

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



ITEM
3.29
(ID # 3821)

MEETING DATE:

Tuesday, April 18, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT DEPARTMENT (EDA): Riverside University Health System Medical Office Building Project, Moreno Valley, - Adoption of Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for Environmental Assessment Number EA201604I; Approval of Ground Lease and Facilities Lease, District 5, [\$438,469,834, Federal Qualified Operational Revenue 100%, (Clerk to file Notice of Determination)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt the Mitigated Negative Declaration (MND) and the Mitigation Monitoring and Reporting Program (MMRP) for Environmental Assessment Number 201604I, based on the findings incorporated in the Initial Study and the conclusion that the Riverside University Health System Medical Office Building Project (Project) will not have a significant effect on the environment with implementation of the mitigation measures contained therein, and the MND reflects the Board's independent judgment and analysis, and approves the Riverside University Health System Medical Office Building Project;

ACTION: Policy, CIP

Jeff Van Wagenen, Managing Director EDA

4/6/2017

Ivan Chand

4/14/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Tavaglione, Washington and Ashley
Nays: Jeffries
Absent: None
Date: April 18, 2017
xc: EDA, Recorder

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

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RECOMMENDED MOTION: That the Board of Supervisors:

2. Approve the Ground Lease Agreement and Facilities Lease Agreement between the County of Riverside and TC Riverside MOB, LLC and authorize the Chairman of the Board to execute the attached Ground Lease and Facilities Lease on behalf of the County;
3. Authorize the Assistant County Executive Officer/EDA, or his designee, to execute any and all other documents to complete this transaction; and
4. Direct the Clerk of the Board to file the attached Notice of Determination with the County for posting within five days of approval by the Board.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 12,203,224	\$13,244,097	\$ 438,469,834	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Federal Qualified Operational Revenue 100%			Budget Adjustment: No	
			For Fiscal Year: 2019/20 – 2044/45	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

In 2014, the Economic Development Agency, Real Estate Division (EDA) pursued a Request for Proposal for a design/build/lease medical office building (MOB) on County owned land and on behalf of Riverside University Health System (RUHS). The new MOB and related improvements will be constructed on the existing RUHS Medical Center property located at 26520 Cactus Avenue, Moreno Valley. The Trammell Crow Company (Developer) was selected by the County to deliver this state-of-the-art health care facility. The MOB is needed for RUHS to become more competitive and efficient in providing a variety of health care related services offered to patients of the hospital. Specifically, this MOB project will relocate and expand certain outpatient and related ambulatory healthcare services currently in the hospital and place them into a new MOB. This project will also serve to free up valuable hospital space for use as in-hospital specialty clinics and for other necessary medical related purposes.

EDA in conjunction with RUHS and the Developer initiated space programming and design meetings resulting in a proposed three level 200,000 square foot MOB. The building will be a steel frame constructed facility, situated on the south side of the RUHS Medical Center directly and adjacent to the existing hospital facility. The interior uses planned for the MOB consist of Outpatient Health Clinics including Primary Care, Cardiology, Orthopedics,

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Pediatrics, Surgery Clinic providing Outpatient Surgery, PACU/23 hour, and Outpatient Diagnostics. In addition, a rehabilitation/gym, wellness center for employees, lab and pharmacy will be also located within this new health care facility.

Other improvements to be delivered through this project include a new lobby/café hospital approach and landscape and hardscape improvements to facilitate the flow of patients, visitors and employees of the RUHS Medical Center. These improvements will collectively transform the look, feel and environment of the current medical center campus creating a quality, healthy and modern environment.

The deal structure required in this public private partnership between the County and the Developer is a ground lease on the County owned land to the Developer, planning and construction of the project by the Developer and a long term facilities lease from the Developer back to the County for the County's occupancy of the MOB. The County will have an option to purchase the MOB from the Developer during the amortization period of the lease and will have the opportunity to acquire the improvements for one dollar at full amortization.

To provide assurances to the Developer that the County will reimburse for any predevelopment expenses incurred by Developer for the due diligence, design, space planning, entitlement and any other related services should the County decide not to move forward with the project, the Board of Supervisors approved a Pre-Development Agreement between County and Developer on November 8, 2016, as item 3-29. The Pre-Development Agreement authorizes County to reimburse Developer up to \$2,500,000 for predevelopment expenses should County decide not to proceed with the project.

The purpose of this proposed action is to approve the Ground Lease and Facilities Lease with all the associated exhibits/attachments and authorize the Chairman of the Board to execute the Ground Lease and Facilities Lease on behalf of the County. After Board approval of these lease agreements the Developer will complete the architectural design for the project and the necessary planning, entitlement and overall pursuit of the project. The Developer will then present to the County the Final Working Drawings, Final Project Budget, Final Rent Schedule, and Final Project Schedule for review and approval. If necessary, EDA will return to the Board for any additional approvals. The estimated substantial completion date of the new RUHS MOB is September of 2019.

The Ground Lease and Facilities Lease are summarized as follows:

GROUND LEASE TERMS

Lessor: County of Riverside

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Lessee: TC Riverside MOB, LLC

Location: 26520 Cactus Avenue, Moreno Valley

Acreage: Approximately 17.38 acres

Consideration: \$1.00 a year

Term: Twenty Five Years, coterminous with the Facilities Lease

Termination: At exercise of County's Option to Purchase

FACILITIES LEASE TERMS

Landlord: TC Riverside MOB, LLC

Tenant: County of Riverside

Size: Approximately 200,000 square feet of Medical Office Space

Occupants: Riverside University Health System

Parking: 5:1 Parking Ratio

Term: Twenty Five years, coterminous with the Ground Lease

Rent: Not to exceed \$3.89 per square foot per month, based on the estimated final project budget of \$113,400,000 which includes \$150 per square foot for Surgery Center, Medical Office Building, Lobby/Café, and landscape and hardscape improvements. See details of project scope under Price Reasonableness below. In addition to the monthly rent, County shall pay for Operating Costs as set forth below.

Rental Adjustments: Three Percent Annually

Operating Costs: Approximately \$1.22 per square foot per month for reimbursement to Landlord for Operating Expenses including but not limited to maintenance, custodial, utilities, security and all related building operational expenses.

Option to Purchase: County to have the right to purchase the MOB and Improvements at any time beyond the 10th year of the lease term. The Purchase Price shall be based upon the annual declining balance. At the end of the lease term,

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County shall have the right to purchase the MOB and Improvements for \$1.00.

RCIT Project Costs: \$1,370,300 to be paid directly by RUHS to RCIT.

California Environmental Quality Act

The project consists of the construction and operation of a three-story, 200,000 square-foot MOB and a single-story 8,000 square-foot lobby/café building on the previously developed County-owned RUHS Medical Center campus in Moreno Valley, California. The County is leasing land it owns and will leaseback the same and occupy proposed improvements on the property that encompasses the Project, and is therefore, the lead agency for purposes of the California Environmental Quality Act for the proposed Project. Specifically, the Project site would occupy approximately 17.38 acres on the southern portion of the existing RUHS Medical Center property that is currently developed with surface parking. The portion of the existing paved surface parking lot within the Project footprint would require removal in order to construct the MOB. The Project site would entail a reconfiguration of parking to accommodate access and circulation to the facility. Construction is anticipated to start in summer of 2017 and would be completed by fall of 2019. Discretionary actions included as part of the Project, consist of a long-term ground lease and facilities lease with the developer to provide for the planning, construction, and operation of the MOB; the execution of contracts.

EDA prepared an Initial Study for the proposed Riverside University Health System MOB Project. In accordance with the California Environmental Quality Act (CEQA) (Public Resources Code Section 21000-21177) and State CEQA Guidelines Section 15063, an Initial Study was prepared to determine if any potentially significant impacts upon the environment would result from construction and implementation of the project. The results of the analysis demonstrated that the project would not have any significant impacts on the environment with the implementation of the mitigation measures identified in the Initial Study/MND and MMRP. Pursuant to CEQA (Public Resources Code Section 211081.6), the County is required to adopt a reporting and monitoring plan for the measures identified in the Initial Study/MND to mitigate or avoid significant effects on the environment. The MMRP contained in the Initial Study/MD presented to the Board for adoption is designed to ensure compliance during project implementation.

On June 3, 2016, and in accordance with Assembly Bill 52, four tribes were notified about the Riverside University Health System MOB Project. One tribe requested consultation and the initial consultation took place on June 29, 2016. Formal Consultation with the responding tribe concluded on August 22, 2016. No other tribes requested consultation within the 30-day notification period. Mitigation Measures were developed in coordination with the tribe to address concerns related to the accidental discovery of cultural resources. Compliance with these mitigation measures will provide a redundancy mechanism to ensure that potential impacts from inadvertent discoveries of archeological resources do not occur and remain less than significant.

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The implementation of the proposed Project would still be within the planned capacity of the Project and would meet the goal of balancing the efficiency of operation with the provision of quality medical care to residents of the County. The participating County agencies in this Project are the Riverside University Health System and Economic Development Agency.

EDA prepared and circulated the Initial Study/MND for the mandated 20-day public review and comment period from October 7, 2016 to October 26, 2016. Pursuant to State CEQA Guidelines Section 15074, the County will consider all comments received during the review period prior to adoption of the Initial Study/MND. Comments were received from the City of Moreno Valley. Staff has prepared a response to those comments and have provided a memorandum to the Board.

In accordance with CEQA (Public Resources Code Sections 21000 - 21177), the Initial Study has been prepared to determine potentially significant impacts upon the environment resulting from the development of the proposed project. Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because mitigation measures identified for the project, described in this document, have been made to reduce effects to less than significant.

Impact on Citizens and Business

This project will provide a number of positive and impactful benefits to both citizens and businesses in this region of the County. The project will provide important construction jobs followed by permanent and professional health care related jobs both providing job opportunities and economic impacts to the community and region. This public private partnership and substantial investment by the County will also equate to increased land values and further investment in the Moreno Valley area.

The project will allow RUHS to deliver a wider array of health care related services to both the citizens and the community and create an environment that promotes health and wellness. This project will elevate the standard of health care delivery in the County of Riverside and for the benefit of all.

Additional Fiscal Information

This design/build/lease project will provide approximately 200,000 square feet of vitally needed clinic, treatment, medical office, ambulatory surgery and outpatient diagnostic spaces on the Medical Center's Moreno Valley campus. RUHS will be responsible for funding the resulting lease payments and all associated costs. The first year lease obligation will be approximately \$777,061 per month and not including building operating costs which are estimated to be approximately \$244,000 per month. These payments will begin upon the date of substantial completion in the project schedule of September 17, 2019.

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It is anticipated that RUHS will transition and fully occupy the building over time and achieve expected operational efficiencies gradually which means that RUHS expects to close some of the funding gap in two ways. First RUHS is working to obtain a grant for \$10 million to help fund some operational costs over the first several years. Second, there will likely be a \$5 million per year gap during the initial five years of operations which the Medical Center will cover either from its own patient revenue or from a new revenue source yet to be identified.

RUHS will budget the costs shown in the Exhibits for FY2019/20 thru FY2044/45 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a new lease agreement transaction and the cost of the project and corresponding lease rate is competitive. The lease rate is based on the projected costs which are \$113,400,000. This Project includes an Ambulatory Surgery Center (ASC) which includes the following improvements:

- Specialization in complex cases such as Orthopedics/Joints requiring extensive air filtration and equipment support
- Categorized as a I-2.1 Occupancy, which requires 2-hour fire separation from all other non 1-2.1 Occupancy floors and areas
- Additional fire resistance at structural members supporting the ASC (Ambulatory Surgery Center), shafts serving the unit, and along paths of egress including stairs
- Heavy structural steel above Operating Rooms to accommodate weight of ceiling mounted surgical lights/booms/monitors and air filtration systems
- Larger infrastructure support including Vacuum / Air Pumps and Medical Gas manifold/storage
- Larger Imaging Center including modalities not found in the remote County Clinics such as 3.0T MRI
- Larger concentration of imaging equipment requires thicker foundations and slab on grade to accommodate the weight and provide enough depth for power/cabling embedments. Overhead structural steel must be stronger to accommodate ceiling mounted equipment as well as provide sufficient rigidity to dampen vibration for optimal image processing.
- Imaging equipment is highly sensitive and requires special environmental conditioning by way of chillers, humidifiers and quench vents, to perform properly.
- Lead lined drywall in Imaging Center
- Also required is ducted return air and redundancy of systems such as water heaters.
- Seismic bracing/hangars/supports
- No multi wire branch circuiting can service bed locations

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- Generator requires a minimum of 3 transfer switches due to size (over 150 KVA) and a fuel supply for four hours at full demand

Attachments:

Exhibits A, B, and C

Ground Lease and Facilities Lease with all exhibits/attachments

Initial Study/MND

MMRP

Notice of Determination

Aerial Image

RF:JWW:VC:VY:SG:tg 242FM 18.501 13541
Minute Traq ID 3821


Nehini Dasika, Principal Management Analyst

4/14/2017


Gregory V. Priamos, Director County Counsel

4/14/2017



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

4/20/17
Date

MS
Initial

Notice of Determination

To:
 Office of Planning and Research
For U.S Mail: Street Address:
P.O. Box 3044 1400 Tenth St.
Sacramento, CA 95812-3044 Sacramento, CA 95814

From:
Public
Agency: Riverside County
Address: 3403 10th Street, 4th Floor
Riverside, CA 92501
Contact: Mike Sullivan
Phone: (951) 955-8009

County Clerk
Riverside County -
County of: (County Clerk Office)
Address: 2720 Gateway Drive
Riverside, CA 92507

Lead Agency (if different from above):
Address: _____
Contact: _____
Phone: _____

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: Riverside University Health System Medical Office Building Project (Initial Study: RIVCO/CEQA 2016041)

Project Location: The proposed Project site is located at 26520 Cactus Avenue in the city of Moreno Valley, on an 82.75 acre County-owned property consisting of six parcels, bordered by Nason Street on the east, Cactus Avenue on the south, vacant land on the west, and Brodiaea Avenue on the north. The County-owned property is occupied by the existing RUHS campus, which is located on a 37.53 parcel in the center of the property. Specifically, the Project site would occupy approximately 14.74 acres on the southern portion of the existing RUHS campus that is currently developed with surface parking. The project is located within the Sunnymead Quadrangle at Latitude 33° 54' 39" North and Longitude 117° 11' 45" West.

Project Description: The project entails the construction and operation of a three-story, 200,000 square-foot MOB and a single-story 8,000 square-foot lobby/café building on the previously developed County-owned, RUHS Medical Center. The existing Project site contains a paved surface parking lot with landscaping used as buffers on the perimeter of the rows and access lanes. No existing structures would require demolition as part of the proposed Project, although the existing paved parking lot within the Project footprint would require removal. The Project would entail the construction of the MOB in order to relocate services within the existing RUHS Medical Center to increase the operational efficiency to be more aligned with its design capacity. The layout of the parking area would be redesigned from a circular ring road circulation pattern to a more efficient traditional grid pattern, which is anticipated to meet the required shared parking demands of both the RUHS Medical Center and the MOB Project. The County will enter into a long term Ground Lease and Facilities Lease with the developer to provide for the planning, construction, and operation of the MOB. Construction is anticipated to start in spring of 2017 and would be completed by the end of 2018/beginning of 2019.

This is to advise that the Riverside County Board of Supervisors approved the above project on
 Lead agency or Responsible Agency

4/18/17 and has made the following determinations regarding the above described project:
(Date)

1. The project will will not have a significant effect on the environment.
2. An Environmental Impact Report and Addendum was prepared for this project pursuant to the provisions of CEQA.
 A Mitigated Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures were were not made a condition of the approval of the project.
4. A Mitigation reporting or monitoring plan was was not adopted for this project.
5. A statement of Overriding Considerations was was not adopted for this project.
6. Findings were were not made pursuant to the provisions of CEQA.

3.29 4.18.17

This is to certify that the Final Initial Study with comments and responses and record of project approval, and/or the Mitigated Negative Declaration, is available to the General Public at:

County of Riverside
Economic Development Agency
3403 10th Street, 4th Floor
Riverside, CA 92501

Signature:  Title: Senior Environmental Planner

Date: 10/27/16 Date received for filing at OPR: N/A

Authority cited: Sections 21083, Public Resources Code.
Reference Section 21000-21174, Public Resources Code.

GROUND LEASE AGREEMENT

BY AND BETWEEN

COUNTY OF RIVERSIDE,
A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA,
AS GROUND LESSOR

AND

TC RIVERSIDE MOB, LLC,
A DELAWARE LIMITED LIABILITY COMPANY,
AS GROUND LESSEE

April __, 2017

RIVERSIDE UNIVERSITY HEALTH SYSTEM
RIVERSIDE COUNTY REGIONAL MEDICAL CENTER
MEDICAL OFFICE BUILDING
MORENO VALLEY, CALIFORNIA

GROUND LEASE

(Riverside Medical Office Building, Cactus Avenue, Moreno Valley, CA)

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TABLE OF EXHIBITS

Legal Description of Leased Premises	EXHIBIT A
ALTA Survey of Leased Premises	EXHIBIT A-1
MOB Land	EXHIBIT A-2 [TO BE ATTACHED]
Site Plan Showing Leased Premises	EXHIBIT B
Preliminary Title Report	EXHIBIT C [TO BE ATTACHED]
Additional Insurance Requirements	EXHIBIT D [TO BE ATTACHED]
Staging Area	EXHIBIT E
Budget Confirmation Form	EXHIBIT F [TO BE ATTACHED]

GROUND LEASE AGREEMENT

(Riverside Medical Office Building, Cactus Avenue, Moreno Valley, CA)

THIS GROUND LEASE AGREEMENT (“**Ground Lease**”), is made as of the ____ day of April, 2017 (the “**Effective Date**”) by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, as Lessor (“**Ground Lessor**” or “**County**”), and TC RIVERSIDE MOB, LLC, a Delaware limited liability company, as Lessee (“**Ground Lessee**”). Ground Lessor and Ground Lessee may sometimes collectively be referred to as the “**Parties**” or individually as a “**Party**.”

RECITALS

A. Ground Lessor owns certain real property consisting of approximately fifty-seven (57) acres of land with improvements existing thereon, identified with Assessor’s Parcel Numbers 486-280-025, 486-280-026 and 486-280-037 (the “**Medical Center Property**”), including the Riverside University Health System Medical Center (the “**Medical Center**”), located at 26520 Cactus Avenue, in the City of Moreno Valley, County of Riverside, State of California.

B. Ground Lessor, by and through its Riverside University Health System, operates the Medical Center to provide healthcare services for the residents of Riverside County, California.

C. In an effort to address the ever-changing medical needs of the residents of Riverside County, Ground Lessor desires to expand the Medical Center by adding a medical office building and related improvements.

D. The Riverside County Economic Development Agency, Real Estate Division, acting as directed and approved by the Board of Supervisors for the County of Riverside (the “**Board of Supervisors**”), issued a Request For Proposal in July of 2014 to select a developer to develop the Healthcare Related Facilities at the Medical Center Campus.

E. Through the Request For Proposal process the County of Riverside selected Ground Lessee, as the developer to assist the County in the design and development of Healthcare Related Facilities at the Medical Center and the Board of Supervisors approved item 3-31 on June 2, 2015, directing the commencement of negotiations with Ground Lessee for development of Healthcare Related Facilities at the Medical Center.

F. Ground Lessor has identified a portion of the Medical Center Property, consisting of approximately 17.38 gross acres being a portion of Assessor’s Parcel Numbers 486-280-025, 486-280-026 and 486-280-037, as further described in Section 2 below and depicted on the Site Plan attached hereto as **EXHIBIT B** (the “**Site Plan**”) and by this reference incorporated herein (the “**Leased Premises**”), that Ground Lessor desires to lease to Ground Lessee and Ground Lessee desires to lease from Ground Lessor in order to (i) construct a medical office building containing approximately 200,000 square feet of rentable area (the “**MOB**”) and other associated improvements for Ground Lessee to lease back to the County of Riverside as tenant for its use and occupancy pursuant to a separate Facilities Lease described in Recital G below, and

(ii) construct on the Leased Premises certain improvements appurtenant to the MOB consisting of, among other things, underground utilities, parking areas, driveways, sidewalks and landscape areas, an elevated bridge connecting the MOB to the Medical Center, and a lobby/café and courtyard adjacent to the entrance to the Medical Center (collectively, the “**Medical Center Improvements**”). The MOB and the Medical Center Improvements to be constructed by Ground Lessee pursuant to the Facilities Lease are as depicted in the Site Plan attached as **EXHIBIT B** and described in greater detail in the Facilities Lease. The development and construction of the MOB and the Medical Center Improvements upon the Leased Premises as described herein and in the Facilities Lease is collectively referred to herein and in the Facilities Lease as the “**Project**” and includes all parking facilities, infrastructure and related improvements to support the intended use of the MOB as a full service medical office building consistent with the conceptual depiction shown on the Site Plan attached hereto as **EXHIBIT B**. The area of the Leased Premises will be shown on the ALTA Survey to be attached at a later date hereto as **EXHIBIT A-1** and by this reference incorporated herein.

G. Ground Lessor and Ground Lessee are prepared to move forward with the Project which will benefit the Medical Center and in connection therewith, desire to concurrently enter into this Ground Lease and that certain Facilities Lease Agreement between the Parties (the “**Facilities Lease**”) to provide the terms and conditions for Ground Lessor to lease the Leased Premises to Ground Lessee and for Ground Lessee to develop the Project on the Leased Premises and lease the developed Leased Premises back to the County as the “**Premises**” as defined in, and pursuant to, the Facilities Lease. The Parties intend that in the absence of any default by the County as Tenant under the Facilities Lease, the Ground Lease and Facilities Lease (collectively sometimes hereinafter referred to as the “**Leases**”) shall be coterminous.

H. Ground Lessor and Ground Lessee have completed an environmental review of the Project pursuant to the California Environmental Quality Act and related regulations (“**CEQA**”) and, prior to entering into this Ground Lease and the Facilities Lease, Ground Lessor has reviewed the Project for compliance with requirements of CEQA and has taken all appropriate follow up actions, including but not limited to, the completion of an Initial Study (EA#201504I), and has prepared a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Project.

I. Ground Lessor desires to lease to Ground Lessee and Ground Lessee desire to lease from Ground Lessor, the Leased Premises pursuant to this Ground Lease so that Ground Lessee can plan and construct the Project and lease the Leased Premises improved with the Project back to the County in its capacity as tenant under the Facilities Lease.

NOW, THEREFORE, in consideration of the sum of the recitals set forth above (which are incorporated herein), the mutual agreements and foregoing objectives of the Parties set forth in this Ground Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Ground Lessor and Ground Lessee hereby agree as follows:

1. Definitions. As used in this Ground Lease and the Facilities Lease, in addition to other definitions provided therein the Leases, the capitalized terms shall have the meanings given to such terms set forth in EXHIBIT H of the Facilities Lease.

2. Lease of Leased Premises. In consideration of the rents, covenants and agreements contained in this Ground Lease, Ground Lessor hereby leases to Ground Lessee, and Ground Lessee hereby leases from Ground Lessor the land situated within the portion of the Medical Center Property, referred to herein as the Leased Premises, as more particularly legally described in **EXHIBIT A** attached hereto, upon and subject to the terms, covenants and conditions set forth in this Ground Lease, and subject to all encumbrances and matters of record as of the date of this Ground Lease and any future encumbrances permitted hereunder or under the Facilities Lease. The Leased Premises is located in the City of Moreno Valley, Riverside County, California and consists of approximately 17.38 acres, subject to redefinition as provided in Section 2.1 below, as depicted on the ALTA Survey attached hereto as **EXHIBIT A-1** and the Site Plan attached hereto as **EXHIBIT B**.

2.1 Redefinition of Leased Premises. Upon the later of the date Substantial Completion occurs and a Certificate of Occupancy (or equivalent government sign off) for the MOB is received, or the date Substantial Completion of the Medical Center Improvements has occurred pursuant to the terms of the Facilities Lease (the “**Improvements Completion Date**”), (i) the portion of the Leased Premises underlying the MOB as improved with the MOB shall be redefined to constitute the Leased Premises in this Ground Lease and the real property and Medical Center Improvements thereon constituting the “Premises” in the Facilities Lease, whereas the redefined Leased Premises are shown as the “MOB Premises” on **EXHIBIT B** attached to this Ground Lease (ii) upon completion of the MOB Improvements, Ground Lessee, with Ground Lessor’s cooperation and assistance, will prepare a legal description and plat map of the new reduced Leased Premises that will only include the MOB and the land situated thereunder in a manner so that it may be recognized as a separate insurable legal parcel and a separately assessed tax parcel, and (iii) Ground Lessee shall quitclaim to Ground Lessor Ground Lessee’s leasehold estate in all portions of the original Leased Premises other than the reduced Leased Premises referred to in clause (i), the legal description for which will then be initialed by each of Ground Lessor and Ground Lessee and attached hereto as **EXHIBIT A-2** and by this reference incorporated herein.

2.2 License and Easement Rights. In addition to the lease of the Leased Premises to Ground Lessee, Ground Lessor as owner of the adjacent Medical Center Property hereby grants to Ground Lessee, its agents, successors and assigns, the following easements and rights appurtenant to the leasehold estate in the Leased Premises created by this Ground Lease, all of which shall be reflected in the Memorandum of Ground Lease to be recorded as provided herein:

a. A temporary license for access and construction activities over and across all areas of the Medical Center Property appurtenant to the Leased Premises within the areas to be improved by the Project (including all driveways, drive-aisles, parking areas and unimproved areas) and within a 10’ perimeter surrounding such areas, where necessary and feasible, for construction of the MOB and the Medical Center Improvements, including, without limitation, for construction of the 2nd level pedestrian bridge which is to connect the MOB to the Medical Center (the “**Pedestrian Bridge**”), the parking areas, curbing, sidewalks, driveways, drive aisles and landscaping of the Project, completion of all onsite and offsite improvements during construction of the Project, and for completion of the Lobby/Café building and Courtyard and related improvements and hardscape and landscape improvements comprising the Project, all as

conceptually shown on the Site Plan, and for staging of construction materials, supplies and equipment for the Project within the staging area shown on **EXHIBIT E**;

b. Non-exclusive easements for the duration of the Term of this Ground Lease for vehicular and pedestrian use, ingress, egress and access to and from and over all portions of the Medical Center Property to and from the MOB consisting of curb-cuts, driveways, drive-aisles, walkways, sidewalks, courtyards, and parking areas, together with the right to park up to 1,000 passenger vehicles within the parking areas of the Medical Center Property appurtenant to the MOB including the right to mark up to 20% of the parking spaces (or as required by applicable code) immediately appurtenant to the MOB for reserved, short term, visitor, handicapped and motorcycle/bicycle and electric vehicle parking; subject, however, to Ground Lessor's concurrent right to use all such areas of the Medical Center Property outside of the Leased Premises (as the same may be reduced as provided in Section 2.1 above) in a manner not inconsistent with the easement rights granted to Ground Lessee herein, including as to such reservation of rights in favor of Ground Lessor provided in Section 7.3 below.

c. Non-exclusive easements for the duration of the Term of this Ground Lease for the installation, use, connection (actual connection to be made by Ground Lessor from within the Medical Center at Ground Lessor's sole cost and expense), maintenance and repair as part of the MOB, of the 2nd story Pedestrian Bridge and the Lobby/Café and Courtyard in the approximate areas shown on **EXHIBIT B**.

d. A temporary non-exclusive license to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph power lines and other utility facilities serving the Medical Center Improvements which will be accepted for maintenance by the utility providers upon completion of the Project and non-exclusive easements for the duration of the Term of this Ground Lease for the installation, use, connection, maintenance, repair and replacement of all underground utility lines serving the MOB and all above ground utility equipment, if any, such as electrical transformers and water, gas and electrical meters if and to the extent not located upon the Leased Premises, including without limitation, for sewer, water, storm drain, cable, fiber, electricity, gas, telecommunications and other utilities and services required for the operation of the MOB and for access to and from all such utilities and equipment including for access to trash and medical waste disposal bins and equipment located within or adjacent to the MOB facility. The Parties shall work cooperatively to secure the necessary interests for the benefit of the utility service providers to provide all utilities required for operation of the MOB facility.

e. Without limiting Section 2.2(b), Ground Lessor and Ground Lessee shall mutually cooperate regarding the provision of reciprocal temporary and permanent easements for pedestrian and vehicular access and utilities to, from and over the Leased Premises and the Project to, from and over adjacent lands of the Ground Lessor, including, in the event of any development of any buildings or structures in the vicinity of the MOB as to which the MOB will share parking and the right to temporary parking for the Leased Premises elsewhere within the Medical Center Property until completion of any such additional shared parking facilities.

