

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



ITEM  
3.46  
(ID # 5074)

**MEETING DATE:**

Tuesday, August 29, 2017

**FROM :** ECONOMIC DEVELOPMENT AGENCY (EDA) AND PROBATION :

**SUBJECT:** ECONOMIC DEVELOPMENT AGENCY (EDA) AND PROBATION: Alan M. Crogan Youth Treatment and Education Center - Adopt Resolution No. 2017-173 and Approve Facility Sublease, District 1, [\$0]

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

1. Adopt Resolution No. 2017-173, which authorizes the execution and delivery of the Facility Sublease related to the newly constructed Alan M. Crogan Youth Treatment and Education Center facility under the Senate Bill 81, Round One Construction of Local Youthful Offender Rehabilitative Facilities lease-revenue bond financing program;
2. Approve the Facility Sublease Agreement by and between the Department of Corrections and Rehabilitation of the State of California (CDCR) as Sublessor and County of Riverside as Sublessee; and
3. Authorize and direct any and all officers of the County of Riverside, for and in the name and behalf of the County, to do any and all things and take any and all actions, including executing and delivering any and all documents required which they, or any of them, may deem necessary or advisable in order to consummate and carryout the Facility Sublease and issuance of the State Public Works Board of the State of California Lease Revenue Bonds 2017 Series D, and associated documents.

**ACTION:** Policy

  
Robert Field, Assistant County Executive Officer/EDA

8/16/2017

  
Mark A. Hake, Chief Probation Officer


8/17/2017

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**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Washington, Perez and Ashley  
Nays: None  
Absent: Tavaglione  
Date: August 29, 2017  
xc: EDA, Probation

Kecia Harper-Ihem  
Clerk of the Board  
By   
Deputy

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

| <b>FINANCIAL DATA</b>       | <b>Current Fiscal Year:</b> | <b>Next Fiscal Year:</b> | <b>Total Cost:</b>        | <b>Ongoing Cost</b> |
|-----------------------------|-----------------------------|--------------------------|---------------------------|---------------------|
| <b>COST</b>                 | \$ 0                        | \$ 0                     | \$ 0                      | \$ 0                |
| <b>NET COUNTY COST</b>      | \$ 0                        | \$ 0                     | \$ 0                      | \$ 0                |
| <b>SOURCE OF FUNDS: N/A</b> |                             |                          | <b>Budget Adjustment:</b> | No                  |
|                             |                             |                          | <b>For Fiscal Year:</b>   | 2017/18             |

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

On February 1, 2011, the Board of Supervisors accepted a conditional award in the amount of \$24,698,105 from the State of California's Board of State and Community Corrections (BSCC) under SB 81 Local Youthful Offender Rehabilitative Facility Financing Program for the construction of the new Alan M. Crogan Youth Treatment and Education Center (YTEC).

On September 13, 2013, the county entered into the Project Delivery and Construction Agreement (PDCA) to construct the new YTEC facility along with the BSCC Agreement which set forth the rights and responsibilities of the parties and included details of the construction scope, matching funds, and the form-of subsequent future agreements.

On May 2, 2014, the Ground Lease between the County, as landlord, and CDCR, as tenant, was executed and subsequently recorded on December 11, 2014 along with Easement Agreement for grants of access, utilities, and repairs.

As part of the program, the land and improvements are collateralized by State Revenue Bond Financing until the bonds are paid in full. As such, the State will grant and enter into the attached Facility Sublease (in substantial form) with the county for operation and maintenance of the new facility and will be coterminous with the Ground Lease. Both the Ground Lease and Facility Sublease will terminate upon the State's repayment of the bonds. At the termination of both the Ground Lease and the Facility Sublease, title to the facility and land shall remain with the county.

**Impact on Residents and Businesses**

The awarded funds under SB 81 Local Youthful Offender Rehabilitative Facility Financing Program afforded the county the ability to construct a new secure treatment facility for the Probation department to service the needs of the county's juvenile justice system with an emphasis on reducing recidivism through rehabilitative programming in a positive setting providing the foundation for long-term needs.

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

Attachments:

- Resolution No. 2017-173
- Facility Sublease

RF:JW:VC:SP:RM:SC FM08260000146 5074-13666  
S:\Project Management Office\FORM 11'S\Fom 11's in Process\5074 - 13666\_D1 - 000146 - Alan M Crogran YTEC - Adopt Reso  
2017-173 and Facility Sublease\_082917.doc



Kerini Dasika, Principal Management Analyst

8/21/2017



Gregory V. Priapios, Director County Counsel

8/17/2017

2 RESOLUTION NO. 2017-173

3 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY  
4 OF RIVERSIDE AUTHORIZING THE EXECUTION AND DELIVERY OF  
5 A FACILITY SUBLEASE FOR AND RATIFYING ALL PREVIOUS  
6 ACTIONS WITH RESPECT TO THE RIVERSIDE JUVENILE CENTER  
7 AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION  
8 THEREWITH

9 WHEREAS, the County of Riverside (the "County"), the State Public Works Board of the State  
10 of California (the "Board"), the Department of Corrections and Rehabilitation of the State of California  
11 (the "Department") and the Board of State and Community Corrections of the State of California have  
12 previously entered into that certain Project Delivery and Construction Agreement dated as of  
13 September 13, 2013 with respect to the construction of a local youthful offender rehabilitative facility  
14 (the "Project"); and

15 WHEREAS, the County has leased to the Department certain real property (the "Site") on which  
16 the Project has been constructed pursuant to the terms of that certain Ground Lease dated as of May 2,  
17 2014, by and between the County, as landlord, and the Department, as tenant, and consented to by the  
18 Board, and recorded on December 11, 2014 in the Official Records of the County as Document No.  
19 2014-0473308 (the "Ground Lease"); and

20 WHEREAS, the Department and the County also entered into that certain Easement Agreement  
21 for Grants of Access, Utilities and Repairs dated as of September 16, 2014 and recorded on December  
22 11, 2014 in the Official Records of the County as Document No. 2014-0473309 (the "Easement  
23 Agreement") pursuant to which the County granted to the Department and the Board certain  
24 appurtenant easements in certain property adjacent to the Site (the "Property"); and

