

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

438



FROM: Executive Office

SUBMITTAL DATE:
January 28, 2011

SUBJECT: Monroe Park Building Debt Refinancing

RECOMMENDED MOTION: That the Board of Supervisors approve Resolution No. 2011-026 authorizing and approving the execution and delivery of a Lease, a Sublease and an Assignment Agreement to refinance obligations incurred in the 2007 acquisition of the Monroe Park Office Building located in the City of Indio at 44199 Monroe St.

BACKGROUND: On May 22, 2007 (item 3.43a), this Board approved the purchase of 44199 Monroe St for \$10 million in cash and the assumption of a \$6 million outstanding note. The \$6 million was assumed by County Of Riverside Asset Leasing Corp. (CORAL) and CORAL makes the base rental payment to the lender. The terms of the note include a pre-payment option to occur in December of 2010. Currently, the funds are not available to pay off the remaining debt. The debt has now adjusted to a floating variable rate with a minimum interest rate of 6.6% per the current agreement. The debt is now scheduled to mature in 2019.

Christopher Hans

(Continued on page 2)

Christopher Hans, Deputy County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 115,000	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

SOURCE OF FUNDS: CORAL Lease Revenue	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jay E. Orr*
Jay E. Orr

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
 Nays: None
 Absent: None
 Date: February 8, 2011
 xc: EO, Corporation

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

(Comp. Item 9.1)

Prev. Agn. Ref.: 5/22/07 3.43a | **District:** 4 | **Agenda Number:**

3.8

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
DATE: 1/27/11
BY: MARSHAL L. VICTOR
Deputy/County Conference

Policy Policy
 Consent Consent

Dept Recomm.:
Per Exec. Ofc.:

RE: Monroe Park Building Debt Refinancing

Date: January 28, 2011

Page 2

It is recommended that the debt be refinanced through private placement. A Request for Proposal (RFP) was distributed and responses will be evaluated February 7. This will secure a fixed rate and extend the maturity through 2020. As shown in the attached analysis, the expected interest rate is figured at 4.5% which results in a savings of approximately \$320,000 or 6 percent of the remaining loan cost. To achieve at least the 3 percent savings required by Board policy, a new interest rate no higher than 5.27% is required.

The building is currently occupied by County and Non-Profit organizations. It is recommended that a "Tax Equity and Fiscal Responsibility Act" of 1982 (TEFRA) hearing be held prior to final Board action to maintain a tax exempt status. The results of the RFP will be announced during this public hearing.

This item has been approved by the Debt Advisory Committee and the CORAL Board.

2 RESOLUTION NO. 2011-026

3 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY
4 OF RIVERSIDE AUTHORIZING AND APPROVING THE EXECUTION
5 AND DELIVERY OF A LEASE, A SUBLEASE AND AN ASSIGNMENT
6 AGREEMENT TO REFINANCE OBLIGATIONS INCURRED IN THE
7 2007 ACQUISITION OF THE MONROE PARK OFFICE BUILDING

8 WHEREAS, in 2007 the County of Riverside (the "County") and the County of
9 Riverside Asset Leasing Corporation (the "Corporation") jointly purchased the Monroe Park
10 office building (the "Property"), as tenants in common, for a purchase price of approximately
11 \$16 million, of which the County paid approximately \$10 million in cash and the Corporation
12 assumed an obligation in the amount of approximately \$6 million (the "2007 Obligation"); and

13 WHEREAS, the County and the Corporation, as joint owners of the Property, leased
14 the Property to the County under a Lease Agreement dated as of July 1, 2007 (the "2007
15 Lease"), pursuant to which the County made base rental payments sufficient to service the
16 2007 Obligation; and

17 WHEREAS, the interest rate on the 2007 Obligation has been recently adjusted
18 upward according to the terms thereof to a materially higher rate and the County and the
19 Corporation believe a lower interest cost can be achieved by prepaying and refinancing the
20 2007 Obligation and the 2007 Lease, and it is in the County's best interest to do so; and

21 WHEREAS, to secure funds to prepay and refinance the 2007 Obligation and the
22 2007 Lease, the County and the Corporation propose to enter into: (i) a Lease (as hereinafter
23 defined) pursuant to which the County and the Corporation, as joint owners of the Property,
24 will agree to lease the Property to the Corporation, and (ii) a Sublease (as hereinafter
25 defined), pursuant to which the Corporation will agree to sublease the Property to the County
26 in consideration for which the County will agree to make base rental payments ("Base
27 Rental") and additional rental payments;

28 WHEREAS, the Corporation proposes to assign and transfer to a financial
institution or other purchaser (the "Assignee") pursuant to an Assignment Agreement (as
hereinafter defined) all of its rights, title and interests (excluding its rights to indemnification

FORM APPROVED COUNTY COUNSEL
BY: *MS Keeter*
MARSHA L. VICTOR
DATE: 1/27/11

1 and payment or reimbursement of its costs and expenses) in and to the Lease and the
2 Sublease, including the right to receive payments of Base Rental under the Sublease, in
3 consideration of the Assignee's payment of amounts necessary to prepay the 2007
4 Obligation and the 2007 Lease; and

5 **WHEREAS**, the County is authorized to undertake all of the above pursuant to the
6 laws of the State of California.

7 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
8 **RIVERSIDE** does hereby resolve, determine and order as follows:

9 **Section 1.** The proposed form of Lease (Monroe Park Office Building) (the
10 "Lease"), by and between the County and the Corporation, as joint owners of the Property,
11 and the Corporation and in substantially the form on file with the Clerk of the Board, is hereby
12 approved. The County Executive Officer, the Deputy County Executive Officer, the County
13 Finance Director and any other authorized officers of the County acting on behalf of the
14 County Executive Officer (each an "Authorized Representative" and, collectively, the
15 "Authorized Representatives") are, and each of them acting alone is, hereby authorized and
16 directed, for and in the name of and on behalf of the County, to execute and deliver the
17 Lease in substantially the form on file with the Clerk of the Board, with such changes therein
18 as such Authorized Representative executing and delivering such document may require or
19 approve, such requirement or approval to be conclusively evidenced by the execution and
20 delivery thereof.

21 **Section 2.** The proposed form of Sublease (Monroe Park Office Building) (the
22 "Sublease"), by and between the County and the Corporation and in substantially the form on
23 file with the Clerk of the Board, is hereby approved. The aggregate principal component of
24 base rental under the Sublease shall not exceed \$6 million, the interest component of base
25 rental under the Sublease shall not exceed 5% per annum and the term of the Sublease shall
26 not exceed 15 years. The Authorized Representatives are, and each of them acting alone is,
27 hereby authorized and directed, for and in the name of and on behalf of the County, to
28 execute and deliver the Sublease substantially in the form on file with the Clerk of the Board,
with such changes therein as the Authorized Representative executing and delivering such

1 document may require or approve, such requirement or approval to be conclusively
2 evidenced by the execution and delivery thereof.

3 **Section 3.** The proposed form of Assignment Agreement (Monroe Park Office
4 Building) (the "Assignment Agreement"), by and between the County and the Assignee and in
5 substantially the form on file with the Clerk of the Board, is hereby approved. The County
6 hereby authorizes and requests the authorized officers of the Corporation execute and
7 deliver the Assignment Agreement in substantially the form on file with the Clerk of the
8 Board, with such changes therein as such authorized officer executing and delivering such
9 document may require or approve, such requirement or approval to be conclusively
10 evidenced by the execution and delivery thereof.

11 **Section 4.** All actions heretofore taken by any officer of the County with respect to
12 the execution and delivery of the Lease, the Sublease or the Assignment Agreement, or in
13 connection with or related to any of the agreements referred to herein, to the leasing or
14 subleasing of the Property or to the prepayment and refinancing of the 2007 Obligation and
15 the 2007 Lease are hereby approved, confirmed and ratified.