2.3 As Is Condition. Ground Lessor shall not be liable to Ground Lessee, its agents, employees, subcontractors or independent contractors for any personal injury or property damage suffered by them which may result from hidden, latent or other dangerous conditions in, on, upon or within the Leased Premises or Medical Center Property unknown to Ground Lessor, its officers, agents or employees; provided, however, any costs incurred by Ground Lessee to address, mitigate or correct any such hidden, latent or other dangerous conditions in, on, upon or within the Leased Premises or Medical Center Property upon which Medical Center Improvements will be located shall (i) be included in Total Project Costs if discovered prior to completion of the Project or (ii) be payable by the County as Tenant under the Facilities Lease as part of the County's maintenance and repair obligations thereunder. Ground Lessee shall not be liable to Ground Lessor, its agents, employees, subcontractors or independent contractors for any personal injury or property damage suffered by them which may result from hidden, latent or other dangerous conditions in, on, upon or within the Leased Premises or such Medical Center Property unknown to Ground Lessee, its officers, agents or employees except to the extent that Ground Lessee may exacerbate such dangerous condition in more than a de minimis respect or cause any such dangerous condition (mere discovery of any such hidden, latent or other dangerous conditions and acts by Ground Lessee to properly address, mitigate or correct such dangerous condition shall not constitute exacerbation).

2.4 Reservation of Oil, Gas, and Mineral Rights. Ground Lessor reserves to itself the sole and exclusive right to all water rights, coal, oil, gas, and other hydrocarbons, geothermal resources, precious metals ores, base metals ores, industrial-grade silicates and carbonates, fissionable minerals of every kind and character, metallic or otherwise, whether or not presently known to science or industry, now known to exist or hereafter discovered on, within, or underlying the surface of the Leased Premises regardless of the depth below the surface at which any such substance may be found. Ground Lessor or its successors and assigns, however, shall not have the right for any purpose to enter on, into, or through the surface or the first 500 feet of the subsurface of the Leased Premises in connection with this reservation, nor otherwise interfere with any Permitted Use (as defined in Section 6.1 below) of the MOB.

2.5 Right of Entry. Commencing upon the Effective Date of this Ground Lease, Ground Lessee and Ground Lessee's employees, officers, representatives, agents, contractors, and designees (collectively, "**Authorized Representatives**") shall have the right at reasonable times to enter the Leased Premises and adjacent areas of the Medical Center Property within which the Project is to be completed to commence Ground Lessee's physical inspection of the Leased Premises and Project areas and to undertake any engineering, environmental, soils, or other tests or studies of the Leased Premises and Project areas in connection with its proposed development of the Leased Premises and Project areas, provided Ground Lessee gives Ground Lessor not less than forty-eight (48) hours prior notice of its intended inspection. In no event shall Ground Lessee and Ground Lessee's Authorized Representatives be permitted to undertake any invasive testing on the Leased Premises or any other Project areas without the consent of Ground Lessor, which such consent shall not be unreasonably delayed, conditioned or withheld. In addition, Ground Lessor acknowledges and agrees that Ground Lessee shall be entitled to communicate directly with any governmental authorities relating to the proposed development of the Project, provided that Ground Lessor shall have the right to be present during any meetings with governmental authorities and Ground Lessee shall take no actions that will be binding on Ground Lessor without Ground Lessor's consent, which consent may be withheld in Ground

Lessor's sole reasonable discretion. Ground Lessee shall endeavor to provide Ground Lessor with at least five (5) business days prior notice of any meetings with governmental authorities so as to allow Ground Lessor to be present during any such meetings. Before the exercise of the right of entry, and at all times while Ground Lessee and its Authorized Representatives are present on the Leased Premises or other areas of the Medical Center Property, Ground Lessee shall arrange for, keep, and maintain in full force and effect a commercial general liability insurance policy in accordance with Section 14. Ground Lessee hereby indemnifies, defends, and holds harmless Ground Lessor from and against any and all costs, losses, damages, liabilities, liens, claims, and expenses, including reasonable attorneys' fees and court costs, arising out of or resulting from such entry by Ground Lessee and its Authorized Representatives. If this Ground Lease terminates before Ground Lessee secures financing for the Project or enters into any Construction Contracts with respect to the Project, Ground Lessee agrees to surrender the Leased Premises and all other areas of the Project to Ground Lessor in substantially the same condition the Leased Premises and other areas of the Project were in before the Effective Date of this Ground Lease. Any costs incurred by Ground Lessee as part of its due diligence review of the Leased Premises and the other Project areas of the Medical Center Property shall be included in Total Project Costs for purposes of the Facilities Lease.

3. Term.

3.1 Commencement and Duration. The term of this Ground Lease shall commence on the "**Effective Date**," which is the date that this Ground Lease is fully executed, acknowledged and delivered by Ground Lessor and Ground Lessee following approval by the Board of Supervisors and, unless sooner terminated pursuant to the terms and conditions provided herein, continue for a period of twenty five (25) years measured from the Rent Commencement Date under the Facilities Lease (the "**Term**"). If this Ground Lease is not fully executed within thirty (30) days of the Board of Supervisors action approving this Ground Lease, this Ground Lease shall be void. During the Term, Ground Lessee shall exercise commercially reasonable efforts to satisfy all requirements and conditions to Ground Lessee's planned development and completion of the Project including, without limitation, the following: obtaining all entitlements and land use approvals from governmental agencies; obtaining design and plan approvals for all Improvements comprising the Project to be constructed; obtaining firm financing commitments; conducting economic feasibility studies and analysis; and all other matters related to the development and construction of the proposed Project. The cost of such efforts shall be included in the Total Project Costs for purposes of the Facilities Lease.

3.2 Term Coterminous with Facilities Lease Term Generally. The Term of this Ground Lease shall be coterminous with the stated term of the Facilities Lease except in the event of any earlier termination of the Facilities Lease (i) by Landlord by reason of an uncured monetary default (i.e., the non-payment of Rent or Additional Rent only) by the County as Tenant under the Facilities Lease, or (ii) by the County as Tenant under the Facilities Lease by reason of the filing of bankruptcy by the County and rejection of the Facilities Lease (in either which case this Ground Lease shall continue for the duration of the Term stated herein).

3.3 Option for Early Termination. Commencing on the tenth (10th) anniversary of the Rent Commencement Date under the Facilities Lease and at any time thereafter until the expiration of the Term, Ground Lessor shall have the right to terminate this Ground Lease prior

to the scheduled expiration of the Term upon payment of the Purchase Price (as defined in Section 5 of the Facilities Lease) in connection with the election by the Tenant to purchase the MOB Improvements located on the Leased Premises pursuant to the terms and conditions provided in the Facilities Lease. To exercise this Option for Early Termination, Ground Lessor shall provide Ground Lessee written notice within the time period provided in Section 5 of the Facilities Lease and fulfill all closing obligations under Section 5 of the Facilities Lease.

4. Rent. The consideration for (i.e. rent payable under) this Ground Lease shall be one dollar (\$1) a year for the duration of the Term payable in whole in advance on or before the first day of the Term, plus the costs of the Project incurred and paid by Ground Lessee.

5. Taxes and Assessments. For purposes of this Ground Lease, Ground Lessee shall pay and discharge all taxes and assessments ("**Taxes and Assessments**") which are incurred and assessed for any reason and levied on the Leased Premises and all Improvements thereon during the Term. Any such Taxes and Assessments will be included as part of (i) Reimbursable Costs or the Total Project Costs as defined in Exhibit H of the Facilities Lease to the extent such Taxes and Assessments relate to the portion of the Term occurring prior to the Rent Commencement Date under the Facilities Lease and (ii) Additional Rent as described in the Facilities Lease to the extent such Taxes and Assessments relate to the period occurring from and after the Rent Commencement Date, and Ground Lessor shall have no responsibility for any such Taxes or Assessments in its capacity as Lessor under this Ground Lease; provided, however, Ground Lessor shall be responsible for payment of any Taxes and Assessments as Additional Rent in its capacity as Tenant under the Facilities Lease. The parties agree to cooperate and assist each other in obtaining any applicable exemptions regarding Taxes and Assessments.

6. Possession and Use.

6.1 Permitted Use. Subject to the provisions of this Ground Lease and Applicable Requirements (as defined in the Facilities Lease), Ground Lessee is entitled to possession and use of the Leased Premises (subject to redefinition of the Leased Premises as provided in Section 2.1 above) for the exclusive purpose of (i) planning, designing and constructing the MOB and Improvements as described in the Facilities Lease, and (ii) all permitted uses contemplated by the Facilities Lease and for all uses contemplated by the County in its capacity as tenant of the Premises under and pursuant to the Facilities Lease (a "**Permitted Use**"). Ground Lessor reserves the right to continue to use and occupy the Leased Premises for its own purposes at no cost until such time as Ground Lessee commences its use and development of the Leased Premises at which time Ground Lessor shall cease use of the Leased Premises until such time the Ground Lessor shall occupy and use the Leased Premises as Tenant under the Facilities Lease. The Parties shall work together to determine a plan for maintaining access to the Medical Center and all existing buildings on the Medical Center Property during construction of the Project.

6.2 No Other Use. So long as the Facilities Lease has not been terminated due to an uncured monetary default by Ground Lessor as Tenant under the Facilities Lease, or by reason of the filing of bankruptcy by the County and rejection of the Facilities Lease, the Leased Premises shall not be used for any purpose other than a Permitted Use without first obtaining the written consent of Ground Lessor, which consent shall be at the sole and absolute discretion of Ground

Lessor as determined by the Board of Supervisors. In the event of any termination of the Facilities Lease due to an uncured monetary default by Ground Lessor as Tenant under the Facilities Lease, or by reason of the filing of bankruptcy by the County and rejection of the Facilities Lease, Ground Lessor shall not unreasonably withhold, condition or delay its approval to a change in use desired by Ground Lessee.

6.3 Quiet Enjoyment. Ground Lessee shall have, hold and quietly enjoy the use of the Leased Premises and related easements upon the Effective Date of this Ground Lease so long as it shall fully and faithfully perform the terms and conditions that it is required to do under this Ground Lease.

7. Development of the Leased Premises. Consistent with the use granted to Ground Lessee and purposes of this Ground Lease, Ground Lessee shall be obligated to develop the MOB Improvements and the Medical Center Improvements on the Leased Premises pursuant and subject to the terms and conditions of the Facilities Lease including without limitation EXHIBIT H attached to the Facilities Lease. Ground Lessee shall not cause any development or construction on the Leased Premises or Medical Center Property except as contemplated by this Ground Lease and the Facilities Lease or as otherwise specifically agreed in writing by Ground Lessor and Ground Lessee.

7.1 Mutual Cooperation; Liability of Ground Lessor. Ground Lessee and Ground Lessor shall fully and in good faith cooperate with each other to accomplish each of the activities provided herein. Ground Lessor shall have no liability or responsibility whatsoever with respect to the activities to be performed by Ground Lessee herein, except to reasonably consider the proposed designs and plans for the Project as provided in the Facilities Lease and to timely perform all obligations of Ground Lessor set forth in this Ground Lease and the Facilities Lease pursuant to the terms and conditions contained herein and in the Facilities Lease.

7.2 Cooperation. Ground Lessor shall cooperate with Ground Lessee and otherwise exercise its commercially reasonable, good faith and diligent efforts to assist Ground Lessee in expediting the processing of the Project. Notwithstanding anything to the contrary contained herein, nothing in this Ground Lease shall be deemed to constitute a waiver by Ground Lessor of its police powers. Ground Lessee acknowledges and agrees that it must comply with all government laws and regulations affecting development of the Leased Premises, including any zoning and permitting requirements required by the County, through its Economic Development Agency, or any appropriate authorizing agency or jurisdiction. Ground Lessor agrees not to (i) exercise any right of condemnation with respect to the Leased Premises or any material portion of the Medical Center Property which would interfere with the continued use and enjoyment of the Leased Premises for its intended purposes or any Permitted Use, or (ii) take any action to rezone the Leased Premises for any use not consistent with the intended uses set forth in the Facilities Lease or any Permitted Use.

7.3 Ground Lessor's Reserved Rights. Notwithstanding any easement and other rights granted to Ground Lessee in this Ground Lease or in the Facilities Lease, Ground Lessor reserves the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil and gas pipelines, and telephone and telegraph power lines and such other facilities and appurtenances necessary or

convenient to use in connection therewith, over, in, upon, through, across and along all portions of the Medical Center Property outside of the Leased Premises, so long as Ground Lessee's ability to satisfy its obligations hereunder or under the Facilities Lease or its easement rights including easements for utilities, ingress, egress and parking, in either event, are not unreasonably interfered with. In all events, Ground Lessor will cause the surface of the Medical Center Property used by the Ground Lessee in construction of the Project to be restored to its original condition (as existing prior to the exercise of any such reserved rights) upon the completion of any construction by Ground Lessor or its agents or contractors. Any right of Ground Lessor set forth in this Section 7.3 shall not be exercised unless Ground Lessor shall provide at least thirty (30) days prior written notice to Ground Lessee of the exercise of such right; provided, however, in the event such right must be exercised by reason of emergency, then Ground Lessor shall give Ground Lessee such notice in writing as is reasonable under the existing circumstances. Notwithstanding anything to the contrary contained herein, Ground Lessor and Ground Lessee intend that all sanitary sewers, storm drains, pipelines, manholes, water and gas mains, electric power lines, transformers and conduits, cabling, telephone lines and other communications equipment and facilities utilized in connection with utility services (collectively "**Utility Lines**") to be located at or on the Leased Premises or elsewhere within the Medical Center Property shall be placed underground unless otherwise deemed necessary to be located aboveground. Any easement, license, right-of-way, permit or other agreement entered into by Ground Lessor pursuant to this Section 7.3, including but not limited to the installation, operation, maintenance, repair and replacement of Utility Lines, shall require the easement holder to maintain the easement and equipment located therein at its sole cost. Ground Lessor agrees to use commercially reasonable, good faith and diligent efforts to minimize any interference to Ground Lessee's development of the Leased Premises caused by Ground Lessor's exercise of its rights hereunder.

7.4 Ground Lessor Rights to Construct Parking Structure. Without limiting Ground Lessor's rights under Section 7.3 above and elsewhere in this Ground Lease and at no cost to Ground Lessee, Ground Lessor expressly reserves the right to construct a parking structure (to be constructed by Ground Lessor) within the surface parking field (to be constructed by Ground Lessee as part of the Project), such parking structure to be situated within an area to be designated by Ground Lessor. Should Ground Lessor exercise the right to construct a parking structure, then during the period of construction and at no cost to Ground Lessee, prior to the opening of any such parking structure, Ground Lessor shall provide alternative replacement parking to service the MOB within the Medical Center Property reasonably proximate to the MOB and as reasonably approved by Ground Lessee, and shall thereafter upon completion of the parking structure allow Ground Lessee's parking requirement to be satisfied within the parking structure and adjacent surface parking spaces reasonably proximate to the MOB and as reasonably approved by Ground Lessee, to serve the Leased Premises at no cost to Ground Lessee.

8. Title to Buildings and Improvements.

8.1 Ground Lessor represents and warrants that the leasehold interest in the Leased Premises shall be subject only to those exceptions as set forth in the preliminary title report (Preliminary Title Report) attached hereto as EXHIBIT C and by this reference incorporated herein. Said leasehold interest shall be insured by a title insurance company acceptable to

Ground Lessor and Ground Lessee, and the cost of a policy of title insurance shall be paid by Ground Lessee, as part of Total Project Costs as defined in the Facilities Lease.

8.2 In the event Ground Lessor cannot deliver an insurable leasehold interest as set forth in Section 8.1 above prior to the date of closing of the Leasehold Mortgage, this Ground Lease may be terminated at the option of Ground Lessee or Ground Lessee may waive this requirement and continue with this Ground Lease. Notification by Ground Lessee of its election to terminate this Ground Lease or waiver of this requirement shall be in writing. Termination as a result of Ground Lessor's failure to deliver insurable leasehold interest shall not be a breach or default under this Ground Lease and shall not result in any liability on behalf of Ground Lessor, except that Ground Lessor shall reimburse Ground Lessee for all Reimbursable Costs pursuant to Section 12.1 in the event of any such termination.

8.3 Title to the MOB and Medical Center Improvements that now, or may from time to time constitute a part of the Leased Premises, that are now, or may from time to time be, used, or intended to be used in connection with the Leased Premises shall be and remain vested with Ground Lessee until the termination of this Ground Lease; provided, however, upon the Improvements Completion Date, all Medical Center Improvements other than the MOB shall revert to Ground Lessor in accordance with Section 2.1. Upon termination of this Ground Lease, title to all such property, buildings, structures and improvements and all such carpets, draperies, partitions, machinery, equipment and fixtures shall pass to and vest in Ground Lessor without cost or charge to it, except as provided in Section 3.3, Option For Early Termination.

9. Ownership of Fee Title Property. Title and ownership of the fee interest in the real property comprising the Leased Premises shall remain with Ground Lessor.

10. Maintenance.

10.1 Maintenance of Leased Premises by Ground Lessee. Ground Lessee shall, during the Term prior to the date Ground Lessor takes occupancy of the MOB as tenant under the Facilities Lease or begins paying rent under the Facilities Lease, as part of Total Project Costs as set forth in the Facilities Lease:

10.1.1 Keep and maintain the MOB, all buildings and improvements now or hereafter located on the Leased Premises and all appurtenances thereto in good and neat order and repair and shall allow no nuisances to exist or be maintained therein.

10.1.2 Restore the grounds, sidewalks, roads and parking, and landscaped areas of the Medical Center Property which are damaged in connection with the completion of the Project to a good and neat order and state of repair consistent with the balance of the Medical Center outside common areas.

10.1.3 Not commit or permit waste upon the Leased Premises or the Medical Center Property other than to the extent necessary for demolition in preparation for the constructing and erecting thereon of buildings and improvements consistent with the Project.

10.1.4 Comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the Leased Premises, all

buildings and improvements now or hereafter located thereon, or any activity or condition on or in the Leased Premises.

10.2 Maintenance of Leased Premises by Ground Lessor. Upon the Effective Date of this Ground Lease, Ground Lessor, in its capacity as ground lessor of the Leased Premises, shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Leased Premises or any buildings or improvements now or hereafter located thereon. The foregoing provisions of this Section 10.2 shall not affect Ground Lessor's obligations as Tenant under the Facilities Lease to maintain or repair the Premises.

10.3 Maintenance and Repair of Medical Center Property by Ground Lessor or Ground Lessee. Commencing upon the Rent Commencement Date, and continuing throughout the Term of this Ground Lease, Ground Lessor shall maintain and repair at Ground Lessor's sole cost, risk and expense without reimbursement by Ground Lessee, the Lobby/Café and Courtyard, the Bridge and all exterior grounds of the Medical Center Property situated outside of the building footprint of the MOB, including, without limitation, all driveways, drive aisles, parking areas, walkways, hardscape, landscape, courtyards, sidewalks, curb, gutter, parking lot light standards and lighting, landscaping and utility lines and equipment. Without limiting the foregoing, Ground Lessor shall cause all Medical Center Property parking lot sweeping to be performed as required by NPDES rules or as needed, at least two times per year, once prior to the rainy season. Prior to Rent Commencement Date, Ground Lessee shall maintain all Improvements situated within the Leased Premises, all costs of such maintenance and repair to be either included in Reimbursable Costs, Total Project Costs or paid by Ground Lessor as Tenant under the Facilities Lease.

10.4 Maintenance under Facilities Lease. Notwithstanding the duration limitation for the maintenance obligations described in Section 10.1, maintenance of the MOB and Leased Premises by Ground Lessee, as landlord, and Ground Lessor, as tenant, under the Facilities Lease, and maintenance and repair of the Medical Center Property outside of the Leased Premises from and after the Rent Commencement Date, shall be in accordance with the terms and conditions provided in the Facilities Lease.

11. Compliance With Government Regulations. Ground Lessee shall, at Ground Lessee's sole cost and expense, but with Ground Lessor's assistance as lead Party as to completing environmental review pursuant to CEQA and obtaining any requisite land use permits, and subject to inclusion as part of the Total Project Costs in accordance with the terms of the Facilities Lease, comply with the requirements of all local, state and federal statutes, regulations, rules, ordinances and orders now in force or which may be hereafter in force, pertaining to the use and development of the Leased Premises. Ground Lessee shall perform all necessary final actions to obtain the final approvals for the development of the Leased Premises. Such final actions and approvals may include, but are not limited to the following: (i) completing requisite activities to comply with CEQA, (ii) all final action and approvals by the local governing body for environmental and land use permits having jurisdiction over the Project, and (iii) resolution or final adjudication of any legal challenges, including such challenges based on CEQA.

11.1 Compliance. If prior to completion of the Project, the construction of the Project does not comply with said warranty of Ground Lessee's duty to comply with all governmental

regulations concerning this Project, Ground Lessor shall notify Ground Lessee in writing of such non-compliance and Ground Lessee shall, promptly after receipt of written notice from Ground Lessor or any governmental agency having jurisdiction over such matters setting forth the nature and extent of such non-compliance, rectify the same at Ground Lessee's expense which shall only be included as part of Reimbursable Costs or Total Project Costs as provided in the Facilities Lease if the non-compliance event was not due to Ground Lessee's breach of duty to comply with all government regulations.

11.2 California Environmental Quality Act. Subject to receiving all required governmental approvals and permits, Ground Lessee warrants the Project will be developed in compliance with all pertinent laws, rules, regulations and requirements for new construction in the jurisdiction. Ground Lessor shall use commercially reasonable and diligent efforts (with assistance from Ground Lessee) to complete environmental review pursuant to CEQA and obtain any requisite land use permits compliance with any applicable public agencies. Ground Lessee shall complete and obtain all other processing, permitting and entitlements for the Project. This Ground Lease between Ground Lessor and Ground Lessee is not deemed to be an approval pursuant to CEQA for any specific development, project or other possible future activities that may or may not be contemplated and does not commit any public agency to a definite course of action regarding the Project that may lead to an adverse effect on the environment or limit any choice of alternatives or mitigation measures prior to full CEQA compliance. Further, in the event of any action challenging the legality of the Project related to any of the proposed uses of the Leased Premises, Ground Lessee shall indemnify, defend, and hold harmless the Ground Lessor, its divisions, and departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents, and representatives at its sole cost and expense, including but not limited to, attorneys' fees, cost of investigation, defense and settlements or awards, on behalf of Ground Lessor in any claim or action based upon such liability to the extent any portion of the claims or actions are attributable to the negligence or willful misconduct of Ground Lessee, its agents, representatives or employees, otherwise such defense should be included in the Total Project Costs.

11.3 Americans with Disabilities. Ground Lessee warrants and represents that the MOB, once constructed, shall be readily accessible to and usable by individuals with disabilities in compliance with Title III of the Americans with Disabilities Act of 1990 and California Title 24, as amended from time to time and regulations issued pursuant thereto and in effect from time to time. Subject to the terms of the Facilities Lease, any costs incurred to cause the Leased Premises to comply with said Act shall be borne by Ground Lessee. Any such costs shall be included (i) as Total Project Costs to the extent costs are incurred prior to the Rent Commencement Date under the Facilities Lease and (ii) Additional Rent as described in the Facilities Lease to the extent such costs were incurred from and after the Rent Commencement Date.

11.4 Asbestos and Lead Based Paint. Ground Lessee warrants and represents the Project shall be constructed free of hazard from asbestos and lead based paint in violation of applicable law and Ground Lessee shall cause all tenants and subtenants of the Leased Premises to operate and maintain the Leased Premises free of hazard from asbestos and lead based paint in violation of applicable law.

11.5 Waste Water. Ground Lessee shall be responsible for compliance with all Federal, state or local laws, regulations or permits pertaining to storm water pollution, prevention plans (“SWPP”) and all National Pollution Discharge Elimination System (“NPDES”) laws or regulations adopted or to be adopted by the United States Environmental Protection Agency as to development of the MOB.