FORM APPROVED COUNTY COUNSEL  
BY *[Signature]* DATE 8/5/17  
DALE A. GARDNER

1 WHEREAS, the Board intends to provide long-term financing for the Project through the  
2 issuance and sale of the Board's Lease Revenue Bonds (Department of Corrections and Rehabilitation)  
3 2017 Series D (Various Correctional Facilities) (the "Bonds") as authorized by the State Building  
4 Construction Act of 1955 (being Part 10b of Division 3 of Title 2 of the California Government Code  
5 commencing at Section 15800) (the "Law"), which Bonds will be secured, in part, by the Base Rental  
6 payments to be made under a Facility Lease to be entered into by and between the Department and  
7 the Board (the "Facility Lease"); and

8 WHEREAS, in connection with the issuance of the Bonds, the Department intends to lease the  
9 Site to the Board pursuant to the terms of a Site Lease between the Board and the Department (the  
10 "Site Lease") and the Board intends to lease the Site and the Project (together, the "Facility") to the  
11 Department pursuant to the terms of the Facility Lease; and

12 WHEREAS, upon the issuance of the Bonds, the County and the Department intend to enter  
13 into a Facility Sublease (the "Facility Sublease"), the form of which has been presented to the Board of  
14 Supervisors for approval at the meeting at which this resolution is being adopted;

15 NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Riverside  
16 that:

17 Section 1. Each of the foregoing recitals is true and correct.

18 Section 2. The form of the Facility Sublease presented at this meeting is hereby approved.

19 Each of the Chair of the Board of Supervisors, Assistant County Executive Officer - EDA or their  
20 designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized for and in the  
21 name of the County to execute, and the Clerk of the Board of Supervisors is authorized to attest, the  
22 Facility Sublease, in substantially the form hereby approved, with such additions thereto and changes  
23 therein as are required by the Department or the Board as condition to the issuance of the Bonds.  
24 Approval of such changes shall be conclusively evidenced by the execution and delivery thereof by any  
25 one of the Authorized Officers each of whom, acting alone, is authorized to approve such changes.  
26 Each of the Authorized Officers is further authorized to execute, acknowledge and deliver any and all

1 documents required to consummate the transactions contemplated by the Facility Sublease. The  
2 County hereby consents to the terms of the Site Lease and the Facility Lease and acknowledges that  
3 the County's right to occupy the Facility pursuant to the Facility Sublease may be terminated (i) in the  
4 event of a default under the Facility Lease, as a result of the Board exercising its rights to re-enter and  
5 re-let the Facility in accordance with the Facility Lease, and (ii) in the event of a default under the  
6 Facility Sublease as a result of the Department exercising its rights to re-enter and re-let the Facility in  
7 accordance with the Facility Sublease.

8 Section 3. All actions heretofore taken by any officer of the County with respect to the  
9 execution and delivery of the Ground Lease and the Easement Agreement are hereby ratified,  
10 approved and confirmed and the County affirms that the Ground Lease and the Easement Agreement  
11 remain in full force and effect and enforceable against the County in accordance with their terms.

12 Section 4. Each of the Authorized Officers and the other officers of the County, acting alone,  
13 is hereby authorized to do any and all things and to execute and deliver any and all documents,  
14 certificates (including tax certificates) and agreements which they may deem necessary and advisable  
15 in order to consummate the execution and delivery of the Facility Sublease and the issuance of the  
16 Bonds and otherwise effectuate the purposes of this Resolution. In the event that the Clerk of the  
17 Board of Supervisors is unavailable or unable to execute and deliver any of the above-referenced  
18 documents, any deputy clerk may validly execute and deliver such document.

19 Section 5. This Resolution shall take effect from and after its date of adoption.

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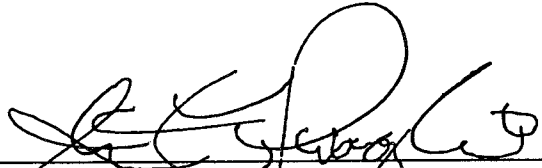
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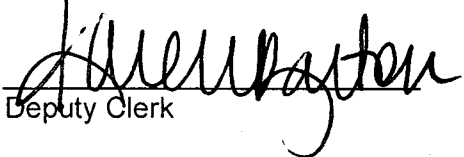
ADOPTED, SIGNED AND APPROVED this 29 day of August, 2017.

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John F. Tavaglione  
Chair of the Board of Supervisors  
County of Riverside, California

ATTEST:

Clerk of the Board of Supervisors  
County of Riverside

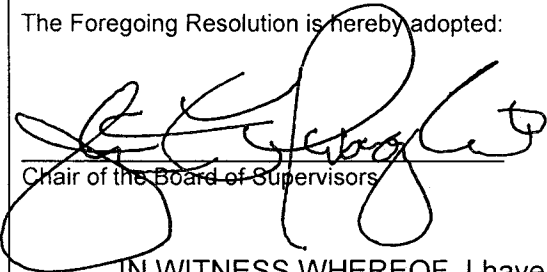
BY:   
Deputy Clerk

1 STATE OF CALIFORNIA )  
 ) ss.  
2 COUNTY OF RIVERSIDE )

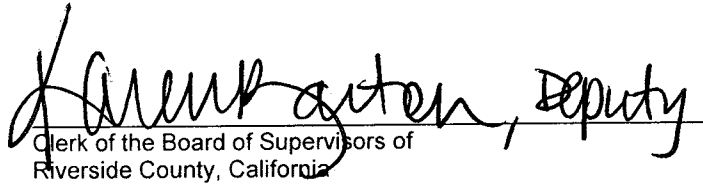
3 I, Kecia Harper-Ihem Clerk of the Board of Supervisors of Riverside County, California, hereby  
4 certify that the above and foregoing Resolution was duly and regularly adopted by the said Board at a  
regular meeting thereof held on the 29 day of August, 2017, and that it was so adopted by the following  
vote of said Board:

5 AYES: SUPERVISORS Jeffries, Washington, Perez and Ashley  
6 NOES: SUPERVISORS None  
7 ABSTAINING: None  
8 Absent: Tavaglione

9 The Foregoing Resolution is hereby adopted:

10   
11 \_\_\_\_\_  
12 Chair of the Board of Supervisors

13 IN WITNESS WHEREOF, I have hereunto set my hand and seal this 29 day of August, 2017.

14   
15 \_\_\_\_\_  
16 Clerk of the Board of Supervisors of  
17 Riverside County, California  
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1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF RIVERSIDE )

4 I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, do hereby  
5 certify that the above and foregoing Resolution is a full, true and correct copy of Resolution  
6 No. 2017-173 of said Board, and that the same has not been amended or repealed as of the date  
7 hereof.