16 **Section 5.** The Authorized Representatives are, and each of them acting alone is,
17 authorized and directed to take any and all such actions, and to execute any and all such
18 documents, including, without limitation, documents prepaying and refinancing the 2007
19 Obligation and the 2007 Lease, as may be necessary or desirable to effectuate the purposes
20 of this Resolution.

21 **Section 6.** The Clerk of the Board shall certify to the passage of this Resolution,
22 shall transmit a copy hereof to the Corporation, and shall cause the action of the Board of
23 Supervisors in adopting the same to be entered in the official minutes of this Board of
24 Supervisors.
25
26
27
28

1 **PASSED and ADOPTED** by the Board of Supervisors of the County of Riverside on
2 the 8th day of February, 2011.

3
4 ROLL CALL:

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

8
9 The foregoing is certified to be a true copy of a resolution duly
10 adopted by said Board of Supervisors on the date therein set forth.

11 KECIA HARPER-IHEM, Clerk of said Board

12 By: _____
13 Deputy

CERTIFICATE OF CLERK

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of the County of Riverside duly and regularly held at the regular meeting place thereof on _____, 2011, of which meeting all of the members of said Board had due notice.

AYES: Supervisors _____

NAYS: Supervisors _____

ABSENT: Supervisors _____

I do hereby further certify that I have carefully compared the foregoing copy with the original minutes of said meeting on file and of record in my office; that said copy is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified, rescinded or revoked in any manner since the date of its adoption, and the same is now in full force and effect.

I do hereby further certify that an agenda for said meeting was posted at least seventy-two (72) hours before said meeting at 4080 Lemon Street, Riverside, California, a location freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

WITNESS my hand and the seal of the County of Riverside this _____ day of _____, 2011.

Clerk of the Board of Supervisors

[SEAL]

WHEN RECORDED RETURN TO:

Nixon Peabody LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attn: Charles Wolf, Esq.

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF RIVERSIDE AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

**LEASE
(MONROE PARK OFFICE BUILDING)**

by and between

**COUNTY OF RIVERSIDE
and
COUNTY OF RIVERSIDE ASSET LEASING CORPORATION,
as, collectively, Lessor**

and

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION,
as Lessee**

Dated as of February 1, 2011

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**LEASE
(MONROE PARK OFFICE BUILDING)**

THIS LEASE (MONROE PARK OFFICE BUILDING) (this "Lease"), dated as of February 1, 2011, is by and between the COUNTY OF RIVERSIDE (the "County"), a county and political subdivision of the State of California organized and existing under the laws of the State of California, and the COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, collectively as joint owners and lessor, and the CORPORATION, as lessee;

WITNESSETH:

WHEREAS, the County and the Corporation presently own, as tenants in common, the real property and the improvements thereon described in Exhibit A hereto (the "Property"), and desire to lease the Property to the Corporation; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Sublease.

"Assignee" means [_____] and its successors, as assignee under the Assignment Agreement.

"Assignment Agreement" means the Assignment Agreement (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith, by and between the Corporation and the Assignee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

"Corporation" means the County of Riverside Asset Leasing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California, and its successors.

"County" means the County of Riverside, a county and political subdivision of the State of California organized and existing under the laws of the State of California, and its successors.

"Expiry Date" means December 1, 2020.

“Lease” means this Lease (Monroe Park Office Building), dated as of February 1, 2011, by and between the County and the Corporation, as joint owners and lessor, and the Corporation, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Owner” means, collectively, the County and the Corporation as joint owners by tenants in common of the Property.

“Property” means the real property and improvements thereon described in Exhibit A hereto, as such property description may be amended or modified (including the release, addition or substitution of property as part of the Property), in accordance with Section 2.04 of the Sublease, subject, however, to Permitted Encumbrances.

“Sublease” means the Sublease (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith, by and between the Corporation, as lessor, and the County, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

Section 2. Purpose and Term. (a) The Owner hereby leases to the Corporation and the Corporation hereby hires from the Owner, on the terms and conditions hereinafter set forth, the Property. The parties hereto hereby agree that said lease of the Property by the Owner to the Corporation serves the public purposes of the County and the Corporation.

(b) The term of this Lease shall commence on February [], 2011 or the date the Lease is recorded, whichever is earlier, and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on an Expiry Date, the principal components of the Base Rental Payments and all Additional Rental shall not have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof shall be extended until ten days after all the principal components of the Base Rental Payments and all Additional Rental have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, except that the term hereof shall in no event be extended beyond ten years after the Expiry Date. If prior to the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental have been paid, or provision therefor made, the term hereof shall end on such date.

(c) The Corporation covenants that during the term of this Lease, except as hereinafter provided, it will use, or cause the use of, the Property for County purposes and for all purposes incidental thereto; provided, however, that in the event of default by the County under the Sublease, the Corporation may exercise the remedies provided in the Sublease.

Section 3. Rental. The Corporation agrees to pay to the Owner as advance rental for the use and right to possession of the Property for the term of this Lease the sum of \$[5,600,000]. Said advance rental shall be paid from proceeds of the assignment of this Lease and the Sublease to the Assignee. The Corporation hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial

interference with the use and right to possession by the Corporation of the Property or portion thereof as a result of material damage, destruction or condemnation.

Section 4. Default. (a) The Corporation shall be deemed to be in default hereunder:

(i) if the Corporation shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Corporation, or

(ii) if (A) the Corporation's interest in this Lease or any part thereof be assigned or transferred without the written consent of the County, either voluntarily or by operation of law or otherwise, other than such an assignment and transfer to the Assignee or a transferee to which the Assignee is authorized to make such an assignment and transfer pursuant to the Assignment Agreement, or (B) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the Corporation or of all or substantially all of its assets is instituted by or with the consent of the Corporation, or is instituted without its consent and is not permanently stayed or dismissed within 60 days, or if the Corporation offers to the Corporation's creditors to effect a composition or extension of time to pay the Corporation's debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for readjustment of the Corporation's debts, or if the Corporation shall make a general assignment or any assignment for the benefit of the Corporation's creditors.

(b) Upon any such default it shall be lawful for the Owner to exercise any and all rights and remedies available pursuant to law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; provided, however, that the Owner shall have no power to terminate this Lease by reason of any default on the part of the Corporation.

(c) Neither the Owner nor the Corporation shall in any event be in default in the performance of any of its obligations hereunder or imposed by law unless and until the Owner or the Corporation (as the case may be) shall have failed to perform such obligations within 60 days or such additional time as is reasonably required to correct any such default after notice by the Corporation or the Owner to the nonperforming party properly specifying wherein such party has failed to perform any such obligation.

(d) Failure of the Owner to take advantage of any default on the part of the Corporation shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Lease be construed to waive or to lessen the right of the Owner to insist upon performance by the Corporation of any term, covenant or condition hereof, or to exercise any rights given the Owner on account of such default. A waiver of a particular default shall not be deemed to be a waiver of a subsequent default of the same kind or any other subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease.

Section 5. Eminent Domain. If the whole or any part of the Property shall be taken under the power of eminent domain, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the unpaid principal and interest components of Base

Rental Payments due under the Sublease, and the amount of the unpaid Additional Rental due under the Sublease, and the balance of the award, if any, shall be paid to the Owner.

Section 6. Right of Entry. The Owner and its assignees shall have the right to enter the Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Owner's or the Corporation's rights or obligations under this Lease or the Sublease, and (c) for all other lawful purposes.

Section 7. Quiet Enjoyment by the Corporation. The Corporation shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Owner. Notwithstanding the foregoing, the Corporation shall not have any right to receive a rebate of the advance rental paid pursuant to Section 3 hereof or any portion thereof in the event there is a substantial interference with the use and right to possession by the Corporation of the Property as a result of material damage, destruction or condemnation.

Section 8. Waiver of Personal Liability. All liabilities under this Lease on the part of the Corporation shall be solely liabilities of the Corporation, as a public entity and agency, and the Owner hereby releases each and every member, director, officer, agent, or employee of the Corporation of and from any personal or individual liability under this Lease. No member, director, officer, agent, or employee of the Corporation shall at any time or under any circumstances be individually or personally liable under this Lease to the Owner or to any other party for any act or omission of the Corporation hereunder.