12. Termination by Ground Lessor. In addition to those termination rights set forth in Section 3 above, Ground Lessor shall have the right to terminate this Ground Lease subject to the provisions below:

12.1 Reimbursable Costs. Ground Lessor shall have the right to terminate this Ground Lease at any time before the date on which Ground Lessor and Ground Lessee mutually approve the Final Drawings and Specifications, Final Project Budget, the Final Rent Schedule and the Final Project Schedule, but allowing for completion, within a reasonable period of time, of the Ground Lessee’s Due Diligence Contingency in accordance with the process described in Section 16.2 of this Ground Lease and Section 4 of Exhibit H of the Facilities Lease following submission of the Final Drawings and Specifications, Final Project Budget, Final Project Schedule and Final Rent Schedule for the Project by Ground Lessee to Ground Lessor, but not later than sixty (60) days following Ground Lessee’s submission of these items to Ground Lessor (the “**Approval Outside Termination Date**”). Ground Lessor’s approval of the Final Drawings and Specifications, Final Project Budget, Final Rent Schedule and Final Project Schedule shall be in the confirmation form attached as **EXHIBIT F**, and by this reference incorporated herein, to confirm approval thereof. In the event that Ground Lessor disapproves the Final Drawings and Specifications, Final Project Budget, Final Project Schedule and Final Rent Schedule and provides a notice of termination pursuant to this Section 12.1 prior to the Approval Outside Termination Date, Ground Lessor agrees to reimburse Ground Lessee, as provided in Section 12.4, for all reasonable costs and expenses incurred by Ground Lessee in connection with the anticipated acquisition of the leasehold interest under this Ground Lease and the entitlement, design, financing and development of the Project incurred up to the date that Ground Lessor provides notice of termination to Ground Lessee, including without limitation, all (i) due diligence costs, (ii) entitlement application, processing, plan check and permitting costs and fees, (iii) architectural, engineering and other consultant fees and costs, including costs for site design plans, site drawings, design drawings and construction drawings, (iv) finance application and commitment fees, (v) a development fee to Ground Lessee in the amount of \$1,500,000 except such amount will be reduced if Ground Lessee terminates as provided in Section 16.2 of the Ground Lease, Section 3.2.1 of the Facilities Lease and Section 4 of Exhibit H of the Facilities Lease, (vi) other miscellaneous costs and expenses including title and surveying expenses, attorneys’ fees and costs and costs of environmental reports, soils reports, and other site studies, printing, Ground Lessee’s reasonable mileage charges, meals, lodging, reimbursement to Ground Lessee for advancing certain Project Costs, and (vii) any lead item building materials and equipment ordered and work performed prior to any such termination to maintain the Project schedule (collectively, the “**Reimbursable Costs**”). Ground Lessee shall prepare a schedule showing the anticipated time line for major additional commitments and expenditures of funds constituting Reimbursable Costs (such as commencement of design development drawings, commencement of construction drawings, ordering of steel or other long lead items, paying of non-refundable commitment and loan fees), and shall request Ground Lessor approval to proceed beyond such critical time line major commitment points and incur additional Reimbursable Costs

obligations before proceeding beyond such critical time line major commitment points. For example, prior to taking on the obligation for non-refundable financing commitment application or loan fees, Ground Lessee will confirm with Ground Lessor that Ground Lessor is not exercising its termination right provided for in this Section 12.1 at such time and that Ground Lessee can proceed to incur such additional Reimbursable Cost obligations.

12.2 CEQA Challenge. In the event, prior to the date of the closing of the Leasehold Mortgage, any actions are successful against Ground Lessor or Ground Lessee challenging the legality of compliance with the applicable laws, including without limitation, CEQA, related to any of the proposed uses of the property or the Leases, or challenging any actions taken by the Board of Supervisors to approve the Leases, any associated agreements, documents or permits, which results in a court order requiring the Board of Supervisors to set aside any of its approvals associated with this Project, and as a result thereof Ground Lessor is ordered to set aside its approvals associated with this Project, then if Ground Lessor no longer desires to move forward with this Project, Ground Lessor may terminate this Ground Lease upon not less than ten (10) business days prior written notice, in which event Ground Lessee shall be reimbursed for Reimbursable Costs as provided in Section 12.1 herein.

12.3 Ground Lessee Cure Rights/Ground Lessor Remedies. In the event Ground Lessee fails or refuses to perform, keep or observe any of Ground Lessee's duties or obligations hereunder, including without limitation, fails to complete the construction of the Project pursuant to the terms and conditions of the Facilities Lease, subject to delays attributable to Force Majeure or Ground Lessor, Ground Lessor may pursue all remedies at law or in equity; provided, however, that Ground Lessee shall have thirty (30) days in which to correct Ground Lessee's breach or default after written notice thereof has been served on Ground Lessee by Ground Lessor unless the nature of default or breach is such that more than thirty (30) days are required, in which case, Ground Lessee shall have an additional ninety (90) days to cure the default, provided Ground Lessee has commenced the remedy within the initial thirty (30) day period, and is proceeding diligently to complete within the one hundred twenty (120) day period. The time it takes the Ground Lessee to cure its default shall not excuse Ground Lessee's obligation to complete the Project nor shall it be an excusable delay in completion of the Project. If any breach or default is not corrected after the time period set forth herein, Ground Lessor may pursue all remedies at law or in equity. Prior to invoking the right to pursue any and all remedies available to Ground Lessor, Ground Lessor shall serve a final notice to Ground Lessee specifying the outstanding default and any supporting documentation Ground Lessor may possess for such default. Ground Lessee shall serve a written response to Ground Lessor setting out its position and any supporting documentation for its position. Within ten (10) days following receipt of Ground Lessee's response, the Parties will meet to discuss resolution of the outstanding default. The written claim notice and response and any documents that may have been produced, but not the subsequent discussion, are admissible in any subsequent proceeding. After such meeting if no resolution has been determined, Ground Lessor may pursue any such remedies available to Ground Lessor. Notwithstanding anything to the contrary contained herein, Ground Lessor acknowledges that if Ground Lessee shall fail to develop or effectuate Substantial Completion of the Project by the Outside Completion Date set forth in the Facilities Lease (once established, as such date may be extended for Force Majeure Delay or Tenant-Caused Delay), Ground Lessor shall not be entitled to terminate this Ground Lease and

Ground Lessor's sole and exclusive remedies shall be as set forth in the Facilities Lease to be effectuated by the County as Tenant under the Facilities Lease.

12.4 Assignment Upon Payment of Reimbursable Costs. In the event of termination by Ground Lessor or Ground Lessee of this Ground Lease and the Facility Lease pursuant to appropriate Sections, Ground Lessee shall terminate all efforts in connection with the Project as well and shall cause all third party consultants performing services relative to the Project to cease such services, subject to assignment to Ground Lessor of the contracts for such services as provided herein below. Following Ground Lessor's satisfaction of its payment obligations herein set forth, Ground Lessee shall assign to Ground Lessor any agreements entered into by Ground Lessee in connection with the Project prior to such termination to the extent such assignment is permissible under such agreements, together with any rights Ground Lessee may have with respect to any work product or permits generated in connection with the Project that Ground Lessor elects in its sole discretion to assume. Any agreements which Ground Lessor elects not to assume shall be terminated by, or remain the obligation of, Ground Lessee, as applicable. In the event of a termination of this Ground Lease and Facilities Lease by either Party, then within ninety (90) days following submission of an invoice therefor, Ground Lessor shall reimburse Ground Lessee for all Reimbursable Costs, including reasonable attorneys' fees, actually incurred or accrued by, or invoiced to, Ground Lessee as of such termination. Ground Lessee shall submit to Ground Lessor supporting documentation such as invoices and receipts for all such Reimbursable Costs incurred hereunder.

13. Eminent Domain. If any portion of the Leased Premises or the Medical Center Property shall be taken by eminent domain and the Leased Premises remains usable by Ground Lessor as the MOB tenant under the Facilities Lease for any of the purposes set forth in the Facilities Lease, the Leases shall terminate, solely as to the part of the Leased Premises taken, as of the date title shall vest in the condemner, or that date prejudgment possession is obtained through a court of competent jurisdiction, whichever is earlier. If all of the Leased Premises is taken by eminent domain or such part of the Leased Premises or the Medical Center Property is taken so that the remaining Leased Premises are rendered unusable for the purposes set forth in the Leases as reasonably determined and elected by Ground Lessor as tenant under the Facilities Lease, the Leases shall terminate. If a part or all of the Leased Premises be so taken, the compensation awarded upon such taking shall be paid to the Parties hereto in accordance with the values attributable to their respective interests in such eminent domain proceedings as set forth in the Leases; provided, however, in no event shall Ground Lessor receive any eminent domain award unless and until Ground Lessee shall be awarded not less than the amount necessary to pay in full any outstanding balance of leasehold financing encumbering the Leased Premises. Ground Lessee shall have no obligation to repair or restore any portion of the Medical Center Property or Medical Center Improvements in the event of any taking of any portion of the Medical Center Property and Ground Lessor shall be solely responsible for and shall repair and restore the remaining portions of the Medical Center Property and Medical Center Improvements not taken and Ground Lessee shall repair and restore only any remaining portions of the Leased Premises and MOB Improvements in the event of any taking of any portion of the Leased Premises or MOB Improvements. Notwithstanding anything to the contrary set forth in this Ground Lease, Ground Lessor agrees not to (i) exercise any right of condemnation with respect to the Leased Premises or any material portion of the Medical Center Property which would interfere with the continued use and enjoyment of the MOB for its intended purposes or (ii) take any action to

rezone the Leased Premises for any use not consistent with the intended uses set forth in this Ground Lease.

14. Insurance.

14.1 Without limiting or diminishing Ground Lessee's obligation to indemnify or hold Ground Lessor harmless, Ground Lessee shall procure and maintain or cause to be maintained, at its sole cost and expense subject to payment by the County as Tenant under the Facilities Lease as provided therein, the following insurance coverage's during the term of this Ground Lease. As respects the insurance section of this Ground Lease only, Ground Lessor herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

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

14.1.2 Commercial General Liability: Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Ground Lessee's performance of its obligations hereunder. Such CGL policy shall name Ground Lessor as Additional Insured for Ground Lessee's indemnification obligations herein. Such CGL policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

14.1.3 Vehicle Liability: If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then Ground Lessee shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Such automobile liability policy shall name Ground Lessor as Additional Insured for Ground Lessee's indemnification obligations herein.

14.1.4 General Insurance Provisions - All lines:

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

2) Ground Lessee must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of Ground Lessor's Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to Ground Lessor, and at the election of Ground Lessor's Risk Manager, Ground Lessee's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with Ground Lessor, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) Ground Lessee shall cause Ground Lessee's insurance carrier(s) to furnish Ground Lessor with certificate(s) of insurance and copies of endorsements evidencing the coverages required herein, showing such insurance is in full force and effect. Further, Ground Lessee shall provide a minimum of thirty (30) days written notice to Ground Lessor prior to any cancellation or expiration or material reduction in coverage of such insurance.

4) In the event of a cancellation, expiration or material reduction in coverage, Ground Lessee shall deliver to Ground Lessor prior to the effective date of such change in coverage, another certificate of insurance and copies of endorsements evidencing the coverages required herein are in full force and effect. If Ground Lessee shall fail to timely provide the Ground Lessor with such replacement certificate for the required insurance, then, following an additional written demand by Ground Lessor and Ground Lessee's failure to obtain such replacement insurance within five (5) days of such second written demand, Ground Lessor shall be entitled to obtain such insurance at Ground Lessor's sole cost and expense, which insurance obtained by Ground Lessor in lieu of Ground Lessee shall satisfy the requirements for Landlord's insurance under the Facilities Lease. Ground Lessee shall not commence operations until Ground Lessor has been furnished certificate(s) of insurance and copies of endorsements as required in this Section.

5) It is understood and agreed to by the Parties hereto that for purposes of this Ground Lease only, Ground Lessee's insurance shall be construed as primary insurance, and Ground Lessor's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory for Ground Lessee's indemnification obligations herein.

6) Ground Lessee shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Ground Lease.

7) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance reasonably acceptable to Ground Lessor.

8) Ground Lessee agrees to notify Ground Lessor of any material claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

14.2 Builders Risk Insurance. Notwithstanding anything to the contrary herein, Ground Lessee shall be responsible for procuring builder's risk insurance coverage for the Project, which coverage shall meet the additional requirements as mutually approved by Ground

Lessor and Ground Lessee, and then attached hereto at a later date as **EXHIBIT D** and by this reference incorporated herein; provided, however, at Ground Lessee's election, Ground Lessee may cause the General Contractor to obtain such builder's risk insurance coverage for the duration of any outstanding obligations under the Construction Contracts.

14.3 Ground Lessor's Reserved Rights -- Insurance. Ground Lessor reserves the right to require that Ground Lessee adjust the monetary limits of insurance coverage on a prospective (i.e., going forward) basis as required in this Section 14 every fifth (5th) year during the term of this Ground Lease or any extension thereof, subject to ninety (90) days written notice to Ground Lessee of such adjustment, in the event that Ground Lessor reasonably determines that the then existing monetary limits of insurance coverage are no longer consistent with those monetary limits of insurance coverage generally prevailing in the western Riverside Ground Lessor area for facilities comparable to the Premises; provided, however, that any adjustment shall not increase the monetary limits of insurance coverage above those applicable to the preceding five (5) years in excess of fifty percent (50%) thereof, and provided further the costs of any and all insurance maintained by Ground Lessee shall be included (i) as Reimbursable Costs or Total Project Costs to the extent such premiums are payable prior to the Rent Commencement Date under the Facilities Lease and (ii) Additional Rent as described in the Facilities Lease to the extent such premiums are payable from and after the Rent Commencement Date.

15. Indemnification/Hold Harmless.

15.1 Ground Lessee's Indemnification. Ground Lessee shall indemnify, defend and hold harmless Ground Lessor, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as "**Indemnitees**") from any liability whatsoever resulting in claims asserted against any Indemnatee (a "**Claim**"), including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever, arising in connection with (i) prior to the completion of the Project on the Leased Premises, any negligence or willful misconduct as to services provided by Ground Lessee, its officers, employees, subcontractors, agents or representatives and (ii) after completion of the Project, the negligence or willful misconduct of Ground Lessee; provided that Ground Lessee shall not be liable to an Indemnatee to the extent any Claim is attributable to the negligence or willful misconduct of such Indemnatee.

With respect to any action or claim subject to indemnification herein by Ground Lessee, Ground Lessee shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of Ground Lessor; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Ground Lessee's indemnification to Indemnitees as set forth herein. Ground Lessee's obligation hereunder shall be satisfied when Ground Lessee has provided to Ground Lessor the appropriate form of dismissal relieving Ground Lessor from any liability for the action or claim involved. The specified insurance limits required in this Ground Lease shall in no way limit or circumscribe Ground Lessee's obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to

comply with Civil Code 2782. Such interpretation shall not relieve Ground Lessee from indemnifying the Indemnitees to the fullest extent allowed by law.

15.2 Ground Lessee to Defend this Ground Lease. Ground Lessee acknowledges that Ground Lessor is a “public entity” and/or a “public agency” as defined under applicable California law. As a public body, Ground Lessor’s action in approving this Ground Lease may be subject to proceedings to invalidate this Ground Lease or mandamus. If, prior to the date of the closing of the Leasehold Mortgage, a third-party files a legal action regarding Ground Lessor’s approval of this Ground Lease or the pursuit of the activities contemplated by this Ground Lease, Ground Lessor may terminate this Ground Lease on thirty (30) days prior written notice to Ground Lessee of Ground Lessor’s intent to terminate this Ground Lease, referencing this Section 15.2, without any further obligation to perform the terms of this Ground Lease and without any liability to Ground Lessee resulting from such termination other than to reimburse Ground Lessee for all Reimbursement Costs as provided in Section 12.1, unless Ground Lessee unconditionally agrees to indemnify and defend Ground Lessor, with legal counsel acceptable to Ground Lessor, against such third-party legal action, as provided hereinafter in this Section 15.2. Within 30 days of receipt of Ground Lessor’s notice of intent to terminate this Ground Lease, as provided in the preceding sentence, Ground Lessee may in Ground Lessee’s sole and absolute discretion offer to defend Ground Lessor, with legal counsel acceptable to Ground Lessor, in the third-party legal action and pay all of the court costs, attorney fees, monetary awards, sanctions, attorney fee awards, expert witness and consulting fees, and the expenses of any and all financial or performance obligations resulting from the disposition of the legal action. Ground Lessee is under no obligation to indemnify and defend Ground Lessor unless and until it elects to make the offer required by this Section 15.2. Any such offer from Ground Lessee must be in writing and reasonably acceptable to Ground Lessor in both form and substance. Nothing contained in this Section 15.2 shall be deemed or construed to be an express or implied admission that Ground Lessor is liable to Ground Lessee or any other person or entity for damages alleged from any alleged or established failure of Ground Lessor to comply with any statute, including, without limitation, CEQA. In the event that Ground Lessor elects to terminate the Ground Lease based on this Section 15.2, the notice provided by Ground Lessor to Ground Lessee shall also serve as notice to terminate the Facilities Lease. From and after the date of the closing of the Leasehold Mortgage, neither Ground Lessor nor Ground Lessee shall have any right to terminate the Ground Lease pursuant to this Section 15.2; provided, however, that no challenge has been filed to set aside any approvals relating to the approval of the leases prior to the closing of the Leasehold Mortgage.

15.3 Survival of Indemnity Obligations. All general and specific indemnity and defense obligations of the Parties set forth in this Ground Lease shall survive the expiration or termination of this Ground Lease and the execution or recordation of any Facilities Lease for any portion of the Project.

15.4 No Limitations. The specified insurance limits required herein shall in no way limit or circumscribe Ground Lessee’s obligations to indemnify and hold Ground Lessor free and harmless herein.

16. Right to Encumber/Right to Cure.

16.1 Ground Lessee's Right to Encumber: Notwithstanding any other provision contained herein, Ground Lessor does hereby consent to and agree that Ground Lessee may, without Ground Lessor's consent, encumber or assign, or both, for the benefit of a Leasehold Mortgagee (defined below), the leasehold estate under this Ground Lease and the MOB and Improvements constructed by Ground Lessee pursuant to this Ground Lease by a leasehold deed of trust, mortgage or other security-type instrument ("**Leasehold Mortgage**"), but only to the extent necessary to assure the repayment of the financing of the construction and operation of MOB and the Medical Center Improvements required under this Ground Lease by Ground Lessee (including any conversion of the construction loan to permanent financing):

16.1.1 For purposes of this Ground Lease, a "**Leasehold Mortgagee**" shall mean an established bank, savings and loan association, insurance company or other entity which provides financing of the interest granted to Ground Lessee.

16.1.2 Subject to Section 16.1.3, any Leasehold Mortgagee or other transferee who succeeds to Ground Lessee's interest under this Ground Lease shall be liable to perform the obligations and duties of Ground Lessee under this Ground Lease and shall take subject to the terms of the Facilities Lease on a prospective basis.

16.1.3 Ground Lessee shall give Ground Lessor prior written notice of any such Leasehold Mortgage, and shall request Ground Lessor and the Leasehold Mortgagee to enter into a consent and non-disturbance agreement with Ground Lessee and Ground Lessor (which consent and non-disturbance agreement shall be (i) in a commercially reasonable form and substance reasonably satisfactory to the Leasehold Mortgagee, Ground Lessor and Ground Lessee and (ii) executed by Ground Lessor, Ground Lessee and the Leasehold Mortgagee). Ground Lessor agrees that so long as the Leasehold Mortgage remains unsatisfied of record or until written notice of satisfaction is given by the holder to Ground Lessor, the following provisions shall apply:

a. **No Voluntary Termination.** There shall be no voluntary cancellation, termination or surrender of this Ground Lease by joint action of Ground Lessor and Ground Lessee without the prior written consent of the Leasehold Mortgagee. Any voluntary cancellation, termination or surrender of this Ground Lease shall not be effective without the prior written consent of the Leasehold Mortgagee.

b. **No Amendment or Modification.** There shall be no amendment or modification of this Ground Lease by joint action of Ground Lessor and Ground Lessee without the prior written consent of the Leasehold Mortgagee, not to be unreasonably delayed, conditioned or withheld. Any such amendment or modification of this Ground Lease shall not be effective without the prior written consent of the Leasehold Mortgagee, not to be unreasonably delayed, conditioned or withheld. Ground Lessor, on the request of any Leasehold Mortgagee, shall negotiate in good faith only such reasonable modifications or amendments of this Ground Lease as shall be requested by such Leasehold Mortgagee, so long as the modifications do not materially increase the liabilities, burdens or obligations or decrease the rights of Ground Lessor, or materially decrease the liabilities, burdens or obligations of Ground Lessee under this Ground Lease.

c. Notices to Leasehold Mortgagee. Ground Lessor shall, upon giving Ground Lessee a notice of default under this Ground Lease, simultaneously give a copy of such notice to Leasehold Mortgagee. No notice of a default by Ground Lessor to Ground Lessee under or with respect to this Ground Lease shall be deemed to have been duly given unless and until a copy thereof has been given to Leasehold Mortgagee. Leasehold Mortgagee shall have the same period as Ground Lessee to remedy or cause to be remedied Ground Lessee's default, and Ground Lessor shall accept Leasehold Mortgagee's cure of Ground Lessee's default.

d. New Lease. If this Ground Lease is terminated prior to or after completion of the Project by Ground Lessee and Leasehold Mortgagee has not been fully paid, then Ground Lessor agrees that in the event of termination of this Ground Lease by reason of the bankruptcy of Ground Lessee, any uncured default by Ground Lessee or otherwise due to the default of Ground Lessee, Ground Lessor will, at the request of Leasehold Mortgagee, enter into a new lease ("**New Lease**") covering the Leased Premises with Leasehold Mortgagee or its nominee for the remainder of the Term of this Ground Lease. To the extent the termination of this Ground Lease was not caused by an uncured default under this Ground Lease or an uncured monetary default by the County under the Facilities Lease, or by reason of the filing of bankruptcy by the County and rejection of the Facilities Lease, then (i) Ground Lessor shall provide a New Lease to Leasehold Mortgagee or its nominee and (ii) Leasehold Mortgagee or its nominee, as applicable, shall enter into a new Facilities Lease (on the same terms and conditions as the Facilities Lease) with the County ("**New Facilities Lease**"). The New Lease upon execution shall be deemed to be effective as of the date of the termination of this Ground Lease. The New Lease shall be on the same terms, provisions, covenants and agreements (including but not limited to the Rent) contained in this Ground Lease, provided, however, such New Lease shall not include Section 7 of this Ground Lease or any other provisions related to the completion of the Project or any warranties of any general contractor, except that, notwithstanding the foregoing, such New Lease shall provide that the County, as Tenant under the New Facilities Lease, shall have the right, but not the obligation, to assume control of the completion of the Project, either directly, or by replacement of Ground Lessee (as Landlord under the New Facilities Lease) as construction manager for the Project, and if so assumed, to complete the Project with all reasonable dispatch, in which event the County shall send written notice of such assumption to Ground Lessee (as Landlord under the New Facilities Lease) and Leasehold Mortgagee and, upon receipt of such notice, Ground Lessee shall forthwith assign to the County all Ground Lessee's right, title and interest in and to all construction contracts and related agreements, all payment, completion, construction or surety bonds and any and all insurance policies and Leasehold Mortgagee shall recognize the County and disburse to the County all remaining proceeds of the Leasehold Mortgage, subject to and in accordance with, the terms of the Leasehold Mortgage, including, without limitation, satisfaction by the County of all conditions to disbursement set forth in the Leasehold Mortgage. If the County assumes control of completion of the Project as contemplated above,

the County shall not have any right under the New Facilities Lease to cancel, quit, terminate or surrender the New Facilities Lease or cease or delay the payment of Rent or change the Commencement Date under the New Facilities Lease, or reduce, abate or offset Rent (or any other amounts owed by the County under the New Facilities Lease. In order to obtain the New Lease, Leasehold Mortgagee or its nominee, must make written request upon Ground Lessor for the New Lease within thirty (30) business days after Leasehold Mortgagee receives written notice from Ground Lessor of the termination of this Ground Lease. The ground lessee under the New Lease shall have no greater right, title or interest in and to the Leased Premises than Ground Lessee had under this Ground Lease.

e. Exercise of Remedies. Notwithstanding anything to the contrary in this Ground Lease, any foreclosure, or any exercise of rights or remedies under any Leasehold Mortgage shall not be deemed to violate this Ground Lease or require the consent of Ground Lessor. If the Leasehold Mortgagee forecloses or otherwise exercises remedies against Ground Lessee under the Leasehold Mortgage, Ground Lessor agrees to forebear from the exercise of any remedies available to Ground Lessor under this Ground Lease for thirty (30) days after the expiration of Ground Lessee's cure period under this Ground Lease. Notwithstanding the foregoing, Leasehold Mortgagee shall not be required to institute foreclosure proceedings if it is able to acquire and does acquire Ground Lessee's leasehold interest by any other legal means, including, without limitation, voluntary assignment. Ground Lessor agrees that if by reason of a bankruptcy, insolvency or similar type proceeding, or by reason of any other judicial order or legislative enactment, the Leasehold Mortgagee shall be stayed from commencing (or if commenced, from continuing) foreclosure proceedings or other appropriate steps, then the Leasehold Mortgagee shall be deemed to be prosecuting such proceedings with diligence and continuously so long as it is in good faith attempting to obtain relief from any such stay. Immediately upon Leasehold Mortgagee instituting foreclosure proceeding or otherwise exercising remedies to acquire Ground Lessee's leasehold interest under this Ground Lease, Leasehold Mortgagee or its nominee shall not: (i) be subject to or responsible for Section 7 of this Ground Lease or any other provisions related to the completion of the Project or any warranties of any general contractor, except that, notwithstanding the foregoing, if Ground Lessor, as Tenant under the Facilities Lease, assumes control of the completion of the Project, either directly, or by replacement of Ground Lessee (as Landlord under the Facilities Lease) as construction manager for the Project, Leasehold Mortgagee shall recognize Ground Lessor and disburse to Ground Lessor all remaining proceeds of the Leasehold Mortgage, subject to and in accordance with, the terms of the Leasehold Mortgage, including, without limitation, satisfaction by Ground Lessor of all conditions to disbursement set forth in the Leasehold Mortgage, (ii) have any liability under this Ground Lease prior to the date Leasehold Mortgagee or nominee shall succeed to the rights of Ground Lessee under this Ground Lease, or (iii) be subject to, or have any liability for, claims, offsets, defenses which arose (or are based upon events) which Ground Lessor might have had against Ground

Lessee or which occur prior to Leasehold Mortgagee or its nominee taking possession pursuant to foreclosure or other procedure.

f. Liability of Leasehold Mortgagee. Leasehold Mortgagee shall not, as a condition to the exercise of its rights hereunder, be required to assume any personal liability for the payment and performance of the obligations of Ground Lessee under this Ground Lease, and any payment or performance or other act by the Leasehold Mortgagee under this Ground Lease shall not be construed as an assumption of personal liability by Leasehold Mortgagee.

g. Confirming Documentation; Estoppels. Ground Lessor shall, upon request, execute, acknowledge and deliver to Leasehold Mortgagee a non-disturbance agreement prepared at the sole cost and expense of Ground Lessee, in form reasonably satisfactory to the Leasehold Mortgagee and to Ground Lessor, among and between Ground Lessor, Ground Lessee and the Leasehold Mortgagee confirming the provisions of this Section within sixty (60) days of the date the Ground Lessor and Leasehold Mortgagee have negotiated a form reasonably satisfactory to Leasehold Mortgagee and to Ground Lessor. Upon the request of Leasehold Mortgagee, at any time, and from time to time, Ground Lessor will execute and deliver to the Leasehold Mortgagee, within twenty (20) days after such request, a written estoppel certificate, duly executed in a form reasonably requested by Leasehold Mortgagee and acceptable to the Ground Lessor.

