

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



ITEM
3.10
(ID # 10401)

MEETING DATE:

Tuesday, August 6, 2019

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA) AND Department of Waste Resources :

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Approval of Performance Bond and Escrow Agreement with Stronghold Engineering, Inc. and Pacific Western Bank - Alternative Energy, Department of Waste Resources, District 2 [0] (Nothing Further Required Under CEQA)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that nothing further is required pursuant to the California Environmental Quality Act (CEQA) because the Revenue Ground Sublease, and the First Amendment thereto, were previously approved and found to be exempt pursuant to State CEQA Guidelines Section 15061(b)(3), "Common Sense" exemption and not to be a "project" as defined under State CEQA Guidelines Section 15060(c);
2. Approve the attached Performance Bond, and authorize the Chairman of the Board to execute the same on behalf of the County; and
3. Approve the attached Escrow Agreement with Stronghold Engineering, Inc. and Pacific Western Bank, and authorize the Chairman of the Board to execute the same on behalf of the County.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD

7/18/2019

Hans Kemkamp, General Manager - Chief Engineer

7/25/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington and Perez
Nays: None
Absent: Hewitt
Date: August 6, 2019
xc: EDA

Kecia R. Harper
Clerk of the Board
By Deputy

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| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|-----------------------------|-----------------------------|--------------------------|---------------------------------|---------------------|
| COST | \$0 | \$0 | \$0 | \$0 |
| NET COUNTY COST | \$0 | \$0 | \$0 | \$0 |
| SOURCE OF FUNDS: N/A | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 2019/20 | |

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In 2013, the Real Estate Division of the Economic Development Agency (EDA), in coordination with the Department of Waste Resources (DWR), issued a Request for Proposal (RFP) for an Alternative Energy Project (Project) on the closed West Riverside Landfill in Jurupa Valley. The West Riverside Landfill is approximately 80 acres, and is managed and leased by the DWR from the County.

The RFP requested submittals from private sector alternative energy developers to construct utility grade alternative energy facilities on the closed West Riverside Landfill. As consideration, the selected developer would pay the County a percentage of their gross revenues generated from the sales of energy along with a monthly ground rent. Stronghold Engineering Inc. (Stronghold) was the awardee, and the County negotiated a sublease agreement that would provide Stronghold with the ability to conduct up to 36 months of due diligence which includes forming the size and scope of an alternative energy project and fully entitling that project through the City of Jurupa Valley and with County consent over the Project. Stronghold was granted two 6-month extensions to the initial 36-month diligence period pursuant to that certain First Amendment to the Revenue Ground Sublease (First Amendment) ratified and approved by the Board on December 11, 2018 (M.O. #3.12).

DWR and Stronghold entered into that certain Revenue Ground Sublease dated April 8, 2015 (Sublease). The purpose of this Escrow Agreement (Escrow Agreement) is to establish an escrow account in the amount of \$35,000 to ensure proper implementation by Stronghold for Stronghold's site maintenance program and post-closure use of the landfill, as required by Section 2(f) of the Sublease. This escrow account shall be established prior to the start of any construction of the Project and maintained throughout the term of the Sublease and shall be increased by Stronghold every year by three percent (3%). This 12 megawatt solar project is fully entitled and is set to commence construction in August of 2019.

The purpose of the Performance Bond (Bond), in the amount of \$401,000, is to comply with Section 26(a), which requires Stronghold to deliver a "Demolition/Restoration Security" (as defined in the Sublease) to DWR, which may be used by DWR for the removal of the solar

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facility at the leased premises and the restoration of the leased premises to its original condition at the end of the Sublease term, in the event Stronghold fails to complete such removal and restoration activities in accordance with the Sublease.

The Escrow Agreement and Performance Bond have been reviewed and approved by County Counsel as to legal form.

California Environmental Quality Act (CEQA) Findings

On February 10, 2015, and December 11, 2018, the Board approved the Revenue Ground Sublease and the First Amendment, respectively. As such, Notices of Exemption (NOE's) were filed, identifying that the approval said documents were exempt from CEQA pursuant to State CEQA Guidelines Sections 15060(c) (not a "project") and 15061(b)(3) (General Rule or "Common Sense" Exemption). The 35-day statute of limitations to challenge the CEQA findings set forth in both NOE's has expired, and no comments or challenges to the NOE's were received. Additionally, development of the Project was fully evaluated under CEQA during the entitlement process with the City of Jurupa Valley (City). The City adopted an Initial Study/Mitigated Negative Declaration (MND) for the Project in October 2016.