8 DATED: August 29, 2017.

9   
10 Clerk of the Board of Supervisors of Riverside County, California

11 (SEAL)

12  
13 The foregoing is certified to be a true copy of a resolution duly  
14 adopted by said Board of Supervisors on the date therein set forth.

15 KECIA HARPER-IHEM, Clerk of said Board

16 By   
17 Deputy

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**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

STRADLING YOCCA CARLSON & RAUTH  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660  
Attention: Robert J. Whalen, Esq.

[Space above for Recorder's use.]

**FACILITY SUBLEASE**

**by and between the**

**DEPARTMENT OF CORRECTIONS AND REHABILITATION  
OF THE STATE OF CALIFORNIA,  
as Sublessor**

**and**

**COUNTY OF RIVERSIDE,  
as Sublessee**

**Dated as of October 1, 2017**

**RIVERSIDE JUVENILE CENTER  
(RIVERSIDE COUNTY)**

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NO DOCUMENTARY TRANSFER TAX DUE.  
This Facility Sublease is recorded for the benefit of the State of California and is exempt from California documentary transfer tax pursuant to Section 11928 of the California Revenue and Taxation Code and from recording fees pursuant to Sections 6103 and 27383 of the California Government Code. Lease term less than 35 years.

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EXHIBIT A LEGAL DESCRIPTION OF SITE .....A-1

## FACILITY SUBLEASE

This Sublease (this "Facility Sublease"), dated as of October 1, 2017, is made and entered into by and between the DEPARTMENT OF CORRECTIONS AND REHABILITATION OF THE STATE OF CALIFORNIA, as sublessor (the "Department") and the COUNTY OF RIVERSIDE, a political subdivision of the State of California, as sublessee (the "Participating County").

### RECITALS

WHEREAS, pursuant to Chapter 1.5 of Division 2.5 of the Welfare and Institutions Code of the State, commencing at Section 1970 (the "Law"), the State Public Works Board (the "Board") is authorized to finance the acquisition, design, and construction of a local youthful offender rehabilitative facility approved by the Board of State and Community Corrections of the State of California (the "BSCC"); and

WHEREAS, the Participating County, the Board, the Department and the BSCC have previously entered into that certain Project Delivery and Construction Agreement dated as of September 13, 2013 (the "Project Agreement") with respect to the construction of a youthful offender rehabilitative facility (the "Project"); and

WHEREAS, pursuant to the provisions of the Project Agreement the Participating County has constructed the Project, which is located at 10000 County Farm Road, Riverside, CA 92503, on the real property described in Exhibit A hereto (the "Site"), fee title to which is owned by the Participating County; and

WHEREAS, the Participating County, as fee owner of the Site, has leased the Site to the Department pursuant to a Ground Lease, dated May 2, 2014, executed by and between the Participating County, as landlord, and the Department, as tenant, and consented to by the Board, and recorded on December 11, 2014 in the Official Records of the County of Riverside as Document No. 2014-0473308 (the "Ground Lease"); and

WHEREAS, further to the terms of the Ground Lease, the Department and the Participating County also entered into that certain Easement Agreement for Grants of Access, Utilities and Repairs dated as of September 16, 2014 and recorded on December 11, 2014 in the Official Records of the County of Riverside as Document No. 2014-0473309 (the "Easement Agreement") pursuant to which the Participating County granted to the Department and the Board certain appurtenant easements in certain property adjacent to the Site (the "Easement Property") necessary for the quiet enjoyment and beneficial use of the Site by the Department and the Board;

WHEREAS, pursuant to the Law, the Board has issued its Lease Revenue Bonds (Department of Corrections and Rehabilitation) 2017 Series D (Various Correctional Facilities) (the "Bonds") to finance and refinance the Project, in conjunction with which the Department, as lessor, and the Board, as lessee, entered into a site lease dated as of October 1, 2017 (the "Site Lease"), providing for the sublease of the Site to the Board, and the Board, as lessor, and the Department, as lessee, entered into a facility lease dated as of October 1, 2017 (the "Facility Lease"), providing for the leasing of the Site and the Project to the Department (the Site, together with the Project, the "Facility"); and

WHEREAS, the Site Lease and the Facility Lease will provide security for the Bonds which have been issued by the Board under an indenture dated as of April 1, 1994, as amended by the Tenth Supplemental Indenture, dated as of September 1, 1996, the Forty-Second Supplemental Indenture, dated as of October 1, 2002, the Fifty-Second Supplemental Indenture, dated as of October 15, 2004, and the Ninety-Third Supplemental Indenture, dated as of October 12, 2009 (collectively the "Master Indenture"), as supplemented by the One Hundred Forty-Fifth Supplemental Indenture, dated as of October 1, 2017 (together with the Master Indenture, the "Indenture") between the Board and the Treasurer of the State of California, as trustee (the "State Treasurer"); and

WHEREAS, the Department, pursuant to the Law, is authorized to enter into one or more subleases and/or contracts with the Participating County; and

WHEREAS, the Participating County, as sublessee, will be responsible for all the maintenance and operating costs for the Facility; and

WHEREAS, payment of the principal of and interest on the Bonds will be made through rental payments made under the Facility Lease by the Department from annual appropriations to the Department included in the State budget, but the costs of operating and maintaining the Facility will be paid by the Participating County; and

WHEREAS, it is the intent of the parties that, upon the payment in full of the Bonds and all other indebtedness incurred by the Board for the Project, if any, the Ground Lease, the Easement Agreement, the Site Lease, the Facility Lease and this Facility Sublease will terminate in accordance with their respective terms and fee title to the Project will vest in the Participating County pursuant to the terms and conditions in the Ground Lease.

NOW THEREFORE, the parties hereto mutually agree as follows:

SECTION 1. Definitions. Unless otherwise required by the context, all capitalized terms used herein and not defined herein shall have the meanings assigned such terms in the Facility Lease or the Indenture.

SECTION 2. Sublease of the Facility to the Participating County Subject to Facility Lease. The Participating County hereby leases the Facility from the Department, and the Department hereby leases the Facility to the Participating County, on the terms and conditions hereinafter set forth, subject to all easements, encumbrances and restrictions of record, including without limitation, the terms and conditions of the Site Lease. This Facility Sublease is in all respects subordinate and subject to the Facility Lease. The Participating County covenants it shall continuously operate and maintain the Facility and shall have no right to abandon the Facility.

SECTION 3. Term. The term of this Facility Sublease shall commence on the date of initial issuance and delivery of the Bonds and shall terminate on the same date as the Facility Lease, unless such term is extended by the parties hereto, or unless sooner terminated as provided herein, provided, however, except as set forth in Section 10(b) or (c), no termination of this Facility Sublease shall occur until all the Bonds and all other indebtedness incurred by the Board for the Project, if any, have been fully repaid.