16.1.4 Ground Lessor in its capacity as Ground Lessor under this Ground Lease (a) consents to, and acknowledges receipt of a copy of, the Facilities Lease, and (b) consents to the Facilities Lease. Notwithstanding anything to the contrary contained in this Ground Lease, (1) Ground Lessee shall not be in default under this Ground Lease or have any liability hereunder by reason of any failure of the Tenant under the Facilities Lease to pay any amounts or perform any of its obligations under the Facilities Lease; and (2) in the event of any inconsistency as among the rights and obligations of the parties under the Facilities Lease and the rights and obligations of Ground Lessee under this Ground Lease, the satisfaction (whether by Ground Lessee or Tenant under the Facilities Lease) of the obligations under the Facilities Lease, shall be deemed satisfaction of the obligations of Ground Lessee under this Ground Lease.

16.1.5 Except as described in this Section 16, Ground Lessee shall not permit any other liens or encumbrances on the Leased Premises or its interest therein without Ground Lessor's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

16.2 Ground Lessee's Due Diligence Contingency. Notwithstanding anything to the contrary in the Ground Lease and the Facilities Lease, the Parties agree and understand that the construction of the Project as outlined in the Ground Lease and Facilities Lease is subject to Ground Lessee, as it relates to the Ground Lease, and Landlord, as it relates to the Facilities Lease, satisfying itself, in its sole and absolute discretion, on or before the date Landlord and Tenant mutually approve the Final Drawings and Specifications, Final Project Budget, the Final Rent Schedule and the Final Project Schedule, as to all due diligence related to the Leased

Premises and the Project, including but not limited to title, environmental and physical conditions of the Leased Premises and balance of the Project, availability of all required entitlements, CEQA approvals and Permits and ability to obtain financing for the Project adequate to pay for all Total Project Costs and under terms and conditions satisfactory to Ground Lessee/Landlord, in its sole and absolute discretion. The Parties agree and understand that financing for the Project shall be provided by Ground Lessee/Landlord and third party debt source(s) and that the Ground Lessor/Tenant shall not be responsible for any financing of the Project. In addition, Ground Lessee/Landlord agrees and understands that in no event shall Ground Lessor/Tenant be directly liable under, or a guarantor of, or signatory to, or a direct party in connection with, any financing for the Project obtained by Ground Lessee. If on or before the date Ground Lessee/Landlord and Tenant mutually approve the Final Drawings and Specifications, Final Project Budget, the Final Rent Schedule and the Final Project Schedule, Ground Lessee/Landlord, in its sole and absolute discretion, disapproves any of such contingencies in this Section 16.2 and Ground Lessee/Landlord notifies Tenant of its election to terminate the Ground Lease and the Facilities Lease, then Ground Lessor/Tenant shall reimburse Ground Lessee/Landlord for all Reimbursable Costs as provided in Section 12.1 and the Facilities Lease; provided that prior to exercising its right to terminate the Ground Lease and the Facilities Lease, Ground Lessee shall meet and confer with Ground Lessor within fourteen (14) business days after Ground Lessee notifies Ground Lessor of unsatisfactory terms or conditions and will proceed in good faith to negotiate a resolution. In the event that no resolution can be made to address the unsatisfactory terms or conditions associated with the contingencies described herein this Section 16.2 within thirty (30) business days after the Parties meeting and Ground Lessee still elects to terminate the Ground Lease and Facilities Lease, in its sole and absolute discretion, then in such event, the development fee due to Ground Lessee provided in Section 12.1 shall be reduced to \$500,000.

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

18. Estoppel Certificates.

18.1 Ground Lessee and Ground Lessor, at any time and from time to time during the term of this Ground Lease, and any extension thereof, and within twenty (20) business days after request, in writing, have been given by the other party, shall execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Ground Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications). The statement shall also include the dates to which the rent and any other charges have been paid in advance, that there are no defaults

existing or that defaults exist and the nature of such defaults. It is intended that such statement as provided in this Section 18.1 may be relied upon by any prospective Leasehold Mortgagee as assignee of the Leased Premises or Improvements thereon or both or all or any portion or portions of Ground Lessee's interest under this Section 18.1.

18.2 A party's failure to execute, acknowledge and deliver on request of such statement described in Section 18.1 above within the required time shall constitute acknowledgment by such party to all persons entitled to rely on such statement that this Ground Lease is unmodified and in full force and effect and that the rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice or request and shall constitute a waiver, with respect to all persons entitled to rely on such statement of any defaults that may exist before the date of such notice.

19. Assignment; Binding on Successors. In addition to Ground Lessee's rights under Section 16.1 above, Ground Lessee may assign or transfer its interest in this Ground Lease and the Leased Premises or any part thereof, including without limitation, its rights as Landlord pursuant to the Facilities Lease, with the prior written consent of Ground Lessor, which consent Ground Lessor shall not unreasonably withhold, condition or delay; provided, however, Ground Lessee shall have the right without Ground Lessor's consent to assign this Ground Lease at any time to (i) any entity that controls, is controlled by or is under common control with Ground Lessee, or to any entity resulting from a merger or consolidation with Ground Lessee, or to any person or entity which acquires all the assets of Ground Lessee's business as a going concern, (ii) any entity in which Ground Lessee (or an affiliate thereof) either: (1) holds an ownership interest, or (2) is the development manager with respect to the Project and the Leased Premises. In the event an assignment or transfer by Ground Lessee also involves a change in the property management person or entity at any time after such assignment or transfer is consummated, then Ground Lessor shall have approval rights as to the qualifications and experience of the replacement property manager for any proposed assignee (such approval to not be unreasonably withheld, conditioned or delayed, provided in all instances such replacement property manager shall in any event be experienced in providing property management services for medical office buildings and healthcare facilities). Prior to any such assignment, Ground Lessee shall provide the qualifications and experience of any new property manager or property management company proposed to be employed or contracted with by assignee. Ground Lessor shall review the qualifications and experience of the property manager or property management company and either approve or disapprove of the property manager or property management company within thirty (30) days following written request by Ground Lessee. The existing property manager shall be retained until such time as the new property manager has been reasonably approved by Ground Lessor. Ground Lessor may transfer its fee interest in the Leased Premises without Ground Lessee's consent, provided any such transferee shall take title to Ground Lessor's fee interest in the Leased Premises subject to the terms of this Ground Lease and the Facilities Lease and shall assume the obligations of Ground Lessor under this Ground Lease in which event Ground Lessor shall be released from any liabilities and obligations under this Ground Lease arising after the date of such transfer.

This Ground Lease and all of the rights of Ground Lessee are and will in the future be prior to any and all encumbrances, regardless of amount, now existing and/or placed by Ground Lessor on the Premises, or any part of the Premises, after the date of this Ground Lease unless

otherwise agreed to by the Parties. Such priority extends to and includes all renewals, modifications, consolidations, replacements, extensions and/or substitutions of such liens. If the holder of any encumbrance succeeds to the rights of Ground Lessor under this Ground Lease, whether through transfer or otherwise, Ground Lessee, upon the request of such person (or its successors and assigns), will attorn to and recognize such person as Ground Lessee's landlord under this Ground Lease; provided, however, such person agrees to not disturb Ground Lessee's possession of the Premises. No successor of Ground Lessor shall be responsible for any obligation of Ground Lessor which arose prior to the date the Premises is acquired by the successor of Ground Lessor. In such event, Ground Lessee will execute and deliver all instruments that the successor of Ground Lessor may reasonably request to further document such attornment. Upon such attornment, this Ground Lease will continue in full force and effect as a direct lease between the successor ground lessor and Ground Lessee pursuant to the terms and provisions of this Ground Lease. In such event, Ground Lessor shall be released from all further liability and obligation pursuant to this Ground Lease.

Except as otherwise expressly provided herein, the Parties hereto, their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Ground Lease, and all of the Parties hereto shall be jointly and severally liable hereunder.

20. Waiver of Performance. No waiver by Ground Lessor at any time of any of the terms and conditions of this Ground Lease shall be deemed or construed as a waiver at any time thereafter of the same or of any other terms or conditions contained herein or of the strict and timely performance of such terms and conditions.

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

22. Venue. Any action at law or in equity brought by either of the Parties hereto for the purpose of enforcing a right or rights provided for by this Ground Lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the Parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

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

24. Notices. Any notices required or desired to be served by either Party upon the other shall be addressed to the respective Parties as set forth below:

GROUND LESSOR

County of Riverside
Economic Development Agency

GROUND LESSEE

Trammell Crow Company
3501 Jamboree Road, Suite 230

3403 Tenth Street, Suite 400
Riverside, CA 92501

Newport Beach, CA 92660
Attn: David Nazaryk

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

25. Permits and Licenses. Subject to the terms and conditions of Section 12, Ground Lessee shall secure, at its expense as part of Total Project Costs, the Permits and any licenses required by the County, through its Economic Development Agency and any authorized public entity with respect to construction of the Project and Ground Lessor as Tenant under the Facilities Lease shall cause its contractors to secure, at its expense, the Permits and any licenses required by any authorized public entity with respect to operation of the MOB facility on the Leased Premises.

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

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

28. Ground Lessee's Representative. Ground Lessee hereby appoints David Nazaryk as its authorized representative to administer this Ground Lease. Ground Lessee or any successor in interest to Ground Lessee shall have the right to designate a replacement authorized representative upon written notice to Ground Lessor.

29. Acknowledgment of Memorandum of Ground Lease. Upon execution of this Ground Lease by the Parties hereto, a memorandum of this Ground Lease in a form acceptable to Ground Lessor and Ground Lessee shall be acknowledged by Ground Lessor and Ground Lessee in such a manner that it will be acceptable by the County Recorder for recordation purposes, and thereafter, Ground Lessee shall cause such memorandum of this Ground Lease to be recorded in the Office of the County Recorder of Riverside County forthwith and furnish Ground Lessor with a conformed copy thereof.

30. Agent for Service of Process. For the purpose of designating an Agent for service of process, the following is hereby designated as Agent to accept on behalf of Ground Lessee: David Nazaryk. It is expressly understood and agreed that in the event Ground Lessee is not a resident of the State of California or it is an association or partnership without a member or partner resident of the State of California, or it is a foreign corporation, then in any such event, Ground Lessee shall file with the County's Assistant County Executive Officer/EDA, upon its execution hereof, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Ground Lease, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Ground Lessee. It

is further expressly understood and agreed that if for any reason service of such process upon Ground Lessee's General Counsel is not feasible, then in such event Ground Lessee may be personally served with such process and that such service shall constitute valid service upon Ground Lessee. It is further expressly understood and agreed that Ground Lessee is amenable to the process so served, submits to the jurisdiction of the Court so obtained and waives any and all objections and protests thereto.

31. Notification of Taxability of Possessory Interest. The Leased Premises herein granted by Ground Lessor to Ground Lessee may create a possessory interest, subject to property taxation. In the event Ground Lessee's interest in the Leased Premises, including the Medical Center Improvements required to be constructed by Ground Lessee, become subject to the payment of property taxes levied on such interest, for purposes of this Ground Lease, Ground Lessee shall be responsible for the payment of such property taxes to the taxing agency, *provided* such property taxes shall be included (i) in Reimbursable Costs or Total Project Costs to the extent attributable to the period occurring prior to the Rent Commencement Date and (ii) as part of Operating Costs to the extent attributable to the period occurring after to the Rent Commencement Date, payable by Tenant in advance of when due.

32. Toxic Materials

32.1 Restrictions on Ground Lessee; Hazardous Substances. Ground Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the Leased Premises by Ground Lessee, Ground Lessee's agents, employees, or contractors, in a manner that would be contrary to or in violation of law and without first obtaining Ground Lessor's written consent, which consent may not be unreasonably withheld, conditioned or delayed; provided, however, use, storage, generation or disposal of Hazardous Substances by the County as Tenant under the Facilities Lease or its subtenants, employees, contractors or agents shall not be attributed to Ground Lessee under this Ground Lease and Ground Lessee shall have no liability for the portion of and to the extent the County or its subtenants, employees, contractors or agents are liable therefor. Materials considered hazardous that are used in the ordinary course of business may be used as regulated by law. If Hazardous Substances are used, stored, generated, or disposed of on or in the Leased Premises by Ground Lessee, Ground Lessee's agents, employees or contractors, or if the Leased Premises becomes contaminated in any manner during the term hereof as a result of the negligence or willful misconduct of Ground Lessee, Ground Lessee's agents, employees or contractors, Ground Lessee shall indemnify, defend, and hold harmless Ground Lessor from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys', consultants', and experts' fees) arising during or after the Term of this Ground Lease and arising as a result of such contamination by Ground Lessee, Ground Lessee's agents, employees, or contractors except not for the portion of and to the extent such contamination has been determined to be attributable to (1) Ground Lessor Contamination, or (2) Pre-Existing Contamination, in a manner that would be contrary to or in violation of law. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. In addition, if Ground Lessee causes the presence of any Hazardous Substance on the Leased Premises and this results in contamination, Ground Lessee shall promptly, at its sole expense, take any and all necessary actions to return the Leased

Premises to the condition existing before the presence of any such Hazardous Substance on the Leased Premises, provided, however, that Ground Lessee shall first obtain Ground Lessor's approval for any such remedial action, such approval not to be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary contained in this Section 32.1, Ground Lessee shall not be held responsible for any Hazardous Substances existing on, under or at the Leased Premises or anywhere else at the Medical Center Property prior to the commencement of construction of the Project ("**Pre-Existing Contamination**") or which are used, stored, generated, or disposed of on or in the Leased Premises or elsewhere in the Medical Center Property by Ground Lessor (in its capacity as either Ground Lessor under this Ground Lease or Tenant under the Facilities Lease) or any of Ground Lessor's agents, subtenants, employees or contractors, or if the Leased Premises are or become contaminated with Hazardous Substances in a manner that would be contrary to or in violation of law during the Term hereof ("**Ground Lessor Contamination**") unless as a result of contamination by Ground Lessee, Ground Lessee's agents, employees, or contractors.

32.2 Ground Lessor Indemnity. Except as otherwise provided in Section 32.1 above, Ground Lessor shall indemnify and hold Ground Lessee harmless from any and all Pre-Existing Contamination, any Ground Lessor Contamination during the period each particular Ground Lessor entity is the Ground Lessor under this Ground Lease, and any Hazardous Substances which migrate onto the Leased Premises; except that Ground Lessor shall not be responsible for nor have the obligation to indemnify Ground Lessee if Ground Lessee's acts, omissions or negligent act or omissions have caused or exacerbated the severity of or caused the spread of the Hazardous Substance; provided, however, mere discovery of any such Hazardous Substance and acts by Ground Lessee to properly address, mitigate or correct such Hazardous Substance condition shall not constitute exacerbation of or causing the spread of any such Hazardous Substance.

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

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

34. Force Majeure. If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, failure of power, governmental moratorium or other action or inaction by any governmental or quasi-governmental agency or utility provider (including, without limitation, failure, refusal or delay in issuing permits, approvals and/or authorizations or sign-off on work), acts of God, riots, insurrection, war, terrorism, bioterrorism, fire, earthquake, inclement weather including rain, flood or other natural disaster, or other reason of a like nature not the fault of the party delaying

in performing work or doing acts required under the terms of this Ground Lease (but excluding delays due to financial inability) (herein collectively, “**Force Majeure Delay(s)**”), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such Force Majeure Delay.

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

36. No Merger of Estates. The interest of Ground Lessor, Ground Lessee and Leasehold Mortgagee in the Property shall at all times be separate and apart. No merger of any estate shall occur by operation of law or otherwise, unless all parties then having any interest in the Property execute a written document affecting the merger of estates.

37. Execution by Ground Lessor. This Ground Lease shall not be binding or consummated until its approval and execution by the Board of Supervisors.

[Signature Provisions on the Following Page]

IN WITNESS WHEREOF, the Parties hereof have executed this Ground Lease upon
the _____ dates _____ indicated _____ below.

GROUND LESSOR:

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

By: _____

Chairman

JOHN TAVAGLIONE

Board of Supervisors

Dated: _____

4/18/17

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: _____

Deputy

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: _____

SYNTHIA M. GUNZEL

Deputy County Counsel

GROUND LESSEE:

TC RIVERSIDE MOB, LLC,
a Delaware limited liability company

By: Trammell Crow So. Cal. Healthcare
Development, Inc.,
a Delaware corporation
Its Managing Member

By: _____

Name: THOMAS A. BAK

Title: President & CEO

EXHIBIT A

LEGAL DESCRIPTION OF INITIAL LEASED PREMISES

Exhibit A

LEGAL DESCRIPTION

INITIAL LEASED PREMISES / PROJECT AREA

MOBI LOBBY/CATÉ/COURTYARD & SITE IMPROVEMENT AREA

THAT PORTION OF LOTS 5, 6, 7, AND 8 IN BLOCK 150 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO. IN THE CITY OF MORENO VALLEY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11 OF MAPS, PAGE 10 THEREOF, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF PARCEL 4 AS DESCRIBED IN THAT CERTAIN LOT LINE ADJUSTMENT NO. 881, RECORDED OCTOBER 26, 1999 AS INSTRUMENT NO. 1999-470906, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

THENCE NORTH 89° 59' 47" WEST ALONG THE SOUTH LINE OF SAID PARCEL 4, A DISTANCE OF 1113.82 FEET;

THENCE NORTH 00° 06' 55" WEST 111.66 FEET;

THENCE NORTH 89° 54' 42" WEST 491.09 FEET;

THENCE NORTH 00° 05' 18" EAST 25.00 FEET;

THENCE SOUTH 89° 54' 42" EAST 491.09 FEET;

THENCE NORTH 00° 06' 55" WEST 267.37 FEET;

THENCE NORTH 89° 53' 05" EAST 86.24 FEET;

THENCE NORTH 00° 01' 41" WEST 130.37 FEET;

THENCE SOUTH 89° 35' 38" EAST 64.34 FEET;

THENCE NORTH 00° 10' 07" EAST 201.70 FEET;

THENCE SOUTH 89° 54' 35" EAST 155.39 FEET;

THENCE SOUTH 00° 11' 38" EAST 156.93 FEET;

THENCE NORTH 89° 56' 34" EAST 34.11 FEET;

THENCE NORTH 45° 09' 49" EAST 13.12 FEET;

THENCE NORTH 43° 23' 12" WEST 19.80 FEET;

THENCE NORTH 44° 37' 38" EAST 69.39 FEET;

THENCE NORTH 89° 49' 25" EAST 27.60 FEET;

THENCE SOUTH 00° 00' 25" EAST 41.43 FEET;

THENCE SOUTH 89° 59' 27" EAST 81.94 FEET;

THENCE NORTH 00° 08' 48" WEST 41.43 FEET;

THENCE NORTH 89° 55' 39" EAST 27.66 FEET;

THENCE SOUTH 44° 59' 18" EAST 69.59 FEET;

THENCE SOUTH 44° 33' 10" WEST 11.24 FEET;

THENCE SOUTH 44° 59' 16" EAST 13.16 FEET;

THENCE SOUTH 89° 51' 58" EAST 58.22 FEET;

THENCE NORTH 00° 05' 50" EAST 130.52 FEET TO THE INTERSECTION WITH THE WESTERLY EXTENSION OF THE NORTHERLY LINE OF PARCEL 1 OF SAID LOT LINE ADJUSTMENT NO. 881;

THENCE SOUTH 89° 59' 43" EAST 481.66 FEET ALONG SAID NORTHERLY LINE TO THE NORTHWEST CORNER THEREOF;

THENCE SOUTH 00° 26' 32" WEST ALONG THE WESTERLY LINE OF SAID PARCEL 1 AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 617.52 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN CACTUS AVENUE.

CONTAINING: 645,361 SQ. FT. (14.228 ACRES) OF LAND, MORE OR LESS GROSS AREA
596,344 SQ. FT. (13.147 ACRES) OF LAND, MORE OR LESS NET AREA

NORTHWEST PARKING FIELD & PATHWAY:

THAT PORTION OF LOTS 3 AND 4 IN BLOCK 130 OF MAP NO. 1, BEAR VALLEY AND ALESSANDRO DEVELOPMENT CO. IN THE CITY OF MORENO VALLEY, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 11 OF MAPS, PAGE 10 THEREOF, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTERLINE INTERSECTION OF NASON STREET AND BRODIAEA AVENUE AS SHOWN ON PARCEL MAP NO. 29700, ON FILE IN BOOK 196, PAGES 95 THROUGH 97 INCLUSIVE, OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA;

THENCE NORTH 89° 34' 15" WEST ALONG SAID CENTERLINE OF BRODIAEA AVENUE (40.00 FOOT HALF-WIDTH), A DISTANCE OF 1900.00 FEET;

THENCE SOUTH 00° 01' 30" WEST 33.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 00° 01' 30" WEST 234.57 FEET;

THENCE NORTH 89° 48' 40" WEST 17.84 FEET;

THENCE SOUTH 02° 05' 08" WEST 50.51 FEET;

THENCE SOUTH 27° 08' 04" EAST 63.13 FEET TO THE BEGINNING OF A NON-TANGENT 35.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY, A RADIAL TO SAID BEGINNING BEARS SOUTH 71° 29' 07" WEST;

THENCE SOUTHEASTERLY 57.08 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 93° 26' 17"

THENCE NORTH 90° 00' 00" EAST 60.00 FEET;

THENCE SOUTH 26° 25' 46" WEST 22.33 FEET;

THENCE NORTH 90° 00' 00" WEST 64.00 FEET TO THE BEGINNING OF A 55.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY;

THENCE NORTHWESTERLY 60.35 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 62° 51' 56"

THENCE NORTH 27° 08' 04" WEST 76.04 FEET;

THENCE NORTH 89° 50' 58" WEST 80.52 FEET;

THENCE SOUTH 57° 34' 45" WEST 89.11 FEET;

THENCE NORTH 89° 52' 45" WEST 275.10 FEET;

THENCE NORTH 00° 01' 30" EAST 335.46 FEET TO A LINE THAT IS 13.00 FEET DISTANT
SOUTHERLY AND PARALLEL WITH THE SOUTHERLY LINE OF SAID BRODIAEA AVENUE;

THENCE SOUTH 89° 34' 15" EAST 473.00 FEET ALONG SAID PARALLEL LINE, TO THE **TRUE
POINT OF BEGINNING.**

CONTAINING: 153,137 SQ. FT. (3.156 ACRES) OF LAND, MORE OR LESS.

EXHIBIT A-1

ALTA SURVEY OF INITIAL LEASED PREMISES

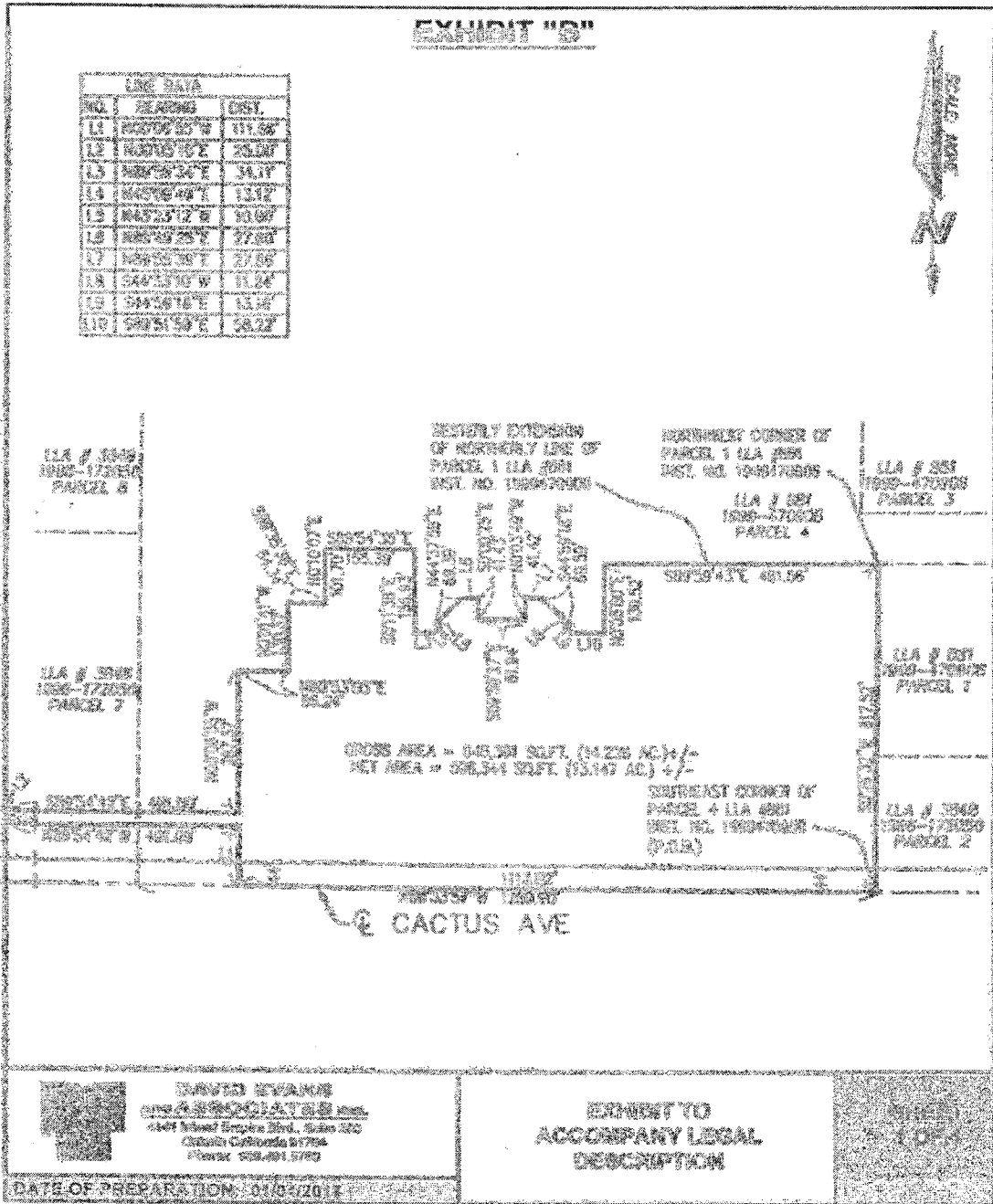


EXHIBIT A-2
MOB LAND LEGAL DESCRIPTION
[TO BE ATTACHED LATER]

