

421



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

FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE:
November 14, 2013

SUBJECT: Resolution No. 2013-272, Authorization to Purchase Assets Located Within an Existing Data Center at the City of Riverside, County of Riverside, California, CEQA Exempt, District 2, [\$13,957,546]; CORAL Bonds and RCIT Budget

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the purchase of the assets are exempt from CEQA pursuant to CEQA guidelines section 15061(B)(3) as it can be seen with certainty that there is no possibility the activity in question may have a significant effect on the environment; and section 15301, Class1, as the project involves negligible or no expansion of an existing use or alterations;
2. Adopt Resolution No. 2013-272, Authorization to purchase assets located within an existing data center at 1960 Chicago Avenue, Building F, in the City of Riverside, County of Riverside, situated upon a portion of Assessor's Parcel Number 249-110-030, from ACORN Technology Corporation Inc., a California corporation;

(Continued)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: [Signature] 11/14/13

[Signature]

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 7,521,003	\$ 658,089	\$ 13,957,546	\$ 6,818,546	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$	\$	\$	

SOURCE OF FUNDS: County of Riverside Asset Leasing Corporation
Bond Financing (Acquisition); Lease Payments (RCIT)

Budget Adjustment: No
For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY: [Signature]
Jennifer C. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
 Nays: None
 Absent: None
 Date: November 26, 2013
 xc: EDA

Kecia Harper-Ihem
 Clerk of the Board
 By: [Signature]
 Deputy

Prev. Agn. Ref.: N/A **District:** 2/2 **Agenda Number:** 3-20

FORM APPROVED COUNTY COUNSEL
 BY: PATRICIA MUNROE 11/13/13
 DATE

Spence Chon
 Reviewed by
 CIP TEAM
 Steve Chow

13 Nov 13
 Kevin Crawford
 Chief Information Officer

Positions Added Change Order
 A-30 4/5 Vote

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

Economic Development Agency/Facilities Management

FORM 11: Resolution No. 2013-272, Authorization to Purchase Assets Located Within an Existing Data Center at the City of Riverside, County of Riverside, California, CEQA Exempt, District 2, [\$13,957,546];

CORAL Bonds

DATE: November 14, 2013

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RECOMMENDED MOTION: (Continued)

3. Approve the Asset Purchase Agreement and Joint Escrow Instructions (the Purchase Agreement) between the Acorn Technology Corporation and the County for purchase or assignment of the assets, including customer contracts, improvements, equipment, and intellectual property (Purchased Assets) at a purchase price of \$7,000,000, plus miscellaneous escrow, title and due diligence costs in the amount of \$139,000 and authorize the Chairman to execute the documents necessary to complete the purchase of the assets;
4. Approve the new lease agreement between Koll and the County for the leasing of the data center facility (the Lease) for a 10 year term, including a \$382,003 FY 13/14 lease cost, and a total lease cost of \$6,818,546 over the term of the lease, to be funded from RCIT's budget, and authorize the Chairman to execute the documents necessary to complete the leasing of the premises; and
5. Authorize the Assistant County Executive Officer of the Economic Development Agency, or his designee, to execute new agreements with private entity customers and any related documents and administer all actions necessary to complete this transaction.

BACKGROUND:

Summary

On September 10, 2013, the Board of Supervisors adopted Minute Order 3-32, Notice of Intention to Purchase certain assets of the ACORN Technology Corporation located at 1960 Chicago Avenue, Building F, Riverside, California. On behalf of the Riverside County Information Technology Department (RCIT) and the Executive Office, the Real Estate Division of the Economic Development Agency (EDA) has negotiated the purchase of the assets of the ACORN Technology Corporation's data center operations including improvements, equipment and twenty-one customer agreements. In addition, EDA has negotiated a new lease agreement with the current landlord at 1960 Chicago Avenue, Building F, Riverside, California, whereby the County will become the lessee of the real property which consists of a 23,477 square foot single freestanding building which is improved with a data center. The approval of the lease agreement is one of the Board motions included in this Form 11.

Currently the Riverside County Information Technology Department (RCIT) operates a data center in the downtown Riverside County Administrative Center (CAC) for the management and control of the County's information systems. For many years the location has been viewed as unfit for a large scale data center since the data center operations are located on the tenth floor. Conventional large scale data centers are most often located at the ground level for greater stability, safety, and security. The standard data center rating for the County data center facility is Tier 2.

In 2012, RCIT contacted the Economic Development Agency (EDA) to request assistance in procuring a new staff consolidated facility and data center. RCIT occupied several facilities and it was the objective of RCIT to consolidate staff as well as provide a new data center location. In June 2012, EDA issued a Request for Proposal (RFP) for a consolidated staff and data center facility location and received multiple responses. A question and answer session was held on August 27, 2012, and the final deadline for responses was September 27, 2012. The Press Enterprise submitted a response for the potential acquisition of their facility by the County. The County ultimately selected this option for the purpose of consolidating staff and for potentially operating the data center. In addition to the Press Enterprise submittal, the ACORN Technology Corporation (ACORN) submitted a response for the County's consideration for the lease and potential acquisition of an existing fully improved data center which included leasehold improvements and data center equipment in their leased facility located at 1960 Chicago Avenue, Building F, Riverside.

(Continued)

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BACKGROUND:

Summary (continued)

Although the County ultimately selected the Press Enterprise Facility to purchase, the ACORN submittal and facility was later evaluated and determined to be an important option for the County's consideration. After thorough review of ACORN's response, it has been decided that the ACORN Data Center's location, existing data center improvements, and the potential for a new lease agreement with the landlord on terms favorable to the County, make the acquisition a logical and cost effective choice for the County's data center operations. Acquisition of the ACORN Data Center will be less expensive than constructing a new one at the Press Enterprise Facility, in both absolute and per square foot terms, and will also provide sufficient space for future needs.

The ACORN Data Center is rated as a Tier 3 data center and is comprised of essential equipment and safety and security equipment and features which are unique and highly conducive to the County data center operations. Furthermore, the short supply of data center facilities in the greater Riverside and San Bernardino County areas and the close proximity of the ACORN facility to downtown Riverside make the facility an attractive option for the County.

The new lease and Purchased Assets are described generally as follows:

Location: 1960 Chicago Avenue, Building F, Riverside, California, located within the Riverside Technology Business Park.

Building Size: Approximately 23,477 square feet

**Improvements/
Equipment:**

The asset purchase includes the following improvements:

- Approximately 18,700 square feet of raised floor environment for computer hardware applications, designed with fault tolerant topology and zone 4 rated seismic hardening
- Multiple High Volume Conduits/Electrical/Mechanical to accommodate electrical, data, communications and fiber optic systems

Main Power

- Redundant city utility power supply
- Dual 2,500 KVA transformers

**Standby
Power Systems**

- Two 2,000 KW, 480 Volt generators supply back up power
- Dual on-site fuel storage system of 6,674 gallon capacity
- Full capacity on-site generator plant with redundancy
- Two day on site fuel capability

**Uninterruptible
Power Supply**

- 5 Powerware 750 KVA UPS provides "S + S" redundancy
- Static switched UPS equipment
- Dedicated batteries per UPS module.
- Redundant UPS to replace any failed unit
- Dual power inputs to cabinets

(Continued)

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BACKGROUND:

Summary (continued)

Electrical Protection

- Lightning protection system
- Transient voltage surge suppression system
- Raised floor signal reference grid
- Comprehensive equipment grounding system, full building loop ground
- Static transfer switches to parallel automatically

Fire/Water Protection

- Double interlock dry line pre-action fire suppression system and haylon extinguishers
- Very Early Smoke Detection Apparatus (VESDA)
- Smoke purging system
- Full perimeter water detection plus HVAC leak detection
- Smoke and heat detection on ceiling, above ceiling and below raised floors
- Smoke and heat fire alarm system

Security

- Electronic Card and biometric access security
- 20+ surveillance cameras with 30 days storage capacity
- Motion sensors and security alarms with 24/7 monitoring hardware.

Cooling System

- 17 Liebert 30 ton water cooled air conditioning systems
- 2 Liebert 20 ton water cooled air conditioning systems
- "System + System" redundancy
- 25% loss without impact on operations at peak capacity
- No single point of failure in the mechanical system
- Trane HEPA rated air supply & building pressurization system
- On-site 11,000 gallon reserve water supply
- End to end essential raised floor area cooling
- Complete 18" to 36" raised floor environment
- Floor served by air cooled chillers

Network

- Multiple telecom service provider connectivity
- 600 pairs of copper available
- Multiple T-1's to multiple OC-192's
- Redundant Cisco systems core network
- Dual redundant Cisco gigabit switch routers (GSR) and Catalyst 6509 switches
- Fast Ethernet or gigabit Ethernet to customer cabinets

Master Services Agreements

- Twenty-one customer agreements with education, affiliated governmental organizations and private sector companies to be assigned to the County. RCIT will provide floor space for equipment and security and customers will pay revenue to the County, estimated to be in excess of \$1,280,000 annually.

Lease Terms:

Although there is a current lease in effect between the landlord and ACORN, the terms are not consistent with County objectives therefore the County has negotiated a new lease with the landlord. The terms of the new lease are as follows:

(Continued)

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

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BACKGROUND:

Summary (continued)

Location: 1960 Chicago Avenue, Building F, Riverside, California

Square Footage: Approximately 23,477 square feet

Lease Term: Ten Years, to commence upon execution of lease

Rental Rate: \$14,790.00 per month (\$.63 per square foot), increased 3% annually

Options to Renew: Four, Five Year Options to Renew at Fair Market Rental Value

Electrical Utilities: County Responsible

Exterior Maintenance: Lessor Responsible

Interior Maintenance/
Custodial: County Responsible

Interior Improvements/
Data Center Related: Remain Property of the County. Improvements include Cooling Systems, Generator Systems, UPS Systems, and Security Systems and all systems and improvements/equipment listed above, more particularly described in the Purchase Agreement.

The Justification for the purchase of the Purchased Assets and entering a new lease is as follows:

Justification for Purchase

1. It is necessary to relocate the data center from the tenth floor of the CAC since this location does not provide adequate safety for the center and is not an efficient and conventional location for a large scale data center. The same is true for other smaller RCIT enterprise data centers located throughout the County which will be consolidated into this location.
2. The ACORN facility provides an immediate accessible and usable location that:
 - a. Provides more space than RCIT's analysis to build one out in the Press Enterprise building and at a much lower cost.
 - b. Meets higher data center requirements than the current RCIT data centers.
 - c. Allows the County to close other centers which are currently under lease.
 - d. Provides critical data space for RCRMC that is required for current projects.
 - e. Provides space for other Departments that are currently seeking or leasing space.

(Continued)

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BACKGROUND:

Summary (continued)

- f. Provides existing and future revenue by leasing data center space to other outside agencies and entities.
3. The business park in which the ACORN facility is situated will also afford us the opportunity to co-locate needed RCIT warehouse space which will cut down on warehousing in the Press Enterprise building and add to efficiencies.

The following are programs or services to be performed for the County and other government, quasi government and public agencies:

1. Leased or Licensed Data Center Space
2. Hosted Systems
3. Platform Services
4. Data Storage
5. Mainframe Services
6. Security Services

The following are programs or services to be performed for private sector entities:

1. Leased or Licensed Data Center Space
2. Security Services of Facility

The acquisition of a new lease and the Purchased Assets by the County at the price set forth above achieves a value significantly below replacement cost. Data Center replacement cost is estimated to be \$800 - \$1200 per square foot.

The Form 11 and resolution have been approved as to legal form by County Counsel.

FINANCIAL DATA:

(Commences on Page 7)

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FINANCIAL DATA:

The following summarizes the funding necessary to acquire the Purchased Assets:

Purchase Price	\$ 7,000,000
Estimated Escrow and Closing Charges	\$ 17,000
Preliminary Title Report	\$ 2,000
Environmental	\$ 15,000
Appraisal	\$ 50,000
Physical Inspection	\$ 25,000
Advertising Costs	\$ 3,000
Acquisition Administration	\$ 27,000
Total Estimated Acquisition Cost	\$ 7,139,000
Add: Lease Costs FY 2013/14	\$ 382,003
Total Acquisition and Lease Costs	\$ 7,521,003

EDA has already covered the costs for due diligence (preliminary title reports) and will be reimbursed by the Executive Office (EO). The remaining costs associated with the acquisition will be paid directly by the EO. Any necessary budget adjustments will be brought forward under separate cover seeking authorization to purchase. No additional county costs will be incurred as a result of this transaction.

Impact on Residents and Businesses

The acquisition and lease of the ACORN facility by the County will have a positive economic impact in that it will generate new customer contracts and revenue, potentially create new jobs, and provide more growth and efficiency for the County's data center operations.

SUPPLEMENTAL:

Additional Fiscal Information

The acquisition of the customer agreements in this transaction will generate approximately \$1,280,000 annually in revenue to the County.

Contract History and Price Reasonableness

This is a new acquisition and therefore there is no Contract History. The price of the Purchased Assets is based upon an appraisal obtained by the Agency.

Attachments:

Exhibit A

Exhibit B

Exhibit C

Resolution No. 2013-272

Exhibit A

Riverside County Information Technology Lease Cost Analysis FY 2013/14 1960 Chicago Avenue, Building F, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	23,477 SQFT		
Approximate Cost per SQFT (July - Nov)	\$	-	
Approximate Cost per SQFT (Dec - Jun)	\$	0.63	
Lease Cost per Month (Jul - Nov)		\$	-
Lease Cost per Month (Dec - June)		\$	14,790.00
Total Lease Cost (July - Nov)		\$	-
Total Lease Cost (Dec - June)		\$	103,530.00
Total Estimated Lease Cost for FY 2013/14		\$	103,530.00

Estimated Additional Costs:

Utility Cost per Square Foot	\$	1.67	
Estimated Utility Costs per Month (Dec - June)		\$	39,206.59
Total Estimated Utility Cost		\$	274,446.13
RCIT		\$	-
Tenant Improvement		\$	-
EDA Lease Management Fee (Based @ 3.89%)		\$	4,027.32
TOTAL ESTIMATED COST FOR FY 2013/14		\$	382,003.45

Exhibit B

Riverside County Information Technology Lease Cost Analysis FY 2014/15 1960 Chicago Avenue, Building F, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:		23,477	SQFT	
Approximate Cost per SQFT (July - Nov)	\$	0.63		
Approximate Cost per SQFT (Dec - Jun)	\$	0.65		
Lease Cost per Month (Jul - Nov)		\$	14,790.00	
Lease Cost per Month (Dec - June)		\$	15,233.70	
Total Lease Cost (July - Nov)			\$	73,950.00
Total Lease Cost (Dec - June)			\$	106,635.90
Total Estimated Lease Cost for FY 2014/15			\$	180,585.90

Estimated Additional Costs:

Utility Cost per Square Foot	\$	1.67		
Estimated Utility Costs per Month (July - June)			<u>\$</u>	<u>39,206.59</u>
Total Estimated Utility Cost			\$	470,479.08
EDA Lease Management Fee (Based @ 3.89%)			\$	<u>7,024.79</u>
TOTAL ESTIMATED COST FOR FY 2014/15			\$	<u>658,089.77</u>

Exhibit C

Riverside County Information Technology Lease Cost Analysis FY 2015/16 to FY 2023/24
 1960 Chicago Avenue, Building F, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