Section 9. Assignment. The Owner understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Corporation in and to this Lease will be sold, transferred, delivered, assigned and conveyed to the Assignee. The County hereby consents to such sale, transfer, delivery, assignment and conveyance. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions of this Lease to the Corporation shall be deemed to be references to the Assignee, as assignee of the Corporation. The Corporation shall not otherwise have any rights to assign or sublet the Property (other than in connection with the exercise of remedies upon an Event of Default under the Sublease).

Section 10. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the County: County of Riverside
 Fourth Floor
 4080 Lemon Street
 Riverside, CA 92501-3651
 Attention: County Executive Officer

If to the Corporation: County of Riverside Asset Leasing Corporation
c/o County of Riverside
Fourth Floor
4080 Lemon Street
Riverside, CA 92501-3651
Attention: County Executive Officer

Section 11. Validity and Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Owner or Corporation shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed severable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof. The Owner and Corporation hereby declare that they would have executed and entered into this Lease and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

Section 12. Section Headings. All section headings contained are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

Section 13. Law Governing. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

Section 14. Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that the Corporation and the Owner may each execute separate counterparts of this Lease, all with the same force and effect as though both had executed the same counterpart.

IN WITNESS WHEREOF, the Owner and the Corporation have caused this Lease to be executed by their respective duly authorized officers, all as of the day and year first above written.

**COUNTY OF RIVERSIDE, as Co-Owner
Lessor**

By: _____

Attest:

Clerk of the Board of Supervisors

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION, as Co-
Owner Lessor**

By: _____

Attest:

Secretary

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION, as Lessee**

By: _____

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF PROPERTY

All of that certain real property and improvements thereon situated in the County of Riverside, State of California, described as follows:

[To Come]

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Lease Agreement (Monroe Park Office Building), dated as of February 1, 2011, by and between the County of Riverside (the "County") and the County of Riverside Asset Leasing Corporation (the "Corporation"), as joint owners and lessor, and the Corporation, as lessee, from the County to the Corporation, is hereby accepted by the undersigned on behalf of the Corporation pursuant to authority conferred by resolution of the Board of Directors of the Corporation adopted on February [], 2011, and the Corporation consents to recordation thereof by its duly authorized officer.

Dated: February [], 2011

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION**

By: _____

STATE OF CALIFORNIA)
) ss
COUNTY OF RIVERSIDE)

On _____ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature _____ [SEAL]

WHEN RECORDED RETURN TO:

Nixon Peabody LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attn: Charles Wolf, Esq.

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF RIVERSIDE AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

**SUBLEASE
(MONROE PARK OFFICE BUILDING)**

by and between

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

and

COUNTY OF RIVERSIDE

Dated as of February 1, 2011

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**SUBLEASE
(MONROE PARK OFFICE BUILDING)**

THIS SUBLEASE (MONROE PARK OFFICE BUILDING) (this "Sublease"), dated as of February 1, 2011, is by and between the COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, as lessor, and the COUNTY OF RIVERSIDE (the "County"), a county and political subdivision of the State of California organized and existing under the laws of the State of California, as lessee;

WITNESSETH:

WHEREAS, the County and the Corporation, as joint owners by tenants in common of the Property (collectively, the "Owner") and lessor, have leased certain real property and the improvements thereon (the "Property") to the Corporation pursuant to the Lease (Monroe Park Office Building), dated as of February 1, 2011, and recorded concurrently herewith (the "Lease"), by and between the County and the Corporation;

WHEREAS, the County will sublease the Property from the Corporation pursuant to this Sublease; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Sublease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into the Sublease;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof have the meanings defined herein:

"Additional Rental" means all amounts payable to the Corporation from the County as Additional Rental pursuant to Section 3.02 hereof.

"Assignee" means [_____], as assignee under the Assignment Agreement, and its successors.

"Assignment Agreement" means the Assignment Agreement (Monroe Park Office Building), dated as of February 1, 2011, and recorded concurrently herewith, by and between the

Corporation and the Assignee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Base Rental” or “Base Rental Payments” means all amounts payable to the Corporation from the County as Base Rental pursuant to Section 3.01 hereof and Exhibit B hereto.

“Base Rental Payment Dates” means June 1 and December 1 of each year, commencing June 1, 2011.

“Corporation” means the County of Riverside Asset Leasing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California, and its successors.

“County” means the County of Riverside, a county and political subdivision of the State of California organized and existing under the laws of the State of California, and its successors.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“Event of Default” means any of the events described in Section 7.01 hereof as an “Event of Default.”

“Expiry Date” means December 1, 2020.

“Insurance Consultant” means an individual or firm employed by the County as an independent contractor, experienced in actuarial analysis or the field of risk management.

“Lease” means the Lease (Monroe Park Office Building), dated as of February 1, 2011, by and between the Owner, as lessor, and the Corporation, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County.

“Owner” means, collectively, the County and the Corporation as joint owner by tenants in common of the Property.

“Permitted Encumbrances” means, as of any particular time (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, (b) the Lease, (c) the Assignment Agreement, (d) the Sublease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law, (f) encumbrances, easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date the term hereof commences and which the County certifies in writing will not materially impair the use of the Property by the County, and (g) encumbrances, easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Sublease and to which the County consents in writing.

“**Property**” means the real property and improvements thereon described in Exhibit A hereto, as such property description may be amended or modified (including the release, addition or substitution of property as part of the Property), in accordance with Section 2.04 of this Sublease, subject, however, to Permitted Encumbrances.

“**State**” means the State of California.

“**Sublease**” means this Sublease (Monroe Park Office Building), dated as of February 1, 2011, by and between the Corporation, as lessor, and the County, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance herewith.

ARTICLE II

PURPOSE; TERM

Section 2.01 Purpose. The Corporation hereby subleases the Property to the County and the County hereby subleases the Property from the Corporation on the conditions and terms hereinafter set forth, and subject to all easements, encumbrances and restrictions that existed at the commencement of the term hereof. The County hereby agrees and covenants during the term hereof that, except as hereinafter provided, it will use the Property for public purposes of the County so as to afford the public the benefits contemplated hereby, and the County hereby further agrees and covenants during the term hereof, except as otherwise provided herein, that it will not abandon or vacate the Property.

Section 2.02 Term. The term hereof shall commence on February [], 2011, or the date the Sublease is recorded, whichever is earlier, and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on an Expiry Date, the Base Rental Payments and all Additional Rental shall not have been paid, or provision therefor made in accordance herewith, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof shall be extended until all the Base Rental Payments and all Additional Rental have been paid, or provision therefor so made, except that the term hereof shall in no event be extended beyond ten years after the Expiry Date. If on any date prior to an Expiry Date, the Base Rental Payments and all Additional Rental have been paid or prepaid, or provision therefor made in accordance herewith, the term hereof shall end on such date.

Section 2.03 Occupancy. It is contemplated that the County will have the use and occupancy of the Property for public purposes on the commencement date of this Sublease and that the payments of Base Rental shall be due on the Base Rental Payment Dates, all as provided in Section 3.01 hereof and consistent with Exhibit B attached hereto and made a part hereof.

Section 2.04 Substitution; Release. The County may substitute real property and the improvements, buildings, fixtures and equipment thereon for all or a part of, or may release a part of, the Property for purposes of the Lease and this Sublease, but only after the County shall have filed with the Corporation, all of the following:

(a) Executed copies of the Lease and this Sublease or amendments thereto containing the amended description of the Property, including the legal description of the Property as modified if necessary.

(b) A written certificate of the County evidencing that the annual fair rental value of the Property which will constitute the Property after such substitution (which may be based on the construction or acquisition cost or replacement cost of such property to the County) or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current year or in any subsequent year.