EXHIBIT B

SITE PLAN

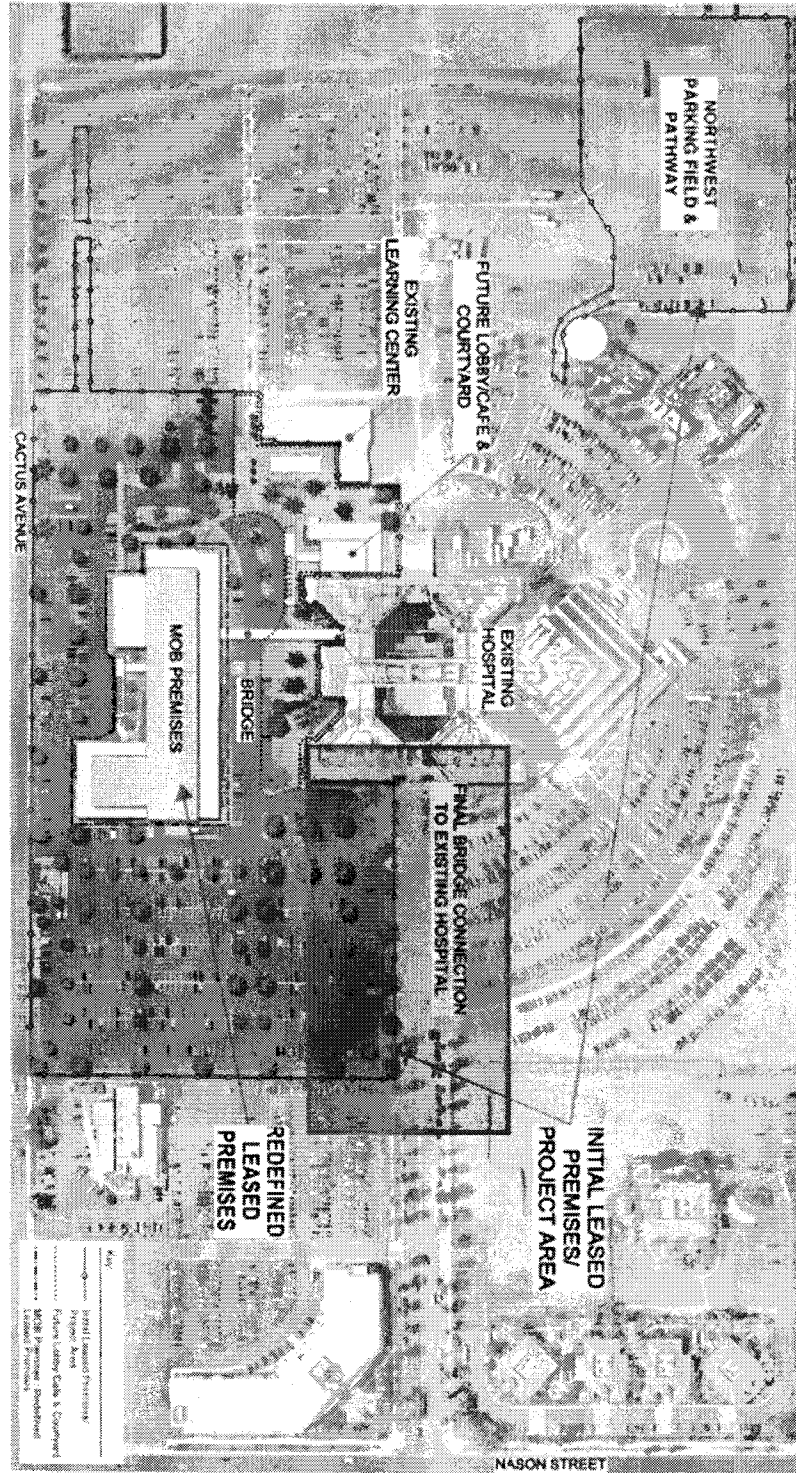


Exhibit B

EXHIBIT C
PRELIMINARY TITLE REPORT
(TO BE ATTACHED AT A LATER DATE)

EXHIBIT D
ADDITIONAL INSURANCE REQUIREMENTS
(TO BE ATTACHED AT A LATER DATE)

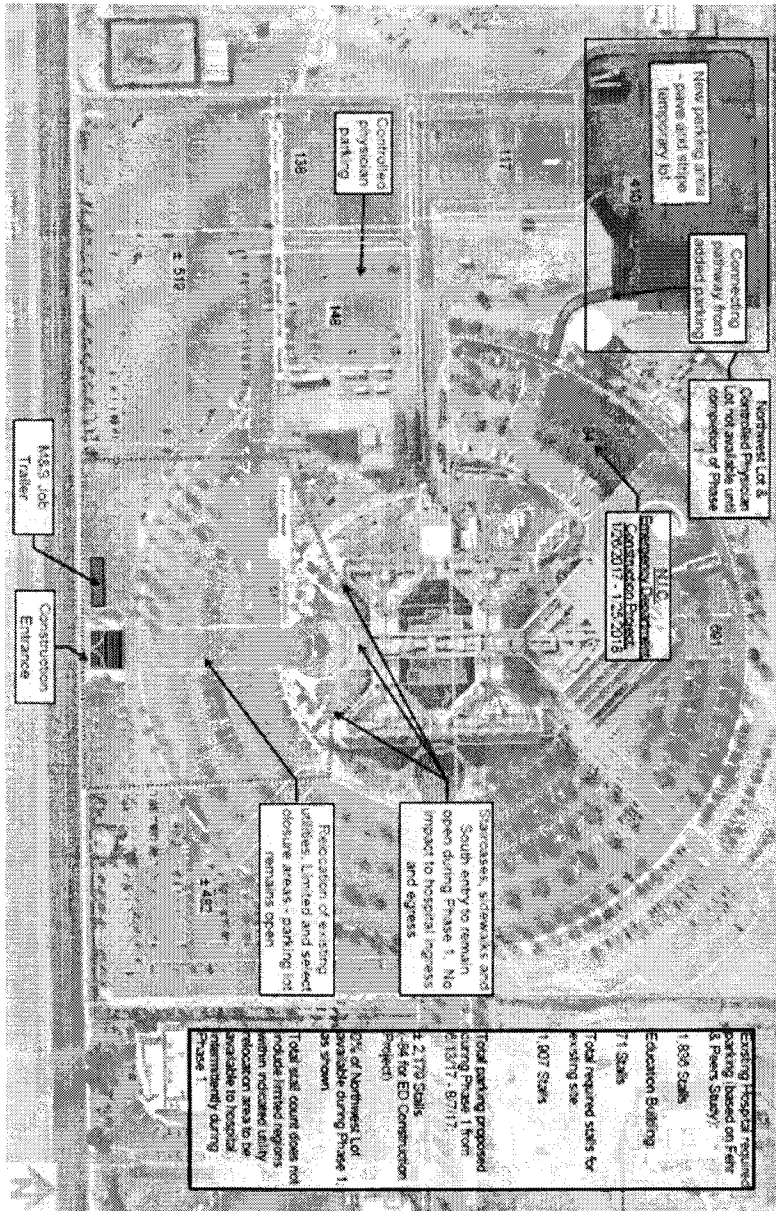
EXHIBIT E

SITE PLAN SHOWING STAGING

RIVERSIDE UNIVERSITY HEALTH SYSTEM MOB
 Site Logistics Plan - Construction Phase 1 - UTILITY RELOCATION & TEMP PARKING
 April 5, 2017

EXHIBIT "E"

Duration: 8.5 weeks commencing
 18.5 weeks after Lease Execution

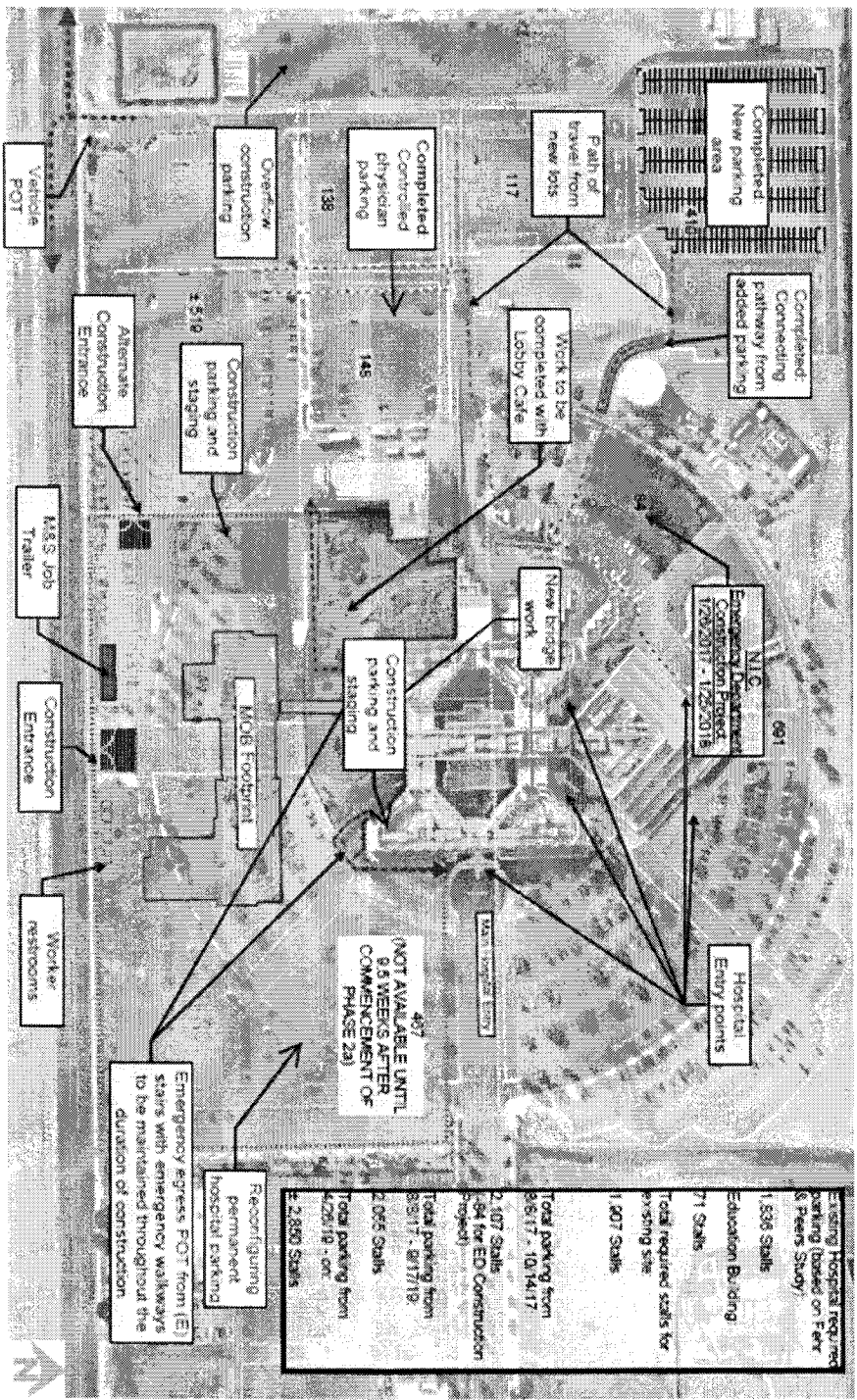


MILLIE and SEVENSON
 CONSULTANTS

RIVERSIDE UNIVERSITY HEALTH SYSTEM MOB
 Site Logistics Plan - Construction Phase 2a - MOB and Hospital Parking Lot
 April 3, 2017

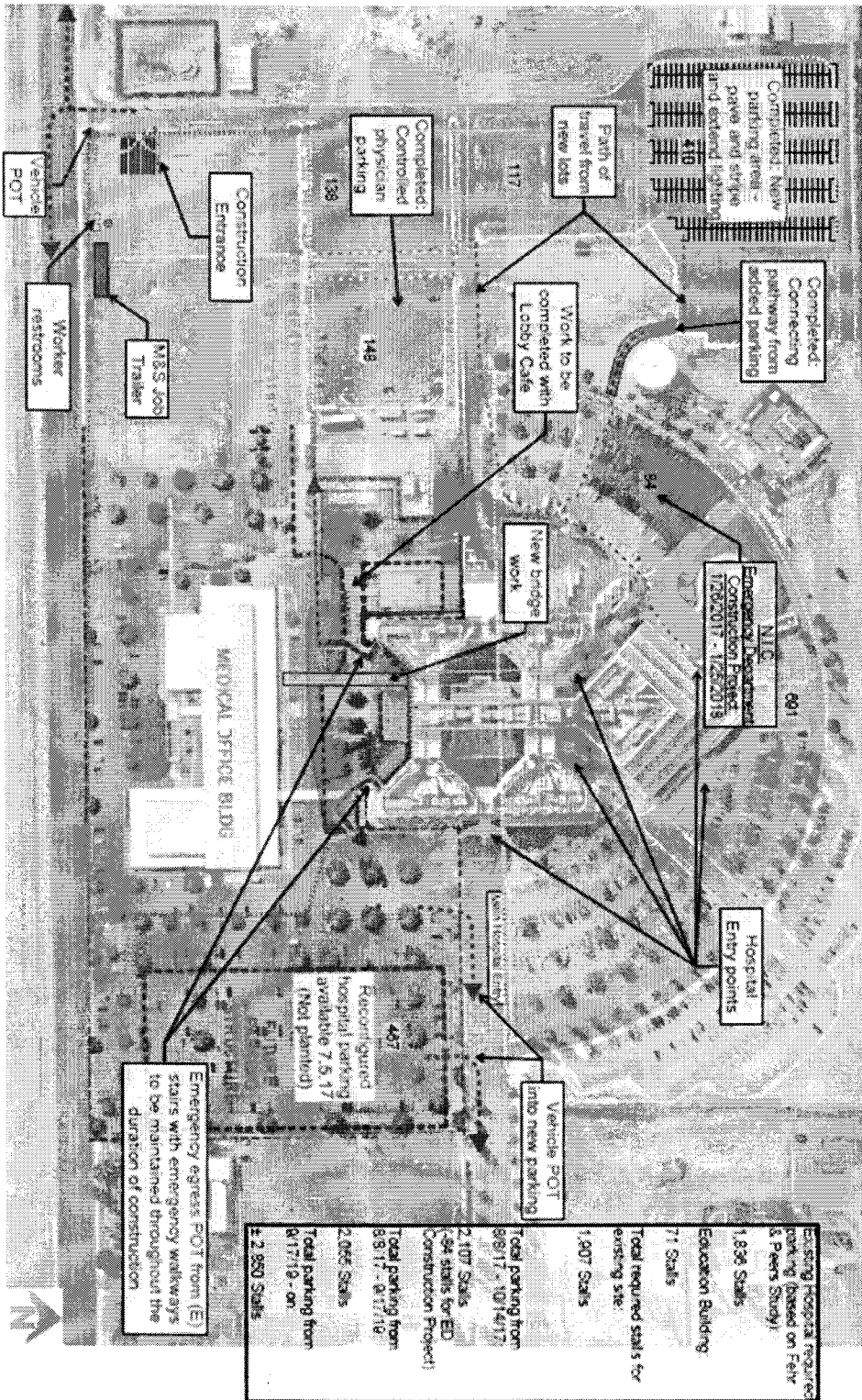
EXHIBIT "E"

Reconfiguring Permanent Hospital SE Parking
 Duration: 9.5 weeks after completion of Phase 1
 Construction of MOB Duration:
 110 weeks after completion of Phase 1



Existing Hospital required parking (based on Fair & Peers Study)	1,536 Stalls
Education Building	71 Stalls
Total required stalls for existing site	1,607 Stalls
Total parking from 9/6/17 - 10/14/17	2,107 Stalls
94 for ED Construction (open)	
Total parking from 8/31/17 - 8/31/19	2,095 Stalls
Total parking from 4/28/18 - on	2,890 Stalls





RIVERSIDE UNIVERSITY HEALTH SYSTEM MOB
 Site Logistics Plan - Construction Phase 2b - MOB
 April 5, 2017

EXHIBIT "E"
 Construction of MOB Duration:
 110 weeks after completion of Phase 1



EXHIBIT F

CONFIRMATION FORM

**APPROVAL CONFIRMATION OF
FINAL DRAWINGS AND SPECIFICATIONS, FINAL PROJECT BUDGET,
FINAL RENT SCHEDULE AND FINAL PROJECT SCHEDULE**

COUNTY OF RIVERSIDE, a political subdivision of the State of California, as Ground Lessor and TC RIVERSIDE MOB, LLC, a Delaware limited liability company, as Ground Lessee, have entered into that certain Ground Lease dated _____ whereby Ground Lessee is obligated to develop the MOB Improvements and the Medical Center Improvements on the Leased Premises as such terms and conditions are defined therein the Ground Lease and pursuant and subject to the terms and conditions of the Facilities Lease.

Pursuant to terms and conditions of the Ground Lease and Facilities Lease, the Ground Lessee shall prepare and submit to Ground Lessor for approval certain documents and schedules for the development of the MOB Improvements and the Medical Center Improvements on the Leased Premises.

Ground Lessee has prepared and submitted to Ground Lessor and Ground Lessor confirms that Ground Lessee has presented to Ground Lessor for Ground Lessor's review and approval of the following documents:

1. Final Drawings and Specifications as set forth in Exhibit H-6 of the Facilities Lease
2. Final Project Budget as set forth in Exhibit H-4 of the Facilities Lease
3. Final Rent Schedule as set forth in Exhibit H-5 of the Facilities Lease
4. Final Project Schedule as set forth in Exhibit E of the Facilities Lease

Collectively, the above referenced documents will hereinafter be referred to as the "Documents".

By submission of the Documents by Ground Lessee to Ground Lessor, Ground Lessee confirms that it has finalized and approved said Documents.

Use applicable language and delete the other provision

Option 1 – Board of Supervisors approval required due to increased amounts:

The amounts in the Final Project Budget and/or Final Rent Schedule exceed the amounts approved in the Ground Lease and Facilities Lease on _____ by Minute Order # ____ by the Board of Supervisors for the County of Riverside ("Board"); therefore, Board approval is required in order to approve the Final Drawings and Specifications, the Final Project Budget, the Final Rent Schedule and the Final Project Schedule as set forth in the Facilities Lease. Now, Ground Lessor confirms that Ground Lessor has reviewed the Documents and said Documents have been approved by the Board of Supervisors for the County of Riverside on _____ by Minute Order # _____, including approval of the increased amounts provided therein the Documents.

Option 2 - Final amounts not increased and subsequent Board approval is not required:

The amounts in the Final Project Budget and/or Final Rent Schedule do not exceed the amounts approved in the Ground Lease and Facilities Lease on _____ by Minute Order #____ by the Board of Supervisors for the County of Riverside (“Board”); therefore, Board approval is not required in order to approve the Final Drawings and Specifications, the Final Project Budget, the Final Rent Schedule and the Final Project Schedule and the authorized delegate, Assistant County Executive Officer of the Economic Development Agency, as set forth in the Facilities Lease may approve and execute this Approval Confirmation. Now, Ground Lessor confirms that Ground Lessor has reviewed the Documents and said Documents have been approved Ground Lessor by and through the delegate and administrator of the Ground Lease and Facilities Lease authorized by Board of Supervisors for the County of Riverside.

Upon mutual approval by Ground Lessee and Ground Lessor of the Final Drawings and Specifications, the Final Project Budget, Final Rent Schedule and the Final Project Schedule, the Final Project Budget, Final Rent Schedule and Final Project Schedule, which shall also include the Ground Lessor Improvements and Lobby/Café and Courtyard Improvements, shall supersede the previous Preliminary Drawings, Preliminary Project Budget, Preliminary Rent Schedule and Preliminary Project Schedule and shall be attached to the Facilities Lease.

[Signature Provisions on Following Page]

FACILITIES LEASE AGREEMENT

BY AND BETWEEN

**TC RIVERSIDE MOB, LLC,
A DELAWARE LIMITED LIABILITY COMPANY,**

AS LANDLORD

AND

**COUNTY OF RIVERSIDE,
A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA,
AS TENANT**

April 18, 2017

**RIVERSIDE UNIVERSITY HEALTH SYSTEM
RIVERSIDE COUNTY REGIONAL MEDICAL CENTER
MEDICAL OFFICE BUILDING
MORENO VALLEY, CALIFORNIA**

FACILITIES LEASE AGREEMENT

(Riverside Medical Office Building, Cactus Avenue, Moreno Valley, CA)

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TABLE OF EXHIBITS

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

Legal Description of Premises	EXHIBIT A
Site Plan	EXHIBIT B
Preliminary Rent Schedule	EXHIBIT C
Confirmation of Rent Commencement Date	EXHIBIT C-1
Operating Costs Estimate	EXHIBIT C-2
Elect to Purchase Notice	EXHIBIT C-3
Preliminary Project Schedule	EXHIBIT D
Final Project Schedule	EXHIBIT E
Custodial Scope of Services	EXHIBIT F
Estoppel Certificate	EXHIBIT G
Work Letter Agreement for Development of The Property-Terms And Conditions	EXHIBIT H
Preliminary Project Budget	EXHIBIT H-1
Site Plan/Bridge Location	EXHIBIT H-2
Preliminary Plans	EXHIBIT H-3
Final Project Budget [To be Attached upon completion]	EXHIBIT H-4
Final Rent Schedule [To be Attached upon completion]	EXHIBIT H-5
Final Drawings and Specifications [To be Attached upon completion]	EXHIBIT H-6
Property Management Contract Provisions	EXHIBIT I
List of Warranties	EXHIBIT J

FACILITIES LEASE AGREEMENT

(Riverside Medical Office Building, Cactus Avenue, Moreno Valley, CA)

This **FACILITIES LEASE AGREEMENT** ("**Facilities Lease**") is made as of the ____ day of April, 2017 (the "**Effective Date**") by and between **TC RIVERSIDE MOB, LLC**, a Delaware limited liability company, as the Landlord ("**Landlord**"), and the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California, as the Tenant, ("**Tenant**" or "**County**"). Tenant and Landlord are hereinafter collectively referred to as the "**Parties**" or individually as a "**Party**."

RECITALS

A. Landlord, as the Ground Lessee, and Tenant, as the Ground Lessor, have entered into that certain Ground Lease dated on the same date as this Facilities Lease (the "**Ground Lease**"), pursuant to which Landlord leases from Tenant that certain real property located in the City of Moreno Valley, County of Riverside, State of California defined as the "**Leased Premises**" in the Ground Lease for the purpose of planning, designing and constructing a medical office building ("**MOB**") further described in **EXHIBIT H** attached to this Facilities Lease, which MOB facility is to be leased by Landlord to Tenant pursuant to this Facilities Lease. The construction of the MOB upon the Leased Premises and the completion of related improvements upon the Medical Center Property as more particularly described in the Ground Lease, this Facilities Lease and **EXHIBIT H** attached hereto is referred to herein and in the Ground Lease as the "**Project**." The Project will be a part of the Riverside University Health System Medical Center ("**Medical Center**") operated by the County, through its Riverside University Health System ("**RUHS**").

B. Landlord and Tenant desire to enter into this Facilities Lease whereby Tenant shall lease, among other things, the real property upon which the MOB is located and the MOB from Landlord as the "**Premises**" under this Facilities Lease and occupy the Premises at the rent and subject to all of the terms, covenants and conditions set forth herein.

C. All the capitalized terms used in this Facilities Lease, but not otherwise defined herein (including these Recitals hereto) shall have the meanings given to such terms set forth in **EXHIBIT H** of this Facilities Lease.

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

1. Premises.

1.1 **Letting.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the MOB facility to be completed as the Premises as it is defined in this Section 1, for the term, at the rental, and upon all terms, covenants and conditions set forth in this Facilities Lease. Tenant shall not be entitled to occupy the Premises until the date of the Substantial Completion of the Project, as set forth in the Final Project Schedule which is to be established once Landlord and Tenant mutually approve the Final Drawings and Specifications, Final Project

Budget, the Final Rent Schedule and the Final Project Schedule. The leasing of the Premises by Landlord to Tenant shall be subject to the terms and conditions of the Ground Lease as to which this Facilities Lease shall be subject and subordinate. Tenant agrees to abide by and assume all of the terms and conditions of the Ground Lease to the extent pertaining to the use and occupancy of the Leased Premises.

1.2 Defined. The Premises shall consist of the Leased Premises (i.e. the land underlying the MOB which will be established as provided in Section 2.1 of the Ground Lease), the MOB and all other improvements constructed thereon as part of the Project by Landlord under the terms of the Ground Lease and this Facilities Lease, to be commonly known as the Medical Office Building at the Riverside University Health System Medical Center Property, 26550 Cactus Avenue, located in the City of Moreno Valley, County of Riverside, State of California, as shown on **EXHIBIT A**, attached hereto and by this reference incorporated herein. A legal description and plat map of the Premises shall be prepared by Landlord upon substantial completion of the Project. The MOB is generally described as a free standing medical office building consisting of approximately 200,000 square feet of rentable area. Landlord and Tenant acknowledge that the Leased Premises under the Ground Lease shall initially include all land underlying the Project to be developed by Landlord at the Medical Center Property, but that upon the later of Substantial Completion of the MOB, or Substantial Completion of the Medical Center Improvements, the portion of the Leased Premises underlying the MOB as improved with the MOB improvements shall be redefined to constitute the Leased Premises for purposes of the Ground Lease and the balance of the Project area land of the Medical Center shall no longer be part of the Ground Lease property.

1.3 Easements. In addition, to the use of the Premises, throughout the Term of this Facilities Lease, Landlord hereby grants to Tenant, and Tenant shall have, all easement rights of Landlord granted under the Ground Lease which survive the completion of construction of the Project, at no cost to Tenant pursuant to this Facilities Lease (unless otherwise specified in this Facilities Lease), including without limitation, the right to park up to 1,000 passenger vehicles within the parking areas of the Medical Center appurtenant to the MOB including the right to mark up to 20% of the parking spaces (or as required by applicable code) immediately appurtenant to the MOB for reserved, short term, visitor, handicapped and motorcycle and electric vehicle parking, all rights subject to such reservation of rights in favor of the Ground Lessor under the Ground Lease as provided therein.

1.4 Preparation of Premises/Acceptance. The rights and obligations of the Parties regarding the construction of the MOB and balance of the Project before the use and occupation by Tenant are provided in this Facilities Lease and the Work Letter Agreement attached as **EXHIBIT H** and by this reference incorporated herein (the "**Work Letter**"). Landlord shall develop the Project pursuant to the terms herein, the Work Letter and the Ground Lease.

1.5 Condition of Premises; Completion of Project. Landlord shall complete the Project and deliver the Premises to Tenant with the Project Substantially Completed and thereafter complete the Project in accordance with the terms herein, the Work Letter and the Ground Lease, in a fully clean and safe condition, free of hazards and debris, entirely permitted and inspected by local authorities, on or before the date of Substantial Completion as set forth in

the Final Project Schedule in **EXHIBIT H**, subject to Force Majeure Delays (as defined in Section 20.16) and Tenant-Caused Delays (as defined in **EXHIBIT H**). If Landlord shall fail to develop or effectuate Substantial Completion of the Project in accordance with the terms herein by the Outside Completion Date (defined in the Work Letter) as set forth in the Final Project Schedule (as such date may be extended for any Force Majeure Delay or Tenant-Caused Delay) (a “**Construction Failure**”), Tenant shall have the remedy set forth in Section 3.2.3 of this Facilities Lease. Prior to Substantial Completion of the Project, Landlord shall (i) give notice to Tenant that the Project is Substantially Complete and the Architect, General Contractor, Landlord and Tenant shall inspect the MOB and the Offsite Improvements, and (ii) cause the General Contractor and each Contractor to execute and deliver to Landlord and Tenant lien waivers, in a form, content and scope reasonably acceptable to Tenant (which lien waivers may be conditioned upon receipt by the General Contractor of the final payment). Within sixty (60) days after Substantial Completion, Landlord shall deliver and assign over to Tenant all owner’s manuals, record drawings, operations and maintenance manuals, a CD containing all Project as-built drawings and specifications and, on a non-exclusive basis, all warranties provided by any contractor (including the General Contractor) or supplier relative to any elements of the Project and described on **EXHIBIT J** (including all systems and equipment, including, but not limited to, electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, security systems, lighting, heating, ventilating and air conditioning systems (“**HVAC**”), loading doors, if any, that serve the Premises and all other such elements in the Premises (herein defined as the “**Base Building Systems**”)) other than those elements installed or constructed by Tenant (the “**Third Party Warranties**”). All Third Party Warranties shall be in the name of Landlord and Tenant. Tenant shall be entitled to directly make claims on, collect and/or enforce all Third Party Warranties, provided Landlord shall assist Tenant in prosecuting enforcement of any all such Third Party Warranties.

