

GROUND LEASE AGREEMENT

GWS#4 DEVELOPMENT, LLC

AND

CITY OF RIVERSIDE

This Lease Agreement ("Lease"), dated as of _____, 2017 (the "Effective Date") for reference purposes only, is made by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation, as lessor ("City"), and GWS#4 DEVELOPMENT, LLC, a California limited liability company, as lessee ("Lessee"). City and Lessee are sometimes referred to in this Lease individually as a "Party" and collectively as "Parties."

A. City is the fee owner of certain parcels of real property located in the City of San Bernardino, California containing approximately 60.318 acres, consisting of Assessor Parcel Numbers 0141-431-17, 0141-431-18, 0141-421-18, 0141-421-19 and 0141-421-20, which property is shown on the plat map attached hereto as Exhibit "A" and incorporated herein by reference ("City Land").

B. City is party to a certain Amended and Restated Lease Agreement with J.G. Golfing Enterprises, Inc. ("JG") dated May 1, 2011 with a remaining term through 2037 ("JG Lease"), pursuant to which the City leased to JG the City Land and other parcels. After the date hereof, it is contemplated that the JG Lease will be terminated pursuant to an agreement between the City and JG. Lessee agrees to execute all documents reasonably necessary to effectuate such termination and agrees to pay any compensation due to JG for said termination ("JG Golf Compensation"), and upon such termination ("JG Termination Date"), the City Land that was subject to the JG Lease shall become subject to this Lease. City shall reimburse Lessee the JG Golf Consideration as more particularly described herein.

C. On or after the Effective Date of this Lease, Lessee shall cause the conveyance to City of that certain tract of land adjacent to the City Land containing approximately 1.722 acres, located south of E Dumas Street and west of Waterman Avenue, in San Bernardino, California, identified as Assessor Parcel Number 0141-421-14, and as more particularly depicted and legally described on Exhibit "B" attached hereto and incorporated herein by this reference (the "SCE Land").

D. Approximately 7.902 acres of the City Land, which area is legally described and depicted on Exhibit "C" attached hereto and incorporated herein by reference ("Parking Area"), will provide access from E. Dumas Street to the Building Area, as defined below, as well as parking for the Building Area. The Parking Area is subject to temporary access by the City and Southern California Edison to their properties. Further, the Access Area is subject to the water facilities as set forth in that certain Well Relocation Agreement defined below.

E. Approximately 3.967 acres of the City Land, which area is legally described and depicted on Exhibit "D" attached hereto and incorporated herein by reference ("Access Only Area"), will provide access from Waterman Avenue to the Building Area, as well as from the

Parking Area to the Building Area. The Access Only Area is also subject to temporary access by the City and Southern California Edison to their properties. Further, the Access Only Area is also subject to the water facilities as set forth in that certain Well Relocation Agreement defined below.

F. Lessee desires to construct upon an approximately 49.691 acre area of the City Land and SCE Land, legally described and depicted on Exhibit "E" attached hereto and incorporated herein by reference ("Building Area"), an approximately 1,064,880 square foot warehouse and distribution building and related site improvements (collectively, the "Improvements"). The Building Area together with the Improvements once constructed thereon is sometimes collectively referred to herein as the "Project".

G. Lessee and City desire to enter into this Lease for a the portion of the City Land, consisting of the Parking Area and the Building Area (including the SCE Land), for a total lease area of approximately 57.593 acres in the approximate configuration as depicted on the site plan attached hereto as Exhibit "F" (the "Leased Premises").

H. City is the owner and beneficiary of certain underground wells and related equipment (the "City Wells"), the general location of which (currently on the City Land) are depicted and legally described in the exhibits to that certain separate Well Relocation and Easement Agreement between City and Lessee, in the form attached hereto as Exhibit "G" (the "Well Relocation Agreement"), which the Parties are to execute substantially concurrently with the execution of this Lease. Pursuant to the Well Relocation Agreement, Lessee is to cause the relocation of certain of the City Wells (the "Well Relocation Work") from locations existing as of the Effective Date of this Lease to a new location on a portion of the City Land (the "City Well Parcel"), depicted and legally described and depicted on Exhibit "H" attached hereto and incorporated herein by reference. As provided in the Well Relocation Agreement, Lessee shall complete the Well Relocation Work for the benefit of City at Lessee's sole cost and expense, subject to reimbursement of Lessee by City by application of payments by City as against the rent obligations of Lessee arising under this Lease. Pursuant to Section 1.1 of this Lease, Lessee and City shall endeavor to cause the City Land to be legally subdivided by parcel map and in doing so create separate legal parcels from the Building Area, including the City Well Parcel, the Parking Area and the Access Only Area.