SECTION 4. Consideration and Conflict between Documents. The Department makes this Facility Sublease in consideration for the public benefit to the State of California (the "State")

provided by the Project, which is described in Welfare and Institutions Code Section 1977, and for undertaking by the Participating County of the financial obligations required under this Facility Sublease. This Facility Sublease is subject to the terms of the Ground Lease, Easement Agreement, Site Lease and Facility Lease and in the event of a conflict between this Facility Sublease and any of the Ground Lease, Easement Agreement, Site Lease or the Facility Lease, the provisions of the Ground Lease, Easement Agreement, Site Lease or the Facility Lease, as the case may be, shall control.

SECTION 5. Purpose and Use. The Site shall be used by the Participating County for the purpose of staffing, operating and maintaining the Project and appurtenances related thereto, in order to provide the Project and for such other purposes as may be ancillary and related thereto for State and local criminal justice agencies. The Participating County shall be required to obtain the prior written consent of the Department and the Board for any change in use of the Facility, or any part thereof and at the request of the Department or the Board, the Participating County shall furnish the Department and the Board with an opinion of nationally recognized bond counsel acceptable to the Board to the effect that such change in use will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

SECTION 6. Obligations of Participating County.

(a) Maintenance, Repair, Replacement and Utilities. The Participating County shall, at its own cost and expense, pay for all maintenance and repair, both ordinary and extraordinary, of the Facility. The Participating County shall at all times maintain, or otherwise arrange for the maintenance of, the Facility in good condition, and the Participating County shall pay for, or otherwise arrange for, the payment of all utility services supplied to the Facility, and shall pay for, or otherwise arrange for, the payment of the costs of the repair and replacement of the Facility resulting from ordinary or extraordinary wear and tear or want of care on the part of the Participating County or any other cause (except for a catastrophic uninsured loss), and shall pay for, or otherwise arrange for, the payment of any insurance policies, except those provided by the Department pursuant to the Facility Lease.

(b) Rent. The Department shall pay all Base Rental and Additional Rental as defined in and as required under the Facility Lease. The Participating County shall pay upon the order of the Department or the Board as rent hereunder such amounts, if any, in each year as shall be required by the Department or Board for the payment of all applicable taxes and assessments of any type or nature assessed or levied by any governmental agency or entity having power to levy taxes or assessments charged to the Department, the Board or the State Treasurer affecting or relating to the Facility or their respective interests or estates therein. Except for the Base Rental and Additional Rental obligations and insurance obligations as specified in the Facility Lease, the Department shall have no duty under this Facility Sublease to pay for any other costs to maintain and operate the Facility. The rent required under this Section 6(b) shall be abated proportionately during any period in which the Department's obligation to pay rent under the Facility Lease shall be abated.

The Participating County shall submit to the Department within 15 Business Days of the adoption of the Participating County's budget each year, a copy of its approved and authorized budget that details the amounts allocated to maintain and operate the Facility, including any reserves. On September 1 of each year during the term of this Facility Sublease, the Department shall submit a report to the Board including a summary of the information provided by the Participating County as set forth in this paragraph. This report shall be in a form approved by the Board and shall incorporate

any other summary to be provided by the Department pursuant to the terms of any facility sublease entered into by the Department in connection with facilities constructed pursuant to the Law, as applicable.

SECTION 7. Insurance.

(a) Insurance Obligations of the Department. The Department will pay or cause to be paid the cost of all insurance required to be maintained under the Facility Lease. The Participating County will not be required to pay or reimburse the Department or any other State agency for these insurance costs or any deductible paid by the State. The Department will provide, or cause to be provided, proof of insurance coverage to the Participating County upon request of the Participating County.

In the event of (i) damage or destruction of the Facility caused by the perils covered by the insurance required under the Facility Lease and (ii) if the Board elects, under the terms of the Facility Lease and the Indenture, to redeem the outstanding Bonds, and (iii) if any insurance proceeds remain after the Bonds have been redeemed and such remaining proceeds are not needed under the terms of the Indenture, and (iv) such funds are distributed to the Department, then the Department agrees to distribute such funds to the Participating County.

The Department will not insure the Participating County's equipment, stored goods, other personal property, fixtures, or tenant improvements, nor such personal property owned by Participating County's, subtenants or assigns, if any, or invitees. The Department shall not be required to repair any injury or damage to any personal property or trade fixtures installed in the Facility by the Participating County caused by fire or other casualty, or to replace any such personal property or trade fixtures. The Participating County may, at its sole option and expense, obtain physical damage insurance covering its equipment, stored goods, other personal property, fixtures or tenant improvement or obtain business interruption insurance.

To the extent permitted by law, the Department and the Participating County agree to release the other and waive their rights of recovery against the other for damage to the Facility or their respective property at the Facility arising from perils insured under any commercial property insurance listed in this Facility Sublease or the Facility Lease. The property insurance policies of the Department and the Participating County shall contain a waiver of subrogation endorsement in favor of the other.

(b) Insurance Obligations of the Participating County. The Participating County, at its own cost and expense, shall secure and maintain or cause to be secured and maintained from an insurance company or companies approved to do business in the State of California and maintain during the entire term of this Facility Sublease, the following insurance coverage for the Facility:

(1) General liability insurance in an amount not less than one million Dollars (\$1,000,000) per occurrence. Evidence of such insurance shall be on a General Liability Special Endorsement form and should provide coverage for premises and operations, contractual, personal injury and fire legal liability;

(2) By signing this Facility Sublease, the Participating County hereby certifies that it is aware of the provisions of Section 3700, *et seq.*, of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to

undertake self-insurance in accordance with the provisions of that Code, and that it will comply, and it will cause its subtenants and assignees to comply, with such provisions at all such times as they may apply during the term of this Facility Sublease.

(3) Auto insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of not less than one million dollars (\$1,000,000) per occurrence. Such insurance shall include coverage for all "owned," "hired" and "non-owned" vehicles or coverage for any auto.

(c) Additional Insureds. The Participating County agrees that the Department and the Board and their officers, agents and employees shall be included as additional insureds in all insurance required herein.

(d) Insurance Certificate. The Participating County shall submit or cause to be submitted to the Department, by no later than June 30th of each year, a certificate of insurance or other evidence of insurance in a form satisfactory to the Department demonstrating that the insurance required to be maintained by the Participating County hereunder is in full force and effect.