1.6 Permits, Fees, Taxes and Assessments. Prior to Substantial Completion, Landlord shall use commercially reasonable efforts to secure, as part of the Project costs, the Permits and any licenses required for the construction of the Project, and Landlord shall pay prior to delinquency all fees, assessments, taxes and penalties levied against the Premises or required by any authorized public entity, all such costs to be included (i) in Reimbursable Costs or Total Project Costs to the extent attributable to the period occurring prior to the Rent Commencement Date and (ii) as part of Operating Costs to the extent attributable to the period occurring after the Rent Commencement Date.

1.7 Compliance. If after Substantial Completion of the Project, the Premises do not comply with the warranty of Landlord as to its duty to comply with all governmental regulations concerning the Project as contained in the Ground Lease, Tenant shall notify Landlord in writing of such non-compliance and Landlord shall, promptly after receipt of written notice from Tenant or any governmental agency having jurisdiction over such matters setting forth the nature and extent of such non-compliance, rectify the same at Landlord’s expense which shall only be included in as Additional Rent as provided in this Facilities Lease if the non-compliance was not due to Landlord’s breach of duty to comply with all government regulations.

2. Use. Tenant shall use and occupy the Premises for the purpose of providing medical office space for use by the RUHS and associated departments and agencies, but the

Premises may be used for any official business of County government or any other legal use which is reasonably comparable thereto. Nothing contained in this Facilities Lease shall be construed to require Tenant to occupy the Premises continuously. For the purpose of this Facilities Lease, "**Hazardous or Medical Waste**" means, without limitation, any Hazardous Substance as defined in the Ground Lease and any substance which, because of its quantity, concentration, chemical, radioactive, flammable, explosive, infectious, corrosive, reactive or other characteristics, constitutes or may reasonably be expected to constitute or contribute to a danger or hazard to the public health, safety, or welfare or to the environment, all as more fully defined in federal and state statutes regulating the use of hazardous, toxic or medical waste including, without limitation, the California Medical Waste Management Act. Tenant will use and cause any subtenants or licensees to use the Premises in accordance with the applicable laws regulating the use of Hazardous or Medical Waste. Landlord shall not be held responsible for any Hazardous or Medical Waste existing on, under or at the Premises or anywhere else at the Medical Center Property prior to the commencement of construction of the Project on the Leased Premises or which are used, stored, generated, or disposed of on or in the Premises or elsewhere in the Medical Center Property by Tenant or any of Tenant's subtenants, agents, employees, contractors, or if the Premises become or Tenant causes the Premises to become contaminated with Hazardous or Medical Waste in any manner during the Term hereof unless as a direct result of contamination by Landlord, Landlord's agents, employees, or contractors.

3. Term.

3.1 Commencement and Duration. This term of this Facilities Lease (the "**Term**") shall commence on the Effective Date, which is the date of its full execution by the Parties hereto and, unless sooner terminated pursuant to the terms and conditions provided herein, shall continue until 11:59 p.m. on the last day of the month that is three hundred (300) months after the Rent Commencement Date ("**Expiration Date**"). All of the other terms and provisions of this Facilities Lease shall be effective from and after the Effective Date (except as otherwise provided herein, such as Tenant's obligation to pay Monthly Rent and Operating Costs as Additional Rent which shall not commence until the Rent Commencement Date).

3.2 Termination. In addition to those termination rights set forth in Section 5 herein, Tenant shall have the right to terminate this Facilities Lease:

3.2.1 At any time before the date on which Landlord and Tenant mutually approve the Final Project Budget, the Final Rent Schedule and the Final Project Schedule, but allowing for completion, within a reasonable period of time, of the Ground Lessee's Due Diligence Contingency in accordance with the process described in Section 16.2 of the Ground Lease and Section 4 of **EXHIBIT H** of this Facilities Lease following submission of the Final Project Budget, Final Project Schedule and Final Rent Schedule for the Project by Landlord to Tenant, but not later than ninety (90) days following Landlord's submission of these items to Tenant (the "**Approval Outside Termination Date**"). Tenant's approval of the Final Project Budget, the Final Rent Schedule and the Final Project Schedule shall be in the confirmation form attached as **EXHIBIT F** to the Ground Lease (the "**Confirmation Form**"), to confirm approval thereof. If Tenant fails to approve of the Final Project Budget, the Final Rent Schedule and the Final Project Schedule by timely and properly delivering the Confirmation Form to Landlord prior to the Approval Outside Termination Date, then Tenant shall be deemed

to have disapproved of the Final Project Budget, the Final Rent Schedule and the Final Project Schedule. If Tenant disapproves or is deemed to have disapproved of the Final Project Budget, Final Project Schedule and Final Rent Schedule for the Project, then the parties shall not move forward with the Project and this Facilities Lease and the Ground Lease shall terminate. In addition, in the event that Tenant disapproves or is deemed to have disapproved of the Final Project Budget, Final Project Schedule and Final Rent Schedule resulting in the termination of the Facilities Lease and the Ground Lease in accordance with the immediately preceding sentence, then Tenant (in its capacity as Tenant under this Facilities Lease or as Ground Lessor under the Ground Lease) agrees to reimburse Landlord, within ninety (90) days following submission of an invoice therefor, for all reasonable costs and expenses incurred by Landlord for the entitlement, design, financing and development of the Project up to the date that Tenant (or Ground Lessor) provides notice of termination to Landlord, including without limitation, all (i) due diligence costs, (ii) entitlement application, processing, plan check and permitting costs and fees, (iii) architectural, engineering and other consultant fees and costs, including costs for site design plans, site drawings, design drawings and construction drawings, (iv) finance application and commitment fees, (v) a development fee to Landlord in the amount \$1,500,000 except such amount will be reduced if Landlord terminates as provided in Section 16.2 of the Ground Lease, this Section 3.2.1 and Section 4 of **EXHIBIT H** of this Facilities Lease, and (vi) other miscellaneous costs and expenses including title and surveying expenses, attorneys' fees and costs and costs of environmental reports, soils reports, and other site studies, printing, Landlord's reasonable mileage charges, meals, lodging, reimbursement to Landlord for advancing certain Project costs, and (vii) any lead item building materials and equipment ordered and work performed prior to any such termination to maintain the Project Schedule (collectively, the "**Reimbursable Costs**"). As provided in the Ground Lease, Landlord shall prepare a schedule showing the anticipated time line for major additional commitments and expenditures of funds constituting Reimbursable Costs (such as commencement of design development drawings, commencement of construction drawings, ordering of steel or other long lead items, paying of non-refundable commitment and loan fees), and shall request Tenant approval to proceed beyond such critical time line major commitment points and incur additional Reimbursable Costs obligations before proceeding beyond such critical time line major commitment points. For example, prior to taking on the obligation for non-refundable financing commitment application or loan fees, Landlord will confirm with Tenant that Tenant is not exercising its termination right provided for in this Section 3.2.1 at such time and that Landlord can proceed to incur such additional Reimbursable Cost obligations.

3.2.2 In the event, prior to commencement of construction of the MOB, any actions are successful against Tenant or Landlord challenging the legality of compliance with applicable Laws, including without limitation, the California Environmental Quality Act ("**CEQA**"), related to any of the proposed uses of the property or the Ground Lease or this Facilities Lease (the "**Leases**"), or challenging any actions taken by the County Board of Supervisors (the "**Board of Supervisors**") to approve the Leases, any associated agreements, documents or permits, which results in a court order requiring the Board of Supervisors to set aside any of its approvals associated with this Project then if Tenant no longer desires to move forward with this Project, Tenant may terminate this Facilities Lease upon not less than ten (10) business days prior written notice, in which event Landlord shall be reimbursed for Reimbursable Costs as provided in Section 3.2.1 herein.

3.2.3 In the event Landlord fails or refuses to perform, keep or observe any of Landlord's duties or obligations hereunder, other than a Construction Failure, Tenant may pursue all remedies at law or in equity as provided herein; provided, however, that Landlord shall have thirty (30) days in which to correct Landlord's breach or default after written notice thereof has been served on Landlord by Tenant unless the nature of default or breach is such that more than thirty (30) days are required. Landlord shall have an additional ninety (90) days to remedy, provided Landlord has commenced the remedy within the initial thirty (30) day period, and is proceeding diligently to complete within the additional ninety (90) day period. Except with respect to a Construction Failure, if any breach or default is not corrected after the time period set forth herein, Tenant may pursue all remedies at law or in equity; provided that any judgment, order or injunction or equitable relief granted in favor of Tenant shall not abate, be set-off against, reduce or otherwise affect Tenant's obligation to pay Monthly Rent or Additional Rent. Tenant's sole and exclusive remedies under this Facilities Lease in connection with a Construction Failure are set forth in Section 12 of the Work Letter. Prior to invoking the right to pursue any remedies available to Tenant, Tenant shall serve a final notice to Landlord specifying the outstanding default and any supporting documentation Tenant may possess for such default. Landlord shall serve a written response to Tenant setting out its position and any support for its position. Within ten (10) days following receipt of Landlord's response, the Parties will meet to discuss resolution of the outstanding default. The written claim notice and response and any documents that may have been produced, but not the subsequent discussion, are admissible in any subsequent proceeding. After such meeting if no resolution has been determined, Tenant may pursue any such remedies as are available to Tenant as described in this Facilities Lease.

3.3 Assignment Upon Payment of Reimbursable Costs. In the event of termination by Tenant or Landlord of this Facilities Lease and the Ground Lease pursuant to any provisions of this Facilities Lease or the Ground Lease, Landlord shall terminate all efforts in connection with the Project as well and shall cause all third party consultants performing services relative to the Project to cease such services, subject to assignment to Tenant of the contracts for such services as provided hereinbelow. Following Tenant's satisfaction of its payment obligations set forth in Section 3.2 and this Section 3.3, Landlord shall assign to Tenant any agreements entered into by Landlord in connection with the Project prior to such termination to the extent such agreements are assignable, together with any rights Landlord may have with respect to any work product or permits generated in connection with the Project that Tenant elects in its sole discretion to assume. Any agreements which Tenant elects not to assume or which are not assignable shall be terminated by Landlord, as applicable. In the event of a termination by Tenant or Landlord of this Facilities Lease and the Ground Lease, within ninety (90) days following submission of an invoice therefor, Tenant shall (i) reimburse Landlord for all Reimbursable Costs, including reasonable attorneys' fees, actually incurred or accrued by, or invoiced to, Landlord as of such termination. Landlord shall submit to Tenant supporting documentation such as invoices and receipts for all such Reimbursable Costs.

4. Rent; Additional Rent; Operating Costs.

4.1 Rent. Commencing upon the earlier to occur of (i) the expected rent commencement date set forth in the Final Project Schedule mutually approved by the Parties, (ii) Substantial Completion Date of the Project by Landlord, or (iii) occupancy of the MOB by Tenant (the "**Rent Commencement Date**"), Tenant shall pay to Landlord, or at Landlord's

direction rent for the Premises, in monthly installments (the “**Monthly Rent**”) on or before the first day of each month commencing on the Rent Commencement Date, and continuing for the duration of the Term, unless terminated sooner per the terms of this Facilities Lease. The Monthly Rent shall be as set forth in the initial Rent Schedule attached hereto as **EXHIBIT C**, and by this reference incorporated herein. The Monthly Rent will be subject to adjustment as described herein with the final Monthly Rent and related Final Rent Schedule being determined in accordance with Section 5 of the Work Letter and attached as Exhibit H-5 to the Work Letter once mutually approved by Landlord and Tenant; provided that the Monthly Rent shall not be subject to reduction in connection with any reduction of the Premises to the MOB footprint as described herein and in the Ground Lease. Confirmation of the Rent Commencement Date and the Monthly Rent shall be executed by the Parties in a form as set forth in **EXHIBIT C-1** to the extent that the Rent Commencement Date is established pursuant to subpart (ii) or (iii) in this Section 4.1 and not as a result of subpart (i) in this Section 4.1. The first Monthly Rent payment shall include the first month’s monthly estimated Operating Costs as described in Section 4.6 below. Tenant acknowledges that time is of the essence in payment of Monthly Rent since Landlord intends to use Monthly Rent to make principal and interest payments on any financing encumbering the leasehold interest granted to Landlord under the Ground Lease that was obtained for completion of the Project.

4.2 Annual Rent Adjustments. The Monthly Rent shall be increased on an annual basis by three (3%) percent effective as of each anniversary of the Rent Commencement Date.

4.3 County Obligation. Tenant’s obligation to make rental payments does not constitute an indebtedness of the Tenant, as a political subdivision of the State of California, within the meaning of the state constitution, including without limitation any constitutional or statutory debt limitation or restriction.

4.4 Additional Rent. Any and all amounts payable by Tenant pursuant to this Facilities Lease other than Monthly Rent including, but not limited to, amounts paid to other parties including costs of maintenance and repair, utilities costs, insurance costs, taxes, etc. shall constitute “**Additional Rent**” for purposes of computing Landlord’s rental damages in the event of any default by Tenant. Tenant shall pay Operating Costs as Additional Rent as set forth in the provisions of Additional Rent, which shall be attached as **EXHIBIT C-2** and by this reference incorporated herein once mutually approved by the Parties.

4.5 Absolute Net Lease. Tenant acknowledges that this Facilities Lease is an absolute net lease. From and after the Rent Commencement Date, Tenant shall pay directly for all Utility Costs relative to the Premises and shall pay Landlord in advance based on an annual budget and estimated costs for all Operating Costs and Additional Rent (without duplication) as defined in this Facilities Lease. This Lease shall not terminate, nor shall Tenant have any right to terminate this Facilities Lease (except as otherwise expressly provided to the contrary herein) , nor shall Tenant be entitled to any abatement of Monthly Rent or Additional Rent. It is the intention of Tenant and Landlord that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Monthly Rent and Additional Rent shall continue to be payable in all events, and that the obligations of Tenant hereunder shall continue unaffected in all events, unless the requirement to pay or perform the same shall have been

terminated pursuant to an express provision of this Facilities Lease. Notwithstanding anything to the contrary contained above in this Section, Tenant retains a separate and independent right to sue Landlord for damages or seek equitable remedies against Landlord with respect to any claim Tenant may have against Landlord or in any way relating to this Facilities Lease or the Premises; provided, however, that in no event shall any judgment, order or injunction or equitable relief granted in favor of Tenant abate, be set-off against, reduce or otherwise affect Tenant's obligation to pay Monthly Rent and/or Additional Rent or effectuate a release of Tenant with respect thereto.

4.6 Operating Costs. Tenant shall pay as Additional Rent amounts sufficient to pay Landlord for all Operating Costs (as defined herein and as described in **EXHIBIT C-2**), when due, incurred by Landlord or Landlord's property manager in connection with the management, operation, maintenance and repair of the Premises and all Improvements comprising the Premises, as well as all taxes and assessments and all costs of Landlord's insurance carried under this Facilities Lease with respect to the Premises and all capital repairs and replacements of whatever nature are required to keep the Premises and all Improvements comprising the Premises in good operating condition as required by the terms of this Facilities Lease. In consideration of Tenant's payment of the Operating Costs, Landlord shall at all times use its commercially reasonable, good faith and diligent efforts to maintain and repair the Premises in an economically reasonable manner and control such Operating Costs in accordance with reasonable commercial standards prevailing in the market place for comparable premises and in accordance with the Annual Operating Budget (as defined in Section 4.8) for such Operating Costs as provided below. As used herein, "**Operating Costs**" means any and all costs and expenses directly related to ownership, operation, maintenance, repair and replacement of all elements of the Premises and Landlord's real property taxes and assessments, insurance costs and management fees, including, without limitation, costs incurred in connection with:

a. the repair, replacement, operation, and maintenance of the Premises and all portions thereof, structural and non-structural including, without limitation, all Base Building Systems as set forth in Section 1.5, the MOB and interior and exterior maintenance of the MOB, all exterior doors and windows, exterior wall finishes, broken glass in exterior and interior doors and windows, floor coverings, window frames and window coverings, elevators, sidewalks and landscaping situated on the Leased Premises, exterior light standards and lighting situated on the MOB or on the Leased Premises, transformers, docks and piers, interior perimeter and interior partition walls and finishes (including periodic painting thereof), roof, gutters, skylights and downspouts, HVAC system, electrical system, plumbing system, fire and life safety system, interior pest control, if any, trash disposal and trash receptacles, landscaping equipment, plant, trees and irrigation systems situated upon the Leased Premises only, signage and all other areas and Improvements situated on the Leased Premises and used in connection with the Premises;

b. the Asset Management Fee payable to Landlord pursuant to Section 7.4:

c. a commercially reasonable property management fee payable to any third party entity managing the Premises under any property management contract with Landlord;

d. all costs of services provided by third parties (i.e., service providers other than Landlord) and benefiting the Premises; provided, however, that Landlord shall obtain such services at rates generally competitive in the marketplace. Such services shall include gardening, roof cleaning and maintenance, HVAC system maintenance and servicing and fire and life safety system servicing and maintenance, together with related costs and expenses, licenses, permits, and inspection fees, the cost of supplies, materials, equipment, and tools used in connection therewith;

e. costs to repair any damage to the Premises caused by breaking and entering or other criminal act or any other event not covered by insurance;

f. all costs of compliance with governmental laws or the board of fire underwriters (or similar organizations) now or hereafter constituted as applicable to the Premises except as such costs are excluded as described in Section 4.7;

g. all insurance premiums for insurance required to be carried by Landlord under the Ground Lease and this Facilities Lease (including loss of rent insurance and other insurance requested by Tenant or required by Landlord's lender including casualty and condemnation insurance coverage);

h. a reserve account with separate line items as mutually developed and approved by Landlord, Tenant and Landlord's lender, sufficient for repairs, alterations, taxes, insurance, and capital expenditures;

i. the amount of any deductible payable under any insurance policy described herein or under the Ground Lease as a result of repairs or replacements attributable to fire or other casualty;

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

k. other costs reasonably incurred by Landlord in connection with the ownership, maintenance, and upkeep of the Premises in order to (i) prevent any dangerous or unsafe condition on the Premises that could result in liability to Landlord, Tenant or their respective officers, employees, directors, or other agents or (ii) comply fully with and to avoid or to cure any default under any Requirements of Law, or (iii) to perform Landlord's obligations as Ground Lessee under the Ground Lease;

l. all costs of compliance with federal, state or local laws, regulations or permits pertaining to storm water pollution, prevention plans ("SWPP") and all National

Pollution Discharge Elimination System (“NPDES”) laws or regulations adopted or to be adopted by the United States Environmental Protection Agency as they pertain to the Premises;

m. the costs for day porters for the interior and exterior areas of the Premises, five (5) days per week or as otherwise agreed by Landlord and Tenant);

n. the costs for a building engineering services for the Premises, three (3) days per week (or as otherwise agreed by Landlord and Tenant);

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

p. all taxes and assessments which are incurred and assessed for any reason and levied against the Leased Premises and MOB improvements comprising the Premises for any period within the Term of this Facilities Lease including any and all supplemental assessments; and

q. any other costs included in the Annual Operating Budget or for services requested by Ground Lessor or Tenant relative to the Premises.

4.7 Exclusions from Operating Costs. Operating Costs shall exclude:

a. Project Costs;

b. Utilities which shall be paid directly by Tenant as provided in this Facilities Lease;

c. political or charitable contributions made by Landlord;

d. fines, penalties and interest penalties incurred as a result of Landlord’s negligence or failure to make payments when due or take such other actions as may be required pursuant to the terms herein;

e. legal fees, accountant’s fees and other expenses incurred in connection with disputes with Tenant or associated with the interpretation of the terms of this Facilities Lease (unless Tenant is otherwise required to pay such fees and expenses pursuant to this Facilities Lease or if Landlord is the prevailing party in any such dispute) or legal proceedings arising out of Landlord’s violation of the terms of this Facilities Lease;

f. costs of any service provided to Tenant for which Landlord is reimbursed, or any other expense for which Landlord is reimbursed by another source or expenses which would be reimbursed if Landlord maintained the insurance coverage required by this Facilities Lease;

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

- h. repairs or replacements necessitated by the gross negligence or willful misconduct of Landlord, Landlord's employees, contractors or agents;
- i. repairs or replacements attributable to fire or other casualty to the extent covered by the proceeds of insurance;
- j. depreciation or amortization;
- k. debt service on liens with respect to the Premises not approved by Tenant;
- l. damages recoverable by Tenant due to violation by Landlord of any of the terms and conditions of this Facilities Lease;
- m. except for the Asset Management Fee, Landlord's general corporate overhead and general administrative expenses not related to the operation of the Premises and all compensation to executives, officers or partners of Landlord or to any other person at or above the level of building manager, other than the building manager of the Premises (if any); and
- n. costs associated with the operation of the business of Landlord as the same are distinguished from the costs of operation of the Premises, including accounting and legal matters, costs of defending any lawsuits with any lender or any employee or vendor of Landlord that do not properly arise from Landlord's operation of the Premises.

4.8 Payment of Operating Costs. From and after the Rent Commencement Date Tenant shall pay the Operating Costs to Landlord in the following manner:

(a) Annual Operating Budget. Landlord shall develop an annual operating budget ("**Annual Operating Budget**") for the Premises and shall submit a copy of such Annual Operating Budget to Tenant for Tenant's approval (not to be unreasonably withheld, conditioned or delayed) no later than sixty (60) days prior to the anticipated Rent Commencement Date and prior to the commencement of each fiscal year setting forth the estimated Operating Costs expected to be incurred in connection with the Premises for the upcoming fiscal year. If Tenant shall fail to approve any Annual Operating Budget within thirty (30) business days following submittal by Landlord, the submitted Annual Operating Budget shall be deemed approved by Tenant. For purposes of this Facilities Lease, a fiscal year commences on July 1 of each calendar year and ends on June 30 of the following calendar year. Landlord shall have the right to modify the approved Annual Operating Budget from time to time during each fiscal year of the Term if Landlord determines that any of the estimated Operating Costs will differ from the original estimated Operating Cost item in question or if Tenant requests any modification to the services to be provided by Landlord which changes the estimated Operating Costs.

(b) Payment as Additional Rent. Following the Rent Commencement Date, Tenant shall pay monthly, as Additional Rent, in advance, on the same day of each month during the Term as Monthly Rent is due, an amount equal to one-twelfth (1/12) of the Operating

Costs for each fiscal year as reasonably estimated by Landlord and set forth in the Annual Operating Budget as Additional Rent.

(c) Reconciliation. Within one hundred twenty (120) days after the end of each fiscal year occurring during the Term (or, if applicable, the Expiration Date), Landlord shall furnish to Tenant a reconciliation statement of the actual Operating Costs for the preceding fiscal year and Tenant's actual payment of estimated Operating Costs. The reconciliation statement shall be prepared, signed and certified to be correct by Landlord. If the actual Operating Costs for a fiscal year set forth in the reconciliation statement for such fiscal year exceed the monthly payments of estimated Operating Costs made by Tenant for such fiscal year, Tenant shall pay Landlord the deficiency within sixty (60) days after receipt of the reconciliation statement. If Tenant's payments of estimated Operating Costs made during a fiscal year exceed the actual Operating Costs set forth in the reconciliation statement for such fiscal year, the excess shall be credited by Landlord to the Additional Rent next due and payable; provided, however, that such excess sum which is more than three (3) months of then estimated Operating Costs shall be credited to Tenant into the Reserve Account within thirty (30) days after the date of the reconciliation statement.

(d) Proration. Operating Costs for any partial month during the Term shall be prorated on a daily basis at the rate of one-thirtieth (1/30th) of the Operating Costs for that month.

(e) Right to Audit. Each year, within that period expiring ninety (90) days after Tenant's receipt of the reconciliation statement provided under subpart (c) above, Tenant shall have the right to audit Landlord's books and records pertaining to the accuracy of the computation of Operating Costs. Copies of such audit shall be delivered to Landlord. If, after consultation with Landlord to determine such accuracy, any such audit, conducted in accordance with generally accepted accounting principles, reveals a discrepancy between Landlord's statement of the actual Operating Costs for a fiscal year and the amount determined by such audit, then Landlord shall reimburse to Tenant the excess amount paid by Tenant (or Tenant shall pay to Landlord the deficiency), if any, and, if such discrepancy exceeds three percent (3%) or more in favor of Tenant, Landlord shall pay for the cost of such audit.

(f) Capital Expenditures. If Landlord determines and Tenant agrees, that any capital expenditures for capital repairs or replacements under generally accepted accounting practices (GAAP) are required which will cost in excess of fifty thousand dollars (\$50,000.00) or the amount remaining in the capital expense reserve held by Landlord (each, a "**Capital Expenditure**"), Landlord shall notify Tenant of the need and the cost estimate for such Capital Expenditures. Landlord shall advise Tenant of any then available capital expense reserves and the amount, if any, of additional funds required by Tenant for the required Capital Expenditures in excess of such reserves. Tenant shall fund such net Capital Expenditure amount within ninety (90) days of demand by Landlord subject to approval by the Board of Supervisors. Landlord shall have no obligation to incur any expense for, or initiate, any Capital Expenditure unless and until Tenant obtains Board of Supervisors approval for the same to the extent such Board of Supervisors approval is required. Notwithstanding the foregoing, Landlord shall not be required to obtain Tenant's approval for any capital expenditure which costs less than fifty thousand dollars (\$50,000.00) or the amount remaining in the capital expense reserve held by

Landlord. The cost of a Capital Expenditure in excess of \$50,000 shall be subject to approval by the Board of Supervisors for the County (such approval not to be unreasonably withheld, conditioned or delayed); provided that such Capital Expenditure shall include construction and project management fees payable to Landlord and Landlord's property manager in the amount of three percent (3%) of the hard construction costs associated with such Capital Expenditure. For reference, projects consisting of a purchase and installation by a single vendor, without separate design costs or other contractors may have a lower construction and project management fee; projects requiring several contractors, special inspections, round the clock access, coordination with existing service providers, other contractors, or design professionals may have a higher construction management fee.