Since the proposed motion in this Form 11 simply involves the approval of an Escrow Agreement and Performance Bond, as required under the Revenue Ground Sublease and the First Amendment, which have already been addressed in the foregoing NOE's, nothing further is required under CEQA.

Impact on Citizens and Businesses

When constructed, this proposed alternative energy project will serve to address the County's goal of improving the quality of life by developing sustainable and livable communities. The Project may provide environmentally friendly solar energy to residents and businesses of the region for many years to come.

The Project will use a closed landfill site to generate solar energy that will also create jobs and revenue. This Project will benefit the taxpayers of the County by offsetting long term maintenance and operational costs currently associated with this closed landfill.

Contract History and Price Reasonableness

In 2013, an RFP for the Project was issued. Stronghold was the awardee, and DWR and Stronghold entered into that certain Revenue Ground Sublease, approved by the Board on February 10, 2015 (M.O. #3-3), for the purpose of allowing Stronghold to develop, install, construct, operate, maintain, and remove a solar electric generating facility, which includes all photovoltaic solar panels, mounting systems, foundations, inverters, transformers, integrators, all electric lines and conduits required to generate, collect, distribute and transmit electrical

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energy and such additional utility cables, lines, conduits, transformers, wires, meters, monitoring equipment and other necessary or convenient equipment and appurtenances common to such a facility. Stronghold was granted two 6-month extensions to the initial 36-month diligence period pursuant to that certain First Amendment to the Revenue Ground Sublease ratified and approved by the Board on December 11, 2018 (M.O. #3.12). During the term of the Revenue Ground Sublease, DWR will receive both ground lease revenue and a share of gross revenue derived from Stronghold's project on the subleased premises.

Additional Fiscal Information


EDA will be reimbursed by the DWR for any and all costs incurred and associated with this transaction.

Attachments:

- Escrow Agreement
- Performance Bond
- Aerial Image

RF:HM:VY:SG:CAO:jb 342FM 20.686
Minute Traq ID 10401


Nehini Dasika, Principal Management Analyst 7/27/2019


Gregory L. Priapros, Director County Counsel 7/26/2019



PERFORMANCE BOND
(Annual Form)

Bond No. **024075068**

KNOW ALL MEN BY THESE PRESENTS, that we, Stronghold Engineering, Inc.

as Principal, and Liberty Mutual Insurance Company
licensed to do business in the State of Massachusetts*, as Surety, are held and firmly bound unto
County of Riverside** (Obligee), in the penal sum of Four Hundred
One Thousand Dollars.

Dollars (\$401,000.00), lawful money of the United States of America, for the payment of which sum, well and

truly to be made, the Principal and Surety do bind themselves, their heirs, executors, administrators, and successors and
assigns, jointly and severally, firmly by these presents. **a political subdivision of the State of California, on behalf of its Department of
Waste Resources (formerly known as the Riverside County Waste Management

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the above bounden Principal has entered into a

certain written Contract with the above named Obligee, effective the 8th day of April 2015,

and terminating the 7th day of April, 2043, for Sublease Principal's sublease of Obligee-owned property (Leased ***

and more fully described in said Contract, a copy of which is attached, which Agreement is made a part hereof and

incorporated herein by reference, except that nothing said therein shall alter, enlarge, expand or otherwise modify the term of

the bond as set out below. *** Premises) for the purpose of developing, installing, constructing, operating, maintaining, and removing a solar
electric generating facility and other necessary or convenient equipment and appurtenances common to such a facility (collectively, the "Solar Facility")

NOW THEREFORE, if Principal, its executors, administrators, successors and assigns shall promptly and faithfully perform

the Contract, according to the terms, stipulations or conditions thereof, then this obligation shall become null and void,
otherwise to remain in full force and effect. This bond is executed by the Surety and accepted by the Obligee subject to the
following express condition:

Notwithstanding the provisions of the Contract, the term of this bond shall apply from May 14th, 2019

until May 15th, 2020, and may be extended by the Surety by Continuation Certificate. However, neither nonrenewal,

by the Surety, nor the failure or inability of the Principal to file a replacement bond in the event of nonrenewal, shall itself
constitute a loss to the Obligee recoverable under this bond or any renewal or continuation thereof. The liability of the Surety
under this bond and all continuation certificates issued in connection therewith shall not be cumulative and shall in no event
exceed the amount as set forth in this bond or in any additions, riders, or endorsements properly issued by the Surety as
supplements thereto.

Sealed with our seals and dated this 14th day of May, 2019.

Stronghold Engineering, Inc.