(c) A written certificate of the County to the effect that (i) the Property, as constituted after such substitution or release, has a useful life equal to or greater than the useful life of the Property, as constituted prior to such substitution or release, and (ii) the substituted real property is of approximately the same degree of essentiality to the County as the portion of the Property for which it is being substituted.

(d) With respect to substitution, a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Property after such substitution in an amount at least equal to the amount of such insurance provided with respect to the Property prior to such substitution; each such insurance instrument, when issued, shall name the Corporation as the insured, and shall insure the leasehold estate of the Corporation in such substituted property subject only to such exceptions as do not substantially interfere with the County's right to use and occupy such substituted property and as will not result in an abatement of Base Rental Payments payable by the County under this Sublease.

(e) An Opinion of Counsel stating that such amendment or modification (i) will, upon the execution and delivery thereof, be valid and binding upon the County; and (ii) will not, in and of itself, cause the interest component of the Base Rental Payments to be included in gross income for federal income tax purposes.

ARTICLE III

RENTAL PAYMENTS

Section 3.01 Base Rental. The County shall pay as Base Rental hereunder, without deduction or offset of any kind except as otherwise expressly provided herein, annual rental payments with interest and principal components, payable annually on the Base Rental Payment Dates, in accordance with the Base Rental Payment Schedule set forth in Exhibit B hereto and made a part hereof. Each Base Rental Payment shall be payable in funds that are immediately available to the Corporation no later than the due date. The interest components of the Base Rental Payments payable by the County hereunder shall be paid by the County as and shall constitute interest paid on the principal components of the Base Rental Payments payable by the County hereunder calculated on the basis of a 360-day year composed of twelve 30-day months. Each aggregate annual payment of Base Rental shall be for the use of the Property for the twelve-month period ending on the day immediately preceding the Base Rental Payment Date on

which such Base Rental is due. If the term of the Sublease shall have been extended pursuant to Section 2.02 hereof, Base Rental Payments shall continue to be due on the Base Rental Payment Dates in each year, and payable as hereinabove described, continuing to and including the date of termination of the Sublease. Upon such extension of the Sublease, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all unpaid principal components and the interest components will be sufficient to pay all unpaid interest components plus interest on the extended principal components at a rate equal to the composite rate on the related unpaid Base Rental Payments.

Section 3.02 Additional Rental. The County shall pay to the Corporation as Additional Rental hereunder such amounts in each year as shall be required by the Corporation for the payment in full of all costs and expenses incurred by the Corporation in connection with the execution, performance or enforcement hereof or any assignment hereof, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Corporation in connection with the Property, the Lease, the Sublease and the Assignment Agreement and all taxes, assessments and governmental charges of any nature whatsoever hereafter levied or imposed by any governmental authority against the Corporation, the Property or the rentals and the other payments required to be made by the County hereunder. Such additional rental shall be billed to the County by the Corporation, from time to time, together with a statement certifying that the amount so billed has been paid by the Corporation, for one or more of the items above described, or that such amount is then payable by the Corporation, for one or more of such items, and all amounts so billed shall be due and payable by the County within 30 days after receipt of the bill by the County.

Section 3.03 Fair Rental Value. Each payment of Base Rental and Additional Rental for each rental payment period during the term hereof shall constitute the total rental for such rental payment period, and shall be paid by the County in each rental payment period for and in consideration of the right to the use and occupancy, and the continued quiet enjoyment, of the Property during the rental payment period for which such rental is paid. The parties hereto have agreed and determined that the annual fair rental value of the Property, as of the date of execution and delivery of this Sublease, is no less than \$[_____]. In making such determination, consideration has been given to the market value, insured value, replacement cost or construction cost of the Property, other obligations of the parties hereunder, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County, its residents and the general public.

Section 3.04 Payment Provisions. Each installment of Base Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation or its assignee, and each installment of Additional Rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation. Any such installment of Base Rental or Additional Rental accruing hereunder which shall not be paid when due shall bear interest at the composite rate on the unpaid Base Rental Payments, or such lesser rate of interest as may be required by law, from the date when the same is due hereunder until the same shall be paid, and all such delinquent installments of Base Rental and the interest thereon shall be paid to or upon the order of the Corporation and all such delinquent installments of Additional Rental and interest thereon shall be paid to or upon the order of the

Corporation. Notwithstanding any dispute between the Corporation and the County, the County shall make all Base Rental Payments when due hereunder without deduction or offset of any kind except as otherwise expressly provided herein and shall not withhold any Base Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for such Base Rental Payments or any portion thereof, such payments or excess of payments, as the case may be, shall be credited against subsequent Base Rental Payments due hereunder. All Base Rental Payments received shall be applied first to the interest components of the Base Rental due hereunder and then to the principal components of the Base Rental due hereunder, but no such application of any payments which are less than the total Base Rental due and owing shall be deemed a waiver of any default hereunder.

Section 3.05 Appropriations Covenant. The County agrees and covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such payments, and the County further agrees and covenants to furnish to the Corporation copies of the portion of annual budget of the County relating to the payment of Base Rental Payments and Additional Payments within 60 days after the final adoption thereof. The agreements and covenants on the part of the County contained herein shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such actions and do such things as are required by law in the performance of the official duties of such officials to enable the County to carry out and perform the agreements and covenants required to be carried out and performed by it contained herein.

Section 3.06 Rental Abatement. Except to the extent the proceeds of insurance maintained pursuant to Article VI hereof are available to pay Base Rental Payments, during any period in which, by reason of material damage or destruction (other than by condemnation, which is provided for in Section 8.01 hereof) there is substantial interference with the use and occupancy by the County of any portion of the Property, Base Rental Payments due hereunder shall be abated. The amount of such abatement will be such that the resulting Base Rental Payments do not exceed the lesser of (a) the amount necessary to pay the originally scheduled Base Rental Payments remaining unpaid, and (b) the fair rental value for the use and possession of the Property not so damaged or destroyed. Such abatement shall continue for the period commencing with the date of such damage or destruction and ending with the substantial completion of the work of repair or replacement of the Property so damaged or destroyed. In the event of any such damage or destruction, this Sublease shall continue in full force and effect and the County waives any right to terminate this Sublease by virtue of any such damage or destruction.

ARTICLE IV

USE OF PROCEEDS; TAX COVENANTS

Section 4.01 Use of Proceeds. The parties hereto agree that the proceeds of the assignment of this Sublease to the Assignee in an amount equal to the principal components of the Base Rental payable hereunder together with other available moneys, if any, will be used to refinance a portion of the cost of acquiring the Property and to pay the costs of this financing and incidental and related expenses.

Section 4.02 Tax Covenants. Neither the County nor the Corporation shall take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest components of the Base Rental Payments under Section 103 of the Code. Without limiting the generality of the foregoing, the County shall comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein.

ARTICLE V

MAINTENANCE; ALTERATIONS AND ADDITIONS

Section 5.01 Maintenance and Utilities. During such time as the County is in possession of the Property, all maintenance and repair, both ordinary and extraordinary, of the Property shall be the responsibility of the County, which shall at all times maintain or otherwise arrange for the maintenance of the Property in first class condition, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof or any other cause and shall pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Property. In exchange for the rental herein provided, the Corporation agrees to provide only the Property.

Section 5.02 Changes to the Property. The County shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All such additions, modifications and improvements shall thereafter comprise part of the Property and be subject to the provisions of this Sublease. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Section 5.03 Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of such party, in which the Corporation shall not have any interest, and may be modified or removed by such party at any time provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Sublease shall prevent the County from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

ARTICLE VI

INSURANCE

Section 6.01 Fire and Extended Coverage Insurance. (a) The County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, insurance against loss or damage to any structures constituting any part of the Property by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Property, excluding the cost of excavations, of grading and filling, and of the land, except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$250,000. Such insurance may be part of a joint purchase insurance program.

(b) Should the Property be damaged or destroyed as a result of an event for which Federal or State disaster aid is available, the Corporation and/or the County shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Property, or, at the option of the County, to prepay the Base Rental Payments if permitted under the disaster aid program.

