ihem  
Clerk of the Board

21 By: 

22 Deputy

23 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. .

**Exhibit "B"**

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)

(Space above this line reserved for Recorder's use)

**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: \_\_\_\_\_

COACHELLA VALLEY RESCUE MISSION, A  
California Corporation

By: \_\_\_\_\_

STATE OF CALIFORNIA )  
                                  )ss.  
COUNTY OF RIVERSIDE)

On \_\_\_\_\_, 2010 before me, \_\_\_\_\_ a Notary Public in  
and for said County and State, personally appeared \_\_\_\_\_  
who proved to me on the basis of satisfactory evident to be the person(s) who 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 persons) 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 \_\_\_\_\_

(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: \_\_\_\_\_

By: \_\_\_\_\_

Robert Field,  
Assistant County Executive Officer/ EDA

**EXHIBIT "C"**  
**FORM OF GROUND LEASE**  
**(Attached)**

## GROUND LEASE

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1 **GROUND LEASE**

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

5 **Recitals**

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

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

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

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

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

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

24 Whereas, ensuring that the property continues to be used in the manner set forth herein the  
25 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  
5 Lessee as a rescue mission consistent with the nonprofit mission of the Lessee (all herein defined  
6 as the "Project").

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

14           **3.     Term.**

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

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

23                   (c)     County hereby grants Lessee four (4) separate options to renew this Lease  
24 and extend the term hereof for a period of ten (10) years each. The term of the Lease shall  
25 automatically be extended at the expiration of the prior term unless Lessee notifies County in  
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.

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

33           **5.     Title.**

34                   (a)     The County represents and warrants that the leasehold interest in the  
35 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.

(c) The Facilities constructed by Lessee and any other improvements,  
alterations and fixtures (including, but not limited to, "trade fixtures" as that term is used in Section  
1019 of the Civil Code) on the Property shall be and remain the property of Lessee, except that in  
the event any other portion of the Property is not transferred to Lessee or its assignee on expiration  
or earlier termination of the Lease, then the Facilities constructed by Lessee or any other  
improvements, alterations and fixtures of Lessee located on such portions of the Property not  
transferred to Lessee or its assignee shall become the property of the County or its assignee. At or  
prior to expiration or termination of this Lease, Lessee may remove such trade fixtures; provided,  
however, that such removal does not cause injury or damage to the Property, or in the event it  
does, Lessee shall restore the Property as nearly as practicable. If Lessee fails to make such  
repairs prior to the expiration or termination of this Lease, County may, but shall not be obligated to,  
make said repairs and Lessee shall reimburse County for all costs so incurred within thirty (30)  
days of Lessee's receipt of billing therefore. In the event such trade fixtures are not removed  
from any portion of the Property transferred to Lessee or its assignee on expiration or earlier  
termination of the Lease, then the County may, at its election, either: (1) remove and store such  
fixtures and restore the Property for the account of the Lessee, and in such event, Lessee shall  
within thirty (30) days after billing and accounting therefore reimburse County for the costs so  
incurred, or (2) take and hold such fixtures as its sole property. In the event that Lessee fails to  
timely pay to County any reimbursement due to County under this paragraph, then said unpaid  
reimbursement shall bear interest at the maximum legal rate, calculated from the due date thereof  
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  
7 desired by Lessee in the use, operation and maintenance of such on-site improvements. After  
8 such extensions and/or connections have been made, Lessee shall be responsible for payment for  
9 the use of such utility services.

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

13                   **8.       Cooperation.**

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

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

22                   **9.       County's Reserved Rights.** The Property is accepted by Lessee subject to those  
23 existing easements or other encumbrances or other matters of record described in the Preliminary  
24 Title Report, and County shall have the right, subject to obtaining the prior approval of Lessee,  
25 which approval shall not be unreasonably withheld, delayed or conditioned, to enter upon the  
Property and to install, lay, construct, maintain, repair and operate such sanitary sewers, drains,  
storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone  
and telegraph power lines and such other facilities and appurtenances as are necessary or  
convenient to use in connection therewith, over, in, upon, through, across and along the Property or  
any part thereof; provided, however, County also reserves the right to grant licenses, easements,  
rights of way and permits in, over and upon, along or across any and all portions of said Property  
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.