5. Option to Purchase Improvements; Conveyance of Title.

5.1 Option to Purchase. Tenant shall have the option to purchase the MOB Improvements and thereby terminate this Facilities Lease and the Ground Lease ("**Option to Purchase**") at any time on or after completion of the tenth (10th) year after the Rent Commencement Date of this Facilities Lease subject to the provisions of this Section 5 herein. The purchase price of the MOB Improvements shall be determined as described in Section 5.2 of this Facilities Lease.

5.2 Exercise of Option. If Tenant shall desire to consider exercising its Option to Purchase the MOB Improvements, Tenant shall notify Landlord in writing of such interest. Within fifteen (15) days thereafter and in accordance with Section 5 hereof, Landlord shall provide Tenant with an acknowledgement of Tenant's notice. The Parties will thereafter work cooperatively to establish the purchase price ("**Purchase Price**") for the MOB Improvements which shall be the sum of: (a) the loan balance at the time of the closing of the option to purchase as stated on the latest loan account statement or demand provided by Landlord's lender, (b) prepayment fee to Landlord in the amount of \$750,000.00, and (c) the payment of any and all standard yield maintenance fees and other costs required by Landlord's lender in conjunction with the paying-off of all financing and Landlord's Mortgage. Subject to approval by the Board of Supervisors, Tenant shall provide Landlord with written notice of its exercise of its Option to Purchase the MOB Improvements for such Purchase Price pursuant to the Elect to Purchase Notice form set forth on the **EXHIBIT C-3** ("**Elect to Purchase Notice**") within forty five (45) days after the Parties establish the Purchase Price for the MOB Improvements. If Tenant shall fail to notify Landlord of its exercise of its Option to Purchase within such forty five (45) day period, Tenant shall be deemed to have waived its exercise of its Option to Purchase for such time but retains the right to exercise the Option to Purchase at any time thereafter. In the event that Tenant does not exercise the Option to Purchase prior to the end of the Term, the title of the leasehold interest under the Ground Lease and this Facilities Lease shall extinguish and the Improvements shall transfer to Tenant automatically at the end of the Term and Tenant shall pay Landlord the sum of \$10.00 as consideration, provided Tenant shall settle up with Landlord and pay all final amounts that may be due by Tenant pursuant to Section 5.4 of this Facilities Lease including, without limitation, all Rent and Additional Rent payable through to the purchase closing date. Landlord shall execute any documents necessary to evidence the transfer of the rights, title and interest in the Improvements and to relinquish its leasehold interest in this Facilities Lease and Ground Lease. The purchase of the MOB Improvements shall be consummated through escrow.

5.3 No Requirement to Purchase. Nothing herein shall be construed to require Tenant to exercise the purchase option herein granted. Tenant's election to effectuate such purchase is subject to approval by the Board of Supervisors. Tenant shall have the right to rescind its election to purchase in the event that Tenant no longer desires to purchase and the Facilities Lease and Ground Lease shall continue in full force and effect.

5.4 Accounting; Disputed Amounts. Within fifteen (15) days of its receipt of the Elect to Purchase Notice under Section 5.2, Landlord shall provide Tenant with an accounting of all Additional Rent then due and expected to be due through to the purchase closing date set forth in the Elect to Purchase Notice. Such accounting shall also include the amounts of money currently in any funds agreed upon to be set aside or other reserve account to be used as a credit for any final amounts due from Tenant, and specifically itemize amounts in those accounts allocated to work already performed, and contracted to be performed. If Tenant does not reasonably dispute such accounting, Tenant shall pay all such Additional Rent and other amounts due and owing on the purchase closing date. If a dispute arises over the final amounts of Additional Rent due, Landlord and Tenant agree to work and negotiate in good faith to resolve the dispute prior to the purchase closing date. So long as the Purchase Price determined pursuant to Section 5.2 above is paid by Tenant, Landlord or the Leasehold Mortgagee, or any of their assigns or successors, shall not have the right to retain title to the Improvements at the end of the Terms of the Ground Lease and the Facilities Lease as a remedy to any dispute as to the amounts of Additional Rent payable by Tenant that may arise at the end of the Terms of Ground Lease and the Facilities Lease, provided any disputed amounts owing shall remain in the escrow account for the purchase pending resolution of such dispute by the Parties.

5.5 Conveyance of Improvements. Upon full payment of the Purchase Price to Landlord and all associated costs as described herein, Landlord shall convey to Tenant unencumbered title to the Improvements without recourse or warranty (except warranties provided by Contractors and their equipment suppliers) and in its then condition and this Facilities Lease and the Ground Lease shall terminate. The Bill of Sale by which Landlord conveys the Improvements to Tenant may list as exceptions all covenants, conditions and restrictions then recorded against the Improvements so long as such exceptions: (i) were approved by Tenant prior to the Rent Commencement Date; (ii) consist of non-delinquent real estate taxes and assessments or (iii) arise by reason of Tenant's activities. Tenant shall pay the cost for any owner's policy of title insurance it elects to obtain in connection with such conveyance and all other escrow, title and closing costs including recording fees and costs and documentary transfer taxes. Upon conveyance, upon request by either Party, the Parties shall execute and record a termination of Ground Lease and this Facilities Lease in the Official Records of Riverside County. In addition, prior to the conveyance, maintenance records, management records and records of contracts and payments with vendors for the entire Term shall be made available to Tenant, or transferred into Tenant's possession.

6. Maintenance and Repairs.

6.1 Maintenance and Repairs by Landlord. Subject to payment by Tenant of Monthly Rent and Operating Costs, Landlord shall, in accordance with this Facilities Lease, maintain, repair and replace in an attractive condition, good order and function (ordinary wear and tear excepted) throughout the Term the Premises, including but not limited to the following:

(a) the structural portions of the Premises (understood to include the roof, foundation and load bearing walls); (b) the non-structural portions of the Premises (understood to include the roof covering and membrane, gutters, skylights and downspouts), including but not limited to all Improvements, Alterations and fixtures, but excluding furnishings, trade fixtures, equipment and personal property which will be Tenant's obligation; (c) systems and equipment including, but not limited to Base Building Systems, electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, security systems, flooring, ceiling, doorways, windows, hardware, fixtures, lighting, heating, ventilating and air conditioning system ("HVAC"), and loading doors and (d) the exterior of the Building and exterior hardscape and landscaped areas located on the Leased Premises. The County in its capacity as owner of the Medical Center Property, shall maintain, repair, replace and insure the use of, at its sole cost, expense and risk, all common area exterior elements of the Medical Center Property located outside of the Premises including, but not limited to, all landscaping, driveways, sidewalks, lighting and parking areas and facilities, and storm water maintenance servicing the Premises, all at no cost or expense to Landlord or Tenant. Subject to payment by Tenant of Monthly Rent and Operating Costs, Landlord shall take all action and will perform all interior and exterior, structural and non-structural, foreseen and unforeseen, ordinary and extraordinary, maintenance and repairs required to keep all parts of the Premises in good repair and condition, subject only to ordinary wear and tear. It is the intent of this Section that Landlord, to the extent of available funds as set forth above, agrees to perform all maintenance and make all repairs to the Premises that may become necessary by reason of industry standard for age, wear and tear, deferred maintenance or defects in any construction thereof, all as may be requested by Tenant and paid for by Tenant as part of Operating Costs. In determining a maintenance and repair program for the Premises, Landlord shall determine the most cost-effective program of maintenance and repair subject to reasonable approval by Tenant as part of Tenant's annual approval of the Annual Operating Budget for Operating Costs.

6.2 Time for Repairs. Landlord shall make, or cause to be made, repairs promptly when appropriate to keep the applicable portion of the Premises and other items in the condition described in this Section 6. Landlord understands certain response time is required to ensure Tenant's operations continue with minimal interruption and to ensure the safety of employees and delivery of services. Landlord agrees to use its commercially reasonable, good faith and diligent efforts to include in any property management contract for the Premises a requirement that the property manager commence repairs within eight (8) hours from written notice with respect to electrical power, HVAC operations, plumbing and roof leaks and certain essential daily custodial services, and within thirty (30) days for all other repairs and maintenance (unless, due to the nature of the particular repair or maintenance obligation, more than thirty (30) days are reasonably required to complete it, in which case the property manager shall not be in default if it begins the work within this thirty (30) day period and diligently pursues it to completion).

6.3 Tenant Right to Assume Services Performance. Tenant shall have the right to self-perform or augment maintenance, security, or janitorial services for the Premises. In this event, Landlord shall be relieved of the responsibility of procuring vendors for the particular designated maintenance, security, or janitorial responsibilities. Tenant shall provide sixty (60) days advanced written notice of its intention to exercise this right, and Landlord shall adjust existing service levels as requested by Tenant. Any services provided by Landlord vendors that

are being assumed by Tenant shall terminate on the first day of the calendar month following Landlord's receipt of written notice from Tenant pursuant to which Tenant elects to self-perform such service. In addition, Landlord shall not bill Tenant as an Operating Cost for any of services provided or obtained directly by Tenant in accordance with this Section 6.3.

6.4 Tenant's Right to Make Repairs. If Tenant provides notice to Landlord of an event or circumstance that requires the action of Landlord with respect to the replacement, repair, or maintenance to the Premises as set forth in Section 6 and Landlord fails to provide such action as required by the terms of this Facilities Lease within the time period specified in Section 6.2, Tenant may (but shall not be obligated to do so) take the required action if: (1) Tenant delivers to Landlord an additional written notice advising Landlord that Tenant intends to take the required action if Landlord does not begin the required repair or maintenance within twenty four (24) hours, after the written notice; and (2) Landlord fails to begin the required work within the twenty four (24) hour period. Tenant shall pay for any costs incurred to perform maintenance or repairs on behalf of Landlord.

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

6.6 Periodic Services. Landlord shall provide, or cause to be provided, as part of Operating Costs, all periodic services, including but not limited to, interior painting of common areas every three years, if so requested by Tenant; monthly pest control services, quarterly HVAC standard preventative maintenance and changing of air filters; annual fire extinguisher inspections; reset interior and exterior time clocks for time changes; annual roof inspections and maintenance to include roof repairs/replacement; cleaning of roof gutters, drains, and down spouts prior to rainy season.

7. Management of the Premises; Custodial Services.

7.1 Standard of Operation. Landlord shall cause the Premises to be operated and managed, and services provided, in a manner consistent with that of a reasonably prudent building owner of comparable institutional office buildings located in the business districts of Riverside County, California, and in a manner which is efficient and reasonably controls expenses in accordance with the Annual Operating Budget and otherwise as requested by Tenant.

7.2 Property Management. Following Substantial Completion of the Project, Landlord shall at all times cause the Premises to be operated by a professional property management company selected and managed by Landlord, which property management company shall initially be CBRE, Inc. for the first five (5) years of the Term of this Facilities Lease commencing on the Rent Commencement Date whereby such management services

contract is terminable for cause only. Such property manager shall have experience in managing office buildings of comparable size and quality to the Premises at a management fee which shall not be in excess of the management fee charged by property management companies managing commercial medical office buildings of comparable size and quality in Riverside County. Such property manager shall at all times operate the Premises in compliance, in all material respects, with the requirements of all laws and in compliance, in all material respects, with the terms and provisions of this Facilities Lease. Contracts with property management firms should be terminable upon not less than six (6) months' notice beginning five (5) years after the Rent Commencement Date. Landlord shall provide Tenant with a copy of the property management agreement for the Premises, and any subsequent amendments thereto, promptly after Landlord enters into the property management agreement or any such amendment.

7.3 Tenant's Election to Manage. Beginning five (5) years after the Rent Commencement Date, Tenant may, upon not less than six (6) months' written notice to Landlord, elect to operate and maintain the Premises itself or by a property manager of its choosing; provided, however, that if Tenant elects to do so, Landlord shall have no further rights or obligations with respect to the operation and maintenance activities specifically set forth in Tenant's notice as being assumed by Tenant; and, provided, further, that if Tenant makes such an election, Tenant shall operate and maintain the Premises to a standard equal to or better than that of Landlord.

7.4 Asset Management Fee. For its services in overseeing the management of the Premises and the preparation of an Annual Operating Budget for the Premises, Tenant shall pay Landlord as an Operating Cost, pursuant to Section 4, an annual "**Asset Management Fee**" in an amount equal to two percent (2%) of the Monthly Rent payable hereunder, except that portion of the Monthly Rent payable for the Asset Management Fee.

7.5 Custodial Services. Landlord shall provide, or cause to be provided, as part of Operating Costs, all custodial services in connection with the Premises and such services shall be provided as set forth in the attached **EXHIBIT F**. The provider of such custodial services shall be experienced in providing such services for medical office buildings and will perform background checks through LiveScan or in the manner specified by Tenant, of qualified permanent and temporary employees to determine their suitability for employment. The provider will be bonded in the sum of \$10,000.00 (which cost shall be included in Operating Cost), and proof of such insurance, as supplied by the Landlord, shall be furnished prior to occupancy of Premises by Tenant. In addition to bonding as required herein, Landlord shall also receive proof of statutory workers' compensation insurance, commercial general liability and vehicle liability insurance from the provider of any custodial functions performed at the Premises location.

7.6 Tenant's Right to Provide Custodial Services and Deduct Cost. If Tenant provides written notice to Landlord of an event or circumstance that requires the action of Landlord with respect to the custodial services as set forth in Section 7.5 and **EXHIBIT F**, and Landlord fails to provide such action as required by the terms of this Facilities Lease within three (3) days of Tenant's notice, Tenant may take the required action to provide custodial services by its staff or those of a custodial contractor, at Tenant's sole cost and expense, if: (1) Tenant delivers to Landlord an additional written notice advising Landlord that Tenant intends to take

the required action if Landlord does not begin the required action within forty-eight (48) hours after the written notice; and (2) Landlord fails to begin the required work within this forty-eight (48) hour period. For purposes of this Section, notice given by fax or e-mail shall be deemed sufficient.

8. Security. Except as otherwise provided in Section 4, Landlord shall be responsible for providing security for the Premises as requested by Tenant and approved in the Annual Operating Budget as part of Operating Costs, unless Tenant elects to self-perform pursuant to Section 6.3 of this Facilities Lease.

9. Utilities. Except as otherwise provided in Section 4, Tenant shall pay separately and directly for the applicable utility providers for all utilities serving the Premises including without limitation, telephone, electricity, natural gas, water and sewer services and refuse collection services utilized at the Premises.

10. Alterations and Additions.

10.1 Alterations by Landlord. From and after the Rent Commencement Date, Tenant may require or request Landlord to manage the completion of alterations, additions, improvements or modifications to the Premises ("**Alterations**") which shall be subject to the prior written approval of Landlord and Landlord's lender, such approval shall not be unreasonably conditioned, delayed or withheld, and Landlord shall provide a written cost estimate of the requested Alterations with complete line item breakdown for each component of the requested Alterations (including a construction supervision fee to Landlord of three percent 3% of estimated costs) for Tenant's review and approval. The Project Budget shall include the creation of an account to be managed by Landlord's property manager for use by Landlord to pay for Alterations or Operating Costs which shall initially be in the amount of two hundred fifty thousand dollars (\$250,000.00) (the "**Reserve Account**") and which shall be further funded annually by Tenant as part of Operating Costs to maintain the Reserve Account at a minimum of two hundred fifty thousand dollars (\$250,000.00). For minor Alterations or repairs to the MOB which cost less than two hundred fifty thousand dollars (\$250,000.00), Landlord may use funds from the Reserve Account provided Tenant has approved any disbursements out of the Reserve Account prior to disbursement. If Tenant approves a written cost estimate for an Alteration, Tenant shall pay Landlord for the costs of such Alteration prior to the commencement of performance of the Alteration by landlord's contractor or property manager, or Tenant may direct Landlord to use any available funds in the Reserve Account to pay for the cost to complete the Alterations, in which either event, once sufficient funds are provided or available, Landlord shall proceed to cause the contractor to complete the requested Alterations. Tenant's approval of costs if in excess of any funds in the Reserve Account may be subject to Board approval prior to Landlord proceeding to effectuate the Alteration. For any Alterations or repairs to the MOB greater than two hundred fifty thousand dollars (\$250,000), Landlord and Tenant must agree in writing by amending this Facilities Lease on the terms and conditions for such Alterations or repairs, provided in no event shall Landlord have any obligation to cause any Alterations to be completed without payment from Tenant and/or out of available Reserve Account funds covering the total cost of such Alterations. All such Alterations shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable laws and the requirements of all insurance policies required to be maintained by Landlord. Any Alterations completed by

Landlord pursuant to this Section shall be maintained by Landlord during the Term of this Facilities Lease.

10.2 Compliance with Codes and ADA. To the extent required, at Tenant's sole cost and expense, which shall be paid by Tenant to Landlord prior to Landlord taking any such action, Landlord shall comply and stay current with all applicable local, state, and federal building codes and laws as from time to time amended, including, but not limited to, the ADA requirements (collectively, "**Applicable Requirements**") in providing Tenant with any requested Alterations.

10.3 Changes to Applicable Requirements. If the Applicable Requirements are hereinafter changed so as to require during the Term of this Facilities Lease, the construction of an addition to or an alteration of the Project, the remediation of any Hazardous Substance as hereinafter defined, or the reinforcement or other physical modification of the Project, then Landlord shall, promptly after receipt of written notice from Tenant or any governmental agency having jurisdiction over such matters setting forth the nature and extent of such non-compliance, rectify the same within the times prescribed in the notices received by Landlord upon receipt of payment from Tenant for the costs of such required alterations, which shall be paid by Tenant to Landlord prior to Landlord taking any such action.

10.4 Lien Free. Landlord shall pay, when due, from sums provided by Tenant, all sums of money that become due for any labor, services, material, supplies, and equipment, that have been or are to be furnished for any alterations work on the Premises, and which may be secured by a mechanics', materialman's or other lien against the Premises or Tenant's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligations secured by such lien matures or becomes due. Subject to prompt payment by Tenant, Landlord shall cause all alterations to be lien free, completed in a workmanlike manner and in compliance with all applicable Laws.

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

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

Landlord shall require that General Contractor comply with the payroll record keeping and availability requirement of Section 1776 of the Labor Code. In addition, Landlord shall require that General Contractor make travel and subsistence payments to workers needed for performance of work in accordance with Section 1773.8 of the Labor Code. Prior to

commencement of work, Landlord shall require that General Contractor contact the Division of Apprenticeship Standards and comply with Sections 1777.5, 1777.6 and 1777.7 of the Labor Code and applicable regulations.

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

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

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

10.8 Prevailing Wages. Tenant shall require that all contractors and subcontractors performing Alterations to the Premises comply with the prevailing wage requirements and be subject to restrictions and penalties in accordance with Section 1770 of the California Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts and any Alterations made during the term of the of this Facilities Lease.

11. **Indemnification.**

11.1 Indemnification and Hold Harmless.

11.1.1 Landlord shall indemnify and hold harmless Tenant, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, the Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as "**Tenant Indemnitees**"), from any liability, including, but not limited to, property damage, bodily damage, bodily injury, or death ("**Losses**"), arising out of any negligence or willful misconduct of Landlord or any Landlord Parties in, on, or about the Premises arising out of, from, or in any way relating to, this Facilities Lease except to the extent such Losses are attributable to the negligence or willful misconduct of such Tenant

Indemnitee. When indemnifying Tenant Indemnitees, Landlord shall defend at its sole cost and expense, including but not limited to, reasonable attorneys' fees, cost of investigation, defense and settlements or awards, on behalf of Tenant in any claim or action based upon such liability.

11.1.2 Except to the extent such matter is attributable to the negligence or willful misconduct of Landlord or Landlord's agents, contractors or employees, Landlord shall not be liable to Tenant, or any of Tenant's Parties, or any other parties for: (i) any damage to property of Tenant, or of others, located in, on or about the Premises, (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling ceiling tiles masonry, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, (iv) any such damage caused by other tenants or persons in the Premises, occupants of any other portions of the Premises, or the public, or caused by operations in construction of any private, public or quasi-public work, or (v) any interruption of utilities and services. Landlord shall in no event be liable to Tenant or any other parties for any consequential, special or punitive damages or for loss of business, revenue, income or profits and Tenant hereby waives any and all claims for any such damages. Tenant shall indemnify and hold harmless Landlord, its members, officers, agents, employees, lenders and if applicable, ground lessor (the "**Landlord Parties**") from any liability, including, but not limited to, property damage, bodily injury, or death, based or asserted on any negligent act or omission of Tenant or any of Tenant's Parties; except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Parties. Tenant shall defend at its sole cost and expense, including, but not limited to, reasonable attorneys' fees, cost of investigation, defense and settlements or awards, on behalf of the Landlord Parties in any claim or action based upon such liability.

11.1.3 With respect to any action or claim subject to indemnification herein, the indemnifying party shall, at its sole cost, have the right to use counsel of its choice reasonably acceptable to the indemnified party and shall not have the right to adjust, settle, or compromise any such action or claim without the prior consent of the indemnified party, which consent shall not be unreasonably withheld, conditioned or delayed.

11.1.4 The indemnifying party's obligation hereunder shall be satisfied when it has provided the indemnified party the appropriate form of dismissal relieving the indemnified party from any liability for the action or claim involved.

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

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

11.1.7 Survival of Indemnification. The paragraphs of this Section 11 shall survive the expiration or earlier termination of this Facilities Lease until all claims

involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

12. Insurance.

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

12.1.1 Workers' Compensation. Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Said policy shall (i) include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident and (ii) endorsed to waive subrogation in favor of Tenant.

12.1.2 Commercial General Liability. Commercial General Liability Insurance coverage, including, but not limited to, premises liability, contractual liability, products/completed operations, personal and advertising injury, cross liability coverage and employment practices liability covering bodily injury, property damage, and personal injury arising out of or relating, directly or indirectly, to the design, construction, maintenance, repair, alteration and ownership of the Premises and all areas appurtenant thereto including claims which may arise from or out of Landlord's operations, use, and management of the Premises, or the performance of its obligations hereunder. Said policy shall (i) name the County, its elected and appointed officials, employees, agents, independent contractors or representatives as an Additional Insured for Landlord's indemnity obligations herein and (ii) shall have limits not less than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Facilities Lease or be no less than two (2) times the occurrence limit.

12.1.3 Vehicle Liability. If vehicles or licensed mobile equipment are used on the Premises, Landlord shall maintain auto liability insurance for all owned, non-owned or hired automobiles in an amount not less than \$1,000,000 per occurrence combined single limit. Said policy shall name Tenant, its elected and appointed officials, employees, agents, independent contractors or representatives as Additional Insured for Landlord's indemnity obligations herein.

12.1.4 Property (Physical Damage).

12.1.4.1 All-Risk real property insurance coverage, for the full replacement cost value of buildings, structures, fixtures, all improvements therein, and building systems as the same exists at each early anniversary of the term. Said policy shall (i) include Earthquake Coverage, Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure and loss of rent during any abatement periods as described in Section 13 herein or any other reasonable coverage as Tenant may require, and (ii) shall name Tenant and Landlord's Mortgagees as Loss Payee as their interests may appear. Special Risk Insurance coverage to cover payoff of Landlord's leasehold financing in the event of any termination of this Facilities Lease by reason of total Casualty or Condemnation.

12.1.4.2 Boiler and Machinery insurance providing coverage for at least but not limited to, all high voltage electrical and rotating mechanical equipment on a full replacement cost value basis. Said policy shall (i) provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure and loss of rent for any abatement periods as described in Section 13 herein and (ii) said policy shall name Tenant as a Loss Payee as its interests may appear.

12.1.4.3 During such time, prior to the commencement of this Facilities Lease while Landlord is preparing the Premises in accordance with **EXHIBIT B**, Landlord shall keep or require its Contractor and all subcontractors to keep in full force and effect, a builder's risk policy of insurance covering loss or damage to the Premises for the full replacement value of such work. The Named Insured shall include Landlord, Tenant Contractor and subcontractors as its interests appear. Landlord, Contractor or the subcontractors shall be responsible for any deductible payments that result from a loss at the Premises under this coverage.

12.1.5 General Insurance Provisions – All Lines.

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

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

12.1.5.3 At the inception of this Facilities Lease and annually at the Landlord's insurance policy renewal date(s), Landlord shall cause their insurance carrier(s) to furnish Tenant with certificate(s) of insurance and copies of endorsements effecting coverage as required herein. Further, Landlord shall provide no less than thirty (30) days' written notice to Tenant prior to any material modification or cancellation of such insurance. In the event of a cancellation, expiration or material reduction in coverage, Landlord shall deliver to Tenant prior to the effective date of such change in coverage, another certificate of insurance and copies of endorsements evidencing the coverages set forth herein and that the insurance required herein is in full force and effect. If Landlord shall fail to timely provide Tenant with such replacement certificate for the required insurance, then, following an additional written demand by Tenant and Landlord's failure to obtain such replacement insurance within five (5) days of such second written demand, Tenant shall be entitled to obtain such insurance at Tenant's sole cost and expense, which insurance obtained by Tenant in lieu of Landlord shall satisfy the requirements

for Landlord's insurance under this Facilities Lease. Individual(s) authorized by the insurance carrier to do so on its behalf shall sign the endorsements for each policy and the Certificate of Insurance. The Facilities Lease term shall not commence until Tenant has been furnished certificate(s) of Insurance and copies of endorsements as required in this Section, which shall be provided upon execution and delivery of this Facilities Lease.

12.1.5.4 It is understood and agreed by the Parties hereto and the Landlord's insurance company(s) that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary insurance, and Tenant's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory for Landlord's indemnity obligations herein.

12.2 All costs incurred by Landlord for insurance required to be carried by Landlord shall be paid or reimbursed by Tenant to Landlord monthly as Additional Rent, concurrently with Tenant's payment to Landlord of Monthly Base Rent

12.3 Tenant's Insurance. Tenant maintains funded programs of Self-Insurance. Tenant shall provide to Landlord a Certificate of Self-Insurance evidencing Tenant's Self-Insurance for the following coverage, if so requested by Landlord as follows:

- | | |
|-------------------------------------|----------------------------|
| 12.3.1 Workers' Compensation | \$1,000,000 per occurrence |
| 12.3.2 Commercial General Liability | \$1,000,000 per occurrence |
| 12.3.3 Automobile Liability | \$1,000,000 per occurrence |

13. Damage and Destruction.

13.1 Repair of Damage. Tenant agrees to notify Landlord in writing promptly of any damage to the Premises resulting from fire, earthquake, or any other identifiable event of a sudden, unexpected, or unusual nature ("**Casualty**"). If the Premises are damaged by a Casualty, or a Casualty results in the Premises not being provided with Base Building Systems or parking facilities per Section 1.3, Landlord shall, to the extent of insurance proceeds and funds in excess of insurance proceeds, if required, as provided by Tenant, promptly and diligently restore the Premises, including all tenant improvements originally constructed by Landlord, all Base Building Systems, provided Landlord shall have no obligation to repair Tenant's parking facilities or any areas of the Medical Center Property outside of the Premises (the repair of which shall be the obligation of the County as Ground Lessor under the Ground Lease), all to substantially the same condition as existed before the Casualty, subject to modifications required by building codes and other laws. If Tenant requests that Landlord make any modifications to the tenant improvements in connection with the rebuilding, Landlord may condition its consent to those modifications on: (a) confirmation by Landlord's contractor that the modifications shall not increase the time needed to complete the tenant improvements; or (b) an agreement by Tenant that the additional construction period shall not extend the rent abatement period, and (c) payment by Tenant for any and all additional costs to complete such modifications.