(e) Self-Insurance. Notwithstanding any other provision of this Section, the Participating County may satisfy the insurance obligations hereunder by a combination of commercial insurance, formal risk pooling under California statutory provisions, and/or a self-funded loss reserve in whatever proportions are deemed appropriate by the Participating County and acceptable to the Department and the Board. The Participating County shall furnish the Department and the Board with a certificate or other written evidence of the Participating County's election to provide or cause to be provided all or part of its coverage under a risk pooling, risk retention, or self-insurance program or any combination thereof.

SECTION 8. Assignment, Subletting of Facility or Third Party Use.

(a) The Participating County shall not sublet, assign or allow any third party, including but not limited to the federal government or any agency or instrumentality thereof, to use any portion of the Facility, or permit its subtenants, assignees or third party users to sublet or assign portions of the Facility, without obtaining the prior written consent and approval of the Department and the Board, which may be granted or denied in their sole discretion, and, provided further, that any such sublease, assignment or use agreement shall be subject to the following conditions:

(1) Any sublease, assignment or use agreement of the Facility by the Participating County shall explicitly provide that such agreement is subject to all rights of the Board under the Facility Lease, including, the Board's right to re-enter and re-let the Facility or terminate the Facility Lease upon a default by the Department and to all rights of the Department under this Facility Sublease including, the Department's right to re-enter and re-let the Facility or terminate this Facility Sublease upon a default by the Participating County; and

(2) At the request of the Department or the Board, the Participating County shall furnish the Department and the Board with an opinion of nationally recognized bond counsel acceptable to the Board to the effect that such sublease, assignment or use agreement will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.



(b) The Participating County acknowledges that, if the Department breaches the terms of the Facility Lease, a remedy for such breach available to the Board under the Facility Lease is to enter and re-let the Facility to an entity other than the Department. If the Board, at its discretion, chooses to exercise this remedy, the Board agrees that its first offer to relet the Facility shall be made to the Participating County; provided, however, the terms of such offer shall be determined at the sole reasonable discretion of the Board.

(c) This Facility Sublease shall not be subordinated to any sublease, assignment or use agreement.

SECTION 9. Hazardous Materials. The Participating County shall fully disclose in writing to the Department and the Board the existence, extent and nature of any Hazardous Materials (defined below), substances, wastes or other environmentally regulated substances, of which the Participating County has actual knowledge relative to the Facility. The Participating County further warrants, covenants and represents that it will promptly notify the Department and the Board in writing of any change in the nature or extent of any Hazardous Materials, substances or wastes maintained on, in, around or under the Facility or used in connection therewith, of which the Participating County gains actual knowledge, and will transmit to the Department and the Board copies of any citations, orders, notices or other material governmental or other communication received by the Participating County with respect to any other Hazardous Materials, substances, wastes or other environmentally regulated substances affecting the Facility. The Participating County shall ensure (as to itself), and shall use its best efforts to ensure (as to its contractors, consultants, sublessees and other agents), that all activities of the Participating County or any officers, employees, contractors, consultants, sublessees, or any other agents of the Participating County performed at the Facility will be in full compliance with all Environmental Laws, and further agrees that neither the Participating County nor its contractors, consultants, sublessees, agents, officers or employees will engage in any management of solid wastes or Hazardous Materials at the Facility which constitutes noncompliance with or a violation of any Environmental Law. If there is a release of Hazardous Materials on or beneath the Facility which constitutes noncompliance with or a violation of any Environmental Law, the Participating County shall promptly take all action necessary to investigate and remedy such release.

The Participating County shall defend, indemnify and hold the State of California, including, but not limited to, the Department, the Board and their officers, directors, agents, employees and successors and assigns (each, an "Indemnified Party" and, together, the "Indemnified Parties") harmless from and against any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including cleanup costs), judgments and expenses (including attorneys', consultants', or experts' fees and expenses of every kind and nature) suffered by or asserted against one or more of the Indemnified Parties as a direct or indirect result of any warranty or representation made by the Participating County in the preceding paragraph being false or untrue in any material respect or the breach of any obligation of the Participating County in the preceding paragraph or as a result of any act or omission on the part of the Participating County or any contractor, consultant, sublessee or other agent of the Participating County which constitutes noncompliance with or a violation of any Environmental Law. The indemnification obligations set forth in this paragraph shall survive any termination of this Facility Sublease.

"Hazardous Materials" means any substance, material, or waste which is or becomes, prior to the date of execution and delivery hereof, regulated by any local governmental authority, the State of California, or the United States Government, including, but not limited to, any material or substance

which is (i) defined as a “hazardous substance”, “hazardous material”, “toxic substance”, “solid waste”, “pollutant or contaminant”, “hazardous waste”, “extremely hazardous waste”, or “restricted hazardous waste” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”) [42 U.S.C.A §§ 9601 *et seq.*]; the Resource Conservation and Recovery Act of 1976 (“RCRA”) [42 U.S.C.A §§ 6901 *et seq.*]; the Clean Water Act, also known as the Federal Water Pollution Control Act (“FWPCA”) [33 U.S.C.A §§ 1251 *et seq.*]; the Toxic Substances Control Act (“TSCA”) [15 U.S.C.A §§ 2601 *et seq.*]; the Federal Insecticide, Fungicide, Rodenticide Act [7 U.S.C.A §§ 136 *et seq.*]; the Superfund Amendments and Reauthorization Act [42 U.S.C.A §§ 9601 *et seq.*]; the Clean Air Act [42 U.S.C.A §§ 7401 *et seq.*]; the Safe Drinking Water Act [42 U.S.C.A §§ 300f *et seq.*]; the Solid Waste Disposal Act [42 U.S.C.A §§ 6901 *et seq.*]; the Surface Mining Control and Reclamation Act [30 U.S.C.A §§ 1201 *et seq.*]; the Emergency Planning and Community Right-to-Know Act [42 U.S.C.A §§ 11001 *et seq.*]; the Occupational Safety and Health Act [29 U.S.C.A §§ 655 and 657]; the California Underground Storage of Hazardous Substances Act [Health & Saf. Code §§ 25280 *et seq.*]; the California Hazardous Substances Account Act [Health & Saf. Code §§ 25300 *et seq.*]; the California Hazardous Waste Control Act [Health & Saf. Code §§ 25100 *et seq.*]; the California Safe Drinking Water and Toxic Enforcement Act [Health & Saf. Code §§ 25249.5 *et seq.*]; the Porter-Cologne Water Quality Act [Wat. Code §§ 13000 *et seq.*], including without limitation, Sections 25115, 25117 or 25122.7 of the California Health and Safety Code, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as “hazardous substance” under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Talmer Hazardous Substance Account Act), (iii) defined as a “hazardous material”, “hazardous substance”, or “hazardous waste” under Section 25501 of the California Health and Safety Code.