23,477 SQFT

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Approximate Cost per SQFT (July - Nov)	\$ 0.65	\$ 0.67	\$ 0.69	\$ 0.71	\$ 0.73	\$ 0.75	\$ 0.77	\$ 0.80	\$ 0.82
Approximate Cost per SQFT (Dec - Jun)	\$ 0.67	\$ 0.69	\$ 0.71	\$ 0.73	\$ 0.75	\$ 0.77	\$ 0.80	\$ 0.82	\$ -
Lease Cost per Month (Jul - Nov)	\$ 15,233.70	\$ 15,690.71	\$ 16,161.43	\$ 16,646.28	\$ 17,145.66	\$ 17,660.03	\$ 18,189.83	\$ 18,735.53	\$ 19,297.60
Lease Cost per Month (Dec - June)	\$ 15,690.71	\$ 16,161.43	\$ 16,646.28	\$ 17,145.66	\$ 17,660.03	\$ 18,189.83	\$ 18,735.53	\$ 19,297.60	\$ -
Total Lease Cost (July - Nov)	\$ 76,168.50	\$ 78,453.56	\$ 80,807.16	\$ 83,231.38	\$ 85,728.32	\$ 88,300.17	\$ 90,949.17	\$ 93,677.65	\$ 96,487.98
Total Lease Cost (Dec - June)	\$ 109,834.98	\$ 113,130.03	\$ 116,523.93	\$ 120,019.64	\$ 123,620.23	\$ 127,328.84	\$ 131,148.71	\$ 135,083.17	\$ -
Total Estimated Lease Cost for FY 2015/16 to FY 2020/21	\$ 186,003.48	\$ 191,583.58	\$ 197,331.09	\$ 203,251.02	\$ 209,348.55	\$ 215,629.01	\$ 222,097.88	\$ 228,760.82	\$ 96,487.98

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67	\$ 1.67
Estimated Utility Costs per Month (July - June)	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59	\$ 39,206.59
Total Estimated Utility Cost	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 470,479.08	\$ 196,032.95
EDA Lease Management Fee (Based @ 3.89%)	\$ 7,235.54	\$ 7,452.60	\$ 7,676.18	\$ 7,906.46	\$ 8,143.66	\$ 8,387.97	\$ 8,639.61	\$ 8,898.80	\$ 3,753.38

TOTAL ESTIMATED COST FOR FY 2015/16 to FY 2020/21

TOTAL REMAINING COST:

\$ 5,778,453.18

TOTAL COST

\$ 6,818,546.40 \$ 7,139,000.00 \$ 13,957,546.40 F11: Total Cost

1 Board of Supervisors

County of Riverside

2 Resolution No. 2013-272

3 Authorization to Purchase Assets, Leasehold Improvements, Furniture, Fixtures, and
4 Equipment, and certain Client Agreements located at

5 1960 Chicago Avenue, Building F, City of Riverside, California

6 A portion of APN: 249-110-030

7
8 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of
9 Supervisors of the County of Riverside in regular session assembled on November 26, 2013,
10 and NOTICE IS HEREBY GIVEN, pursuant to Section 25350 of the Government Code that this
11 Board at its public meeting on or after November 26, 2013, at 9:00 a.m. in the meeting room of
12 the Board of Supervisors located on the 1st floor of the County Administrative Center, 4080
13 Lemon Street, Riverside, California, authorizes a transaction in which the County of Riverside
14 will purchase assets, including customer contracts, improvements, equipment and intellectual
15 property within an existing data center located at 1960 Chicago Avenue, Building F, Riverside,
16 County of Riverside, California, situated on a portion of Assessor's Parcel Number 249-110-
17 030, purchase price not-to-exceed seven million dollars (\$7,000,000).

18 BE IT FURTHER RESOLVED, AND DETERMINED, and ORDERED by the
19 Board of Supervisors of the County of Riverside in regular session assembled on November
20 26, 2013, at 9:00 am in the meeting room of the Board of Supervisors located on the 1st floor of
21 the County Administrative Center, 4080 Lemon Street, Riverside, California, authorizes a
22 transaction in which the County of Riverside will executed a new lease agreement for a ten (10)
23 year term and a monthly rental of \$14,790.00 per month (\$.63 per square foot), for the
24 premises located at 1960 Chicago Avenue, Building F, Riverside, California, for the purpose of
25 leasing the premises for operation of the County's data center.

26 BE IT FURTHER RESOLVED AND DETERMINED that the Real Estate Division
27 of EDA is expected to expend approximately one hundred thirty nine thousand dollars
28 (\$139,000) to complete due diligence on the property, consisting of a preliminary title report,

FORM APPROVED COUNTY COUNSEL
11/13/13
PATRICIA W. PINO
COUNTY CLERK

1 appraisal costs, an environmental survey and miscellaneous other studies as deemed
2 necessary, and including miscellaneous escrow closing costs.

3 BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the Board
4 of Supervisors is directed to give notice hereof as provided in Section 6063 of the Government
5 Code.

6 ROLL CALL:

7 Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
8 Nays: None
9 Absent: None

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

12 KECIA HARPER-IHEM, Clerk of said Board

13 By 

14 Deputy

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ASSET PURCHASE AGREEMENT
and JOINT ESCROW INSTRUCTIONS
BY AND BETWEEN

ACORN Technology Corporation, a California Corporation

as Seller

and

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

as Buyer

NOV 26 2013

3-20

Handwritten initials, possibly "DS", in the bottom right corner.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT and JOINT ESCROW INSTRUCTIONS ("Agreement") is made and entered into this _____ day of _____, 2013, by and between COUNTY OF RIVERSIDE, a political subdivision of the State of California ("County" or "Buyer"), and ACORN Technology Corporation, a California Corporation ("Acorn" or "Seller").

ARTICLE I. Purchase and Sale

1. Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, all of Seller's right, title, and interest in the assets related to Seller's data center (the "Purchased Assets"), free and clear of any mortgage, pledge, lien, charge, security interest, claim or other encumbrance ("Encumbrance"). The Purchased Assets include, without limitation, the following:

(a) Customer service contracts with government, quasi government, and public agencies for leased or licensed data space, hosted systems, platform services, data storage, mainframe services, and security services. These contracts are listed in Exhibit C and incorporated by reference ("Public Service Contracts") and shall be assigned upon notice and consent of customer, as necessary pursuant to the contract. Exhibit C is for identification purposes only and is not intended to accurately describe any terms of the Public Service Contracts.

(b) Customer contracts with private sector entities for leased or licensed data center space and general security of the facilities ("Private Entity Contracts"). If any Private Entity Contracts require services beyond leased space and facility security, the County will endeavor to get new contracts in place with the Private Entity parties consistent with the County's Board authorization to provide space and facility security, rather than full service that is able to be provided to public sector entities. The Private Entity Contracts are listed in Exhibit D and incorporated by

reference. Exhibit D is for identification purposes only and not intended to accurately describe any terms of the Private Service Contracts. The Public Service Contracts and Private Entity Contracts shall collectively be referred to as "Customer Contracts."

(c) All improvements and equipment necessary to run the Seller's current data center (the "Data Center"), as listed in Exhibit E and incorporated by reference ("Improvements and Equipment"). The Improvement portion of Exhibit E will be sold via a Bill of Sale, without representations and warranties as to ownership, in the form attached hereto as Exhibit I and incorporated by reference. The Equipment portion of Exhibit E will be sold subject to all representations and warranties contained in this Agreement, in the form attached hereto as Exhibit F and incorporated by reference.

(d) Any trade secrets, proprietary information, know how, technology, technical data, client or customer information and related client or user data; any licenses, books, records, including maintenance and service history, or information, in writing and within Seller's possession, necessary to run the Data Center, including any and all warranty information ("Intellectual Property"). An Assignment of Intellectual Property shall be executed by the Seller and attached hereto as Exhibit G.

2. The Purchase Price. The purchase price for the Purchased Assets is seven million dollars (\$7,000,000) (the "Purchase Price"). The Purchase Price will be paid into escrow within fifteen (15) days following the opening of escrow. Buyer shall deposit an amount equal to the sum of the purchase price plus a good faith estimate of Buyer's share of all costs, expenses and prorations under this Agreement with the designated escrow holder, First American Title (the "Escrow Holder"), in the form of a County warrant or via wire transfer. Escrow Holder shall deposit funds in an interest bearing account which shall be applied against the Purchase Price at closing. Any overages, including the interest, shall be returned to Buyer at close of escrow.

3. Closing. The closing of the transaction contemplated by this Agreement (the "Closing Date" or "Close of Escrow") shall take place when the Bill of Sale is recorded in the official records of the County of Riverside. The Bill of Sale is attached as

Exhibit F, and shall be executed and acknowledged by the Seller in a recordable form, conveying its interest in the improvements, equipment, customer contracts and leasehold interest.

4. Escrow. Buyer and Seller shall have established and opened an escrow (the "Escrow") with Escrow Holder no later than ten (10) business days after the Agreement is approved and fully executed by Buyer and Seller (the "Effective Date"). This transaction shall be contingent upon the approval of the Board of Supervisors of the Authorization to Purchase and the approval of this Agreement. This contingency will be removed from escrow upon the receipt of the executed Agreement when signed by the Board of Supervisors and the Buyer. Buyer and Seller agree to execute any additional instructions reasonably required by the Escrow Holder. If there is a conflict between any printed escrow instructions and this Agreement, the terms of this Agreement will govern.

5. Deliveries to Escrow Holder.

5.1 By Seller. On or prior to the Closing Date, Seller will deliver or cause to be delivered to Escrow Holder the following items:

- (a) An executed Bill of Sale;
- (b) Three executed originals of assignment and assumption agreements of all Public Service Contracts and warranties on the Purchased Assets, if applicable, and any and all warranties of equipment or improvements, including the roof, if applicable ("Assignment and Assumption");
- (c) The Assignment of Intellectual Property rights;
- (d) To the extent they are within Seller's possession, all governmental permits and executed inspection cards issued for the construction of the building and improvements including, but not limited to, the building shell and tenant improvements, and all signed off by the City of Riverside, Building Department and Fire Department inspection cards, and all other information described in section 7.1, all permits and certifications, including AQMD permits to operate the generators on the Property;

(e) A complete set of permitted plans and working drawings for the building and related improvements;

(f) Proof of release of any and all existing liens, and payment of any and all existing fees or special assessments against the Purchased Assets;

(g) Original Public Service Contracts for all customers as set forth in Exhibit C;

(h) Notice of termination of Private Entity Contracts for all customers that receive, or are entitled to receive, service beyond leased or licensed data center space as set forth in Exhibit D;

(i) For any existing loan, the loan document, recorded or unrecorded, including but not limited to any note, lien, financing statement, security interest, pledge agreement, collateralization agreement or encumbrance on the Purchased Assets of any kind whatsoever. Any discharge, release, reconveyance or other evidence of release of collateral for any existing loan, financing, pledge or collateralization of any kind whatsoever on the Purchased Assets either recorded or unrecorded;

(j) Any additional funds required to release any existing loans and/or encumbrances on the Purchased Assets; and

(k) Evidence of resolution of compliance issues, including the resolution of any fines and penalties incurred as a result of non compliance with South Coast AQMD.

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

(a) The Purchase Price;

(b) Three executed counterpart originals of the Assignment and Assumption executed by the Buyer;

(c) The amount due Seller and any third parties, if any, after the

prorations are computed in accordance with section 16 below;

(d) An executed copy of the approval of the Board of Supervisors Authorization to Purchase and this Agreement; and

(e) An executed copy of the new lease agreement between Buyer and landlord.

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

6. Condition of Title.

At the Close of Escrow, the Purchased Assets will be conveyed with clear title, free of any loans and encumbrances of any kind, to Buyer by Seller by Bill of Sale, subject to the following matters ("Permitted Exceptions"):

(a) The Improvements are governed by a separate Bill of Sale and contain exceptions as to warranties of ownership and tile.

7. Conditions to the Close of Escrow.

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

(a) Title; Purchased Assets. Seller shall provide evidence of clear title to the Purchased Assets.

(b) Delivery of Information. Seller represents that Seller will deliver to Buyer any and all of the existing original or true copies of the following documents in possession of the Seller: all surveys, approved plans and specifications, building condition, zoning, land use, audits, past hazardous material studies, permitted drawings, governmental approvals and building permits, soils reports, including engineers' reports, environmental reports, studies or audits, and studies and similar

information, relating to the Property that is material to this purchase. All items delivered by Seller to Buyer shall be to the best of Seller's actual knowledge, true, correct, and complete copies of the items in Seller's possession, and except as expressly set forth herein, Seller makes no warranty regarding the contents of such items. If the Escrow shall fail to close for any reason, all such items in this subsection (b) shall be immediately returned to Seller. So long as information was delivered at least 10 business days prior to Close of Escrow, Buyer shall have until the Close of Escrow to review and approve or disapprove items in this section 7.1(b).

(c) Waiver of Condition. The conditions set forth in section 7.1 are solely for the benefit of Buyer and may be waived only by Buyer. At all times Buyer has the right to waive any condition. Such waiver or waivers must be in writing to Seller and Escrow Holder.

(d) Delivery. The Close of Escrow and Buyer's obligations with respect to this transaction are subject to Seller's delivery to Escrow Holder of the items described in sections 5.1 and 5.3 above, and the removal or waiver of the items described in section 7.1, on or before the Closing Date.

(e) Assignment of Customer Contracts. Seller shall provide executed assignments to Buyer of all Public Service Contracts.

7.2 Conditions Precedent to Seller's Obligations. The following shall be conditions precedent to Seller's obligation to consummate the purchase and sale transaction contemplated herein:

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

(b) Buyer shall have delivered to Escrow Holder the items described in sections 5.2 and 5.3, above; and

(c) The conditions set forth in section 7.2 are solely for the benefit of Seller and may be waived only by Seller. At all times Seller has the right to

waive any condition. Such waiver or waivers must be in writing to Buyer and Escrow Holder.

8. Delivery of Property. The consummation of this transaction is subject to the Seller delivering the Improvements and Equipment in an operable condition necessary to maintain the current service, conditions and "up time" required under the terms and conditions of the Customer Contracts.

9. Maintenance of Improvements and Equipment. Seller shall be responsible for the diligent maintenance of all Improvements and Equipment situated on the Property, in a manner consistent with its current level of maintenance, and pay any and all expenses incurred in the maintenance of the Improvements and Equipment until the Close of Escrow. At the Close of Escrow, Seller agrees to assign Buyer any and all of Seller's rights, titles and interests in the Purchased Assets.

10. Vendor Warranties. Seller shall advise Buyer of any existing or new warranties and will assign any and all information regarding warranties. Upon Close of Escrow, Seller shall transfer all outstanding warranties to Buyer from Seller's vendors.

11. Due Diligence by Buyer.

11.1 Matters to Be Reviewed. Buyer will complete its due diligence investigation of the Purchased Assets and to approve each of the following matters (collectively, "Buyer's Investigations") at Buyer's discretion:

(a) The physical condition of the Property and Improvements and Equipment, including hazardous and toxic materials, if any, and compliance with all applicable laws, including any laws relating to hazardous and toxic materials;

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

(c) All licenses, permits and other governmental approvals relating to the Improvements and Equipment and the Property.

(d) A physical inspection report completed by Buyer or Buyer's

vendor.

11.2 Due Diligence Requirements.

(a) Except to inspect for hazardous waste, Buyer shall only conduct a visual inspection of the Improvements and Equipment and the Property and shall have no right to conduct any physical testing the improvements or of the equipment's working condition ("Physical Testing") without first obtaining Seller's consent.

(b) At least twenty four (24) hours prior to any entry thereon to the building Improvements by Buyer and/or its agents, employees, representatives or contractors (collectively, "Buyer's Agents") for the purpose of conducting Buyer's Investigations, Buyer shall provide Seller with sufficient evidence to show that Buyer's Agents who are to enter thereon to the building Improvements are adequately covered by policies of insurance issued by a carrier reasonably acceptable to Seller insuring Buyer and Seller against any and all liability arising out of the entry and activities of Buyer's Agents' upon the Improvements, including, without limitation, any loss or damage to the Improvements arising therefrom, with coverage in the amount of not less than One Million Dollars (\$1,000,000) per occurrence.

(c) Buyer shall, at its sole cost and expense, comply with all applicable federal, state and local laws, statutes, rules, regulations, ordinances or policies in conducting Buyer's investigations and any Physical Testing relating thereto.

(d) Buyer shall, at its sole cost and expense, clean up, restore and repair the Improvements and any other portion of the Improvements altered in any manner by Buyer or Buyer's Agents, after Buyer's or Buyer's Agents' entry thereon so that such portion of the Property or the Property shall be returned to the same condition that existed prior to Buyer's or Buyer's Agents' entry thereon.