(c) As an alternative to providing the insurance required by subsection (a) of this Section, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed with the Corporation a certificate of an actuary, insurance consultant or other qualified person (who may be an employee of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable coverage for the risks required to be insured against. There shall also be filed a certificate of the County, in form and substance reasonably satisfactory to the Corporation, setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the County hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 6.02 Title Insurance. The County shall obtain a leasehold owner's policy or policies or a commitment for such policy or policies or an amendment or endorsement to an existing policy or policies resulting in title insurance with respect to the Property in an amount at least equal to the principal component of the Base Rental Payments. Such insurance instrument, when issued, shall name the Assignee, as assignee of the Corporation, as the insured, and shall insure the leasehold estate of the Corporation, subject only to such exceptions as do not

substantially interfere with the County's right to use and occupy the property and as will not result in an abatement of Base Rental Payments payable by the County under this Sublease.

Section 6.03 Liability Insurance. (a) Except as hereinafter provided, the County shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this Sublease, a standard comprehensive general liability insurance policy or policies in protection of the Corporation and its members, directors, officers, agents and employees, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Property, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$300,000 for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be part of a joint-purchase insurance program.

(b) As an alternative to providing the insurance required by subsection (a) of this Section, or any portion thereof, the County may provide a self-insurance method or plan of protection if and to the extent such self-insurance method or plan of protection shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the County. Before such other method or plan may be provided by the County, and annually thereafter so long as such method or plan is being provided to satisfy the requirements of this Sublease, there shall be filed with the Corporation a certificate of an actuary, independent insurance consultant or other qualified person (who may be an employee of the County), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford reasonable protection to the Corporation, its members, directors, officers, agents and employees against loss and damage from the hazards and risks covered thereby. There shall also be filed a certificate of the County, in form and substance reasonably satisfactory to the Corporation, setting forth the details of such substitute method or plan. In the event of loss covered by any such self-insurance method, the liability of the County hereunder shall be limited to the amounts in the self-insurance reserve fund or funds created under such method.

Section 6.04 Rental Interruption or Use and Occupancy Insurance. The County shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this Sublease, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Property as the result of any of the hazards covered by the insurance required by Section 6.01 hereof, in an amount sufficient to pay the maximum annual Base Rental Payments hereunder for any two year period, except that such insurance may be subject to a deductible clause of not to exceed \$50,000. Such insurance may be part of a joint-purchase insurance program. Any proceeds of such insurance shall be applied to pay the Base Rental Payments for a period of time during which the payment of rental under this Sublease is abated, and any proceeds of such insurance not so used shall be applied as provided in Section 3.02 to the extent required for the payment of Additional Rental. Notwithstanding anything to

the contrary herein, such rental interruption or use and occupancy insurance shall not be self-insured.

Section 6.05 Insurance Proceeds; Form of Policies. (a) All policies of insurance required by this Sublease shall provide that the Assignee, as assignee of the Corporation, shall be given 30 days notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Assignee, as assignee of the Corporation, shall be included as a loss payee or additional insured under the insurance required by Sections 6.01, 6.03 and 6.04 hereof. The County shall pay when due the premiums for all insurance policies required by this Sublease, and, if requested in writing by the Corporation, shall promptly furnish evidence of such payments to the Corporation.

(b) If requested in writing by the Corporation, the County shall deliver to the Corporation certificates or duplicate originals or certified copies of each insurance policy described in such schedule.

(c) If the Property or any portion thereof is damaged or destroyed, in whole or in part, the County and the Corporation shall cause the proceeds of any insurance claim to be applied to the prompt repair, reconstruction, or replacement of the Property, unless the County has exercised its right to prepay this Sublease as provided herein. Any balance of the proceeds not required for such repair, reconstruction, replacement or prepayment shall be paid to the County.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01 Defaults and Remedies. (a) If the County shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this Sublease, or the County shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the County for a period of 30 days after notice of the same has been given to the County by the Corporation, or for such additional time as is reasonably required to correct the same, or upon the happening of any of the events specified in subsection (b) of this Section (any such case above being an "Event of Default"), the County shall be deemed to be in default hereunder and it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Sublease. Upon any such default, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(i) To terminate this Sublease in the manner hereinafter provided on account of default by the County, notwithstanding any re-entry or re-letting of the Property as hereinafter provided for in paragraph (ii), below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place located within the County. In the event of such termination, the County agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the County, including, without limitation, any costs, loss or damage

whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by the County shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate this Sublease.

(ii) Without terminating this Sublease (A) to collect each installment of rent as it becomes due and enforce any other terms or provision hereof to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (B) to exercise any and all rights of re-entry upon the Property. In the event the Corporation does not elect to terminate this Sublease in the manner provided for in paragraph (i), above, the County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the County and, if the Property is not re-let, to pay the full amount of the rent to the end of the term of this Sublease or, in the event that the Property is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such entry or re-entry or obtaining possession of the Property. Should the Corporation elect to enter or re-enter as herein provided, the County hereby irrevocably appoints the Corporation and, upon the sale, transfer, delivery, assignment and conveyance of the right, title and interest of the Corporation in and to this Sublease to the Assignee pursuant to the Assignment Agreement, the Assignee, as the agent and attorney-in-fact of the County to re-let the Property, or any part thereof, from time to time, either in the name of the Corporation or Assignee, as applicable, or otherwise, upon such terms and conditions and for such use and period as the Corporation or Assignee, as applicable, may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place located in the County, for the account of and at the expense of the County, and the County hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The County agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Corporation to re-let the Property and to do all other acts to maintain or preserve the Property as the

Corporation deems necessary or desirable in the event of such re-entry without effecting a surrender of this Sublease, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the County the right to terminate this Sublease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in paragraph (i), above. The County further waives the right to any rental obtained by the Corporation in excess of the rental herein specified and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-letting the Property or any part thereof.

The County hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of the Property and all claims for damages to or loss of any property belonging to the County, or any other person, that may be in or upon the Property.

(b) If (i) the County's interest in this Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, except as permitted by Section 9.05 hereof, (ii) the County or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the County asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the County's debts or obligations, or offers to the County's creditors to effect a composition or extension of time to pay the County's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the County's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the County, or if a receiver of substantially all of the business or of substantially all of the property or assets of the County shall be appointed by any court, except a receiver appointed at the instance or request of the Corporation, or if the County shall make a general or any assignment for the benefit of the County's creditors, (iii) any representation, warranty or certification by the County made hereunder or in connection herewith shall be false or misleading in any material respect when made, or (iv) the County shall abandon or vacate the Property, then the County shall be deemed to be in default hereunder.

(c) The Corporation shall in no event be in default in the performance of any of its obligations hereunder or imposed by any statute or rule of law unless and until the Corporation shall have failed to perform such obligations within 30 days or such additional time as is reasonably required to correct any such default after notice by the County to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation. In the event of default by the Corporation, the County shall be entitled to pursue any remedy provided by law, except that this Sublease may not be terminated therefor.

(d) In addition to the other remedies set forth in this Section, upon the occurrence of an event of default as described in this Section, the Corporation, shall be entitled to proceed to

protect and enforce the rights vested in the Corporation by this Sublease or by law. The provisions of this Sublease and the duties of the County and of its trustees, officers or employees shall be enforceable by the Corporation by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation shall have the right to bring the following actions:

(i) *Accounting.* By action or suit in equity to require the County and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(ii) *Injunction.* By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation.

(iii) *Mandamus.* By mandamus or other suit, action or proceeding at law or in equity to enforce the Corporation's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided herein.

(e) Excepting as otherwise provided herein, each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Corporation to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The Corporation expressly waives the right to receive any amount from the County pursuant to section 1951.2(a)(3) of the California Civil Code. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation by the Corporation of the Property. If any statute or rule of law validly shall limit the remedies given to the Corporation hereunder, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

(f) In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of this Sublease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder.

Section 7.02 Waiver. Failure of the Corporation to take advantage of any default on the part of the County shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the County of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this Sublease.