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

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

18 (a) The right, without terminating this Lease or relieving Lessee of any  
19 obligations hereunder, and with process of law, to re-enter the Property, take possession thereof,  
20 remove all persons therefrom, other than those present under existing subleases, and occupy or  
21 lease the whole or any part thereof for and on account of the Lessee and upon terms and  
22 conditions and for such rent as County may deem proper, and to collect said rent or any other rent  
23 that may thereafter become payable and apply the same toward the amount due or thereafter to  
24 become due from Lessee and on account of such expenses of such subletting and any other  
25 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  
4 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  
6 Insurance, in full compliance with the Workers' Compensation and Occupational Disease Laws of  
7 all authorities having jurisdiction over the Property. Such policy shall include Employer's Liability  
8 and Occupational Disease coverage, with limits not less than One Million Dollars (\$1,000,000) per  
9 occurrence. Policy shall be endorsed to provide a "Borrowed Servant Endorsement, Alternate  
10 Employer Endorsement, or Additional Insured Endorsement" naming the County of Riverside as an  
11 additional insured. Policy shall provide a Waiver of Subrogation in favor of the County.

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

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

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

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

38 (f) Cause its insurance carrier(s) to furnish County by direct mail Certificate(s) of  
39 Insurance showing that such insurance is in full force and effect, and County is named as an  
40 additional insured with respect to this Lease and the obligations of Lessee hereunder. Further,  
41 said Certificate(s) shall contain the covenant of the insurance carrier(s) that thirty (30) days written  
42 notice shall be given to County prior to modification, cancellation or reduction in coverage of such  
43 insurance. In the event of any cancellation in coverage or any reduction or modification in  
44 coverage such that such insurance coverage fails to comply in all material respects with this  
45 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  
Property until County has been furnished Certificate(s) of Insurance as otherwise required in this  
Paragraph 19.

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

9 **21. Hold Harmless.**

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

13 (b) Lessee shall indemnify and hold County, its officers, agents, employees and  
14 independent contractors free and harmless from any liability whatsoever, based or asserted upon  
15 any act or omission of Lessee, its officers, agents, employees, subcontractors and independent  
16 contractors for property damage, bodily injury, or death (Lessee's employees included) or any other  
17 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.

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

20 **22. Assignment.** Lessee may not assign, transfer or convey this Lease or sublease all  
21 or any portion of the Property at any time to any individual or entity, without the prior written consent  
22 of County granted by its Board of Supervisors. Such consent, if granted, shall be in the sole  
23 discretion of County. If Lessee requests County's consent to a specific assignment or sublease,  
24 then Lessee will submit in writing to County (i) the name and address of the proposed assignee or  
25 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  
8 22. If Lessee is a partnership or limited liability company, transfer of more than fifty percent (50%)  
9 of the equity interest in such entity shall be deemed to be a transfer of this Lease, requiring  
10 approval of County pursuant to this Paragraph 22. Notwithstanding the foregoing, Lessee may  
11 assign this Lease upon giving notice to County, but without obtaining prior County approval, to a  
12 separate entity if required to do so in connection with procuring New Markets Tax Credit financing  
13 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  
13 other security-type instrument, herein called trust deed, but only to the extent necessary to assure  
14 the repayment of the financing of the construction and operation of the Facilities by Lessee  
15 (including any conversion of the construction loan to permanent financing), and in connection with  
16 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  
15 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  
19 transferee, the effective date of such transfer, and a copy of the express agreement of the  
20 transferee assuming and agreeing to perform all of the obligations under this Lease, together with a  
21 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  
21 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  
23 from and after the date of succession. Any subsequent transfer of this leasehold hereunder,  
24 except as provided for in Sub-Paragraph 23(a)(ii) above, shall be subject to Paragraph 16 herein.

24 Lessee shall give County prior notice of any such trust deed, and shall  
25 accompany such notice with a true copy of the trust deed and a note secured thereby. Except as  
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  
3 request and shall constitute a waiver, with respect to all persons entitled to rely on such statement  
4 of any defaults that may exist before the date of such notice.

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

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

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

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

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

23 (e) The Option shall be exercised by mailing or delivering a written notice  
24 ("Exercise Notice") to County prior to the end of the Option Term. It is a condition to the  
25 effectiveness of the exercise of the Option that Lessee not then be in default under this Lease. If  
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  
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  
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.

(f) County warrants that as owner of the Property, County shall retain fee simple  
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,  
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  
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.

(g) Lessee agrees that within ten (10) days after the end of the Option Term,  
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.