11.3 Indemnification. Buyer hereby agrees to protect, indemnify, defend and hold harmless Seller from and against any and all losses, liabilities, claims, liens, stop notices, actions, obligations, damages and/or expenses caused by reason of

Buyer's or Buyer's Agent's entries thereon to the Improvements prior to the Close of Escrow pursuant to the foregoing. Buyer shall keep the Improvements and Equipment free of mechanic's liens related to the activities of Buyer. This Section 11.3 shall survive the Closing or termination of this Agreement.

12. Final Inspection of Improvements and Equipment. Buyer shall be entitled to inspect and approve or disapprove the Improvements and Equipment condition prior to Close of Escrow to determine that the Improvements and Equipment are in good, working condition and in accordance with the terms of this Agreement, and is satisfactory in the sole determination of the Buyer.

13. Right to Terminate Transaction. Buyer shall have the right to terminate this transaction if Escrow is not closed by or before December 20, 2013, due to no fault of the Buyer.

14. Title Insurance. INTENTIONALLY OMITTED.

15. Escrow and Title Cost and Expenses.

15.1 Seller shall pay or be charged:

- a. All costs and fees associated with removing any debt encumbering the Purchased Assets.
- b. One-half share of Escrow fees and costs;
- c. Seller's share of prorations.

15.2 Buyer shall pay or be charged:

- a. One-half share of Escrow fees and costs;
- b. Cost of recording Bill of Sale;
- c. Buyers share of prorations.

16. Prorations.

16.1 Tax Exempt Agency. All parties hereto acknowledge that the Buyer is a public entity and exempt from payment of any taxes. There will be no proration of taxes through Escrow. Seller will be responsible for payment of any taxes due prior to the Close of Escrow. In the event any taxes are due and unpaid at the

Close of Escrow, Escrow Holder is hereby authorized and instructed to pay such taxes from proceeds due the Seller at the Close of Escrow. Seller understands that the Tax Collector will not accept partial payment of any installment of taxes due at the Close of Escrow. After the Close of Escrow, the Buyer will file any necessary documentation with the County Tax Collector/Assessor if required for any tax exemption.

16.2 Utility Deposits. Seller will notify all utility companies servicing the Property of the sale of the Purchased Assets to Buyer and will request that such companies refund any security deposits to Seller and send Seller a final bill for the period ending on the last day before the Close of Escrow. Buyer will notify the utility companies that all utility bills for the period commencing on the Close of Escrow are to be sent to Buyer. Seller is responsible for all costs associated with the provision of utility services to the Purchased Assets up to the Close of Escrow. Buyer is responsible for all costs associated with the provision of utility services to the Purchased Assets on and after the Close of Escrow.

16.3 Method of Proration. If applicable and for purposes of calculating prorations, Buyer shall be deemed to own title to the Purchased Assets, and therefore entitled to the income therefrom and responsible for the expenses thereof, for the entire day upon which the Closing occurs. All prorations will be made as of the date of Close of Escrow based on a three hundred sixty-five (365) day year or a thirty (30) day month, as applicable. The obligations of the parties pursuant to this subsection shall survive the Closing and shall not merge into any documents of conveyance delivered at Closing.

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

17.1 Funds. Promptly upon Close of Escrow, disburse all funds deposited with Escrow Holder by Buyer in payment for the Purchased Assets as follows: (a) deduct or credit all items chargeable to the account of Seller and/or Buyer pursuant to sections 15 and 16; b) if funds are available, disburse the balance of the Purchase Price to Seller or as Seller directs, within its sole discretion as long as liens are satisfied

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first; and, (c) disburse any excess proceeds deposited by Buyer to Buyer.

17.2 Recording. Cause the Bills of Sale to be recorded with the County Recorder and obtain conformed copies thereof for distribution to Buyer and Seller.

17.3 Delivery of Documents to Buyer and Seller. Deliver to Seller any other documents (or copies thereof) deposited into Escrow by Buyer.

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

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

18.2 At Close of Escrow, all requisite corporate action has been taken by each party in connection with the entering into of this Agreement, the instruments referenced herein and the consummation of this transaction. No further consent of any partner, shareholder, creditor, investor, judicial or administrative body, governmental authority or other party is required.

18.3 The individuals executing this Agreement and the instruments referenced herein on behalf of each party and the partners, officers or trustees of each party, if any, have the legal power, right, and actual authority to bind each party to the terms and conditions of those documents.

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

18.5 At Closing, Seller shall convey the Purchased Assets with clear and marketable title, free and clear of any and all liens, encumbrances, easements, restrictions, rights and conditions of any kind whatsoever, except those which are

approved by Buyer in accordance with Section 6 above.

19. Indemnification.

19.1 Indemnification by Seller. Seller agrees to indemnify, defend and hold Buyer harmless for, from and against any and all claims, demands, liens, liabilities, costs, expenses, including reasonable attorneys' fees and costs, damages and losses, cause or causes of action and suit or suits of any nature whatsoever, arising from any misrepresentation or breach of warranty or covenant by Seller in this Agreement, or arising from any claim by a current or former employee, current or former shareholder, current or former board member, or employees, shareholders related to or affiliated with the Acorn Technology Corporation or any of its related companies, including Selling Source, LLC dba Marquis Net® Riverside. This indemnification applies to claims, causes of action, or suits brought by lien holders or other party or parties that may have a right, title, or interest in the Purchased Assets.

19.2 Indemnification by Buyer. Buyer agrees to indemnify, defend and hold Seller harmless for, from and against any and all claims, demands, liabilities, liens, liabilities, costs, expenses, including reasonable attorneys' fees and costs, damages and losses, cause or causes of action and suit or suits of any nature whatsoever, arising from any misrepresentation or breach of warranty or covenant by Buyer in this Agreement.

20. Seller's Representations and Warranties. Seller is in possession of the Purchased Assets. Except as set forth in Exhibit H, as of the date of this Agreement, to Seller's current actual knowledge:

(a) No Hazardous Substances (meaning any substance, material or waste which is or becomes designated, classified or regulated as being "toxic" or "hazardous" or a "pollutant" or which is or becomes similarly designated, classified or regulated, under any environmental law, including asbestos, petroleum and petroleum products) have been used or stored on or within any portion of the area of the Purchased Assets by Seller, except those substances which are or have been used or

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stored in the area of the Purchased Assets by Seller in the normal course of business and in compliance with all applicable environmental laws;

(b) Seller has not been notified and is not aware of any federal, state, or local enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted or completed affecting the Purchased Assets;

(c) Seller has not been notified and is not aware of any claims made by any third party relating to any Hazardous Substances on or within the Purchased Assets; and,

(d) Seller has not been notified and is not aware of any disposals of Hazardous Substances or accidental spills, which may have contaminated the Property or Purchased Assets, or of any on-site bulk storage of vehicle fuels or waste oils.

(e) Seller has no liabilities associated with Purchased Assets, and will have none going forward, upon the Close of Escrow.

(f) Seller owns and has good title to the Purchased Assets, free and clear of encumbrances.

(g) Seller has complied, and is now complying, with all applicable federal, state and local laws and regulations applicable to ownership and use of the Purchased Assets.

(h) There is no claim, action, suit, proceeding or governmental investigation ("Action") or any nature pending or threatened against or by Seller (a) relating to or affecting the Purchased Assets; or (b) that challenges or seeks to prevent the transaction contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(i) The Purchased Assets include the non-exclusive right to use all of the intellectual property and trade secrets owned by the Seller that are necessary or desirable for conducting the business related to the Purchased Assets in the manner it is presently being conducted ("Purchased IP Assets"). Seller owns or has adequate,

valid enforceable rights to use all the Purchased IP Assets.

(j) Brokers. Seller has retained NEWMARK GRUBB KNIGHT FRANK, a broker. Broker to be paid at closing out of Seller's proceeds.

(k) Full Disclosure. No representation or warranty by Seller in this Agreement, and no statement contained in any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of circumstances in which they are made, not misleading.

(l) Notices Regarding Hazardous Substances. During the term of this Agreement, Seller will promptly notify Buyer if it obtains notice that the Property, or Purchased Assets may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Substance on or within the Property or Purchased Assets.

21. Miscellaneous.

21.1 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery (including delivery by facsimile transmission or by "pdf" email transmission) and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page.

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

21.3 Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof or of any other covenant or other provision contained herein. No extension of time for performance or any obligation or act will be deemed an extension of the time for

performance of any other obligation or act except those of the waiving party, which will be extended by a period of time equal to the period of the delay.

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

21.5 Entire Agreement. This Agreement (including all Exhibits attached hereto) constitutes the entire contract between the parties hereto and may not be modified except by an instrument in writing signed by the party to be charged.

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

21.7 No Recordation. No memorandum or other document relating to this Agreement, except for the Bill of Sale, shall be recorded without the prior written consent of Seller and Buyer.

21.8 Survival. Buyer and Seller indemnification obligations expressly set forth in this Agreement and any other provisions of this Agreement which by its terms expressly survive the Close of Escrow or require performance by either party after the Close of Escrow shall survive the Close of Escrow and expire three (3) years thereafter. Except as provided above, upon completion of the Close of Escrow all other liabilities and obligations of Buyer and Seller hereunder shall terminate.

22. Exhibits. Each exhibit attached hereto is incorporated herein by this reference and as set forth in this Agreement. The exhibits are listed as follows

Exhibit A - Location

Exhibit B - Lease Agreement

Exhibit C - Public Service Contracts

Exhibit D - Private Entity Contracts

Exhibit E - Improvements and Equipment

Exhibit F - Bill of Sale

Exhibit G - Assignment of Intellectual Property

Exhibit H - Exceptions to Seller's Representations

Exhibit I - Bill of Sale – Improvements

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

Seller:

ACORN Technology Corporation,
a California Corporation
1960 Chicago Avenue, Building E, Suite E-9
Riverside, California 92507
Attn: Mr. Donald H. Dye
Telephone: 951.784.3500
Fax No. 951.320.7066
Email: ddye@acorntechcorp.com

Buyer:

County of Riverside/Real Estate Division
3403 Tenth Street, #500
Riverside, California 92501
Attn: Mr. Steve Gilbert
Telephone: 951.955.4824
Fax No.: 951.955.4837
Email: sdgilbert@rivcoeda.org

Escrow Holder:

First American Title
3281 E. Guasti Road, Suite 490
Ontario, CA 91761
Attn: Janette DeLap
Telephone: 909.510.6206
Fax No: 877.461.2088
Email: jdelap@firstam.com

24. Transition Period. The Seller shall have ninety (90) days after the Closing Date ("Transition Period") to remove any of its equipment within the Data Center, which area is outlined in Exhibit A, that is not included in the Bill of Sale. During the Transition Period, Seller shall have full access to its equipment, at all times, for the purpose of maintenance, replacement, management, and/or removal.

24.1 Operation Assistance. During the Transition Period, Seller shall assist Buyer with the operation of the Data Center, as requested by Buyer. Such assistance shall include:

- (a) Introduction to customers whose contracts are assigned to Buyer;
- (b) Facilitating the transfer of responsibility for the operation of the data center from Seller to Buyer;
- (c) Showing Buyer the operation processes used by Seller in the operation of the data center.

24.2 Access to Fiber Providers within Data Center. For so long as Buyer owns the Data Center and Buyer grants rights to connectivity service providers to provision service from within the Data Center, Seller may utilize current connectivity from said providers through a separate connection between Building E and the Data Center to access Internet and/or fiber providers within the data center. Currently, these providers include: AT&T, TWtelecom, Charter Business, Sunesys LLC, Verizon, Sprint and Verizon. Buyer will not provide any networking hardware nor access to Data Center

facility for such connection, other than by service providers.

24.3 Access to Fiber Providers within Suite E9. For so long as Seller occupies Suite E9 and Buyer grants rights to connectivity service providers to provision service from within the Data Center, Buyer may use the connectivity between Building E and the Data Center to access Internet and/or fiber providers within Suite E9, pursuant to conditions of 24.2. Currently, these providers include: AT&T and City of Riverside.

24.4 Termination of Fiber Connection between Data Center and Building E. Buyer agrees to provide sixty (60) days' notice to Seller of Buyer's intention to change, cancel or remove any service providers access to Data Center.

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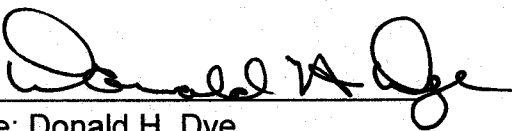
This Agreement will be null and void if not executed by the County and approved by the Board of Supervisors of the County of Riverside or not executed by Acorn Technology Corporation and approved by its Board of Directors.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date signed by the Buyer.

Date: NOV 26 2013


SELLER:

ACORN Technology Corporation, a California corporation

By: 

Name: Donald H. Dye

Title: President and Chief Executive Officer

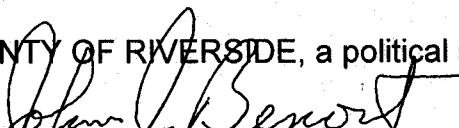
By: 

Name: Charlotte L. Dye

Title: Secretary

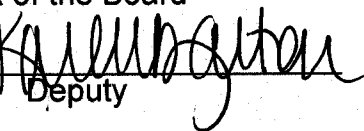
BUYER:

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

By: 
John Benoit, Chairman
Board of Supervisors

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:

Pamela J. Walls
County Counsel

By: 
Patricia Munroe
Deputy County Counsel



Exhibit A

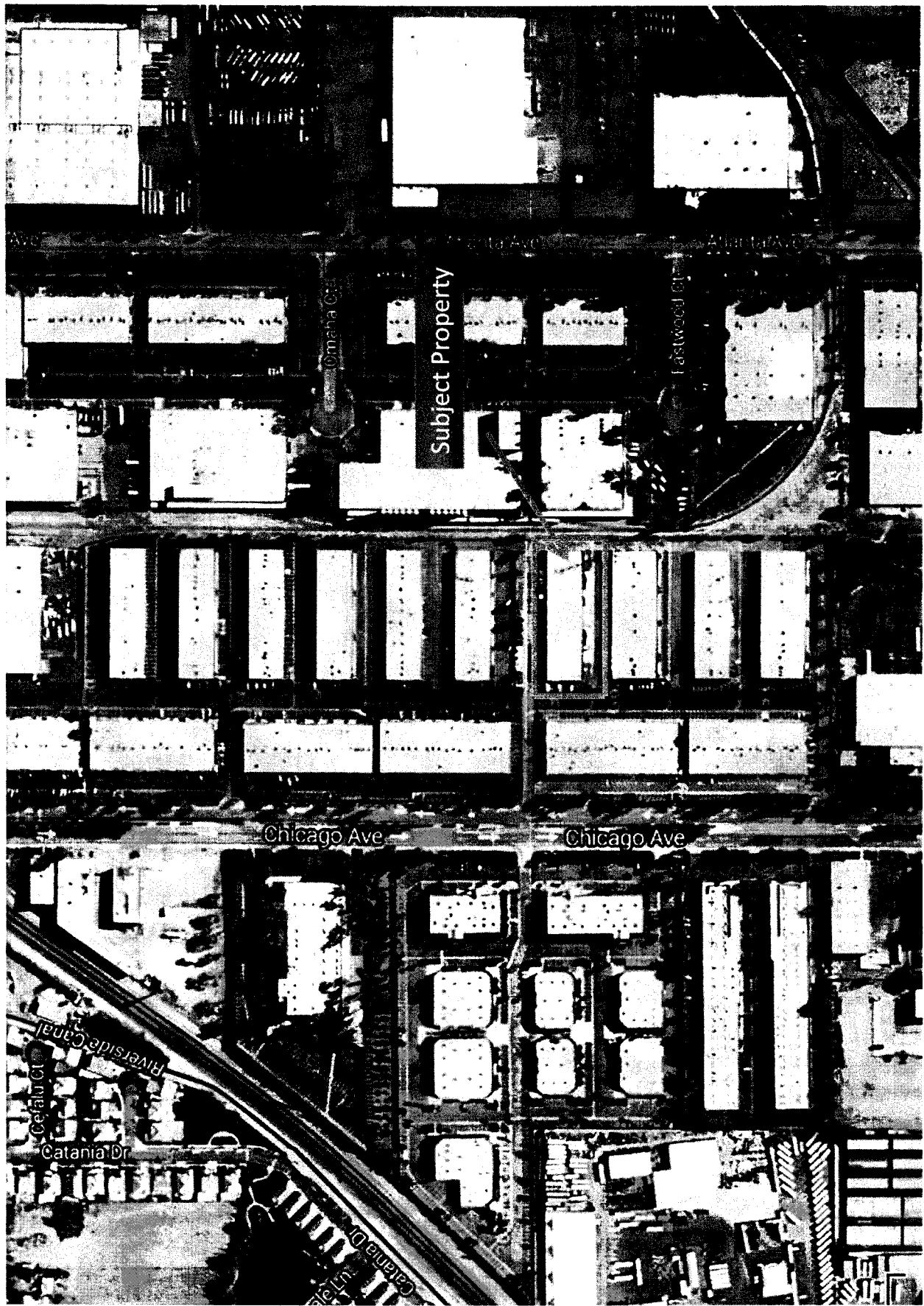


EXHIBIT "B"

LEASE

(1960 Chicago Avenue, Building F, Riverside, California)

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EXHIBITS

The following exhibits are attached hereto and made a part of this Lease:

Site Plan	Exhibit A
Trade Fixtures and Equipment	Exhibit B
Asbestos	Exhibit C
Confirmation of Lease Information	Exhibit D
Improvements	Exhibit E
Estoppel Certificate	Exhibit F
Subordination, Non-Disturbance & Attornment Agreement	Exhibit G
<u>General Construction Specifications for Leased Facilities</u>	<u>Exhibit H</u>

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LEASE

(COUNTY OF RIVERSIDE/KOLL/PER RIVERSIDE, LLC)

1. Parties.

1.1 This Lease ("Lease") dated _____ (the "Effective Date") is made by and between the **COUNTY OF RIVERSIDE**, hereinafter referred to as "County" and **KOLL/PER RIVERSIDE**, a Delaware Corporation hereinafter referred to as "Lessor." County and Lessor are hereinafter collectively referred to as the "Parties" or individually as a "Party."