“Environmental Laws” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to Hazardous Materials to which the Participating County or the Facility is subject, including all those laws referenced above in the definition of Hazardous Materials.

#### SECTION 10. Termination, Breach, Default and Damages.

(a) This Facility Sublease shall terminate upon the occurrence of the expiration of the Facility Lease as set forth in Section 3.

(b) If the Participating County shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Participating County for a period of sixty (60) days after notice of the same has been given to the Participating County by the Department or the Board or for such additional time as is reasonably required, in the sole discretion of the Department, with the consent of the Board, to correct any of the same, the Participating County shall be deemed to be in default hereunder and it shall be lawful for the Department to exercise any and all remedies available pursuant to law or granted pursuant to this Facility Sublease. Upon any such default, the Department, in addition to all other rights and remedies it may have at law, shall, with the consent of the Board, have the option to do any of the following:

(1) To terminate this Facility Sublease in the manner hereinafter provided on account of default by the Participating County, notwithstanding any re-entry or re-letting of the Facility as hereinafter provided for in subparagraph (2) hereof, and to re-enter the Facility and remove all persons in possession thereof and all personal property whatsoever situated upon the

Facility and place such personal property in storage in any warehouse or other suitable place. In the event of such termination, the Participating County agrees to immediately surrender possession of the Facility, without let or hindrance, and to pay the Department and the Board all damages recoverable at law that the Department may incur by reason of default by the Participating County, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facility and removal and storage of such property by the Department or its duly authorized agents in accordance with the provisions herein contained. Neither notice to deliver up possession of the Facility given pursuant to law nor any entry or re-entry by the Department nor any proceeding in unlawful detainer, or otherwise, brought by the Department for the purpose of effecting such re-entry or obtaining possession of the Facility, nor the appointment of a receiver upon initiative of the Department to protect the Board's interest under the Facility Lease shall of itself operate to terminate this Facility Sublease, and no termination of this Facility Sublease on account of default by the Participating County shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Department shall have given written notice to the Participating County of the election on the part of the Department to terminate this Facility Sublease. The Participating County covenants and agrees that no surrender of the Facility or of the remainder of the term hereof or any termination of this Facility Sublease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Department by such written notice.

(2) Without terminating this Facility Sublease, (i) to enforce any term or provision to be kept or performed by the Participating County or (ii) to exercise any and all rights of entry and re-entry upon the Facility. In the event the Department does not elect to terminate this Facility Sublease in the manner provided for in subparagraph (1) hereof, the Participating County shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the Participating County, and notwithstanding any entry or re-entry by the Department or suit in unlawful detainer, or otherwise, brought by the Department for the purpose of effecting a re-entry or obtaining possession of the Facility. Should the Department elect to re-enter as herein provided, the Participating County hereby irrevocably appoints the Department as the agent and attorney-in-fact of the Participating County to re-let the Facility, or any part thereof, from time to time, either in the Department's name or otherwise, upon such terms and conditions and for such use and period as the Department may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facility and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the Participating County, and the Participating County hereby exempts and agrees to save harmless the Department from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facility and removal and storage of such property by the Department or its duly authorized agents in accordance with the provisions herein contained except for any such costs, loss or damage resulting from the intentional or negligent actions of the Department or its agents. The Participating County agrees that the terms of this Facility Sublease constitute full and sufficient notice of the right of the Department to re-let the Facility in the event of such re-entry without effecting a surrender of this Facility Sublease. The Participating County further agrees that no acts of the Department in effecting such re-letting shall constitute a surrender or termination of this Facility Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the Participating County the right to terminate this Facility Sublease shall vest in the Department to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The Participating County further agrees to pay the Department the cost of any alterations or additions to the Facility necessary to place the Facility in condition for re-letting immediately

upon notice to the Participating County of the completion and installation of such additions or alterations.

(c) This Facility Sublease may be terminated at the option of the Board if the Board determines to exercise its right to enter and re-let the Facility under the Facility Lease pursuant to a default by the Department thereunder.

(d) In addition to any default resulting from breach by the Participating County of any term or covenant of this Facility Sublease, if (1) the Participating County's interest in this Facility Sublease or any part thereof be assigned, sublet or transferred without the prior written consent to the Department and the Board, either voluntarily or by operation of law, or (2) the Participating County or any assignee shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Participating County asks or seeks or prays to be adjudicated as bankrupt, or is to be discharged from any or all of the Participating County's debts or obligations, or offers to the Participating County's creditors to effect a composition or extension of time to pay the Participating County's debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of the Participating County's debts or for any other similar relief, or if any such petition or if any such proceedings of the same or similar kind or character be filed or be instituted or taken against the Participating County, or if a receiver of the business or of the property or assets of the Participating County shall be appointed by any court, except a receiver appointed at the insistence or request of the Department or the Board, or if the Participating County shall make a general or any assignment for the benefit of the Participating County's creditors, or (3) the Participating County shall abandon the Facility, then the Participating County shall be deemed to be in default hereunder.

(e) The Department shall in no event be in default in the performance of any of its obligations hereunder unless and until the Department shall have failed to perform such obligations within sixty (60) days or such additional time as is reasonably required to correct any such default after notice by the Participating County to the Department that the Department has failed to perform any such obligation.

(f) The Participating County hereby waives any and all claims for damages caused or which may be caused by the Department in re-entering and taking possession of the Facility as herein provided and all claims for damages that may result from the destruction of or injury to the Facility and all claims for damages to or loss of any property belonging to the Department, or any other person, that may be in or upon the Facility, except for such claims resulting from the intentional or negligent actions of the Department or its agents.

Each and all of the remedies given to the Department hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Department to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this Section shall include, but not be limited to, re-letting by means of the operation or other utilization by the Department of the Facility. If any statute or rule of law validly shall limit the remedies given to the Department hereunder, the Department nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Department shall prevail in any action brought to enforce any of the terms and provisions of this Facility Sublease, the Participating County agrees to pay reasonable attorney's fees incurred by the Department in attempting to enforce any of the remedies available to the Department hereunder; whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

SECTION 11. Additions, Betterments, Extensions or Improvements; Prohibition Against Encumbrance.