ARTICLE I

LEASED PREMISES; EFFECTIVE DATE; TERM; RENT; DEPOSIT

1.1 Leased Premises. Effective as of the Effective Date, City hereby leases to Lessee, and Lessee hereby leases from City, in accordance with the terms and conditions of this Lease, the Leased Premises (comprised of the Parking Area shown on Exhibit "C" and the Building Area shown on Exhibit "E"). City agrees to cooperate with Lessee at Lessee's sole cost and expense to process a parcel map or maps or a lot line adjustment (each and any a "Parcel Map"), so as to constitute the Building Area as one or more separate legal parcel(s) in compliance with the California Subdivision Map Act separate from the Access Only Area, the Parking Area and the City Well Parcel. Additionally, Lessee shall have (i) the right to use the Access Only Area to travel to and from the Parking Area to the Building Area and to and from the Building Area to Waterman Avenue, and (ii) the right to use Parking Area for the purpose of constructing and

using certain parking area improvements, subject to the same terms and conditions applicable to the Leased Premises as set forth herein and further subject to the rent provisions as set forth in Section 1.4 et. seq. Lessee's rights to use the Access Only Area and the Parking Area shall be exclusive subject only to Lessor's temporary access for ingress and egress for purposes of construction, reconstruction, operation and maintenance of water well, pipeline and related appurtenances and reasonable access by Southern California Edison in the exercise of its easement rights for electrical facilities. Notwithstanding anything to the contrary herein, Lessee shall not be responsible for the reconstruction, operation or maintenance of the water well, pipeline or related appurtenances in either the Parking Area or the Access Only Area.

A. Reserved Rights. Consistent with the Well Relocation Agreement, City reserves all rights to water underlying the Leased Premises and the City Well Parcel, including, without limitation, any and all rights to import water onto or capture water on the City Well Parcel for purposes of groundwater recharge, as well as extract, use or remove water from the City Well Parcel and from ground water underlying the Leased Premises; provided, however, City shall have no rights of surface access on or over the Leased Premises or any portion thereof in connection with the exercise of such reserved water rights, and so long as City's exercise of its water rights shall not unreasonably interfere with Lessee's use of the Leased Premises. Lessee is hereby restricted from constructing improvements within any portions of the Leased Premises appurtenant to the City Well Parcel which impair City's rights of access to or use of the underground wells and related improvements without City's express prior written consent.

Lessee's use of the Leased Premises and the exercise of any rights granted herein shall not harm, injure, impede, alter, destroy, damage or threaten any of City's underground water rights or any rights of City under the Well Relocation Agreement, the quality or quantity of the water associated with City's water rights, or interfere in any other way with City's underground water rights as to the Leased Premises and/or City Well Parcel.

1.2 Effective Date. This Lease shall become effective as of the Effective Date set forth above. Prior to the JG Termination Date, Lessee shall have the right to enter the Leased Premises as necessary to perform the Well Relocation Work and to otherwise prepare the Leased Premises for the Improvements.

1.3 Early Termination Option. Lessee and City acknowledge that the Commencement Date, as defined below, is contingent upon all of the following: (i) Lessee's successful acquisition of the SCE Land and sale of the SCE Land to City; (ii) successful termination of the JG Lease; and (iii) successful issuance of all entitlements and governmental approvals and permits required for the Improvements including, without limitation, a development permit ("Development Permit") from the City of San Bernardino. In consideration for Lessee's option to terminate this Lease if Lessee is unable, as determined by Lessee in its sole and absolute discretion, to satisfy the foregoing (i) through (iii) of this Section 1.3, beginning upon the Effective Date Lessee agrees to pay to City the sum of \$10,000 per month (the "Option Payments"), payable quarterly on the first business day of each calendar year quarter (pro-rated for partial quarters). If Lessee, after using reasonable good faith efforts determines that it is unable to satisfy the foregoing (i) through (iii) of this Section 1.3 on or before March 31, 2018, Lessee may send written notice to City any time prior to March 31, 2018, that it is electing to terminate this Lease and thereafter Lessee and City shall have no further obligations hereunder

other than those obligations that expressly survive the termination of this Lease. The Option Payments will terminate at the earlier of (i) the date Lessee terminates this Lease as provided in the foregoing sentence or (ii) the Commencement Date.

1.4 Term. The term of this Lease ("Term") shall commence on, and be measured from, the date (the "Commencement Date") which is the first day of the first calendar month immediately following the JG Termination Date and shall continue for a period of Fifty-Five (55) years from the Commencement Date, expiring on the last day of the fifty-fifth (55th) Lease Year following the Commencement Date (the "Expiration Date"), unless otherwise terminated earlier pursuant to the terms set forth herein. Not less than twelve (12) months prior to the Expiration Date, the Parties shall meet in good faith to negotiate to extend the Term for up to an additional 55 years as the Parties may agree, subject to any statutory, City charter and other such requirements and/or restrictions. Each twelve month period following and measured from the Commencement Date shall be referred to herein as a "Lease Year".

1.5 Rent. Lessee shall pay Monthly Rent (defined below) in accordance with the following:

A. Monthly Rent From the Effective Date to Commencement Date. Prior to the Commencement Date, Lessee shall not require exclusive possession or occupancy of the Leased Premises other than to complete the Well Relocation Work. Accordingly, Lessee shall not be obligated to pay any rent (including Monthly Rent) or operating expenses from the Effective Date to the Commencement Date.