ARTICLE VIII

EMINENT DOMAIN; PREPAYMENT

Section 8.01 Eminent Domain. If the whole of the Property or so much thereof as to render the remainder unusable for the purposes for which it was used by the County shall be taken under the power or threat of eminent domain, the term of this Sublease shall cease as of the day that possession shall be so taken. If less than the whole of the Property shall be taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the County at the time of such taking, then this Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the rental due hereunder in an amount equivalent to the amount by which the annual payments of principal and interest components of the unpaid Base Rental Payments will be reduced by the application of the award in eminent domain to the prepayment of Base Rental Payments. So long as any Base Rental Payments remain unpaid, any award made in eminent domain proceedings for taking the Property or any portion thereof shall be applied to the prepayment of the Base Rental Payments as provided in Section 8.02 hereof. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, shall be paid to the County.

Section 8.02 Prepayment. (a) The County shall prepay on any date from insurance and eminent domain proceeds, to the extent provided in Sections 6.01 and 8.01 hereof, and from any proceeds of title insurance obtained in connection with the Property, all or any part of the principal components of the Base Rental Payments then unpaid so that the Base Rental Payments which shall be payable after such prepayment date shall be as nearly proportional as practicable to the Base Rental Payments unpaid prior to the prepayment date, at a prepayment price equal to the principal components of the Base Rental Payments so prepaid, plus the unpaid interest component thereof from the last payment date to the date fixed for prepayment.

(b) The County may prepay the Base Rental Payments in whole or in part on any date on or after June 1, 2015 by giving written notice to the Corporation at least 45 days before the date fixed for prepayment and paying to the Corporation a prepayment price equal the 100% of the principal components of the Base Rental Payments to be prepaid, plus the unpaid interest component thereof from the last payment date to the date fixed for prepayment. The County agrees that if, following such prepayment, the Property is damaged or destroyed or taken by eminent domain, the County shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and shall not be entitled to any reimbursement of such Base Rental Payments.

(c) When there shall have been (i) deposited in trust with a financial institution at or prior to the due dates of the Base Rental Payments or date when the County may exercise its option to prepay the Base Rental Payments, in trust for the benefit of the Corporation and irrevocably appropriated and set aside to the payment of the Base Rental Payments, sufficient moneys and/or direct obligations of the United States of America ("Federal Securities"), not redeemable prior to maturity, the principal of and interest on which when due will, without reinvestment, provide money sufficient, as evidenced by a report of an independent certified public accountant addressed to the County and the Corporation, to pay all principal components

and interest components of the Base Rental Payments on the due dates thereof or to the date when the County may exercise its option to prepay the Base Rental Payments, as the case may be, and (ii) delivered to the County and the Corporation an opinion of nationally recognized bond counsel, addressed to the County and the Corporation, to the effect that such deposit, in and of itself, will not cause the interest component of the Base Rental Payments to be included in gross income for federal income tax purposes, then and in that event the term of this Sublease shall end on such date, the right, title and interest of the Corporation in such Base Rental Payments and the obligations of the County hereunder shall thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Corporation and the obligation of the County to have such moneys and such Federal Securities applied to the payment of the Base Rental Payments) and the Corporation's interest in and title to the Property shall be transferred and conveyed to the Owner; provided, however, that the County agrees that if, following such deposit, the Property is damaged or destroyed or taken by eminent domain, the County shall not be entitled to, and by such deposit waives the right of, abatement of such Base Rental Payments for which such deposit was made and shall not be entitled to any reimbursement of such Base Rental Payments.

ARTICLE IX

COVENANTS AND WARRANTIES

Section 9.01 Right of Entry. The Corporation and its assignees shall have the right (but not the duty) to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Corporation's or the County's rights or obligations under this Sublease, and (c) for all other lawful purposes.

Section 9.02 Liens. In the event the County shall at any time during the term of this Sublease cause any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and shall keep the Property free of any and all mechanics' or materialmen's liens or other liens against the Property or the Corporation's interest therein. In the event any such lien attaches to or is filed against the Property or the Corporation's interest therein, the County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the County desires to contest any such lien it may do so in good faith. If any 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, the County shall forthwith pay and discharge said judgment. The County agrees to and shall, to the maximum extent permitted by law, indemnify and hold the Corporation and its respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Property or the Corporation's interest therein.

Section 9.03 Quiet Enjoyment. The parties hereto mutually covenant that the County, by keeping and performing the covenants and agreements herein contained and if not in default hereunder, shall at all times during the term of this Sublease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Corporation.

Section 9.04 Corporation Not Liable. The Corporation and the Assignee, as assignee of the Corporation, and their respective members, directors, officers, agents, employees and assignees shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. The County, to the extent permitted by law, shall indemnify and hold the Corporation and the Assignee, as assignee of the Corporation, and their respective members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the construction or operation of the Property, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Property regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

Section 9.05 Assignment and Subleasing. (a) The County understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Corporation in and to this Sublease will be sold, transferred, delivered, assigned and conveyed to the Assignee. The County hereby consents to such sale, transfer, delivery, assignment and conveyance. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions of this Sublease to the Corporation shall be deemed to be references to the Assignee, as assignee of the Corporation.

(b) Neither this Sublease nor any interest of the County hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the County by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation, which in the case of subletting, shall not be unreasonably withheld; provided, however, that any such subletting shall be subordinate in all respects to this Sublease, and shall not affect the tax-exempt status of the interest components of the Base Rental Payments payable by the County hereunder, as evidenced by an Opinion of Counsel to such effect. No such mortgage, pledge, assignment, sublease or transfer shall in any event affect or reduce the obligation of the County to make the Base Rental Payments and Additional Payments required hereunder.

Section 9.06 Title to Property. During the term of this Sublease, the Corporation shall hold leasehold title to the Property and any and all additions which comprise fixtures, repairs, replacements or modifications thereof, except for those fixtures, repairs, replacements or modifications which are added thereto by the County and which may be removed without damaging the Property, and except for any items added to the Property by the County pursuant to Section 5.03 hereof. This provision shall not operate to the benefit of any insurance company if there is a rental interruption covered by insurance pursuant to Section 6.04 hereof. During the term of this Sublease, the Corporation shall have a leasehold interest in the Property pursuant to the Lease.

Upon the termination of this Sublease (other than as provided in Sections 7.01 and 8.01 of this Sublease) or upon the Expiry Date, title to the Property shall vest in the Owner. Upon any such termination or expiration, the Corporation shall execute such conveyances, deeds, and other documents as may be necessary to effect such vesting of record.

Section 9.07 Purpose of Lease. The County covenants that during the term of this Sublease, except as hereinafter provided (a) it will use, or cause the use of, the Property for public purposes and for the purposes for which the Property is customarily used, (b) it will not vacate or abandon the Property or any part thereof, and (c) it will not make any use of the Property which would jeopardize in any way the insurance coverage required to be maintained pursuant to Article VI hereof.

Section 9.08 Taxes. (a) The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of this Sublease as and when the same become due.

(b) The County shall also pay directly such amounts, if any, in each year as shall be required by the Corporation for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the County to pay any of the foregoing or failure to file or furnish to the Corporation for filing in a timely manner any returns, hereinafter levied or imposed against the Corporation or the Property, the rentals and other payments required hereunder or any parts thereof or interests of the County or the Corporation therein by any governmental authority.

(c) The County may, at the County's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture. In the event of such notice, the County shall promptly pay such taxes, assessments or charges or provide the Corporation with full security, in form satisfactory to the Corporation and the Trustee, against any loss, which may result from nonpayment.

Section 9.09 Financial Statements; Budgets. Within 270 days following the end of each fiscal year of the County during the term hereof, or if later, within ten days of publication, the County shall provide the Corporation with a copy of its audited financial statements for such fiscal year. Such audited financial statements shall include a balance sheet, a statement of revenues, expenses and changes in fund balances for budget and actual, a statement of cash

flows, notes, schedules and any attachments to the financial statements and such other financial information as the Corporation shall reasonably request. Upon request of the Corporation, the County shall provide the Corporation with a copy of its annual proposed and adopted budget documents.