Alyssa Ligang
Witness

B. Bailey
Principal

Chen
Witness

Liberty Mutual Insurance Company
Brittany Aceves
Attorney-in-Fact
790 The City Drive South, Suite 200, Orange, CA 92868



Agreed and acknowledged this 6th day of August, 2019.

ATTEST:
KECIA R. HARPER, Clerk

By: Kevin Jeffries
Obligee County of Riverside **KEVIN JEFFRIES**
CHAIRMAN, BOARD OF SUPERVISORS

By: Keith Harper
DEPUTY

FORM APPROVED COUNTY COUNSEL
DATE 7/25/19
BY: THOMAS OH

AUG 06 2019 3:10



This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

Certificate No: **8201425**

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Brittany Aceves, Julie Brennan, Jeffrey W. Cavignac, Jase Hamilton, Jessica Rodriguez, James P. Schabarum II

all of the city of San Diego state of CA each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 18th day of June, 2019.



Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

By: David M. Carey
David M. Carey, Assistant Secretary

State of PENNSYLVANIA ss
County of MONTGOMERY

On this 18th day of June, 2019 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2021
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS: Section 12. Power of Attorney.

Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 14th day of May, 2019



By: Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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 }

County of San Diego }

On MAY 14 2019 before me, Shannen Sigman, Notary Public
(Here insert name and title of the officer)

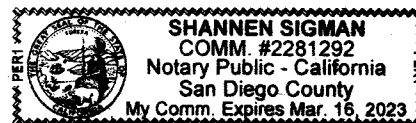
personally appeared Brittany Aceves
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is are subscribed to the within instrument and acknowledged to me that
he she they executed the same in his her their authorized capacity(ies), and that by
his her their signature(s)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

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

WITNESS my hand and official seal.

[Signature]
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~ is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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 }

County of Riverside }

On July 8, 2019 before me, Michelle D. Taylor, Notary,
(Here insert name and title of the officer)

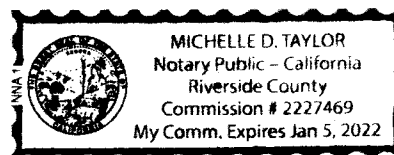
personally appeared Beverly Bailey,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s)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

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

WITNESS my hand and official seal.

Michelle D. Taylor
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

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- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
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- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

ESCROW AGREEMENT

This Escrow Agreement ("Agreement") is made and entered into this 3rd day of July 2019, by and between the County of Riverside ("County"), a political subdivision of the State of California, on behalf of its Department of Waste Resources (formerly known as the Riverside County Waste Management Department) and Stronghold Engineering, Inc. ("Responsible Party"), a California corporation, and Pacific Western Bank ("Escrow Holder"), a California state-chartered bank.

RECITALS

WHEREAS, the County and Responsible Party are parties to that certain Revenue Ground Sublease ("Sublease"), dated April 8, 2015, whereby the Responsible Party subleased a portion ("Leased Premises") of land owned by the County, located in the City of Jurupa Valley, California and identified by Assessor Parcel Numbers 178-290-006, 178-281-006, 178-290-003, 178-281-011, 178-281-008 and 178-290-013 (collectively, the "Land"), for the purpose of developing, installing, constructing, operating, maintaining, and removing a solar electric generating facility ("Solar Facility"), which includes all photovoltaic solar panels, mounting systems, foundations, inverters, transformers, integrators, all electric lines and conduits required to generate, collect, distribute and transmit electrical energy and such additional utility cables, lines, conduits, transformers, wires, meters, monitoring equipment and other necessary or convenient equipment and appurtenances common to such a facility;

WHEREAS, the Land contains an inactive and closed landfill site known as the West Riverside Landfill ("Landfill"), which requires the County to perform post-closure maintenance and repair tasks related to environmental controls, including, but not limited to, the cover system, groundwater monitoring network, gas probes, drainage facilities, flare station, and gas collection system;

WHEREAS, Section 2(f) of the Sublease requires that, upon the start of construction of the Solar Facility, the Responsible Party must take over the responsibility of performing post-closure maintenance and repair tasks within the Leased Premises that arise as a result of the construction and operation of the Solar Facility, as specified in Section 9 ("Supplemental Maintenance Program") of the Post Closure Land Use Proposal attached to the Sublease as Exhibit "G";

WHEREAS, the Responsible Party's maintenance and repair responsibilities include, but are not limited to, storm water (NPDES) compliance, site security at the Leased Premises, maintenance and repairs of the Landfill cover system, surface drainage and erosion control system, and access roads, and such other maintenance and repair activities at the Leased Premises to the extent and as described in the Supplemental Maintenance Program (collectively, "Maintenance and Repair");