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  
parties hereto shall be jointly and severally liable hereunder.

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

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

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

13       **32. Mediation.** Except as provided herein, no civil action with respect to any dispute,  
14 claim or controversy arising out of or relating to this Agreement may be commenced until the matter  
15 has been submitted for Mediation. Either party may commence mediation by providing to the other  
16 party a written request for mediation, setting forth the subject of the dispute and the relief  
17 requested. The parties will cooperate with one another in selecting a Mediator from the JAMS  
18 panel of neutrals, and in scheduling the mediation proceedings. The parties covenant that they will  
19 participate in the mediation in good faith, and that they will share equally in its costs. All offers,  
20 promises, conduct and statements, whether oral or written, made in the course of the mediation by  
21 any of the parties, their agents, employees, experts and attorneys, and by the mediator and any  
22 JAMS employees, are confidential, privileged and inadmissible for any purpose, including  
23 impeachment, in any litigation or other proceeding involving the parties, provided that evidence that  
24 is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable  
25 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:

1            COUNTY  
2            Economic Development Agency  
3            Deputy Director  
4            Real Estate Division  
5            3403 Tenth St., Suite 500  
6            Riverside, CA 92501

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

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

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

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

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

22            **38. Acknowledgment of Memorandum of Lease.** Upon execution of this Lease by the  
23 parties hereto, a memorandum of this Lease and the purchase option in a form reasonably  
24 acceptable to County and Lessee ("Memorandum") shall be acknowledged by County and Lessee  
25 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



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

3 **41. Toxic Materials.**

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

7 (b) Restrictions on Lessee; Hazardous Substances: Lessee shall not cause or  
8 permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the  
9 Property by Lessee, Lessee's agents, employees, contractors or invitees, without first obtaining  
10 County's written consent, which consent may not be unreasonably withheld. Materials considered  
11 hazardous that are used in the ordinary course of business may be used as regulated by law. If  
12 Hazardous Substances are used, stored, generated, or disposed of on or in the Property, or if the  
13 Property becomes contaminated in any manner during the term hereof, Lessee shall indemnify,  
14 defend, and hold harmless the County from any and all claims, damages, fines, judgments,  
15 penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the  
16 Property or the Facilities, and any and all sums paid for settlement of claims, attorneys',  
17 consultants', and experts' fees) arising during or after the term of this Lease and arising as  
18 a result of such contamination by Lessee. This indemnification includes, without limitation, any and  
19 all costs incurred because of any investigation of the site or any cleanup, removal, or restoration  
20 mandated by a federal, state, or local agency or political subdivision. In addition, if Lessee causes  
21 or permits the presence of any Hazardous Substance on the Property and this results in  
22 contamination, Lessee shall promptly, at its sole expense, take any and all necessary actions to  
23 return the Property to the condition existing before the presence of any such Hazardous Substance  
24 on the Property, provided, however, that Lessee shall first obtain County's approval for any such  
25 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.

20 **42. Modification and Non Waiver.** No variations, modifications, or changes herein  
21 or hereof shall be binding upon any party hereto unless set forth in a writing executed by each party  
22 or by its duly authorized officer or agent. No waiver of any party of any breach or default of any  
23 term, condition, or provision hereof, shall be deemed a waiver of any other or subsequent breaches  
24 or defaults of any kind, character, or description under any circumstance. No waiver of any breach  
25 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  
approval and execution by the County's Board of Supervisors.

2  
3 Dated: \_\_\_\_\_

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

4  
5 By: \_\_\_\_\_

6 By: \_\_\_\_\_

7  
8 **COUNTY OF RIVERSIDE**

9  
10 By: \_\_\_\_\_  
Marion Ashley, Chairman  
Board of Supervisors

11  
12  
13 **ATTEST:**  
14 Kecia Harper-Ihem  
15 Clerk of the Board

16 By: \_\_\_\_\_  
Deputy

17  
18 **APPROVED AS TO FORM:**  
19 Pamela J. Walls  
20 County Counsel

21 By: \_\_\_\_\_  
Anita C. Willis  
22 Deputy County Counsel

23 SG:jg  
24 11/29/10  
25 13.612

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**EXHIBIT A**  
**LEGAL DESCRIPTION**

**EXHIBIT B**

**PRELIMINARY TITLE REPORT**

EXHIBIT C  
PURCHASE AGREEMENT