Section 9.10 Consents and Approvals. No consent or approval of any holder of any indebtedness of the County or of the voters of the County, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of the Lease and this Sublease, or the consummation of any transaction therein and herein contemplated, except (a) as have been obtained or made and as are in full force and effect, (b) as are not yet required to be obtained or made, or (c) any of such, the failure to obtain or make the same, would not have a material adverse effect on the County's ability to consummate the transactions contemplated by the Lease and this Sublease.

Section 9.11 No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the County, threatened against or affecting the County or the assets, properties or operations of the County which, if determined adversely to the County, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease and this Sublease or upon the financial condition, assets, properties or operations of the County, and the County is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the County's ability to consummate the transactions contemplated by the Lease or this Sublease, or the financial condition, assets, properties or operations of the County.

Section 9.12 Release and Indemnification. To the extent permitted by law, the County shall and hereby agrees to indemnify and save the Corporation and the Assignee, as assignee of the Corporation, and their respective members, directors, officers, agents, employees and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the County, (b) any breach or default on the part of the County in the performance of any of its obligations under this Sublease, (c) any act of negligence of the County or of any of its agents, contractors, servants, employees or licensees with respect to the Property, or (d) any act or negligence of any sublessee of the County with respect to the Property. No indemnification is made under this Section or elsewhere in this Sublease for misconduct or negligence under this Sublease by the Corporation or the Assignee or any of their respective members, directors, officers, agents, employees, successors or assigns.

ARTICLE X

DISCLAIMER OF WARRANTIES; USE OF THE PROPERTY

Section 10.01 Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED,

AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE CORPORATION IS NOT A MANUFACTURER OF THE PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY. In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or the County's use of any item or products or services provided for in this Sublease.

Section 10.02 Use of the Property. The County will not install, use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by this Sublease. The County shall provide all permits and licenses, if any, necessary for the operation of the Property. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Corporation, adversely affect the estate of the Corporation in and to the Property or its interest or rights under this Sublease.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Net-Net-Net Lease. This Sublease shall be deemed and construed to be a "net-net-net lease" and the County hereby agrees that the rentals provided for herein shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.02 Amendment. Without the prior written consent of the Corporation, the County shall not alter, modify or cancel, or agree or consent to alter, modify or cancel this Sublease.

Section 11.03 Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the County: County of Riverside
Fourth Floor
4080 Lemon Street
Riverside, CA 92501-3651
Attention: County Executive Officer

If to the Corporation: County of Riverside Asset Leasing Corporation
c/o County of Riverside
Fourth Floor
4080 Lemon Street
Riverside, CA 92501-3651
Attention: County Executive Officer

If to the Assignee:

Section 11.04 Validity and Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the County or the Corporation shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof. The County and the Corporation hereby declare that they would have executed and entered into this Sublease and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.05 Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Sublease.

Section 11.06 Law Governing. This Sublease shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

Section 11.07 Execution in Counterparts. This Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Sublease. It is also agreed that the County and the Corporation may each execute separate counterparts of this Sublease, all with the same force and effect as though both had executed the same counterpart.

IN WITNESS WHEREOF, the Corporation and the County have caused this Sublease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION**

By: _____
Title:

Attest:

Secretary

COUNTY OF RIVERSIDE

By: _____
Title:

Attest:

Clerk of the Board of Supervisors

EXHIBIT A

DESCRIPTION OF PROPERTY

All of that certain real property and improvements thereon situated in the County of Riverside, State of California, described as follows:

[To Come]

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

Due Date	Principal Component	Interest Component	Total Base Rental
June 1, 2011			
December 1, 2011			
June 1, 2012			
December 1, 2012			
June 1, 2013			
December 1, 2013			
June 1, 2014			
December 1, 2014			
June 1, 2015			
December 1, 2015			
June 1, 2016			
December 1, 2016			
June 1, 2017			
December 1, 2017			
June 1, 2018			
December 1, 2018			
June 1, 2019			
December 1, 2019			
June 1, 2020			
December 1, 2020			

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Sublease (Monroe Park Office Building), dated as of February 1, 2011, by and between the County of Riverside Asset Leasing Corporation (the "Corporation") and the County of Riverside (the "County"), from the Corporation to the County, is hereby accepted by the undersigned on behalf of the County pursuant to authority conferred by resolution of the Board of Supervisors of the County adopted on February [], 2011, and the County consents to recordation thereof by its duly authorized officer.

Dated as of February [], 2011

COUNTY OF RIVERSIDE

By: _____
Title: _____

WHEN RECORDED RETURN TO:

Nixon Peabody LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attn: Charles Wolf, Esq.

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF RIVERSIDE AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

**ASSIGNMENT AGREEMENT
(MONROE PARK OFFICE BUILDING)**

by and between

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION

and

[_____]

Dated as of February 1, 2011

**ASSIGNMENT AGREEMENT
(MONROE PARK OFFICE BUILDING)**

THIS ASSIGNMENT AGREEMENT (MONROE PARK OFFICE BUILDING) (this "Assignment Agreement"), dated as of February 1, 2011, is by and between the COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, and [] (the "Assignee"), a [] organized and existing under the laws of [].

WITNESSETH:

WHEREAS, in order to refinance a portion of the cost of acquiring the real property described in Exhibit A hereto and the improvements thereon (collectively, the "Property"), the County of Riverside (the "County") and the Corporation, as joint owners, have leased the Property to the Corporation pursuant to the Lease (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith (the "Lease"), and the County has subleased the Property back from the Corporation pursuant to the Sublease (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith (the "Sublease"); and

WHEREAS, in order to provide the amount of advance rental required to be paid by the Corporation pursuant to the Lease, the Corporation desires to sell, transfer, deliver, assign and convey to the Assignee, and the Assignee desires to purchase, all right, title and interest of the Corporation in and to the Lease and the Sublease;

NOW, THEREFORE, in consideration of the premises, the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Defined Terms. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Sublease.

Section 2. Assignment; Payment of Purchase Price. (a) The Corporation hereby sells, transfers, delivers, assigns and conveys to the Assignee, its successors and assigns, irrevocably and absolutely, without recourse, all of the Corporation's right, title and interest in and to the Lease and the Sublease, including, without limitation, its right to receive the Base Rental Payments to be paid by the County under and pursuant to the Sublease; provided, however, that the Corporation shall retain the rights to indemnification under the Sublease (the "Assigned Property"). This assignment is absolute and unconditional and is not intended to be merely the grant of a security interest to the Assignee. This assignment is made without recourse to the Corporation, except as provided herein.

It is intended that the conveyance of the Corporation's right, title and interest in the Assigned Property pursuant to this Assignment Agreement shall constitute a purchase and sale and not a loan for federal and relevant state tax, bankruptcy and other purposes and hereafter the Corporation shall have no interest in the Assigned Property, and in the event of the bankruptcy of the Corporation, the Assigned Property shall not be part of the Corporation's bankruptcy estate.

Nonetheless, as a precaution in the event that, contrary to the intent of the parties hereto, it is contended that the Corporation has not sold or absolutely assigned the Assigned Property, but rather has received from the Assignee a loan or extension of credit secured by the Assigned Property, with the Corporation retaining an ownership interest therein, the Corporation hereby assigns, pledges and grants to the Assignee a first priority lien on and security interest in all right, title and interest the Corporation now or hereafter acquires in and to the Assigned Property sold, transferred, delivered, assigned and conveyed by the Corporation under this Assignment Agreement, as security for the repayment of such ostensible loan or extension of credit, as well as for the full and timely performance by the Corporation of each of its obligations hereunder.

(b) In consideration of the sale, transfer, delivery, assignment and conveyance provided for in subsection (a) of this Section, the Assignee has paid or caused to be paid to or for the benefit of the Corporation, in immediately available funds, the purchase price of \$[_____].