WHEREAS, Section 2(f) also requires the Responsible Party to establish an escrow account in the amount of Thirty-Five Thousand Dollars (\$35,000.00) to ensure proper implementation of the Maintenance and Repair under the Post Closure Land Use Proposal for the Landfill ("Escrow Requirement");

WHEREAS, pursuant to Section 2(f) of the Sublease, the Escrow Account must be established before the start of any construction of the Solar Facility at the Leased Premises and maintained throughout the term of the Sublease and increased by the Responsible Party every year by three (3) percent;

WHEREAS, the County and Responsible Party have agreed that the Escrow Holder is acceptable to them in connection with the Escrow Requirement; and

WHEREAS, the County, Responsible Party, and Escrow Holder desire to enter into this Agreement in order to set forth the terms and conditions by which the Escrow Sum (as defined below) shall be deposited by the Responsible Party into the Escrow Account (as defined below) and held and distributed by the Escrow Holder.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County, Responsible Party, and Escrow Holder do hereby covenant and agree as follows:

1. **Escrow Sum.** The Responsible Party has deposited in escrow the sum of Thirty-Five Thousand Dollars (\$35,000.00) to ensure proper implementation of the Maintenance and Repair under the Post Closure Land Use Proposal for the Landfill (the "Escrow Sum"). The Escrow Holder hereby acknowledges receipt and deposit of the Escrow Sum.
2. **Escrow Account.** The Escrow Sum will be held in escrow by the Escrow Holder in a special escrow account ("Escrow Account"). The County or the Responsible Party may, from time to time, request written verification of the amount in this account from the Escrow Holder. The Escrow Holder will provide said verification within ten (10) days of said request. The escrow account may also be audited during the term of this Agreement at the discretion of the County.
3. **Additional Sums.** Pursuant to Section 2(f) of the Sublease, the Responsible Party shall increase the Escrow Sum each year on the anniversary date of the opening of the Escrow Account by three (3) percent of the then-current Escrow Sum.
4. **Proper Authorization.** The Escrow Holder agrees to hold the Escrow Sum and to pay out said funds only upon receipt of "Proper Authorization" as hereinafter defined. "Proper Authorization" shall mean authority in written form from the County stating the amount of the Escrow Sum to be released and that a disbursement in that amount is authorized. The Escrow Holder shall pay out said funds in the following manner:
 - a. To the Responsible Party upon delivery of "Proper Authorization" from the County authorizing such payment. The County shall issue such "Proper Authorization" upon the expiration or earlier termination of the Sublease; provided, however, that the Responsible Party is in compliance with its Maintenance and Repair obligations, as set forth in Section 2(f) of the Sublease.

- b. To the County upon delivery of “Proper Authorization” from the County, upon its determination that the Responsible Party has not complied with its Maintenance and Repair obligations, as set forth in Section 2(f) of the Sublease. The County is authorized, but not obligated, to take over and perform any such uncompleted maintenance and/or repairs and to use the Escrow Sum on deposit with the Escrow Holder for such purposes.
- 5. **Restoring Released Escrow Sum.** In the event the Escrow Sum, or a portion thereof, is released by the Escrow Holder pursuant to Section 4(b) above, the Responsible Party shall replace the Escrow Sum released in order to restore the Escrow Sum to the amount prior to said release.
- 6. **Events of Default.** The following conditions, occurrences or actions will constitute a default by the Responsible Party:
 - a. The Responsible Party’s failure to complete all repairs and maintenance as required by Section 2(f) of the Sublease;
 - b. The Responsible Party’s insolvency, the appointment of a receiver for the Responsible Party or the filing of a voluntary or involuntary petition in bankruptcy respecting the Responsible Party; in such event the County may immediately declare a default without prior written notification to the Responsible Party;
 - c. Notification to the County, by any lender with a lien on the Solar Facility, of a default on an obligation, the County may immediately declare a default without the prior notification to the Responsible Party; or
 - d. Initiation of any foreclosure action of any lien or initiation of a mechanics lien procedure against the Property in lieu of foreclosure, the County may immediately declare a default without prior notification to the Responsible Party.

Unless specifically provided for herein, the County may not declare a default until written notice has been sent to the Responsible Party.