2. Premises.

2.1 **Letting.** Lessor hereby leases to County, and County hereby leases from Lessor, the Premises, for the term, at the rental, and upon all terms, covenants and conditions set forth in this Lease.

2.2 **Defined.** The Premises shall consist of that certain portion of the Project, as defined herein, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 1960 Chicago Avenue, Building F, located in the City of Riverside, County of Riverside, State of California, also identified as a portion of Assessor Parcel Number 249-110-030 and generally described as office space consisting of approximately 23,477 square feet with forty-seven (47) unreserved parking spaces, all as shown on the site plan attached as Exhibit "A." It is understood that the Premises include all appurtenances and easements, and utility and fiberoptic infrastructure thereto and the non-exclusive right of ingress and egress at all times to and from the public streets and highways for County, its employees and invitees. The Premises, the building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project."

2.3 **Common Areas Defined.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided by and designated by the Lessor from time to time for the general non-exclusive use of Lessor,

1 County, and other tenants of the Project and their respective employees, suppliers, shippers,
2 customers, contractors, and invitees, including but not limited to, common restrooms, parking
3 areas, loading and unloading zones, trash areas, roadways, walkways, driveways, and
4 landscaped areas.

5 **2.4 County's Rights-Common Areas.** Lessor grants to County, for the benefit of
6 the County and its employees, suppliers, shippers, customers, contractors, and invitees,
7 during the term of this Lease, the non-exclusive right to use, in common with others entitled
8 to such use, the Common Areas as same may from time to time exist. Lessor shall have the
9 right to promulgate rules and regulations for the management, safety, care, and cleanliness
10 of the Common Areas provided, however, that said rules and regulations shall be subject to
11 the approval of County. County's prior approval shall be required for any changes to the
12 Common Areas which adversely affect County's use and occupancy of the Premises, or
13 negatively impact the County's Data Center, the parking, or accessibility of the Premises.

14
15 Lessor understands and agrees that County will operate and maintain the equipment and
16 infrastructure described in Exhibit E hereto in the Common Areas for purposes of operating,
17 maintaining the Data Center and related operations, and that County shall operate and
18 maintain said equipment at County's sole cost and expense, provided that County shall not
19 be charged additional rent for the use of the Common Area. If County desires additional
20 equipment or to modify the configuration of the Existing Equipment, County shall obtain the
21 consent of Lessor, which consent shall not be unreasonably withheld, provided the requested
22 modification does not (i) materially change the permitted use of the Premises, or: (ii)
23 materially does not adversely impact the Common Areas or the Premises.

24 **2.5 Condition of Premises.** Lessor shall deliver the Premises to County in a fully
25 clean and safe condition, free of hazards and debris, entirely permitted and inspected by
26 local authorities, on the Commencement Date, and Lessor represents warrants for the term
27 of this Lease, that all building systems and equipment, including, but not limited to, electrical,
28 plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, security

1 systems, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, if
2 any, that serve the Premises and all other such elements in the Premises (herein defined as
3 the "Base Building Systems"), other than those installed or constructed by County, shall be in
4 safe, hazard free, and in good working order, operating condition, and, the roof, bearing walls
5 and foundation of the Premises shall be free of material defect upon Lease Commencement.
6 Lessor shall not be responsible for the maintenance of County's Leasehold Improvements
7 as defined in Exhibit "E," or for maintenance of any other improvements installed by County
8 or the former Lessee.

9 **3. Use.**

10 **3.1** County shall use and occupy the Premises for the purpose of providing office
11 space for use by the County of Riverside as a Data Center, Data Communications and
12 Information Technology governmental services and appurtenant uses, but the Premises may
13 be used for any official business of County government or any other legal use which is
14 reasonably comparable thereto. Nothing contained in this Lease shall be construed to
15 require County to occupy the Premises continuously.

16 **4. Term.**

17 **4.1 Commencement.** This Lease shall be effective upon the date of its full
18 execution by the Parties hereto. The Term of this Lease shall be for a period of one hundred
19 twenty (120) months ("Original Term") commencing (Commencement Date) on the earlier of
20 (a) the date County staff fully occupies the Premises, or (b) the date on which County
21 accepts the Premises for occupancy, which shall occur only after Lessor delivers to County a
22 copy of the Certificate of Occupancy executed by the appropriate governing authority, if
23 applicable. The Original Term shall expire at midnight on the last day of the one hundred
24 twenty (120) month term ("Expiration Date").

25 **4.2 Confirmation of Lease Information.** At such time as the Commencement
26 Date of this Lease has been determined, either Party may deliver to the other Party a notice
27 in the form set forth in the attached Exhibit "D," which the receiving Party shall execute, after
28 making any corrections necessary to conform the information to the provisions of this Lease,

1 and return to the forwarding Party within thirty (30) days after receipt. Either Party will use
2 reasonable efforts to deliver the notice to the other Party within thirty (30) days after the
3 Lease Commencement Date. Anything to the contrary notwithstanding, failure to forward or
4 execute said notice shall not invalidate or nullify the provisions of this Lease.

5 **4.3 Delay in Delivery of Premises.** If the Original Term of this Lease has not
6 commenced by ten (10) days from County's execution of this Lease, due to no fault of
7 County, County may, at its sole option, cancel this Lease, and Lessor hereby waives any
8 and all rights that it may have against County for any costs, expenses and/or charges that
9 Lessor may have incurred as a result of preparing the Premises for occupancy.

10 **4.4 Holding Over.** Any holding over by County after the expiration of said term or
11 any extension thereof shall be deemed a month to month tenancy upon the same terms and
12 conditions of this Lease.

13 **5. Rent.** The anniversary dates shall be deemed to fall on the first day of the first full
14 month of each lease year following commencement of the Lease term.

15 **5.1 Rent.** County shall pay the sum of \$14,790.00 per month to Lessor as rent for
16 the Leased Premises, payable, in advance, on the first day of the month or as soon
17 thereafter as a warrant can be issued in the normal course of County's business; provided,
18 however, in the event rent for any period during the term hereof which is for less than one (1)
19 full calendar month said rent shall be pro-rated based upon the actual number of days of said
20 month.

21 **5.2 Percentage Increase.** Notwithstanding the provisions of Section 5.1 herein,
22 the monthly rent shall be increased on each anniversary of this Lease by an amount equal to
23 three percent (3%) of such monthly rent.

24 **6. Options.**

25 **6.1 Option to Extend Term.** Lessor grants to County four (4) option(s) to extend
26 the Lease term ("Extension Option(s)"). Each Extension Option shall be for a period of five
27 (5) years ("Extended Term"), subject to the conditions described in this Section 6.1.

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2 **6.1.1 Exercise of Option.** The Extension Option(s) shall be exercised by
3 County delivering to Lessor written notice (herein "Notice of Exercise of Option") thereof no
4 later than sixty (60) days prior to the expiration of the Original Term or any extension thereof.

5 **6.1.2 Option Rent.** The rent payable by County during any Extended Term
6 shall be the Fair Market Rent. The "Fair Market Rent," shall be defined as the monthly rental
7 per square foot in current transactions with comparable non-renewal and non-equity tenants
8 in comparable space, for a comparable use for a comparable period of time, in comparable
9 buildings in the Riverside leasing market vicinity. In its Notice of Exercise of Option, County
10 shall set forth County's opinion of the Rent to be payable during the Extension Option,
11 including County's opinion of the Fair Market Rent including Market Rental increases. If
12 within thirty (30) thirty days of receipt of County's Notice of Exercise of Option, Lessor does
13 not serve upon County written notice of Lessor's opinion of the Rent to be payable during the
14 Extension Option, such Rent shall be (without any further objection) the Rent as set forth in
15 County's Notice of Exercise of Option. If the Lessor objects thereto, within thirty (30) days of
16 receipt of County's Notice of Exercise of Option, Lessor shall give County written notice of
17 Lessor's opinion of the Rent to be payable during the Extension Option, including Lessor's
18 opinion of Fair Market Rent. If County objects to Lessor's opinion of Fair Market Rent, within
19 thirty (30) days after County's receipt thereof, County shall appoint an appraiser or broker
20 (collectively an "Appraiser") to determine the Fair Market Rent and serve notice thereof on
21 Lessor ("Notice of Appointment of Appraiser").

22
23 If appraiser(s) are used, any such appraiser shall have at least five (5) years experience in
24 the appraisal of office real estate in the area of the Building and shall be members of
25 professional organization such as MAI or equivalent. If broker(s) are used, the broker(s)
26 shall have at least five (5) years of experience in the sale and leasing of office real estate in
27 the area in which the Building is located. If County does not appoint an appraiser within thirty
28 (30) days, the rent to be paid during the Extension Option shall be (without further objection)

1 the Rent as set forth by Lessor. Lessor may within thirty (30) days of receipt of County's
2 Notice of Appointment of Appraiser appoint its own appraiser to determine Fair Market Rent.
3 If Lessor gives County timely Notice of Appointment of Appraiser, Lessor and County shall
4 each instruct their respective appraiser to meet promptly with the other appraiser and select
5 a third appraiser. If Lessor timely appoints an appraiser, the final and binding determination
6 of Fair Market Rent shall be the arithmetic average of the two closest of the three appraisals.
7 If Lessor elects not to appoint an appraiser, County's Appraiser shall determine the Fair
8 Market Rent as herein provided and the determination of solely such appraiser shall be final
9 and binding on all parties. Each party shall pay the cost of their own Appraiser and one-half
10 the cost of the third Appraiser making the determination.

11 6.1.3 All terms and conditions of this Lease with exception of Rent and
12 Lease Term shall remain in full force and effect during the Extended Term.

13 ~~6.2 Right of First Refusal to Lease Additional Space. Lessor hereby grants to~~
14 ~~County a right of first refusal to lease the premises in other buildings in the Project adjacent~~
15 ~~to the leased Premises ("Adjacent Premises"), in the event Lessor receives a bona fide offer~~
16 ~~from a third party to lease any portion of the Adjacent Premises, which offer is acceptable to~~
17 ~~Lessor. Lessor shall promptly notify County in writing of the offer, including the square~~
18 ~~footage of the portion of the Adjacent Premises proposed to be let and other terms and~~
19 ~~conditions of the offer. County shall have thirty (30) days within which to notify Lessor in~~
20 ~~writing whether County agrees to lease the portion of the Adjacent Premises under such offer~~
21 ~~upon the terms and conditions set forth in such offer. In the event County fails to give written~~
22 ~~notice of its election to lease the proposed additional space, Lessor shall be free to accept~~
23 ~~the bona fide offer and lease the Adjacent Premises to the third party. If the third party fails~~
24 ~~to lease such portion of the Adjacent Premises and the Adjacent Premises (or remaining~~
25 ~~portion of the Adjacent Premises) remains available, County shall have the same right of first~~
26 ~~refusal granted herein with regard to any future offer to lease such portion of the Adjacent~~
27 ~~Premises.~~

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1 ~~**6.3 Right of First Refusal to Extend Lease Term.** At such time as the Original~~
2 ~~Term and/or Extended Terms have expired, in further consideration of the Rent, Covenants,~~
3 ~~and Conditions to be paid, performed, and observed by County, Lessor hereby grants to~~
4 ~~County a right of first refusal to extend the Lease of the Premises. In the event Lessor~~
5 ~~receives a bona fide offer from a third party to lease the Premises, which offer is acceptable~~
6 ~~to Lessor, Lessor shall promptly notify County in writing of the offer, including the amount of~~
7 ~~rent offered and other terms and conditions of the offer. County shall have thirty (30)~~
8 ~~business days within which to notify Lessor in writing whether County agrees to extend the~~
9 ~~Lease of the Premises on the same terms and conditions as the third party offer. In the~~
10 ~~event County elects to extend the Lease of the Premises, the Lease shall be subject to the~~
11 ~~same terms and conditions as the third party offer, including, but not limited to, amount of~~
12 ~~rent, term, and commencement date. In the event County fails to give written notice of its~~
13 ~~election to extend the Lease of the Premises, Lessor shall be free to accept the bona fide~~
14 ~~offer and lease the Premises to the third party. If the third party fails to lease the Premises~~
15 ~~and the Premises remains available, County shall have the same right of first refusal granted~~
16 ~~herein with respect to a bona fide offer to lease the Premises by a subsequent third party~~
17 ~~offerer.~~

18 **6.4 County's Right to Early Termination.** The Parties hereto recognize and
19 understand that the rental consideration hereunder originates from County, State and/or
20 Federal sources, and therefore County shall have the right to terminate this Lease (a) if such
21 funding is reduced or otherwise becomes unavailable, based on County's annual fiscal
22 budget, or (b) if any law, rule or regulation precludes, prohibits or materially adversely impairs
23 County's ability to use the Premises for the use permitted herein.

24 **6.4.1 Notice.** County shall provide Lessor with written notification of its
25 election to terminate this Lease at least sixty (60) days prior to the date of termination.
26 County's notice shall state the reason for its termination of this Lease. County's obligation to
27 pay Rent shall continue through the termination date.

28

1 6.4.2 Lease Termination; Reimbursement for Transaction Costs. In the
2 event County terminates the lease pursuant to this section, County shall be reimburse Lessor
3 for lease transaction costs not to exceed \$80,000.00
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7 **7. Compliance.**

8 **7.1 Compliance.** Lessor warrants that the Premises and improvements on the
9 Premises shall comply with all applicable State and Federal laws, covenants or restrictions of
10 record, building codes, regulations and ordinances ("Applicable Requirements") in effect on
11 the Commencement Date of this Lease, regardless of the use to which County will put the
12 Premises. If the Premises do not comply with said warranty, Lessor shall, promptly after
13 receipt of written notice from County or any governmental agency having jurisdiction over
14 such matters setting forth the nature and extent of such non-compliance, rectify the same at
15 Lessor's expense. If the Applicable Requirements are hereinafter changed so as to require
16 during the term of this Lease, unless same is the result of the use to which County puts the
17 Premises, the construction of an addition to or an alteration of the Premises, the remediation
18 of any Hazardous Substance as hereinafter defined, or the reinforcement or other physical
19 modification of the Premises Lessor shall, promptly after receipt of written notice from County
20 or any governmental agency having jurisdiction over such matters setting forth the nature
21 and extent of such non-compliance, rectify the same at Lessor's expense.