(a) Subject to the limitations set forth in this Section 11, at its sole cost and expense, the Participating County shall have the right during the term of this Facility Sublease to make additions, betterments, extensions or improvements to the Facility or to attach fixtures, structures or signs to the Facility if such additions, betterments, extensions or improvements or fixtures, structures or signs are necessary or beneficial for the use of the Facility by the Participating County; provided, however, that any such changes to the Facility shall be made in a manner that does not result in an abatement of the rental hereunder or the rental due from the Department under the Facility Lease.

(b) If any proposed additions, betterments, extensions or improvements of the Facility require approval by the BSCC, the Participating County shall, concurrently with the request for such approval(s), request the approval of the Department and the Board to such additions, betterments, extensions or improvements. The Participating County acknowledges the commencement of such additions, betterments, extensions or improvements shall be subject to receipt by the Participating County of the Board's approval thereto. In the event the Participating County shall at any time during the term of this Facility Sublease cause any additions, betterments, extensions or improvements to the Facility to be acquired or constructed or materials to be supplied in or upon the Facility, the Participating County shall pay or cause to be paid when due all sums of money that may become due, or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the Participating County in, upon or about the Facility and shall keep the Facility free of any and all mechanics' or materialmen's liens or other liens against the Facility or the Department's or the Board's interest therein. In the event any such lien attaches to or is filed against the Facility or the Department's or the Board's interest therein, the Participating County shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the Participating County desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the Participating County shall forthwith pay or cause to be paid and discharged such judgment. In accordance with Section 20, the Participating County agrees to and shall, to the maximum extent permitted by law, defend, indemnify and hold the Department, the Board, the State Treasurer and their officers, directors, agents, employees, successors and assigns harmless from and against and defend each of them against any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Facility or the Department's or the Board's interest therein.

(c) The Participating County agrees it will not create or suffer to be created any recorded or unrecorded mortgage, pledge, lien, charge, easement, rights of way or other rights, reservations, covenants, conditions, restrictions or encumbrance upon the Facility or the Easement Property except Permitted Encumbrances (defined below).

The term "Permitted Encumbrances" means as of any particular time: (1) liens for general ad valorem taxes and assessments, if any, not then delinquent; (2) the Site Lease and the Facility Lease, as they may be amended from time to time; (3) easements (including the Easement Agreement), rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, which exist of record as of the date of issuance of the Bonds; (4) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of issuance of the Bonds and to which the Board consents in writing; and (5) subleases approved by the Board in accordance with Section 8 hereof.

(d) The Department hereby covenants and agrees that, except as set forth in Sections 8 and 10, neither this Facility Sublease nor any interest of either party in this Facility Sublease shall be sold, mortgaged, pledged, assigned, or transferred by voluntary act or by operation of law or otherwise.

(e) The Participating County shall not in any manner impair, impede, or challenge the security, rights and benefits of the owners of the Bonds or the trustee for the Bonds.

SECTION 12. Continuing Disclosure. The Participating County hereby covenants and agrees that it will fully cooperate with the Department, the Board and the State Treasurer so that they can comply with and carry out all of the provisions of the Continuing Disclosure Agreement and will provide all information reasonably requested by the Department, the Board or the State Treasurer regarding the Facility, in connection with continuing disclosure obligations. The Participating County further covenants to provide notice to the Department, the Board and the State Treasurer within five Business Days of the occurrence of any event which causes any portion of the Facility not to be available for beneficial use or occupancy by the Participating County.

SECTION 13. Status of Private Activity Use of the Facility. The Participating County hereby covenants and agrees to provide information to the Department and the Board by January 31 of each year regarding the private activity use, if any, of the Facility. Any such private use must be consistent with the Participating County's covenants pursuant to Section 14 hereof. The information that must be updated annually is set forth in the Tax Certificate that was executed and delivered by the Board upon the initial issuance of the Bonds and acknowledged to by the Participating County in its certificate attached to the Tax Certificate.

SECTION 14. Tax Covenants.

(a) The Participating County covenants that it will not use or permit any use of the Facility, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended; and any applicable regulations promulgated from time to time thereunder. The Participating County further covenants that it will not take any action or fail to take any action, if such action or the failure to take such action would adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) The Participating County covenants that it will not use or permit more than 10% of (i) the proceeds of the Bonds or the Project to be used in the aggregate for any activities that constitute a "Private Use" (as such term is defined in paragraph (d) below). The Participating County covenants that it will not cause more than 10% of the principal of or interest on the Bonds under the

terms thereof or any underlying arrangement, to be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or which will be derived from payments in respect of property used for a Private Use.

(c) The Participating County covenants that it shall not take or permit to be taken any action or actions which would cause more than 5% of the proceeds of the Bonds or the Project to be used for a Private Use that is unrelated or disproportionate to the governmental use of the proceeds of the Bonds (an "Unrelated or Disproportionate Use") or to cause more than 5% of the principal of or interest on the Bonds to be directly or indirectly secured by any interest in property used or to be used for a Private Use that is an Unrelated or Disproportionate Use or in payments in respect of property used or to be used for a Private Use that is an Unrelated or Disproportionate Use.

(d) The term "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities other than a "governmental person," which is defined within Treasury Regulation Section 1.141-1(b) as a state or local governmental unit or any instrumentality thereof. A "governmental person" does not include the United States or any agency or instrumentality thereof. The leasing of property financed or refinanced with proceeds of the Bonds or the use by or the access of a person or entity other than a governmental unit to property or services on a basis other than as a member of the general public shall constitute a Private Use. Private Use may also result from certain management and service contracts as described in paragraph (e) below.

(e) The Participating County will not enter into any arrangement with any person or entity other than a state or local governmental unit which provides for such person to manage, operate, or provide services with respect to the Facility (or any portion thereof) (a "Service Contract"), unless the guidelines set forth in Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 (the "Guidelines"), are satisfied and the Board, in its discretion, consents to such Service Contract.

(f) The Participating County covenants to maintain records relating to the Project as required by Sections 7.1 and 7.2 of the Project Agreement and such other records as are required to be maintained by it in accordance with the Tax Certificate.

SECTION 15. No Merger. The parties hereto intend that there shall be no merger of any estate or interest created by this Facility Sublease with any other estate or interest in the Facility, or any part thereof, by reason of the fact that the same party may acquire or hold all or any part of the estate or interest in the Facility created by this Facility Sublease as well as another estate or interest in the Facility.