- 7. **Failure to Complete Repairs and Maintenance.** In the event the Responsible Party shall be in default pursuant to Section 6 above or in the event the Responsible Party shall, in any case, fail to perform required Maintenance and Repair as set forth in Section 2(f) of the Sublease, the County may ensure the satisfactory completion of the repairs and maintenance and shall be reimbursed for the costs and expenses incurred by appropriating funds from the Escrow Sum for said completion. To ensure the satisfactory completion of such work, the County may perform such work itself or it may contract with a third party for completion. Such work shall be in the sole and exclusive discretion of the County. In no event shall the County be required to perform certain work or make specific repairs or maintenance. The Responsible Party grants to the County, its successors, assigns, agents, contractors, subcontractors and employees, a nonexclusive right and easement to enter

any property over which Responsible Party has ownership or control for the purposes of performing said maintenance and/or repair tasks.

8. **Term.** The term of this Agreement shall commence upon the Effective Date and shall terminate when the Escrow Account has been distributed in accordance with Section 4(a) of this Agreement.
9. **Indemnification of Escrow Holder.** The Responsible Party shall indemnify and hold the Escrow Holder harmless from and against any liability, loss, damage or expense (including, without limitation, reasonable and documented attorneys' fees) that the Escrow Holder may incur in connection with this Agreement and its performance hereunder or in connection herewith, except to the extent such liability, loss, damage or expense arises from its willful misconduct or gross negligence. The indemnification provided in this section shall survive the termination of this Agreement.
10. **Indemnification of County.** The Responsible Party shall indemnify and hold harmless the County of Riverside, 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, based or asserted upon any act or omission of the Responsible Party, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of the Responsible Party, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. The Responsible Party shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions. The indemnification provided in this section shall survive the termination of this Agreement.
11. **Escrow Costs.** The Responsible Party shall pay all fees and expenses (including reasonable and documented attorneys' fees) of the Escrow Holder for the services to be rendered by the Escrow Holder pursuant to this Agreement.
12. **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.
13. **Successor and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto. No assignment shall relieve the assigning party of any of its obligations hereunder.

14. **No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
15. **Headings.** The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.
16. **Amendment and Modification; Waiver.** This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.
17. **Severability.** If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.
18. **Governing Law; Submission to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction). 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 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.
19. **Notice.** Except as expressly provided elsewhere in this Agreement, all notices and other communication required under this Agreement 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 below in this section. Any party hereto may from time to time change its mailing address by written notice to the other parties.

County's Notification Address:
County of Riverside
Economic Development Agency – Real Estate Division
3403 Tenth St., Suite 500
Riverside, California 92501
Attention: Deputy Director of Real Estate

Responsible Party's Notification Address:
Stronghold Engineering, Inc.
2000 Market Street
Riverside, CA 92501

Escrow Holder's Notification Address:
Pacific Western Bank
3281 E. Guasti Rd., Suite 650
Ontario, CA 91761

20. **Principal and Agent.** Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association between the County and the Responsible Party.
21. **Authority.** If the Responsible Party or Escrow Holder is a corporation, general or limited partnership or individual owner, each individual executing this Agreement on behalf of said corporation, partnership, or individual represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said corporation, in accordance with bylaws of said corporation, or as a partner or individual is authorized to execute this Agreement and that this Agreement is binding upon said corporation and/or partnership or individual.
22. **Approval of Supervisors.** Anything to the contrary notwithstanding, this Agreement shall not be binding or effective until the date of its approval and execution by the Chairman of the Riverside County Board of Supervisors ("Effective Date").

[signatures on the following page]

IN WITNESS WHEREOF, the parties have executed this **Agreement** as of the date first written above.

Dated: July 3, 2019

RESPONSIBLE PARTY:

Stronghold Engineering, Inc., a California corporation

By: 
Name: Beverly Bailey
Its: President and CEO

ESCROW HOLDER:

Pacific Western Bank, a California state-chartered bank

By: 
Name: Dan Farren
Its: SVP, Regional Manager

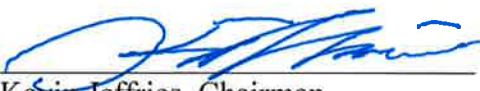
ATTEST:

Kecia R. Harper
Clerk of the Board

By: 
Deputy

COUNTY:

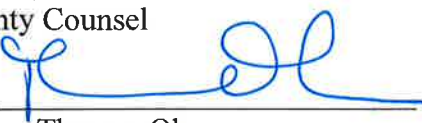
County of Riverside, a political subdivision of the State of California

By: 
Kevin Jeffries, Chairman
Board of Supervisors

(SEAL)

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: 
Thomas Oh
Deputy County Counsel