22 **7.2 Americans With Disabilities.** Lessor warrants and represents the Premises
23 shall be readily accessible to and usable by individuals with disabilities in compliance with
24 Title III of the Americans with Disabilities Act of 1990 and California Title 24, as amended
25 from time to time and regulations issued pursuant thereto and in effect from time to time.
26 Any cost incurred to cause the Premises to comply with said Act shall be borne by Lessor.

1 **7.3 Asbestos and Lead Based Paint.** Lessor warrants and represents the
2 Premises shall be constructed, operated and maintained free of hazard from asbestos and
3 lead based paint, as more fully set forth in the attached Exhibit "C."

4 **7.4 Hazardous Substance.** It is the intent of the Parties to construe the term
5 "Hazardous Substances" in its broadest sense. Hazardous Substance shall be defined as
6 any product, substance, or waste whose presence, use, manufacture, disposal,
7 transportation, or release, either by itself or in combination with other materials, is either: (a)
8 potentially injurious to the public health, safety or welfare, the environment or the Premises;
9 (b) regulated or monitored by any governmental authority; or (c) a basis for potential liability
10 of County to any governmental agency or third party under any applicable statute or common
11 law theory.

12 Lessor acknowledges that County's use may from time to time require the presence of
13 Hazardous Substances at the Premises. County agrees that all such Hazardous Substances
14 located in, at, or on the Premises shall be used, stored, handled, treated, transported, and
15 disposed of in compliance with all applicable laws.

16 Lessor warrants and represents to County that Lessor has not used, discharged,
17 dumped, spilled or stored any Hazardous Substances on or about the Premises, whether
18 accidentally or intentionally, legally or illegally, and has received no notice of such
19 occurrence and has no knowledge that any such condition exists at the Premises. If any
20 claim is ever made against County relating to Hazardous Substances present at or around
21 the Premises, whether or not such substances are present as of the date hereof, or any such
22 Hazardous Substances are hereafter discovered at the Premises (unless introduced by
23 County, its agents or employees), all costs of removal incurred by, all liability imposed upon,
24 or damages suffered by County because of the same shall be borne by Lessor, and Lessor
25 hereby indemnifies and agrees to be responsible for and defend and hold County harmless
26 from and against all such costs, losses, liabilities and damages, including, without limitation,
27 all third-party claims (including sums paid in settlement thereof, with or without legal
28 proceedings) for personal injury or property damage and other claims, actions, administrative

1 proceedings, judgments, compensatory and punitive damages, lost profits, penalties, fines,
2 costs, losses, attorneys' fees and expenses (through all levels of proceedings), consultants
3 or experts fees and costs incurred in enforcing this indemnity. The representation, warranty
4 and indemnity of Lessor described in this Paragraph shall survive the termination or
5 expiration of this Lease.

6 ~~7.5 Sick Building Syndrome. Lessor warrants and represents the Premises shall~~
7 ~~be constructed, operated and maintained free of certain hazards, including, but not limited to:~~
8 ~~spores, fungus, molds, bacteria, chemicals or fumes or other causes of any hazardous micro-~~
9 ~~environments, sometimes known as "Sick Building Syndrome", emanating from or within the~~
10 ~~Premises that may potentially cause discomfort, bodily injury, sickness or death. Should it be~~
11 ~~determined that remediation is necessary based on a report by a trained investigator, Lessor~~
12 ~~will promptly contract with a qualified and experienced company to safely remove the micro-~~
13 ~~environments using remediation guidelines recommended or required by the appropriate~~
14 ~~governmental agency. Any cost incurred to cause the Premises to be free of such hazard~~
15 ~~shall be borne by Lessor.~~

16 **7.6 Waste Water.** Lessor shall be responsible for compliance with all Federal,
17 state or local laws, regulations or permits pertaining to storm water pollution, prevention
18 plans ("SWPP") and all National Pollution Discharge Elimination System ("NPDES") laws or
19 regulations adopted or to be adopted by the United States Environmental Protection Agency.
20 Parking lot sweeping shall be done as required by NPDES rules or as needed, at least two
21 times per year, once prior to the rainy season.

22 **9. Utilities.**

23 **9.1** Lessor warrants and represents to County that during the term of this Lease
24 and any extension thereof that sufficient utility services to provide water, telecommunications,
25 fiber-optics, electric power, natural gas and sewers necessary to meet County's requirements
26 exists or are available for use by County within the Premises, ~~with which to operate a Level~~
27 ~~Three Data Center.~~

28

1 **9.2** County shall pay for all telephone and electrical services within the leased
2 space which will be used in connection with the Leased Premises. Lessor shall provide, or
3 cause to be provided, and pay for all other utility services, including, but not limited to, water,
4 natural gas, refuse collection and sewer services, as may be required in the maintenance,
5 operation and use of the Leased Premises.

6 **10. Repairs and Maintenance.**

7 **10.1 Lessor's Repair and Maintenance Obligations.** Lessor shall, at Lessor's
8 sole expense and in accordance with the terms of this Lease, repair, replace
9 and maintain in attractive condition, good order and function throughout the term, (a) the
10 structural portions of the Premises (understood to include the roof, foundation and load
11 bearing walls); (b) the nonstructural portions of the Premises (understood to include the roof
12 covering and membrane) including, but not limited to, all improvements, alterations, fixtures,
13 but excluding furnishings; (c) all systems and equipment, including, but not limited to, Base
14 Premises Systems as heretofore described that serve the Premises; and (d) the exterior
15 portions of the Premises, and real property including, but not limited to, landscaping,
16 driveways, sidewalks, lighting and parking facilities servicing the Premises. It is the intent of
17 this paragraph that Lessor performs any and all building repairs, replacements and
18 maintenance. Lessor agrees to make all repairs to or alterations of the Premises that may
19 become necessary by reason of industry standard for age, wear and tear, deferred
20 maintenance or defects in any construction thereof by Lessor.

21 **10.2 Lessor's Default.** Repairs shall be made promptly when appropriate to keep
22 the applicable portion of the Premises and other items in the condition described in this
23 Section. Lessor understands certain response time is required to ensure County operations
24 continue with minimal interruption to ensure the safety of employees and delivery of services.
25 The commencement of repairs within eight (8) hours from written notice include electrical
26 power, HVAC operations and certain essential daily custodial services. Lessor shall not be in
27 default of its repair and maintenance obligations under this Section 10, if Lessor commences
28 the repairs and maintenance within eight (8) hours of the aforementioned areas and thirty

1 (30) days for all others after written notice by County to Lessor of the need for such repairs
2 and maintenance. If, due to the nature of the particular repair or maintenance obligation,
3 more than thirty (30) days are reasonably required to complete it, Lessor shall not be in
4 default under this Section 10 if Lessor begins work within this thirty (30) day period and
5 diligently pursues this work to completion.

6 **10.3 County's Right to Make Repairs and Deduct Cost.** If County provides notice
7 to Lessor of an event or circumstance that requires the action of Lessor with respect to the
8 replacement, repair or maintenance to the Premises or Base Building Systems serving the
9 Premises as set forth in Section 10.1 and Lessor fails to provide such action as required by
10 the terms of this Lease within the period specified in Section 10.2, County may (but shall not
11 be obligated to do so) take the required action if: (1) County delivers to Lessor an additional
12 written notice advising Lessor that County intends to take the required action if Lessor does
13 not begin the required repair or maintenance within twenty four (24) hours, after the written
14 notice; and (2) Lessor fails to begin the required work within this twenty four (24) hour period.

15 **10.3.1** Lessor grants to County a license, effective during the Lease Term, to
16 enter upon those portions of the Premises access to which is reasonably necessary for
17 County to take such action.

18 **10.3.2** If such action was required under the terms of this Lease to be taken
19 by Lessor, County shall be entitled to prompt reimbursement by Lessor of County's
20 reasonable costs and expenses in taking such action, plus interest at the then prevailing
21 legal rate of interest from the date these costs are incurred until the date of Lessor's
22 repayment. Lessor's obligation to reimburse County shall survive expiration or earlier
23 termination of this Lease.

24 **10.3.3** If, within thirty (30) days after receipt of County's written demand for
25 payment of County's costs incurred in taking such action on Lessor's behalf, Lessor has not
26 paid the invoice or delivered to County a detailed written objection to it, County may deduct
27 from Rent payable by County under this Lease the amount set forth in the invoice, plus
28

1 interest at the interest rate described above from the date these costs are incurred until the
2 date of County's Rent set off.

3 **10.4 Emergency Repairs.**

4 **10.4.1** An "Emergency Repair Situation" is defined as the existence of any
5 condition that requires prompt repair, replacement or service to minimize the impact of an
6 event or situation which affects County's ability to conduct business in a neat, clean, safe and
7 functional environment.

8 **10.4.2** If County notifies Lessor of an Emergency Repair Situation which
9 occurs in or about the Premises which is the responsibility of the Lessor to repair or maintain,
10 then Lessor shall commence appropriate repairs or maintenance immediately after notice of
11 the condition is given by County, which notice may be via telephone, facsimile, personal
12 contact or any other means, and Lessor shall thereafter diligently pursue to completion said
13 repairs or maintenance.

14 **10.4.3** If Lessor fails to commence repairs within twenty-four (24) hours of the
15 aforementioned notice, or if the County is unable to contact Lessor or any designated agent
16 within a reasonable time based upon the seriousness of the event or situation, County may,
17 but shall not be so obligated to, cause said repairs or replacements to be made or such
18 maintenance to be performed. Upon demand by County, Lessor shall promptly reimburse
19 County the actual cost and expenses thereof, provided said costs and expenses are
20 reasonable. Should Lessor fail to promptly pay the cost and expenses, County may deduct
21 and offset that amount from Rent payable under this Lease.

22 **10.5 Periodic Services.** Lessor shall provide, or cause to be provided, and
23 pay for all periodic services, including, painting of common areas every three years, if so
24 requested by County; monthly pest control services; quarterly HVAC standard preventative
25 maintenance and changing of air filters; annual fire extinguisher inspections; reset interior
26 and exterior time clocks for time changes; annual roof inspections and maintenance to
27 include roof repairs/replacement; cleaning of roof gutters, drains, and down spouts prior to
28 rainy season.

1 **11. Alterations and Additions.**

2 **11.1 Improvements by Lessor.**

3 **11.1.1** Lessor recognizes and understands that any County improvements
4 requested by the County to be completed by Lessor during the term of this Lease shall be
5 undertaken in accordance with Exhibit "H," "E," General Construction Specifications for Leased
6 Facilities.

7 **11.1.2** Lessor recognizes and understands that any County improvements
8 requested by County may be subject to the provisions contained in the California Labor Code
9 (commencing with Section 1720) relating to general prevailing wage rates and other pertinent
10 provisions therein. Lessor and Lessor's contractors may be subject to audit to confirm
11 compliance with wage scale regulations.

12 **11.1.3** Lessor shall comply and stay current with all applicable local, state and
13 federal building codes and laws as from time to time amended, including, but not limited to,
14 the Americans with Disabilities Act requirements in providing the County with any requested
15 County improvements.

16 **11.1.4** If any agency, division or department of any governmental entity with
17 appropriate jurisdiction condemns the Premises or any part of the Premises as unsafe or not
18 in conformity with any of the laws or regulations controlling their construction, occupation or
19 use, or orders or requires any alteration, repair or reconstruction of the Premises the
20 responsible party shall be the Lessor who at its sole cost and expense (and without any right
21 of reimbursement from County) immediately effect all necessary alterations and repairs
22 required for the Premises full and exact compliance.

23 **11.1.5** Lessor shall cause all County improvements to be lien free, completed
24 at Lessor's cost in a workmanlike manner and in compliance with all applicable law.

25 **11.1.6** County agrees when requested by Lessor to execute and deliver any
26 applications, consents or other instruments required to permit Lessor to complete such
27 County improvements or to obtain permits for the work.

28

1 11.1.7 Post occupancy tenant improvements requested by County and
2 completed by Lessor shall be reimbursed by County at Lessor's cost plus 10%. Lessor's
3 invoices for such improvements shall be itemized according to material, sales tax, labor, and
4 Lessor's 10% overhead handling charge.

5 11.1.8 Due to County fiscal year funding and accounting practices, any costs
6 due to Lessor for reimbursement of tenant improvements during the term must be invoiced
7 and received by the County prior to May 1st of each fiscal year in which services to County
8 were provided to ensure payment.

9
10
11 **11.2 Improvements by County.**

12 11.2.1 Any alterations, improvements or installation of fixtures to be
13 undertaken by County shall have the prior written consent of Lessor. Such consent shall not
14 be unreasonably withheld, conditioned or delayed by Lessor.

15 11.2.2 All alterations and improvements made, and fixtures installed, by
16 County shall remain County property and may be removed by County at or prior to the
17 expiration of this Lease; provided, however, that such removal does not cause injury or
18 damage to the Leased Premises beyond normal wear and tear.

19 **11.3 Communications Equipment.** County may, from time to time, install maintain,
20 replace and/or remove any satellite dishes, links, duct bank or antennas on the grounds, roof
21 and/or exterior walls or parapet of the Premises as County deems reasonably necessary or
22 desirable, provided County shall first obtain Lessor's written approval, which approval shall
23 not be unreasonably withheld, conditioned, or delayed. Upon the removal by County of any
24 such satellite dishes, links or antennas, County shall repair any damage incurred in
25 connection with such removal.

26 **11.4 Leasehold Improvements, Trade Fixtures and Equipment.** County
27 owns certain Improvements, Trade Fixtures and Equipment as set forth in Exhibit "B," and
28 Exhibit "E," which are within or adjacent to the leased premises.

1 **12. Exculpation, Indemnification, and Insurance.**

2 **12.1 Exculpation.** To the fullest extent permitted by law, Lessor, on its behalf and
3 on behalf of all Lessor Parties, as hereinafter defined, waives all claims (in law, equity, or
4 otherwise) against County Parties, as hereinafter defined, arising out of, knowingly and
5 voluntarily assumes the risk of, and agrees that County Parties shall not be liable to Lessor
6 Parties for any of the following: (1) injury to or death of any person; or (2) loss of, injury or
7 damage to, or destruction of any tangible or intangible property, including the resulting loss of
8 use, economic losses, and consequential or resulting damage of any kind from any cause.
9 County Parties shall not be liable under this Section regardless of whether the liability results
10 from any active or passive act, error, omission, or negligence of any of County Parties; or is
11 based on claims in which liability without fault or strict liability is imposed or sought to be
12 imposed on any of County Parties. This exculpation Section shall not apply to claims against
13 County Parties to the extent that a final judgment of a court of competent jurisdiction
14 establishes that the injury, loss, damage, or destruction was proximately caused by County
15 Parties' fraud, willful injury to person or property, or violation of law.

16 **12.1.1 Definition of "County Parties" and "Lessor Parties".** For purposes
17 of this Section 12, the term "County Parties" refers singularly and collectively to County,
18 Special Districts, their respective Directors, Officers, Board of Supervisors, agents,
19 employees, and independent contractors as well as to all persons and entities claiming
20 through any of these persons or entities. The term "Lessor Parties" refers singularly and
21 collectively to Lessor and the partners, venturers, trustees, and ancillary trustees of Lessor
22 and the respective officers, directors, shareholders, members, parents, subsidiaries, and any
23 other affiliated entities, personal representatives, executors, heirs, assigns, licensees, invites,
24 beneficiaries, agents, servants, employees, and independent contractors of these persons or
25 entities.

26 **12.1.2 Survival of Exculpation.** The paragraphs of this Section 12 shall
27 survive the expiration or earlier termination of this Lease until all claims within the scope of
28

1 this Section 12 are fully, finally, and absolutely barred by the applicable statutes of
2 limitations.

3 **12.1.3 Lessor's Acknowledgment of Fairness.** Lessor acknowledges that
4 this Section 12 was negotiated with County, that the consideration for it is fair and adequate,
5 and that Lessor had a fair opportunity to negotiate, accept, reject, modify, or alter it.