SECTION 16. Waste. The Participating County shall not commit, suffer, or permit any waste or nuisance on or within the Facility or any acts to be done thereon in violation of any laws or ordinances.

SECTION 17. Amendments. This Facility Sublease may not be amended, changed, modified or altered without the prior written consent of the parties hereto and the Board.

SECTION 18. Waiver. Any waiver granted by the Department of any breach by the Participating County of any agreement, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other agreement, covenant or condition hereof. The Department shall not grant any such waiver without the prior written consent of the Board.

SECTION 19. Non-Liability of the Department and other State Entities. Any obligation of the Department created by or arising out of this Facility Sublease shall not impose a debt or pecuniary liability upon the Department, the Board or the State of California, or a charge upon the general credit or taxing powers thereof, but shall be payable solely out of funds duly authorized and appropriated by the State.

The delivery of this Facility Sublease shall not, directly or indirectly or contingently, obligate the Board, the Department, the State Treasurer or the State of California to levy any form of taxation therefor or to make any appropriation. Nothing herein or in the proceedings of the Participating County, the Board or the Department shall be construed to authorize the creation of a debt of the Board, the Department, the State Treasurer or the State of California, within the meaning of any constitutional or statutory provision of the State of California. No breach of any pledge, obligation or agreement made or incurred in connection herewith may impose any pecuniary liability upon, or any charge upon the general credit of the Board, the Department or the State of California.

SECTION 20. Indemnification. As required by California Welfare and Institutions Code Section 1974, the Participating County agrees to indemnify, defend, and hold harmless the Indemnified Parties for any and all claims and losses accruing and resulting from or arising out of the Participating County's use and occupancy of the Facility, including the use and occupancy of the Facility by any sublessee or invitee of the Participating County. The Participating County's obligation to indemnify, defend and hold harmless under this Section shall extend to all such claims and losses arising, occurring, alleged, or made at any time, including prior to, during, or after the period that this Facility Sublease is in full force and effect. Notwithstanding the preceding sentence, the Participating County will not be required to indemnify, defend or hold harmless an Indemnified Party from any claim which arises, in whole or in part, from the gross negligence or willful misconduct or omission of such Indemnified Party. The indemnification obligations of the Participating County set forth in this Section shall survive any termination of this Facility Sublease.

SECTION 21. Law Governing. This Facility Sublease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist. Any action or proceeding to enforce or interpret any provision of this Facility Sublease shall, to the extent permitted by law, be brought, commenced or prosecuted in the courts of the State located in the County of Sacramento, California.

SECTION 22. Headings. All section headings contained in this Facility Sublease are for convenience of reference only and are not intended to define or limit the scope of any provision of this Facility Sublease.

SECTION 23. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and addressed as follows:

To the Department:

Department of Corrections and Rehabilitation  
of the State of California  
9838 Old Placerville Road, Suite B  
Sacramento, CA 95827  
Attention: Director



To the Board: State Public Works Board  
915 "L" Street, 9th Floor  
Sacramento, CA 95814  
Attention: Executive Director

To the State Treasurer: Treasurer of the State of California  
Public Finance Division  
915 Capitol Mall, Room 261  
Sacramento, CA 95814  
Attention: Public Finance Division

To the Participating County: County of Riverside  
Economic Development Agency  
3403 Tenth Street, Suite 400  
Riverside, CA 92501  
Attention: Assistant County Executive Officer - EDA

The address to which notices shall be mailed as aforesaid to any party may be changed by written notice given by such party to the others as hereinabove provided.

SECTION 24. Successors and Assigns. The terms and provisions hereof shall extend to and be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto.

SECTION 25. Validity and Severability. If for any reason this Facility Sublease or any part thereof shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Department or by the Participating County, all of the remaining terms of this Facility Sublease shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any of the covenants and conditions of the Participating County hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this Facility Sublease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the Participating County annually in consideration of the right of the Participating County to possess, occupy and use the Facility, and all the other terms, provisions and conditions of this Facility Sublease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect, to the extent permitted by law.

SECTION 26. Execution. This Facility Sublease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Facility Sublease. It is also agreed that separate counterparts of this Facility Sublease may separately be executed by the Department, the Participating County and any other signatory hereto, all with the same force and effect as though the same counterpart had been executed by the Department, the Participating County and such other signatory.

SECTION 27. Multiple Originals. This Facility Sublease may be executed in any number of originals, each of which shall be deemed to be an original.

SECTION 28. Net Lease. This Facility Sublease shall be deemed and construed to be a "net lease" and the Participating County hereby agrees that the rentals provided for herein shall be an absolute net return to the Department, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 29. Board as Third Party Beneficiary. The Board is a third party beneficiary of this Facility Sublease.

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SPWB 2017 SERIES D  
FACILITY SUBLEASE  
(RIVERSIDE JUVENILE CENTER)

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

DEPARTMENT OF CORRECTIONS AND  
REHABILITATION OF THE STATE OF  
CALIFORNIA

By: \_\_\_\_\_  
[Name]  
[Title]

APPROVED (Pursuant to Government Code  
section 11005.2):

DEPARTMENT OF GENERAL SERVICES OF  
THE STATE OF CALIFORNIA

By: \_\_\_\_\_  
[Name]  
[Title]

CONSENT AND ACKNOWLEDGEMENT OF  
THE BOARD:

STATE PUBLIC WORKS BOARD OF THE  
STATE OF CALIFORNIA

By: \_\_\_\_\_  
Christopher Lief  
Executive Director

SPWB 2017 SERIES D  
FACILITY SUBLEASE  
(RIVERSIDE JUVENILE CENTER)

COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
Rob Field  
Assistant County Executive Officer – EDA

APPROVED AS TO FORM AND LEGAL EFFECT:

GREGORY P. PRIAMOS  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

**CERTIFICATE OF ACCEPTANCE**

This is to certify that the interest in the Facility conveyed under the foregoing to the County of Riverside, a political subdivision duly organized under the laws of the State of California, is hereby accepted by the undersigned officer or agent on behalf of the Board of Supervisors of the County of Riverside, pursuant to authority conferred by resolution of the Board of Supervisors adopted on \_\_\_\_\_, 2017 and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_, 2017

COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
Rob Field  
Assistant County Executive Officer – EDA

**EXHIBIT A**  
**LEGAL DESCRIPTION**  
**RIVERSIDE JUVENILE CENTER**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SACRAMENTO )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF RIVERSIDE )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary Public,

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

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

WITNESS my hand and official seal

\_\_\_\_\_  
SIGNATURE OF NOTARY PUBLIC