13.2 Repair Period Notice. Landlord shall, within thirty (30) days after the date of the Casualty, provide written notice to Tenant indicating the anticipated period for repairing

the Casualty (“**Repair Period Notice**”). The Repair Period Notice shall be accompanied by a certified statement executed by the Contractor retained by Landlord to complete the repairs or, if Landlord has not retained a Contractor, a licensed Contractor not affiliated with Landlord, certifying the Contractor’s opinion about the anticipated period for repairing the Casualty. The Repair Period Notice shall also state, if applicable, Landlord’s election either to repair or to terminate this Facilities Lease under this Section 13.2. Neither Landlord nor Tenant shall have the right to terminate this Facilities Lease as a result of any Casualty unless such Casualty materially and adversely affects Tenant’s use and enjoyment of the Premises and either (i) the Casualty is an event which is not covered by insurance carried by Landlord (and Tenant is not willing to pay for all costs of restoration not covered by insurance), or (ii) Tenant’s possession and use of the Premises cannot be restored by Landlord within two hundred seventy (270) days for reasons other than delays caused by Tenant (including any delays by Tenant in its capacity as Ground Lessor under the Ground Lease in repairing any portions of the Medical Center Property outside of the Premises), or (iii) the Casualty occurs during the last 12 months of the Term and Tenant’s use and possession of the damaged portion of the Premises cannot be restored within 90 days. In the event of any termination of this Facilities Lease by reason of any Casualty as provided herein, Landlord shall be entitled to all proceeds of insurance as necessary to satisfy all outstanding obligations of Landlord’s Mortgage on the Premises and other losses and damages suffered by Landlord and Tenant shall accept the Premises in its as-is condition following such termination.

13.3 Rent Abatement. During any period in which, by reason of a material Casualty, there is substantial interference with the use and occupancy by Tenant of any portion of the Premises, rental payments due hereunder with respect to the Premises shall be abated to the extent that the annual fair rental value of the portion of the Premises in respect of which there is no substantial interference is less than the annual amount of Monthly Rent, in which case rental payments shall be abated only by an amount equal to such difference for the period commencing with the date of such Casualty, and ending with the substantial completion of the work of repair or replacement of the portions of the Premises so damaged or destroyed. For purposes of this paragraph, “**substantial interference**” shall mean damage to greater than 50% of the Premises such that the portion of the Premises damaged cannot be utilized by Tenant. Any abatement of rental payments pursuant to this Section shall not be considered an Event of Default as defined in Section 17.2 herein. Landlord shall procure or cause to be procured insurance coverage for any loss of rent and use such insurance proceeds for the duration of the abatement period which is included as an Operating Cost. In no event shall Rent abate for any period longer than the period covered by rental abatement insurance.

13.4 Waiver of Statutory Provisions. The provisions of this Facilities Lease, including those in this Section 13 constitute an express agreement between Landlord and Tenant that applies in the event of any Casualty to the Premises. Landlord and Tenant, therefore, fully waive the benefits of California Civil Code Sections 1932(2) and 1933(4) by virtue of any such substantial interference and this Facilities Lease shall continue in full force and effect.

14. Eminent Domain.

14.1 Total Condemnation. If all of the Premises are condemned by eminent domain, inversely condemned, or sold in lieu of condemnation for any public or quasi-public use

or purpose, this Facilities Lease will terminate as of the date of title vesting in that proceeding and the Rent will be abated from the date of termination.

14.2 Partial Condemnation. If any portion of the Premises is condemned by eminent domain, inversely condemned, or sold in lieu of condemnation for any public or quasi-public use or purpose and the partial condemnation renders the Premises unusable for Tenant's business and purposes as reasonably determined by Tenant, this Facilities Lease will terminate as of the date of title vesting or order of immediate possession in that proceeding and the Rent will be abated to the date of termination. If the partial condemnation does not render the Premises unusable for the business of Tenant as reasonably determined by Tenant and less than a substantial portion of the Premises is condemned, Landlord must promptly restore the Premises to the extent of any condemnation proceeds recovered by Landlord, excluding the portion lost in the condemnation, and this Facilities Lease will continue in full force, except that after the date of the title vesting, the Monthly Rent and Operating Costs will be adjusted, as reasonably determined by Landlord and Tenant.

14.3 Award. If the Premises are wholly or partially condemned, Landlord will be entitled to the entire award paid for the condemnation as it relates to Landlord's interest in the Premises, and Tenant waives any claim to any part of the award from Landlord or the condemning authority. Tenant, however, will have the right to recover from the condemning authority any compensation that may be separately awarded to Tenant in connection with costs in removing Tenant's merchandise, furniture, fixtures, leasehold improvements, and equipment to a new location and for Tenant's fee title interest in the Premises as Ground Lessor under the Ground Lease.

14.4 Temporary Condemnation. In the event of a temporary condemnation, this Facilities Lease will remain in effect, Tenant will continue to pay Monthly Rent and Operating Costs, and Tenant will receive any award made for the condemnation. If a temporary condemnation remains in effect at the expiration or earlier termination of this Facilities Lease, Tenant will pay Landlord the reasonable cost of performing any obligations required of Tenant with respect to the surrender of the Premises. If a temporary condemnation is for a period that extends beyond the Term, this Facilities Lease will terminate as of the date of occupancy by the condemning authority and any award will be distributed in accordance with Section 14.3.

14.5 Tenant Covenants. Notwithstanding anything to the contrary set forth in this Facilities Lease, Tenant agrees not to (i) exercise any right of condemnation with respect to the Premises or any material portion of the Medical Center Property which would interfere with the continued use and enjoyment of the Premises for its intended purposes under this Facilities Lease, or (ii) take any action to rezone the Premises for any use not consistent with the intended uses set forth in this Facilities Lease.

15. Estoppel Certificates; Subordination, Non-Disturbance and Attornment.

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

15.2 Subordination, Non-Disturbance and Attornment. Tenant accepts that this Facilities Lease may be subject and subordinate to a leasehold mortgage(s), deed(s) of trust, ground lease(s), including, without limitation the Ground Lease, or other lien(s) encumbering the MOB or leasehold interest in and upon the Premises, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "**Mortgage**"). Within sixty (60) business days after written request from Landlord or any holder of a Mortgage (a "**Mortgagee(s)**"), including, concurrently with Landlord's placement of any Leasehold Mortgage upon Landlord's leasehold interest in the Premises, Tenant will execute a subordination agreement, subject to approval by the Board of Supervisors, in the form acceptable to such Mortgagee and Tenant that Landlord and such Mortgagee reasonably consider necessary to evidence or confirm the subordination or inferiority of this Facilities Lease to the lien of any mortgage, deed of trust or other encumbrance of the Premises or any renewal, extension, modification, replacement thereof, provided however, that such subordination agreement shall be strictly limited to matters contained in the agreement and no such subordination agreement shall materially increase any of Tenant's obligations or materially decrease any of Tenant's rights under this Facilities Lease, nor shall the possession of Tenant be disturbed, by reason of any foreclosure, sale or other action under any such trust deed, mortgage or other encumbrance. As an alternative, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Facilities Lease.

If Landlord's interest in the Premises passes to a successor, and provided Tenant has received a non-disturbance agreement, Tenant will, within sixty (60) business days written request by Landlord or any Mortgagee, execute the agreement, subject to approval by the Board of Supervisors, in a form acceptable by the Parties, thereby agreeing to attorn and to recognize the transferee as the Landlord under this Facilities Lease. Any amendments to this Facilities Lease, modifications, consents or termination of this Facilities Lease shall not be binding upon any Mortgagee unless the express written consent of Landlord's Mortgagee is first obtained, such consent not to be unreasonably withheld, conditioned or delayed.

16. Assignment and Subletting.

16.1 Tenant may not assign or transfer its rights under this Facilities Lease without the express written consent of Landlord which consent shall not be unreasonably withheld, delayed or conditioned. Tenant may enter into subleases without the prior consent of Landlord, however, any and all such subleases shall be subject and subordinate to the terms of this Facilities Lease and Tenant shall not be released of any liability under this Facilities Lease by reason of any assignment or any subletting. Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 500 square feet or less, to be used by a third party vendor in connection with the installation of related services, including but not limited to a vending machine, ATM machine or payphone shall not constitute an assignment or subletting. Landlord may assign or transfer its interest in this Facilities Lease and the Premises or any part thereof, at any time, without the prior written consent of Tenant; provided, however Landlord may not assign or transfer its interest in this Facilities Lease prior to the Substantial Completion of the Premises without Tenant's consent, which consent Tenant shall not unreasonably withhold, condition or delay; except that Landlord shall have the right without Tenant's consent to assign this Facilities Lease at any time to (i) any entity that controls, is controlled by or is under common control with Landlord, or to any entity resulting from a merger or consolidation with

Landlord, or to any person or entity which acquires all the assets of Landlord as a going concern, (ii) any entity in which Landlord (or an affiliate thereof) either: (1) holds an ownership interest, or (2) is the development manager with respect to the Project and the Premises. If at any time an assignment or transfer by Landlord also involves a change in the property management person or entity at any time after such assignment or transfer is consummated, then Tenant shall have approval rights as to the qualifications and experience of the replacement property manager for any proposed assignee (such approval to not be unreasonably withheld, conditioned or delayed, provided in all instances such replacement property manager shall in any event be experienced in providing property management services for medical office buildings and healthcare facilities). Prior to any such assignment, Landlord shall provide the qualifications and experience of any new property manager or property management company proposed to be employed or contracted with by assignee. Tenant shall review the qualifications and experience of the property manager or property management company and either approve or disapprove of the property manager or property management company within thirty (30) days following written request by Landlord. The existing property manager shall be retained until such time as the new property manager has been reasonably approved by Tenant.

17. Default.

17.1 Landlord's Default.

17.1.1 Failure to Perform. Except as provided to the contrary in this Facilities Lease, Landlord's failure to perform any of its obligations under this Facilities Lease shall constitute a default by Landlord under this Facilities Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord. If the required performance to cure cannot be completed within thirty (30) days, Landlord's failure to perform shall constitute a default under this Facilities Lease unless Landlord undertakes to cure the failure within thirty (30) days and diligently and continuously attempts to complete this cure as soon as reasonably possible but no later than ninety (90) days thereafter.

17.1.2 Tenant's Right to Cure Landlord's Default. Except as provided to the contrary in this Facilities Lease, if Tenant provides notice to Landlord of Landlord's failure to perform any of its obligations under this Facilities Lease and Landlord fails to provide such action as required by the terms of this Facilities Lease within the period specified, Tenant may take the required action if: (a) Tenant delivers to Landlord an additional written notice advising Landlord that Tenant intends to take the required action if Landlord does not begin the required action within ten (10) days after the written notice; and (b) Landlord fails to begin the required action within this ten (10) day period. Tenant may pursue any remedies at law or in equity to recover costs and damages resulting from Landlord's failure to perform. Any election by Tenant to cure a Landlord default shall not impact the Landlord's cure period set forth in the Section 17.1.1 with respect to such default.

17.2 Tenant's Default.

17.2.1 Non-Monetary Default. Except as provided to the contrary in this Facilities Lease, Tenant's failure to perform any non-monetary obligations under this Facilities Lease, or (i) the making by Tenant or any guarantor hereof of any general assignment for the

benefit of creditors, (ii) the filing by or against Tenant or any guarantor hereof of a petition to have Tenant or any guarantor hereof adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant or any guarantor hereof, the same is dismissed within sixty (60) days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease or of substantially all of guarantor's assets, where possession is not restored to Tenant or guarantor within sixty (60) days, or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of substantially all of guarantor's assets or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days, shall constitute a default by Tenant under this Facilities Lease if the failure or condition continues for thirty (30) business days after written notice of the failure or condition from Landlord to Tenant. If the required performance to cure cannot be completed within thirty (30) business days, Tenant's failure to perform or continuation of such default condition shall constitute a default under this Facilities Lease unless Tenant undertakes to cure the failure within thirty (30) days and diligently and continuously attempts to complete this cure as soon as reasonably possible but no later than one hundred twenty (120) days thereafter. If Landlord provides notice to Tenant of Tenant's failure to perform any of its non-monetary obligations under this Facilities Lease and Tenant fails to provide such action as required by the terms of this Facilities Lease within the periods specified above, Landlord may take the required action if: (a) Landlord delivers to Tenant an additional written notice advising Tenant that Landlord intends to take the required action if Tenant does not begin the required action within ten (10) days after the written notice; and (b) Tenant fails to begin the required action within this ten (10) day period. Landlord may pursue any remedies at law or in equity to recover costs and damages resulting from Tenant's failure to perform.

17.2.2 Monetary Default. In the event of default by Tenant in the payment of Monthly Rent, Additional Rent or any other monetary obligations of Tenant, Landlord shall have the additional remedies to terminate the Lease, provided Landlord delivers written notice to Tenant of Tenant's failure to pay any Monthly Rent, Additional Rent or other monetary obligation of Tenant and Tenant fails to provide such action as required by the terms of this Facilities Lease within ten (10) business days of receipt of said notice and Tenant has not delivered written notice advising Landlord that Tenant has (i) sublet, assigned or transferred the leasehold interest to another department or agency of the County or to a third party (subject to the terms of Section 17.2.3 below) and Tenant or such transferee fails to cures all delinquent payments and Tenant actually sublets, assigns or transfers any or all of Tenant's interest within ninety (90) days of delivering notice to Landlord, or (ii) irrevocably elects to exercise its right to purchase the Premises as provided in Section 5 of this Facilities Lease and Tenant actually closes the purchase of the Premises.

17.2.3 Tenant's Options to Cure Defaults. Notwithstanding any other provisions to the contrary, to cure a noticed default by Tenant, whether monetary or non-monetary, Tenant shall have the right, without Landlord's prior consent, to (A) assign, transfer, sublet any or all of its leasehold interest in this Facilities Lease to (i) another department or agency of the County, (ii) to a third party with credit determined to be sufficient by Landlord in the event that Tenant assigns, transfers, sublets all of the leasehold interest; provided that Tenant shall not be released of any liability under this Facilities Lease by reason of any assignment or subletting, or (B) to exercise its right to purchase the Premises as provided in

Section 5 of this Facilities Lease and Tenant actually closes the purchase of the Premises even if Tenant is in default of this Facilities Lease or Ground Lease, provided Tenant cures all monetary defaults as a condition to the closing of Tenant's purchase of the Premises.

18. Representations and Warranties.

18.1 Landlord represents and warrants to Tenant that:

18.1.1 Certificate of Authority. Landlord covenants that it is duly constituted under the laws of the state of its organization, and that the person(s) who is acting as its signatory in this Facilities Lease is duly authorized and empowered to act for and on behalf of the Landlord. Landlord shall furnish Tenant prior to the execution hereof with evidence of the authority of the signatory to bind the entity or trust as contemplated herein.

18.1.2 No Litigation. There are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against Landlord or the Premises which preclude or interfere with, or would preclude or interfere with, the construction contemplated herein or the occupancy and use of the Premises by Tenant for the purposes herein contemplated.

18.1.3 Enforceable. This Facilities Lease has been duly authorized, executed and delivered by the Landlord and constitutes the legal, valid and binding obligation of Landlord enforceable in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

18.2 Tenant represents and warrants to Landlord that:

18.2.1 Evidence of Authority. Tenant covenants that it is a duly constituted under the laws of the state of California, and that the person(s) who is acting as its signatory in this Facilities Lease is duly authorized and empowered to act for and on behalf of Tenant and has been authorized to do so by the Board of Supervisors. Tenant shall furnish Landlord prior to the execution hereof with evidence of the authority of the signatory to bind the entity or trust as contemplated herein and evidence of such Board of Supervisors approval.

18.2.2 No Litigation. There are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against Tenant or the Medical Center Property which preclude or interfere with, or would preclude or interfere with, the construction contemplated herein or the occupancy and use of the Premises by Tenant for the purposes herein contemplated.

18.2.3 Enforceable. This Facilities Lease has been executed and delivered by Tenant and upon approval by the Board of Supervisors as set forth in Section 20.19, constitutes the legal, valid and binding obligation of Tenant enforceable in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally and (ii) general principles

of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

19. Ground Lease.

19.1 Tenant acknowledges and agrees that Landlord's interest in the Premises is pursuant to the Ground Lease and Tenant agrees that the terms of this Facilities Lease shall be subject and subordinate to the terms of the Ground Lease.

19.2 Tenant hereby agrees (i) to abide by and assumes all of the terms and conditions of the Ground Lease to the extent pertaining to the use and occupancy of the Leased Premises (as defined in the Ground Lease) and (ii) to not do any act that constitutes a violation or breach of the terms of the Ground Lease. Notwithstanding the foregoing, (i) Tenant shall have no right or authority to, and shall not, modify, amend or supplement the terms of the Ground Lease or terminate or cause a termination of the Ground Lease without the prior written consent of Landlord and the Leasehold Mortgagee, which consent Landlord and Leasehold Mortgagee each may withhold in their reasonable discretion; and (ii) Tenant shall not exercise any rights in its capacity as Ground Lessor under the Ground Lease which would create any additional liability or obligation upon Landlord without the prior written consent of Landlord and Leasehold Mortgagee, which consent Landlord and Leasehold Mortgagee shall not unreasonably withhold, condition or delay.

19.3 Landlord and Tenant shall deliver to the other copies of all notices or other correspondence sent to or received by such Party related to the Facilities Lease promptly after such Party's sending or receipt of the same.

19.4 Tenant acknowledges that in no event shall Ground Lessor's exercise of its right to, or actual construction of, a parking structure pursuant to Section 7.4 of the Ground Lease trigger a default by Landlord under this Facilities Lease.

19.5 As set forth in the Ground Lease, in the event the Ground Lease is terminated as a result of a default by Ground Lessee, Ground Lessor will enter into a new ground lease, on the same terms as the Ground Lease, with Leasehold Mortgagee. In the event of a termination of the Facilities Lease during the Term by reason of any uncured monetary default by Tenant (i.e., due to non-payment of Monthly Rent or Additional Rent), so long as the provisions regarding subordination, non-disturbance and attornment set forth in this Facilities Lease are satisfied, Tenant shall nonetheless remain obligated to continue to make payment of all Monthly Rent and Additional Rent due under this Facilities Lease throughout the remainder of the Term of this Facilities Lease without setoff, counterclaim, recoupment, abatement, suspension, deferment, diminution, deduction, reduction or defense. Landlord and Leasehold Mortgagee, or their assigns or successors, shall have the obligation to mitigate damages in the event of early termination of the Facilities Lease by Landlord or Leasehold Mortgagee as a result of an uncured monetary default by Tenant.

20. Miscellaneous.

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

Premises so long as Tenant shall fully and faithfully perform the terms and conditions that it is required to do under this Facilities Lease and subject to the terms of the Ground Lease.

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

20.3 Binding on Successors. The terms and conditions herein contained shall apply to and bind the heirs, successors in interest, executors, administrators, representatives and assigns of all the Parties hereto.

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

20.5 Venue. Any action at law or in equity brought by either of the Parties hereto for the purpose of enforcing a right or rights provided for by this Facilities Lease shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the Parties hereto waive all provisions of law providing for a change of venue in such proceedings to any other county.

20.6 Attorneys' Fees. In the event of any litigation between Landlord and Tenant to enforce any of the provisions of this Facilities Lease or any right of either Party hereto, the unsuccessful party to such litigation agrees to pay to the successful party all reasonable costs and expenses, including attorneys' fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment rendered in such litigation.

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

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

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

20.10 Interpretation. The Parties hereto have negotiated this Facilities Lease at arm's length and have been advised by their respective attorneys, or if not represented by an attorney, represent that they had an opportunity to be so represented and no provision contained herein shall be construed against Tenant solely because it prepared this Facilities Lease in its executed form.

20.11 Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Facilities Lease.

20.12 Consent. Whenever Landlord's or Tenant's consent is required under any provision of this Facilities Lease, it shall not be unreasonably withheld, conditioned or delayed.

20.13 Title. If, at any time, Landlord's title or right to receive Monthly Rent and any other sums due hereunder is disputed, Tenant agrees to utilize the informal process for resolving disputes provided in Section 3.2.3 of this Facilities Lease prior to pursuing any other remedies at law or in equity.

20.14 Conveyance by Landlord. Should Landlord convey the Premises, all rights and obligations inuring to Landlord by virtue of this Facilities Lease shall pass to the grantee named in such conveyance, and the grantor shall be relieved of all obligations or liabilities hereunder, except those theretofore accrued and not discharged.

20.15 Mechanic's Liens. If any mechanic's or materialmen's lien or liens shall be filed against the Premises for work done or materials furnished to the Landlord, Landlord shall, at Tenant's sole cost and expense (unless such liens are attributable to Landlord's negligence) cause such lien or liens to be discharged within fifteen (15) days after notice thereof by filing or causing to be filed a bond or bonds for that purpose. In the event any notice preliminary to establishing such a lien (such as the California Preliminary 20-Day Notice) is served on Landlord for work done on the Premises, Landlord shall immediately forward a copy of such notice to Tenant.

20.16 Force Majeure. If either Party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, failure of power, governmental moratorium or other action or inaction by any governmental or quasi-governmental agency or utility provider (including, without limitation, failure, refusal or delay in issuing permits, approvals and/or authorizations or sign-off on work), acts of God, riots, insurrection, war, terrorism, bioterrorism, fire, earthquake, inclement weather including rain, flood or other natural disaster or casualty, or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this

Facilities Lease (but excluding delays due to financial inability) (herein collectively, “**Force Majeure Delay(s)**”), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such Force Majeure Delay. The provisions of this Section 20.16 shall not apply to nor operate to excuse Tenant from the payment of Monthly Rent, or any Additional Rent or any other payments strictly in accordance with the terms of this Facilities Lease.

20.17 Notice. Except as expressly provided elsewhere in this Facilities Lease, all notices and other communication required under this Facilities Lease shall be in writing and delivered by: (a) Certified Mail, postage prepaid, return receipt requested, in the United States mail; or (b) via an overnight courier that provides written evidence of delivery and addressed to the Party hereto to whom the same is directed at the addresses set forth in Section 20.17 herein. Any notice sent by certified mail, return receipt requested, shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the overnight courier. Either Party hereto may from time to time change its mailing address by written notice to the other Party.

Tenant’s Notification Address:

County of Riverside
Economic Development Agency –
Real Estate Division
3403 Tenth St., Suite 400
Riverside, California 92501
Attention: Deputy Director of Real Estate

Landlord’s Notification Address:

Trammell Crow Company
3501 Jamboree Road, Suite 230
Newport Beach, CA 92660
Attention: David Nazaryk

20.18 Authority. If Landlord is a corporation, limited liability company, general or limited partnership or individual owner, each individual executing this Facilities Lease on behalf of said corporation, limited liability company, partnership, or individual represents and warrants that he or she is duly authorized to execute and deliver this Facilities Lease on behalf of said corporation, in accordance with bylaws of said corporation, or as a partner or individual is authorized to execute this Facilities Lease and that this Facilities Lease is binding upon said corporation and/or partnership or individual.

20.19 Approval of Supervisors. Anything to the contrary notwithstanding, this Facilities Lease shall not be binding or effective until its approval by Board of Supervisors and execution by the Chairman of the Board of Supervisors.

20.20 Limitation on Landlord Liability. Notwithstanding anything contained in this Facilities Lease to the contrary, the obligations of Landlord under this Facilities Lease (including as to any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual members, managers, investors, partners, directors, officers, or shareholders of Landlord or Landlord’s members or partners, and Tenant shall not seek recourse against the individual members, managers, investors, partners, directors, officers, or shareholders of Landlord or Landlord’s members or partners or any other persons or entities having any

interest in Landlord, or any of their personal assets for satisfaction of any liability with respect to this Facilities Lease. In addition, in consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Facilities Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Facilities Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord), shall be limited solely to, and Tenant's and its successors' and assigns' sole and exclusive remedy shall be against, Landlord's interest in the Building, and no other assets of Landlord. The term "**Landlord**" as used in this Facilities Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the title to the MOB Improvements, or a lessee's leasehold interest in a ground lease of, on the Premises. In the event of any transfer or conveyance of any such title or interest (other than a transfer for security purposes only), the transferor shall be automatically relieved of all covenants and obligations on the part of Landlord contained in this Facilities Lease; provided transferee is fully bound by all covenants and terms of the Lease which shall remain in full force and effect. Landlord and Landlord's transferees and assignees shall have the absolute right to transfer all or any portion of their respective title and interest in the Premises, the Building and/or this Facilities Lease.

20.21 No Merger of Estates. The interests of Landlord, Tenant and Leasehold Mortgagee in the Premises shall at all times be separate and apart. No merger of any estate shall occur by operation of law or otherwise, unless all parties then having any interest in the Premises execute a written document effecting the merger of estates.

20.22 Separate Writing and Exhibits. Any exhibits or writings referenced herein this Facilities Lease shall constitute a part of this Facilities Lease Agreement and are incorporated into this Facilities Lease by this reference. If any inconsistency exists or arises between a provision of this Facilities Lease and a provision of any exhibit, the provisions of this Facilities Lease shall control.

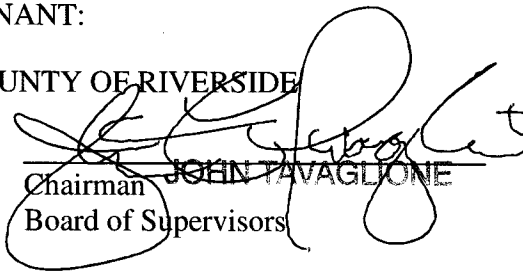
[Signature Provisions on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Facilities Lease upon the dates indicated below.

TENANT:

COUNTY OF RIVERSIDE

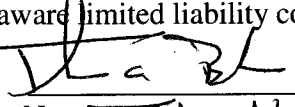
By:


Chairman JOHN TAVAGLIONE
Board of Supervisors

LESSOR:

TC RIVERSIDE MOB, LLC,
a Delaware limited liability company

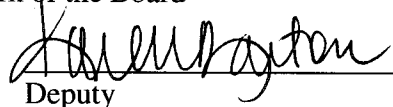
By:


Name: THOMAS A. BAK
Title: President & CEO

ATTEST:

Kecia Harper-Ihem
Clerk of the Board

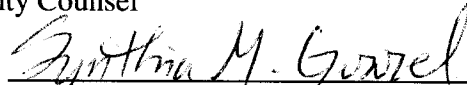
By:


Deputy

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By:


Deputy County Counsel

SYNTHIA M. GUNZEL