6 **12.1.4 Waiver of Civil Code Section 1542.** With respect to the exculpation
7 provided in this Section 12, Lessor waives the benefits of Civil Code Section 1542, which
8 provides:

9 A general release does not extend to claims which the creditor does not
10 know or suspect to exist in his favor at the time of executing the release, which if known by
11 him must have materially affected his settlement with the debtor.

12 **12.2 Indemnification and Hold Harmless.**

13 **12.2.1** Lessor shall indemnify and hold harmless the County Parties from any
14 liability, including but not limited to, property damage, bodily damage, bodily injury, or death,
15 or from any services provided by Lessor Parties or any act, error, omission, of Lessor Parties
16 or of any invitee, guest, or licensee of Lessor in, on, or about the Project arising out of, from
17 or in any way relating to this Lease. When indemnifying County Parties, Lessor shall defend
18 at its sole cost and expense, including but not limited to, attorney fees, cost of investigation,
19 defense and settlements or awards, on behalf of the County parties in any claim or action
20 based upon such liability.

21 **12.2.2** County shall indemnify and hold harmless the Lessor Parties from any
22 liability whatsoever, including but not limited to, property damage, bodily injury, or death,
23 based or asserted on events which may occur within the County leased premises and is
24 under the control of the County arising out of or from its use and occupancy relating to this
25 Lease. County Parties shall not indemnify Lessor Parties for liability arising within the County
26 leased Premises when such liability arose out of or from Lessor's responsibilities under the
27 terms of this Lease, however, Lessor's liability shall be limited to the extent of Lessor's
28 interest in the Project. County shall defend at its sole cost and expense, including but not

1 limited to, attorney fees, cost of investigation, defense and settlements or awards, on behalf
2 of the Lessor Parties in any claim or action based upon such liability.

3 **12.2.3** With respect to any action or claim subject to indemnification herein,
4 the indemnifying party shall, at their sole cost, have the right to use counsel of their choice
5 and shall have the right to adjust, settle, or compromise any such action or claim without the
6 prior consent of the indemnified party; provided, however, that any such adjustment,
7 settlement or compromise in no manner whatsoever limits or circumscribes the indemnifying
8 party's obligation to indemnify as set forth herein.

9 **12.2.4** The indemnifying party's obligation hereunder shall be satisfied when
10 they have provided the indemnified party the appropriate form of dismissal relieving the
11 indemnified party from any liability for the action or claim involved.

12 **12.2.5** The specified insurance limits required in this Lease shall in no way
13 limit or circumscribe the indemnifying party's obligation to indemnify as set forth herein.

14 **12.2.6** In the event there is conflict between this clause and California Civil
15 Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such
16 interpretation shall not relieve the indemnifying party's obligation to provide indemnification to
17 the fullest extent allowed by law.

18 **12.2.7 Survival of Indemnification.** The paragraphs of this Section 12 shall
19 survive the expiration or earlier termination of this Lease until all claims against County
20 Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the
21 applicable statutes of limitations.

22 **12.3 Insurance.**

23 **12.3.1 Lessor's Insurance.** Without limiting or diminishing any
24 indemnification contained within this Lease, Lessor and/or their authorized representatives,
25 including, if any, a property management company, shall procure and maintain or cause to
26 be maintained, at its sole cost and expense, the following insurance coverage during the
27 term of this Lease:

28

1 **12.3.1.1 Workers' Compensation.** Workers' Compensation
2 Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall
3 include Employers' Liability (Coverage B) including Occupational Disease with limits not less
4 than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation
5 in favor of the County of Riverside.

6 **12.3.1.2 Commercial General Liability.** Commercial General
7 Liability Insurance coverage, including but not limited to, premises liability, contractual
8 liability, products/completed operations, personal and advertising injury, cross liability
9 coverage and employment practices liability covering bodily injury, property damage, and
10 personal injury arising out of or relating, directly or indirectly, to the design, construction,
11 maintenance, repair, alteration and ownership of the
12 Premises and all areas appurtenant thereto including claims which may arise from or out of
13 Lessor's operations, use, and management of the Premises, or the performance of its
14 obligations hereunder. Policy shall name the County of Riverside, its Special Districts,
15 Agencies, Districts and Departments, their respective Directors, Officers, Board of
16 Supervisors, elected and appointed officials, employees, agents, independent contractors or
17 representatives as an Additional Insured. Policy limits shall not be less than \$1,000,000 per
18 occurrence. If such insurance contains a general aggregate limit, it shall apply separately to
19 this Lease or be no less than two (2) times the occurrence limit.

20 **12.3.1.3 Vehicle Liability.** If vehicles or licensed mobile equipment
21 are used on the Project, Lessor shall maintain auto liability insurance for all owned, non-
22 owned or hired automobiles in an amount not less than \$1,000,000 per occurrence combined
23 single limit. Policy shall name the County of Riverside, its Special Districts, Agencies,
24 Districts, and Departments, their respective Directors, Officers, Board of Supervisors, elected
25 and appointed officials, employees, agents, independent contractors or representatives as
26 Additional Insured.

27 **12.3.1.4 Property (Physical Damage).**
28

1 (a) All-Risk real property insurance coverage, including
2 earthquake and flood, if applicable, for the full replacement cost value of buildings,
3 structures, fixtures, all improvements therein, and building systems on the Project as the
4 same exists at each early anniversary of the term. Policy shall include Business Interruption,
5 Extra Expense, and Expediting Expense coverage as well as coverage for off-premises
6 power failure. Policy shall name the County as a Loss Payee as their interests may appear.

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

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

22 **12.3.1.5 General Insurance Provisions – All Lines.**

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

28

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

10 (c) At the inception of this Lease and annually at the
11 Lessor's insurance policy renewal date(s), the Lessor shall cause their insurance carrier(s) to
12 furnish the County of Riverside with 1) a properly executed original Certificate(s) of Insurance
13 and certified original copies of Endorsements effecting coverage as required herein; or, 2) if
14 requested to do so orally or in writing by the County Risk Manager, provide original Certified
15 copies of policies including all Endorsements and all attachments thereto, showing such
16 insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall
17 contain the covenant of the insurance carrier(s) shall provide no less than thirty (30) days
18 written notice be given to the County of Riverside prior to any material modification or
19 cancellation of such insurance. In the event of a material modification or cancellation of
20 coverage, this Lease shall terminate forthwith, unless the County of Riverside receives, prior
21 to such effective date, another properly executed original Certificate of Insurance and original
22 copies of endorsements or certified original policies, including all endorsements and
23 attachments thereto evidencing coverage and the insurance required herein is in full force
24 and effect. Individual(s) authorized by the insurance carrier to do so on its behalf shall sign
25 the original endorsements for each policy and the Certificate of Insurance. The Lease term
26 shall not commence until the County of Riverside has been furnished original Certificates(s)
27 of Insurance and certified original copies of endorsements or policies of insurance including
28 all endorsements and any and all other attachments as required in this Section.

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

6 **12.3.2 County's Insurance:** County maintains funded programs of Self-
7 Insurance. County shall provide to Lessor a Certificate of Self-Insurance evidencing the
8 County's Self-Insurance for the following coverage, if so requested by Lessor:

9	12.3.2.1 Workers' Compensation	\$1,000,000 per occurrence
10	12.3.2.2 Commercial General Liability	\$1,000,000 per occurrence
11	12.3.2.3 Automobile Liability	\$1,000,000 per occurrence

12 **13. Damage and Destruction.**

13 **13.1 Repair of Damage.** County agrees to notify Lessor in writing
14 promptly of any damage to the Premises resulting from fire, earthquake, or any other
15 identifiable event of a sudden, unexpected, or unusual nature ("Casualty"). If the Premises,
16 whether covered by insurance or not, are damaged by a Casualty, or the Casualty results in
17 the Premises not being provided with Base Building Systems or parking facilities, and if
18 neither Lessor nor County has elected to terminate this Lease under this Section 13, Lessor
19 shall promptly and diligently restore Premises, the County Improvements originally
20 constructed by Lessor, Base Building Systems, and County's parking facilities to substantially
21 the same condition as existed before the Casualty, subject to modifications required by
22 building codes and other laws. If County requests that Lessor make any modifications to the
23 County Improvements in connection with the rebuilding, Lessor may condition its consent to
24 those modifications on: (a) confirmation by Lessor's contractor that the modifications shall not
25 increase the time needed to complete the County Improvements; or (b) an agreement by
26 County that the additional construction period shall not extend the rent abatement period.

27 **13.2 Repair Period Notice.** Lessor shall, within thirty (30) days after the date of the
28 Casualty, provide written notice to County indicating the anticipated period for repairing the

1 Casualty ("Repair Period Notice"). The Repair Period Notice shall be accompanied by a
2 certified statement executed by the Contractor retained by Lessor to complete the repairs or,
3 if Lessor has not retained a Contractor, a licensed Contractor not affiliated with Lessor,
4 certifying the Contractor's opinion about the anticipated period for repairing the Casualty.
5 The Repair Period Notice shall also state, if applicable, Lessor's election either to repair or to
6 terminate the Lease under Section 13.3.

7 **13.3 Lessor's Option to Terminate or Repair.** Lessor may elect either to
8 terminate this Lease or to effectuate repairs if: (a) the Repair Period Notice estimates that the
9 period for repairing the Casualty exceeds ninety (90) days from the date of the Casualty; or
10 (b) the estimated repair cost of the Premises, even though covered by insurance, exceeds
11 fifty percent (50%) of the full replacement cost.

12 **13.4 County's Option to Terminate.** If (a) the Repair Period Notice provided by
13 Lessor indicates that the anticipated period for repairing the Casualty exceeds ninety (90)
14 days, or (b) notwithstanding the above, in the event of a substantial or total casualty to the
15 Premises or improvements, County may by written notice to Lessor within thirty (30) days
16 after such damage or destruction of its intention to terminate this Lease, elect to terminate
17 this Lease by providing written notice (County's Termination Notice) to Lessor within thirty
18 (30) days after receiving the Repair Period Notice. If County does not elect to terminate
19 within said thirty (30) day period, County shall be considered to have waived its' option to
20 terminate.

21 **13.5 Rent Abatement Due to Casualty.** Lessor and County agree that County's
22 Rent shall be fully abated during the period beginning on the later of: (a) the date of the
23 Casualty; or (b) the date on which County ceases to occupy the Premises and ending on the
24 date of Substantial Completion of Lessor's restoration obligations as provided in this Section
25 13 ("Abatement Period"). If, however, County is able to occupy and does occupy a portion of
26 the Premises, Rent shall be abated during the Abatement Period only for the portion of the
27 Premises not occupied by County.

28

1 **13.6 Damage Near End of Term.** Despite any other provision of this Section 13, if
2 the Premises are destroyed or damaged by a Casualty during the last eighteen (18) months
3 of the original Lease Term, Lessor and County shall each have the option to terminate this
4 Lease by giving written notice to the other of the exercise of that option within thirty (30) days
5 after that damage or destruction, provided, however, County may negate Lessor's election to
6 terminate under this Section 13.6 by electing, within ten (10) days after receipt of Lessor's
7 termination notice, to exercise any unexercised option to extend this Lease. If County
8 negates Lessor's election, this Lease shall continue in effect unless Lessor has the right to,
9 and elects to, terminate this Lease under Section 13.3.

10 **13.7 Effective Date of Termination; Rent Apportionment.** If Lessor or County
11 elects to terminate this Lease under this Section 13 in connection with a Casualty, this
12 termination shall be effective thirty (30) days after delivery of notice of such election. County
13 shall pay Rent, properly apportioned up to the date of the Casualty. After the effective date
14 of the termination, Lessor and County shall be discharged of all future obligations under this
15 Lease, except for those provisions that, by their terms, survive the expiration or earlier
16 termination of the Lease.

17 **13.8 Waiver of Statutory Provisions.** The provisions of this Lease, including those
18 in this Section 13, constitute an express agreement between Lessor and County that applies
19 in the event of any Casualty to the Premises. Lessor and County, therefore, fully waive the
20 provisions of any statute or regulation, for any rights or obligations concerning a Casualty
21 including California Civil Code Sections 1932(2) and 1933(4).

22 **13.9 Release on Termination.** In the event of any termination of this Lease
23 in accordance with Section 13, the Parties shall be released therefrom without further
24 obligation to the other Party, except as may otherwise be specifically set forth in this Lease
25 and items that have accrued and are unpaid.

26 ///

27 **14. Eminent Domain.**

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1 **14.1 Total Condemnation.** If all of the Premises are condemned by eminent
2 domain, inversely condemned, or sold in lieu of condemnation for any public or quasi-public
3 use or purpose, this Lease will terminate as of the date of title vesting in that proceeding and
4 the Rent will be abated from the date of termination.

5 **14.2 Partial Condemnation.** If any portion of the Premises is condemned by
6 eminent domain, inversely condemned, or sold in lieu of condemnation for any public or
7 quasi-public use or purpose and the partial condemnation renders the Premises unusable for
8 County's business, this Lease will terminate as of the date of title vesting or order of
9 immediate possession in that proceeding and the Rent will be abated to the date of
10 termination. If the partial condemnation does not render the Premises unusable for the
11 business of County and less than a substantial portion of the Premises is condemned, Lessor
12 must promptly restore the Premises to the extent of any condemnation proceeds recovered
13 by Lessor, excluding the portion lost in the condemnation, and this Lease will continue in full
14 force, except that after the date of the title vesting, the Rent will be adjusted, as reasonably
15 determined by Lessor and County.

16 **14.3 Award.** If the Premises are wholly or partially condemned, Lessor will be
17 entitled to the entire award paid for the condemnation, and County waives any claim to any
18 part of the award from Lessor or the condemning authority. County, however, will have the
19 right to recover from the condemning authority any compensation that may be separately
20 awarded to County in connection with costs in removing County's merchandise, furniture,
21 fixtures, leasehold improvements, and equipment to a new location.

22 **14.4 Temporary Condemnation.** In the event of a temporary condemnation, this
23 Lease will remain in effect, County will continue to pay Rent, and County will receive any
24 award made for the condemnation. If a temporary condemnation remains in effect at the
25 expiration or earlier termination of this Lease, County will pay Lessor the reasonable cost of
26 performing any obligations required of County with respect to the surrender of the Premises.
27 If a temporary condemnation is for a period that extends beyond the Term, this Lease will
28

1 terminate as of the date of occupancy by the condemning authority and any award will be
2 distributed in accordance with Section 14.3.

3 **15. Estoppel Certificates.**

4 **15.1** Within twenty (20) business days after receipt of a written request by
5 either party, the other party shall execute and deliver to the requesting party an Estoppel
6 Certificate, in the form of the attached Exhibit "F," indicating in the certificate any exceptions
7 to the statements in the certificate that may exist at that time.

8 **16. Subordination, Non-Disturbance, and Attornment.**

9 **16.1 Subordination, Non-Disturbance, and Attornment Agreement.** To carry out
10 the purposes of Section 16.2 and Section 16.3, the Parties agree to execute a Subordination,
11 Non-Disturbance and Attornment Agreement in the form set forth in the attached Exhibit "G."

12 **16.2 Subordination.** County agrees that within forty-five (45) business days after
13 Lessor's written request, it shall execute the agreement referred to in Section 16.1 that
14 Lessor reasonably considers necessary to evidence or confirm the subordination or inferiority
15 of this Lease to the lien of any mortgage, deed of trust or other encumbrance of the Premises
16 or any renewal, extension, modification, replacement thereof, provided however, that such
17 Subordination Agreement shall be strictly limited to matters contained in the Agreement
18 referred to in Section 16.1 and no such Subordination Agreement shall materially increase
19 any of County's obligations or materially decrease any of County's rights under this Lease,
20 nor shall the possession of County be disturbed, by reason of any foreclosure, sale or other
21 action under any such trust deed, mortgage or other encumbrance.

22 **16.3 Attornment.** If Lessor's interest in the Premises passes to a successor, and
23 provided County has received the Non-Disturbance agreement referred to in Section 16.1,
24 County shall, within forty-five (45) business days after Lessor's transferee's request, execute
25 the agreement referred to in Section 16.1, thereby agreeing to attorn and to recognize the
26 transferee as the Lessor under this Lease; provided the transfer of Lessor's interest in the
27 Premises was by sale, lease, foreclosure, deed in lieu of foreclosure, exercise of any remedy
28 provided in any encumbrance or operation of law.