Section 3. Assigned Payments. The Corporation has given written notice of this Assignment Agreement to the County, and all Base Rental Payments that are or become payable pursuant to the Sublease from and after the date of this Assignment Agreement shall be made directly to the Assignee at its address set forth herein, or as otherwise directed by the Assignee.

Section 4. Warranties and Covenants. The Corporation hereby represents, warrants and covenants to and with the Assignee that, as of the date hereof:

(i) The Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California, with powers and authority to own its properties and carry on its operations as now being conducted.

(ii) The Corporation has full power, authority and legal right to enter into and perform its obligations under this Assignment Agreement and with respect to the Assigned Property. The execution, delivery and performance of this Assignment Agreement have been duly authorized by all necessary action on the part of the Corporation.

(iii) The execution, delivery and performance of this Assignment Agreement do not contravene any law, governmental rule, regulation, order or ordinance of any governmental entity having jurisdiction over and binding on the Corporation or the organizational documents or bylaws of the Corporation and do not and will not result in any breach of or constitute a default under any indenture, mortgage, contract, agreement or instrument to which the Corporation is a party or by which it or its property is bound.

(iv) There are no pending or threatened actions or proceedings before any court or administrative agency that will materially adversely affect the condition, business or operation of the Corporation or the ability of the Corporation to perform its obligations under this Assignment Agreement.

(v) The Lease, the Sublease and this Assignment Agreement are legal, valid and binding obligations of the Corporation, which are enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable laws

relating to bankruptcy, moratorium, insolvency or creditors' rights or by the application of principles of equity.

(vi) Immediately prior to the transfer and assignment provided for by this Assignment Agreement, the Corporation had good and marketable title to the Assigned Property, free and clear of all claims, liens, security interests and encumbrances. This Assignment Agreement vests in the Assignee full right, title and interest in and to the Assigned Property, in each instance free and clear of all claims, liens, security interests and encumbrances of any kind or character, and the same shall be and remain free of all claims, liens, security interests and encumbrances arising through any act or omission of the Corporation or any person claiming by, through or under it.

(vii) The Corporation has not assigned, sold, transferred, pledged or otherwise granted an interest, and hereby covenants that it will not assign, sell, transfer, pledge or otherwise grant an interest in or to the whole or any part of the Assigned Property sold, transferred, delivered, assigned and conveyed pursuant to this Assignment Agreement to anyone other than the Assignee. The Corporation will make appropriate notations on its books and records with entries regarding the Assigned Property indicating the entering into of this Assignment Agreement.

(viii) No event of default has occurred and is continuing under the Lease or Sublease, and, to the best knowledge of the Corporation, no event has occurred that, with the lapse of time or the giving of notice or both, would constitute an event of default under the Lease or Sublease.

(ix) The Corporation has given notice to the County of this Assignment Agreement and obtained the written acknowledgment of the County to this Assignment Agreement.

(x) The Corporation has no right or obligation to repurchase the Assigned Property from the Assignee. The Corporation retains no interest whatsoever in the Assigned Property, except for rights of indemnification.

(xi) The Corporation will make no amendment or modification to the Assigned Property without the prior written consent of the Assignee.

(xii) No arrangement exists whereby the Corporation is to protect the Assignee against (A) the risk of fluctuations in the market value of the Assigned Property, or (B) the risk of nonpayment by the County.

(xiii) The principal place of business and chief executive office of the Corporation is located at 4080 Lemon Street, Riverside, CA 92501.

Section 5. Assignee Representations, Warranties and Acknowledgements. The Assignee represents, warrants and acknowledges as follows:

(i) The Assignee is a "qualified institutional buyer," as defined in Rule 144A of the Securities Act of 1933 (a "Qualified Institutional Buyer") and has such knowledge

and experience in financial and business matters in general and in particular with respect to this type of investment that it is capable of evaluating the merits and risks of an investment in the Assigned Property, has evaluated and understands the risks and terms of investing in the Assigned Property and is able to bear the economic risk of an entire loss in this investment.

(ii) The Assignee is not purchasing the Assigned Property for more than one account, is purchasing the Assigned Property for investment purposes and is not purchasing the Assigned Property with a view to distributing the Assigned Property.

(iii) The Assignee acknowledges that any sale, transfer, delivery, assignment or conveyance of the Assigned Property shall be restricted as provided in paragraph (iv), below, and that any such sale, transfer, delivery, assignment or conveyance shall not be effective unless and until a notice of assignment is given to the Corporation and the County. If such sale, transfer, delivery, assignment or conveyance complies with the terms hereof, the Corporation and County will, when presented with notice of the assignment, acknowledge the assignment for the benefit of the Assignee or any assignee.

(iv) The Assignee acknowledges and agrees that the Assigned Property shall be sold, transferred, delivered, assigned or conveyed by the Assignee only to an affiliate of the Assignee or to a Qualified Institutional Buyer, that the Assigned Property shall only be sold, transferred, delivered, assigned or conveyed in whole and that the Assignee shall not sell, transfer, deliver, assign or convey any fractional interest in the Assigned Property.

(v) The Assignee has conducted its own independent examination of, and has had an opportunity to ask questions and receive answers concerning, this investment. All documents, records and books pertaining to this investment requested by the Assignee have been made available to the Assignee and its attorneys, accountants or investor representatives.

(vi) The Assignee understands and agrees (A) that the offering and sale of the Assigned Property is exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission, and (B) that neither the Corporation nor the County has undertaken to provide any continuing disclosure with respect to the Corporation, the County or the Assigned Property.

Section 6. Further Assurances. The Corporation, from time to time, at the request and cost and expense of the Assignee, shall execute and deliver such further acknowledgments, agreements and instruments of assignment, transfer and assurance and do all such further acts and things as may be reasonably necessary or appropriate in the opinion of the Assignee to give effect to the provisions hereof and to further confirm the right, title and interest hereby sold, transferred, delivered, assigned and conveyed to the Assignee.

Section 7. Severability; Rights Cumulative. If any part of this Assignment Agreement shall be contrary to any law that the Assignee might seek to apply or enforce or should otherwise be defective, the other provisions hereof shall not be affected thereby but shall continue in full

force and effect, to which end they are hereby declared severable. All rights, remedies and powers of the Assignee hereunder are irrevocable and cumulative, and not alternative or exclusive, and shall be in addition to all rights, remedies and powers given hereunder, or in or by any other instrument or any other law now existing or hereafter enacted.

Section 8. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Corporation: County of Riverside Asset Leasing Corporation
c/o County of Riverside
Fourth Floor
4080 Lemon Street
Riverside, CA 92501-3651
Attention: County Executive Officer

If to the Assignee:

Section 9. Entirety; Amendments. This Assignment Agreement contains the entire agreement between the Corporation and the Assignee with respect to the subject matter hereof and supersedes all prior agreements and understandings relating thereto. No other agreements will be effective to change, modify or terminate this Assignment Agreement in whole or in part unless such agreement is in writing and duly executed by the Corporation and the Assignee. No representations, inducements, promises or agreements, oral or otherwise, that are not embodied herein (or any other written instrument or document delivered pursuant hereto or in connection herewith) will be of any force or effect.

Section 10. Parties Bound. This Assignment Agreement shall be binding on the Corporation and its successors and assigns, and shall inure to the benefit of the Assignee and its successors and assigns.

Section 11. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Assignment Agreement.

Section 12. Law Governing. This Assignment Agreement shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

Section 13. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Assignment Agreement. It is also agreed that the Corporation and the Assignee may each execute separate counterparts of this Assignment Agreement, all with the same force and effect as though both had executed the same counterpart.

IN WITNESS WHEREOF, the Corporation and the Assignee have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION**

By: _____
Title:

Attest:

Secretary

[ASSIGNEE]

By: _____
Title:

EXHIBIT A

DESCRIPTION OF PROPERTY

All of that certain real property and improvements thereon situated in the County of Riverside, State of California, described as follows:

[To Come]