1 in this Lease is duly authorized and empowered to act for and on behalf of the Lessor.
2 Lessor shall furnish County prior to the execution hereof with evidence of the authority of the
3 signatory to bind the entity or trust as contemplated herein.

4 **18.3 No Litigation.** There are no judicial, quasi-judicial, administrative or other
5 orders, injunctions, moratoria or pending proceedings against Lessor or the Premises which
6 preclude or interfere with, or would preclude or interfere with, the construction contemplated
7 herein or the occupancy and use of the Premises by County for the purposes herein
8 contemplated.

9 **18.4 Easements.** Lessor shall not (a) subdivide, parcel or otherwise divide the
10 Premises, (b) create, modify or terminate any ingress or egress to or from the premises, or
11 (c) create any easements in the Premises, without County's prior written approval.

12 **19. Miscellaneous.**

13 **19.1 Quiet Enjoyment.** Lessor covenants that County shall at all times during the
14 term of this Lease peaceably and quietly have, hold and enjoy the use of the Premises so
15 long as County shall fully and faithfully perform the terms and conditions that it is required to
16 do under this Lease. If the Premises are part of a building shared with other tenants of
17 Lessor, during County's tenancy, Lessor may make or permit other tenants to make
18 alterations, renovations and improvements to those portions of the building not occupied by
19 County. Lessor covenants for itself and anyone deriving title from or holding title under
20 Lessor that County's access, ingress, loading and unloading and sufficient parking for
21 County's business shall not unreasonably be obstructed nor shall the daily business of
22 County be disrupted as a result of such alterations, renovations and improvements.

23 **19.2 Non-Waiver.** No waiver of any provision of this Lease shall be implied by any
24 failure of either party to enforce any remedy for the violation of that provision, even if that
25 violation continues or is repeated. Any waiver by a party of any provision of this Lease must
26 be in writing. Such written waiver shall affect only the provision specified and only for the
27 time and in the manner stated in the writing.

28

1 Lessor may be personally served with such process out of this county and that such service
2 shall constitute valid service upon Lessor. It is further expressly understood and agreed that
3 Lessor is amenable to the process so served, submits to the jurisdiction of the court so
4 obtained and waives any and all objections and protests thereto.

5 **19.9 Entire Lease.** This Lease is intended by the Parties hereto as a final
6 expression of their understanding with respect to the subject matter hereof and as a
7 complete and exclusive statement of the terms and conditions thereof and supersedes any
8 and all prior and contemporaneous leases, agreements and understandings, oral or written,
9 in connection therewith. This Lease may be changed or modified only upon the written
10 consent of the Parties hereto.

11 **19.10 Interpretation.** The Parties hereto have negotiated this Lease at arms length
12 and have been advised by their respective attorneys, or if not represented by an attorney,
13 represent that they had an opportunity to be so represented and no provision contained
14 herein shall be construed against County solely because it prepared this Lease in its
15 executed form.

16 **19.11 Time of Essence.** Time is of the essence with respect to the performance of
17 all obligations to be performed or observed by the Parties under this Lease.

18 **19.12 Recording.** Either Lessor or County shall, upon request of the other, execute,
19 acknowledge and deliver to the other a short form memorandum of this Lease for recording
20 purposes. The Party requesting recordation shall be responsible for payment of any fees
21 applicable thereto.

22 **19.13 Consent.** Whenever Lessor's or County's consent is required under any
23 provision of this Lease, it shall not be unreasonably withheld, conditioned or delayed.

24 **19.14 Title.** Lessor covenants that Lessor is well seized of and has good title to the
25 Premises, and Lessor does warrant and will defend the title thereto, and will indemnify
26 County against any damage and expense which County may suffer by reason of any lien,
27 encumbrance, restriction or defect in title or description herein of the Premises. If, at any
28 time, Lessor's title or right to receive Rent and any other sums due hereunder is disputed,

1 County may withhold such sums thereafter accruing until County is furnished satisfactory
2 evidence as to the Party entitled thereto.

3 **19.15 Conveyance by Lessor.** Should Lessor convey the Premises, all rights and
4 obligations inuring to the Lessor by virtue of this Lease shall pass to the grantee named in
5 such conveyance, and the grantor shall be relieved of all obligations or liabilities hereunder,
6 except those theretofore accrued and not discharged.

7 **19.16 Mechanic's Liens.** If any mechanic's or materialmen's lien or liens shall be
8 filed against the Premises for work done or materials furnished to a Party, that Party shall, at
9 its own cost and expense, cause such lien or liens to be discharged within fifteen (15) days
10 after notice thereof by filing or causing to be filed a bond or bonds for that purpose. In the
11 event any notice preliminary to establishing such a lien (such as the California Preliminary
12 20-Day Notice) is served on Lessor for work done on the Premises, Lessor shall immediately
13 forward a copy of such notice to Lessee.

14 **19.17 Surrender.** County shall, after the last day of the term or any extension thereof
15 or upon any earlier termination of such term, surrender and yield up to Lessor the Premises
16 in good order, condition and state of repair, reasonable wear and tear and damage by fire or
17 other casualty excepted. County may, but shall not be required to: (a) patch or paint any
18 walls/surfaces; (b) remove any leasehold improvements constructed or installed prior to or
19 during the term of this Lease or any extension thereof; or (c) remove any fixtures or
20 equipment installed prior to or during the term of this Lease or any extension thereof,
21 including but not limited to the Trade Fixtures and Equipment set forth on Exhibit "B." In
22 addition to the Trade Fixtures and Equipment as set forth in Exhibit "B," Lessor
23 acknowledges that the previous Lessee installed certain improvements to the Premises as
24 set forth in Exhibit "E" to this lease, which are now owned by County, which improvements
25 may be removed by County pursuant to this section 19.17.

26 **19.18 Termination of Previous Lease.** The Parties agree and understand the
27 previous lease agreement on the Premises dated January 1, 2011 by and between Koll/PER
28

1 LLC and the Acorn Technology Corporation is hereby terminated in its entirety upon the
2 Effective Date of this lease.

3 **19.19 Assignment and Subletting.** Except as otherwise provided in this section,
4 Lessor shall not either voluntarily or otherwise, assign or encumber this lease or permit the
5 transfer of this lease to another party, without the consent of Lessor, which consent shall not
6 be unreasonably withheld.

7 **19.20 Notice.** Except as expressly provided elsewhere in this Lease, all notices and
8 other communication required under this Lease shall be in writing and delivered by: (a)
9 Certified Mail, postage prepaid, return receipt requested, in the United States mail; or (b) via
10 an overnight courier that provides written evidence of delivery and addressed to the Party
11 hereto to whom the same is directed at the addresses set forth in Section 19.18 herein.
12 Either Party hereto may from time to time change its mailing address by written notice to the
13 other Party.

14
15 **County's Notification Address:**

16 Economic Development Agency, County of Riverside
17 3403 Tenth Street, Suite 400
18 Riverside, California 92501
19 Attention: Deputy Director of Real Estate

20 **Lessor's Notification Address:**

21 The Koll Company
22 4343 Von Karman Avenue, Suite 150
23 Newport Beach, California 92660

24 **19.21 Authority.** If Lessor is a corporation, general or limited partnership, limited
25 liability company or individual owner, each individual executing this Lease on behalf of said
26 corporation, partnership, or individual represents and warrants that he or she is duly
27 authorized to execute and deliver this Lease on behalf of said corporation, in accordance
28 with bylaws of said corporation, or as a partner or individual is authorized to execute this
Lease and that this Lease is binding upon said corporation and/or partnership or individual.

1 **19.22 Approval of Supervisors.** Anything to the contrary notwithstanding, this
2 Lease shall not be binding or effective until its approval and execution by the Chairman of the
3 Riverside County Board of Supervisors.

4
5 LESSOR:
6 COUNTY OF RIVERSIDE

LESSEE:
KOLL / PER RIVERSIDE, LLC

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

By: _____

10
11 ATTEST:
12 Kecia Harper-Ihem
13 Clerk of the Board

14 By: _____
15 Deputy

16
17 APPROVED AS TO FORM:
18 Pamela J. Walls
19 County Counsel

20 By: _____
21 Patricia Munroe
22 Deputy County Counsel

23
24
25
26
27 SG:s\110600713\16.349 S:\Real Property\TYPING\Docs-16.000 to 16.499\16.349.doc

28

**EXHIBIT D
CUSTOMER CONTRACTS WITH PRIVATE SECTOR ENTITIES**

EXHIBIT D															Total MNC / Month:	552,185 / Month	Total MNC / Year:	\$626,220 / Year									
F-Building																											
ABS Networks, Inc.			1																								
Armohead Credit Union				3																							
Cent Health					2																						
Codelmetro, Inc					1																						
DPI Specialty Foods		1																									
Emery Fed																											
Enow, Inc.																											
N/A																											
ImacRIS																											
Leyra Christensen Company																											
Leaf Data Centers, Inc.																											
OnRad, Inc.																											
Pickering & Hamilton Technologies																											
Raven Resources																											
Renaissance RadioLog																											
Team Accent																											
Thin Air Data Corporation																											
Time Rack, Inc																											
Ultimate Internet Access																											

58

EXHIBIT 'E'

C-Safety & SWS Vendor & Rwy		Cabling & Wire Ways Reaching Material & Cabling	800 feet + Doors	2002-2013 2002	\$25,000
Middle		Fire & Smoke Suppression & Alarm System	dry over head water lines	2002	\$198,000
Woods		Smoke Detection Security and Fire Communicator	4 control units and various installed components Interior and Exterior Cameras	2002-2013	\$44,995
RSE-SIERRA		1 Section Cabinet		2002	\$122,300
RSE-SIERRA		1 Section Cabinet		2002	\$14,100
RSE-SIERRA		1 Section Cabinet		2002	\$100,300
RSE-SIERRA		1 Section Cabinet		2002	\$199,822
ASCO		11 Section Cabinet			
Siemens		1200 Amp			
Siemens		600 Amp			
Siemens		600 Amp			
Siemens		600 Amp			
Siemens		100 Amp			
Siemens		100 Amp			
RSE-SIERRA		11 Section Cabinet		2002	\$162,822
ASCO		11 Section Cabinet			
Siemens		1200 Amp			
Siemens		600 Amp			
Siemens		600 Amp			
Siemens		600 Amp			
Siemens		600 Amp			
Siemens		100 Amp			
Siemens		100 Amp			
RSE-SIERRA		7 Section Cabinet		2002	\$143,411

Exhibit E

Household Improvements		
Compel	Mechanical-Piping	2002
Compel	Flooring (4)	2002
Compel	Fire Protection	2002
Compel	Trade Fixt Elect, Duct	2002
Williams	Innerduct from Williams to F-1	2002
S E C Corporation	Innerduct for SBC from Marlborough to P-17	2002
EYP	Date Center Design	2002
Nationwide Industries	Fencing	2002
Pacific Bell	400 Pair Copper Phone Lines	2002

EE

EXHIBIT F

BILL OF SALE

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, ACORN Technology Corporation, a California corporation ("Seller"), does hereby give, grant, bargain, sell, transfer, assign, convey and deliver to the County of Riverside, a political subdivision of the State of California ("Buyer"), Seller's right, title and interest in the Equipment identified on Schedule A, not including the Improvements, which are being sold pursuant to a separate Bill of Sale, and the Customer Contracts identified on Schedule B.

Seller warrants to Buyer that Seller owns all right, title and interest in the Equipment and Customer Contracts identified in Schedules A and B, attached hereto, free and clear of any lien, encumbrance, security interest or adverse claim.

Seller covenants that it will, at any time, and from time to time, upon written request of Buyer, at Buyer's sole expense and without the assumption of any additional liability thereby, execute and deliver to Buyer, any new or confirmatory instruments and will perform any other acts which Buyer may reasonably request in order to fully assign and transfer to and vest in Buyer, and protect its rights, title and interest in, and the enjoyment of, all of the purchased assets Seller intended to be transferred and assigned hereby, or to enable Buyer to realize upon or otherwise enjoy any such purchased assets.



All references to "Seller" and "Buyer" herein shall be deemed to include their respective nominees, successors and/or assigns.

Dated: _____, 2013.

SELLER:
ACORN Technology Corporation,
a California corporation

Donald H. Dye
President and Chief Executive Officer

FORM APPROVED COUNTY COUNSEL

BY:  11/6/13
PATRICIA MUNROE DATE



Schedule "A"

Item	Quantity	Description	Unit	Price	Total
8881 3200	3 Pairs	NON-ACCESSIBLE Type 3232			
8881 3200	3 Pairs	NON-ACCESSIBLE Type 3232			
8881 3200	3 Pairs	NON-ACCESSIBLE Type 3232			
8881 3200	3 Pairs	NON-ACCESSIBLE Type 3232			
Router		7692-E			\$1,117
Router		8597-E			\$1,117
Router		12000 w/ 4 Cards			\$1,117
Router		12000 w/ 8 Cards			\$1,117
ATC		For Existing Customers			\$4,400
ATC		For Existing Customers			\$100,000
Industrial Lease, dated January 1, 2011 with KOLLER INVESTMENTS, LLC, for Building F					
Turntable	1				
Biometric Access Control System	7				
Floor Tie Tool	4				\$1,000
883 Screw Type Nail Stand	7				UPL
Floor Daily SDO4-2	2				UPL
8801 Wire Nail Rest	2				UPL
8887 Threaded Rod Cutter	1				UPL
Installed Capping in Rest Deck, Including Doors	1				UPL
4 Post Open Racks	6				UPL
2 Post Open Racks	6				UPL
Simmons Cabinets with Doors-24Lx	17				UPL
Simmons Cabinets with Doors-24Lx	17				UPL
Simmons Cabinets with Doors-24Lx	17				UPL
4 Post Open Racks-CP1	1				\$40,000
4 Post Open Racks-42 Us	1				\$2,300
4 Post Open Racks-4PC	2				\$12,875
4 Post Open Racks-4PC	2				UPL
Removable Bulbarr	2				UPL
Trash Cans (Outside)	2				\$4,800
Trash Cans (Inside)	2				UPL
Fire Extinguishers	2				UPL
Fire Extinguishers	2				UPL
Emergency Station	1				UPL
Mechanical Cabinet	1				UPL
Mail Box	1				UPL
Restroom Cabinet	1				UPL

WJ

Schedule "A"

Leasehold Improvements

Compel	Mechanical-Piping	2002
Compel	Flooring (4)	2002
Compel	Fire Protection	2002
Compel	Trade Fixt Elect, Duct	2002
Williams	Innerduct from Williams to F-1	2002
S E C Corporation	Innerduct for SBC from Marlborough to P-17	2002
EYP	Date Center Design	2002
Nationwide Industries	Fencing	2002
Pacific Bell	400 Pair Copper Phone Lines	2002

Wd

SCHEDULE B CUSTOMER CONTRACTS WITH PRIVATE SECTOR ENTITIES

Entity	Count	Rate	Term	Start Date	End Date	Monthly Amount	Annual Amount	Term (Months)	Notes
F-Building									
ABB Networks, Inc.	1	\$ 450	300	\$ 350	\$ 125	\$ 1,225	\$ 1,225	24	Yes
Arrowhead Credit Union	2	\$ 2,900	800	\$ 500	\$ 4,200	\$ 4,200	\$ 4,200	36	Yes
Centri Health	1	\$ 2,400	975	\$ 200	\$ 3,575	\$ 3,575	\$ 3,575	72	Yes
CodaMetro, Inc.	2	\$ 100	200	\$ 200	\$ 500	\$ 500	\$ 500	12	77
DPI Specialty Foods	1	\$ 5,500	3,000	\$ 1,375	\$ 250	\$ 10,125	\$ 10,125	48	Yes
Energy Fed	1	\$ 1,000	400	\$ 600	\$ 2,000	\$ 2,000	\$ 2,000	Month to Month	Yes
Enew, Inc.	1	\$ 450	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	Month to Month	Yes
N/A									
iMedRIS	2	\$ 1,600	1,275	\$ 350	\$ 3,225	\$ 3,225	\$ 3,225	72	77
Layne Christensen Company	1	\$ 1,950	750	\$ 300	\$ 125	\$ 2,825	\$ 2,825	36	Yes
Leaf Data Centers, Inc.	1	\$ 680	2,000	\$ 300	\$ 175	\$ 3,105	\$ 3,105	24	Yes
OnRad, Inc.	4	\$ 2,400	2,500	\$ 3,175	\$ 750	\$ 8,825	\$ 8,825	72	Yes
Picturing & Hamilton Technologies	1	\$ 350	475	\$ 300	\$ 1,125	\$ 1,125	\$ 1,125	48	Yes
Raven Resources	1	\$ 500	300	\$ 400	\$ 25	\$ 1,225	\$ 1,225	48	Yes
Renaissance Radiology	1	\$ 700	325	\$ 200	\$ -	\$ 1,225	\$ 1,225	72	Yes
Team Accent	1	\$ 325	475	\$ 200	\$ -	\$ 1,000	\$ 1,000	60	Yes
Thin Air Data Corporation	1	\$ 600	550	\$ 125	\$ 50	\$ 1,325	\$ 1,325	12	77
Time Rack, Inc.	2	\$ 1,000	350	\$ 250	\$ 1,600	\$ 1,600	\$ 1,600	36	Yes
Ultimate Internet Access	3	\$ 3,000	1,280	\$ 100	\$ 150	\$ 4,530	\$ 4,530	36	Yes
		Total MRC / Month:		\$52,185		\$626,220		/ Month	
		Total MRC / Year:		\$626,220		\$626,220		/ Year	

EXHIBIT G

ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

THIS ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS ("Assignment") is made and entered into as of the ____ day of _____ 2013, by ACORN TECHNOLOGY CORPORATION, a California corporation ("Assignor") to and for the benefit of the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("Assignee").

A. Assignment of Assets.

For or good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Assignor and Assignee, Assignor hereby assigns, conveys, transfers and releases to Assignee to the fullest extent allowed by law, any and all of its right, title, interest, privileges, benefits and remedies in, to and under all of the assets of intellectual property of Assignee, ~~including but not limited to~~ the assets used in the running ~~the business~~ of the data center (the "Data Center"), and in each case held by Assignor, including without limitation:

- EXCEPT FOR (iii), (viii) AND (ix) BELOW, WHICH ARE SPECIFICALLY EXCLUDED,*
- (i) all vendor, client or customer information and related client or user data; books and records, including maintenance and service history, or information, necessary to run the Data Center ("Information");
 - (ii) all rights associated with works of authorship, including copyrights (registered or not), copyright applications, and copyright registrations utilized in the Data Center ("Copyrights");
 - (iii) all rights associated with the trademarks (whether registered or not), trademark registrations, trade names, logos and service marks (whether registered or not) utilized in the Data Center ("Trademarks");
 - (iv) all patents or patentable works or processes (whether registered or not) ("Patents") utilized in the Data Center;
 - (v) all trade secrets, proprietary know-how, formulations, algorithms and compositions utilized in the Data Center;
 - (vi) the goodwill associated associated with the Data Center;
 - (vii) all rights to sue or make any claims against (x) any party other than Assignor or any of its subsidiaries or other affiliates for any past or present misappropriation or unauthorized use or (y) any party for any future misappropriation or unauthorized use, in each case of (x) or (y) of any of the foregoing rights and the right to receive income, royalties, damages or payments in connection with any of the foregoing arising after the date of this Assignment ("Claims");
 - (viii) the website, domain name, url, all e-mail addresses and telephone numbers utilized in the Data Center;

- (ix) all labels, marketing and promotional materials, including digital artwork utilized in the Data Center, wherever located;
- (x) all licenses related to the foregoing ("Licenses");

B. Further Agreements. Assignor shall, upon request of Assignee, execute each further instruments or documents as Assignee may reasonably require to further effect the purposes hereof.

C. Assignability. This Assignment shall be binding upon and inure to the benefit of the successors and assigns of Assignor and Assignee.

D. Choice of Law. This Assignment shall be governed by and construed and interpreted in accordance with the laws of the state of California, without giving effect to the choice of law provisions of such state.

IN WITNESS WHEREOF, Assignor has caused this Assignment to be executed as of the day and year first above written.

Assignor:

ACORN TECHNOLOGY CORPORATION, a
California corporation

By: _____
Name: Donald H. Dye
Title: Chief Executive Officer

Assignment Accepted By:

Assignee:

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

By: _____
Name: Robert Field
Title: Assistant County Executive Officer - EDA

FORM APPROVED COUNTY COUNSEL
BY:  11/6/13
PATRICIA MUNROE DATE



Exhibit H

Exceptions to Seller's Representations in Paragraph 20

20 (b) Seller has been notified that it is not in compliance with South Coast AQMD Rule 1472. Seller will come into compliance and resolve AQMD issue, and pay any fines and penalties, prior to close of escrow.

20 (d) Seller stores No. 2 red diesel fuel on site as fuel for the generators.

20 (e) Seller has loans that are secured by the Purchased Assets. The liens held by the lenders of these loans will be released at the Close of Escrow.

20 (f) Seller has loans that are secured by the Purchased Assets. The liens held by the lenders of these loans will be released at the Close of Escrow.

20 (g) Seller has been notified that it is not in compliance with South Coast AQMD Rule 1472. Seller will come into compliance and resolve AQMD issue, and pay any fines and penalties, prior to close of escrow.

20 (h) Seller has been notified that it is not in compliance with South Coast AQMD Rule 1472. Seller will come into compliance and resolve AQMD issue prior to close of escrow, including the payment of any fines and penalties.

FORM APPROVED COUNTY COUNSEL

BY:  11/6/12
PATRICIA MUNROE DATE



EXHIBIT I

BILL OF SALE - IMPROVEMENTS

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, ACORN Technology Corporation, a California corporation ("Seller"), does hereby give, grant, bargain, sell, transfer, assign, convey and deliver to the County of Riverside, a political subdivision of the State of California ("Buyer"), Seller's any right, title and interest that the Seller may have in the Improvements identified on Schedule A, not including Equipment, which is being sold pursuant to a separate Bill of Sale.

Seller does not warrant to Buyer that Seller owns all right, title and interest in the Improvements, but is selling any interest or ownership it may have, without any warranties or representations, other than the Seller has not encumbered the improvements other than what rights may have transferred to the landlord or owner of the property as a result of the improvements being installed or added.


Seller covenants that it will, at any time, and from time to time, upon written request of Buyer, at Buyer's sole expense and without the assumption of any additional liability thereby, execute and deliver to Buyer, any new or confirmatory instruments and will perform any other acts which Buyer may reasonably request in order to fully assign and transfer to and vest in Buyer, and protect its rights, title and interest in, and the enjoyment of, the Improvements Seller intended to be transferred and assigned hereby, or to enable Buyer to realize upon or otherwise enjoy any such Improvements.

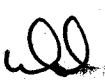
All references to "Seller" and "Buyer" herein shall be deemed to include their respective nominees, successors and/or assigns.

Dated: _____, 2013.

SELLER:
ACORN Technology Corporation,
a California corporation

Donald H. Dye
President and Chief Executive Officer

FORM APPROVED COUNTY COUNSEL
BY  11/6/13
PATRICIA MUNROE DATE



Schedule "A"

Data Center Equipment Log

F.F.O.B.

MANUFACTURER	EQUIPMENT DESCRIPTION	QUANTITY	DATE ACQUIRED	LOCATION	STATUS	WARRANTY	REMARKS	ORIGINAL COST
Libert	HVAC:30 TON	524659-012	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-007	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-001	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-011	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-010	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-003	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-002	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-016	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-013	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-004	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-015	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-014	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-003	DH412W-AAEO					30
Libert	HVAC:30 TON	524659-009	DH412W-AAEI					30
Libert	HVAC:30 TON	524659-017	DH412W-AAEO					30
Libert	HVAC:30 TON	41500-051	VE240G-AAES					30
Libert	HVAC:30 TON	41500-039	VE240G-AAES					30
Trane	Make-up Air Unit	525193-08	RCDA425B14					UNK
Libert	ROU	525193-06	RCDA425B14					UNK
Libert	ROU	525193-05	RCDA425B14					UNK
Libert	ROU	524193-04	RCDA425B14					UNK
Libert	ROU	524193-07	RCDA425B14					UNK
Libert	ROU	525193-02	RCDA425B14					UNK
Libert	ROU	525193-05	RCDA425B14					UNK
Libert	ROU	525193-01	RCDA425B14					UNK
Libert	ROU	525193-03	RCDA425B14					UNK
Cybertec	Transfer Switch	1847-1-77	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-80	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-109	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-86	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-114	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-101	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-88	PZFC01-30600-326-8ND35					50
Cybertec	Transfer Switch	1847-1-142	PZFC01-30600-326-8ND35					50
Olusun Elec. Co.	Step Down Transformer	325580-S-113916	G130NC-6 1/02					UNK
Olusun Elec. Co.	Step Down Transformer	342508-S-113914-2	G175NO-6 1/02					UNK
Olusun Elec. Co.	Step Down Transformer	32581-S-113915-2	G175NO-6 1/02					UNK
Olusun Elec. Co.	Step Down Transformer	32581-S-113915-1	G175NO-6 1/02					UNK
Olusun Elec. Co.	Step Down Transformer	32581-S-113914-1	G175NO-6 1/02					UNK
Powerware	SYNC Controller	EU0323X023	RL182898-400					50
Powerware	SYNC Controller	EU0323X021	RL182898-400					50
Powerware	SYNC Controller	EU0323X020	RL182898-400					50
Powerware	SYNC Controller	EU0323X022	RL182898-400					50
Powerware	UPS 8 315	ET1122X02	#675					50
Powerware	UPS 8 315	ET1122X01	#675					50
Powerware	UPS 8 315	ET1022X02	#675					50
Powerware	UPS 8 315	ET1022X01	#675					50
Powerware	UPS 8 315	NONACCESSIBLE	#675					50
Esenco	Water Cooling Tower	W02622	ALBWI138B					50
Esenco	Water Cooling Tower	W02621	ALBWI138B					50
EGSCO Control Panels	Controls for Water Cooling Tower	CM2588-01	2431					50
Bells & Gossett	Water Pump	CM2588-02	2431					50
Esenco	Water Storage Tank	CC20081	12X13					UNK
Esenco	Water Storage Tank	AG10194802	DOXC-448880					50
Esenco	2MW generator	AG10194801	DOXC-448880					50
Esenco	2MW generator	AG10194801	DOXC-448880					50
JCH	Fuel Filters	222	222					50
JCH	Fuel Filters	500+	500+					50
JCH	Raised Flooring	3	3					50
JCH	Raised Flooring	500+	500+					50

Handwritten mark

Schedule "A"

Q-Safety & SVS Arrest & Busy	Control & Wire Ways Racking Material & Cabling	Fire and Security Control Equipment	800 feet + Doors	2002-2013 2002	\$25,000 \$0
Kidd's	Fire & Smoke Suppression & Alarm System	NON-ACCESSIBLE	NON-ACCESSIBLE	2002	\$188,000
Vesda	Smoke Detection Security and Fire Communicator	NON-ACCESSIBLE	4 control units and various installed components Interior and Exterior Cameras	2002	\$48,985
Vesda	Smoke Detection Security and Fire Communicator	NON-ACCESSIBLE	4 control units and various installed components Interior and Exterior Cameras	2002-2013	\$30,000
RSE-SIERRA	4 Section Cabinet there are 43 breakers in base cabinet and the range from 50 amps to 110 amps all 3 phase Switch Board "DP-A" "DP-B" "DP-C" & "DP-D"	NON-ACCESSIBLE	4 Section Cabinet	2002	\$122,360
RSE-SIERRA	4 Section Cabinet	NON-ACCESSIBLE	4 Section Cabinet	2002	\$14,110
RSE-SIERRA	4 Section Cabinet	NON-ACCESSIBLE	4 Section Cabinet	2002	\$100,385
RSE-SIERRA	10 Section Cabinet Transfer Switch	NON-ACCESSIBLE	10 Section Cabinet	2002	\$152,822
Siemens	585 3200	NON-ACCESSIBLE	0 Phase		
Siemens	585 3200	NON-ACCESSIBLE	1 Phase		
Siemens	585 3200	NON-ACCESSIBLE	2 Phase		
Siemens	585 3200	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
RSE-SIERRA	11 Section Cabinet Transfer Switch	NON-ACCESSIBLE	11 Section Cabinet	2002	\$152,822
Siemens	585 3200	NON-ACCESSIBLE	0 Phase		
Siemens	585 3200	NON-ACCESSIBLE	1 Phase		
Siemens	585 3200	NON-ACCESSIBLE	2 Phase		
Siemens	585 3200	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	0 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	1 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	2 Phase		
Siemens	1200 AMP	NON-ACCESSIBLE	3 Phase		
RSE-SIERRA	7 Section Cabinet Exterior Utility Feed and Meter Switch Board "Weather Proof"	NON-ACCESSIBLE	7 Section Cabinet	2002	\$213,611

Schedule "A"

Item Description	Quantity	Unit	Year	Customer	Value
Siemens SPS 3160 Non-Accessible Type 3232	3 Phase				
Siemens SPS 3160 Non-Accessible Type 3232	3 Phase				
Siemens SPS 3160 Non-Accessible Type 3232	3 Phase				
Siemens SPS 3160 Non-Accessible Type 3232	3 Phase				
Cisco Router 7805-S	1	Router	2012		\$31,137.50
Cisco Router 6505-E	1	Router	2012		\$75,000.00
Cisco Router 12000 w/ 4 Cards	1	Router	2002-2007		\$75,000.00
Cisco Router 12000 w/ 6 Cards	1	Router	2002-2007		\$75,000.00
ATC Fiber, Coastal and Cables, Cabling			2002-2013	For Existing Customers	\$4,500.00
ATC Variety of Power Whips			2002-2013	For Existing Customers	\$100,000.00
Avardo Tunneling					
Protection One Biometric Access Control System	1		2008		\$9,956.00
Greenlee Floor Tie Tool	4		2009		\$3,000.00
Vestil 883 Screw Type Reel Stand	7		Unk		Unk
Greenlee Floor Daily SDOL-2	2		Unk		Unk
Greenlee 9501 Wire Reel Rack	2		Unk		Unk
Greenlee 3537 Threaded Rod Cutter	1		Unk		Unk
Greenlee 3537 Threaded Rod Cutter	1		Unk		Unk
Greenlee 4 Post Open Racks	6		Unk		Unk
Greenlee 2 Post Clean Racks	17		2002		Unk
Greenlee Shelves Cabinets with Doors-42Us	21		2002-2010		\$40,059.00
Greenlee Shelves Cabinets with Doors-17Inch	21		2002		\$2,200.00
Greenlee 4 Post Clean Racks w/ 42 Us	6		2002		\$12,975.00
Greenlee 4 Post Clean Racks w/ 42 Us	2		Unk		Unk
Greenlee Removable Shelves-4PC	3		2008		Unk
Greenlee Trash Cans (Outside)	2		Unk		Unk
Greenlee Trash Cans (Inside)	2		Unk		Unk
Greenlee Fire Extinguishers	5		Unk		Unk
Greenlee Eyewash Station	1		Unk		Unk
Greenlee Medicine Cabinet	1		2002		Unk
Greenlee Spill Kit	1		2007		Unk
Greenlee Bulkroom Cabinet	3		2002		Unk

No Warranty as to Condition or Functionality of the Above Listed Equipment is Made Herein. Unless Otherwise Agreed All of the Above is Warranted for the Operation of the Above for the Term of the Lease.

Schedule "A"

Leasehold Improvements

Manufacturer	Description	Quantity and/or Notes	Date of Purchase
Compel	Mechanical-Piping		2002
Compel	Flooring (4)		2002
Compel	Fire Protection		2002
Compel	Trade Fixt Elect, Duct		2002
Williams	Innerduct from Williams to F-1		2002
S E C Corporation	Innerduct for SBC from Marlborough to P-17		2002
EYP	Date Center Design		2002
Nationwide Industries	Fencing		2002
Pacific Bell	400 Pair Copper Phone Lines		2002

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