B. Monthly Rent Lease Years 1 through 10. From the Commencement Date through the expiration of Lease Year 2, subject to Section 1.4C. below, monthly rent shall be payable by Lessee to City in the amount of Eighty Eight Thousand Four Hundred Ninety Four Dollars (\$88,494.00) per month with respect to the Building Area ("Building Area Monthly Rent") plus \$4,302.00 with respect to the Parking Area ("Parking Area Monthly Rent"). The Building Area Monthly Rent and the Parking Area Monthly Rent are collectively referred to herein as "Monthly Rent". Effective as of the first day of Lease Year 3 and effective as of the first day of each Lease Year thereafter through Lease Year 10, Monthly Rent shall increase and shall be payable by Lessee, subject to Section 1.4D. below, based upon the percentage increase in the Consumer Price Index ("CPI") for All Urban Consumers (Los Angeles/Anaheim/Riverside Area; Base 1982-84=100) (the "Index"), as published by the United States Department of Labor, Bureau of Labor Statistics. As used herein, "CPI Adjustment Date" means and refers to a date on which the Monthly Rent increases based upon the percentage increase in the CPI pursuant to this Section 1.4B and/or pursuant to Section 1.4C below. For the first CPI Adjustment Date pursuant to this Section 1.4B (i.e., the first day of Lease Year 3), the year-end average annual Index as of the end of the month which is three (3) months prior to such CPI Adjustment Date (each, a "Comparison Date") shall be compared with the year-end average annual Index as of the end the same month as the Comparison Date for the immediately preceding calendar year, and the Monthly Rent will be increased upon the first CPI Adjustment Date and each CPI Adjustment Date thereafter by the annual percentage increase between such indices. In the event the Index comparison yields a negative value, no adjustment to the Monthly Rent shall be made. Should the Bureau of Labor Statistics discontinue the publication of the Index, or publish the

same less frequently, or alter the same in some other manner, then City and Lessee shall adopt a substitute Index or substitute procedure which reasonably reflects and monitors consumer prices.

C. Monthly Rent Lease Years 11 through expiration of Term. Effective as of the first day of Lease Year 11 and effective as of the first day of every tenth Lease Year thereafter (e.g., Lease Year 21, Lease Year 31, Lease Year 41, Lease Year 51, etc.)(each, a "FMV Adjustment Date"), Building Area Monthly Rent shall adjust to 0.5% of the fair market value of the Building Area (as determined pursuant to Section 1.4C(iv) below) and Parking Area Monthly Rent shall adjust to 0.5% of the fair market value of the Parking Area (as determined pursuant to Section 1.4C(iv) below). The Monthly Rent shall increase based upon the percentage increase in the CPI on first day of each Lease Year occurring in the periods interim to the FMV Adjustment Dates (e.g., annual CPI increases for each year effective the first day of each Lease Year for Lease Years 12 -20, 22-30, 32-40, 42-50, 52-55, etc.). However, the Building Area Monthly Rent shall never drop below the following: Lease Years 11-20 \$97,910, 21-30 \$108,327, 31-40 \$119,853, 41-50 \$132,606, 51-55 \$146,715, and, Parking Area Monthly Rent shall never drop below the following: Lease Years 11-20 \$4,753, 21-30 \$5,250, 31-40 \$5,800, 41-50 \$6,407, 51-55 \$7,077. The fair market value of the Building Area and Parking Area shall be determined on each FMV Adjustment Date, and for any other purposes under this Lease where a fair market value determination is required, pursuant to the following process (the "Appraisal Process").

i) Appraisers. On or before the date which is nine (9) months prior to any FMV Adjustment Date, City and Lessee shall each select one Qualified Appraiser (as defined below) to determine the fair market value of the Building Area and Parking Area and each party shall notify the other of the selection of its respective Qualified Appraiser. If either party shall fail to appoint a Qualified Appraiser and notify the other on or before the date which is nine (9) months prior to a FMV Adjustment Date, the other party shall provide written notice to the party which failed to timely appoint a Qualified Appraiser and that party shall have a period of ten (10) days to designate a Qualified Appraiser and notify the other party of such selection. At the time each Qualified Appraiser is selected by City and Lessee, each Qualified Appraiser shall be informed of the existence of the other, as well as the possibility of the appointment and role of a third Qualified Appraiser which may be appointed pursuant to subparagraph ii) below. Each Qualified Appraiser shall submit his or her written appraisal to City and Lessee setting forth the fair market value of the Building Area and Parking Area effective as of the FMV Adjustment Date in question, including all supporting analysis, within thirty (30) days of appointment. If the appraisals of the two Qualified Appraisers differ by less than ten percent (10%) of the lower of the two appraisals, the average fair market value for the Building Area and Parking Area of the two appraisals shall be the fair market value for the Building Area and Parking Area effective as of the commencement of the FMV Adjustment Date in question (e.g., the commencement of Lease Year 11, Lease Year 21, Lease Year 31, Lease Year 41, Lease Year 51, etc., as applicable).

ii) Third Appraisal. If the two appraisals differ by more than ten percent (10%) of the lower of the two appraisals and the Parties are unable to reach a compromise on the fair market value within twenty (20) days after the date of exchanging the appraisals, then the two appraisers shall select a third Qualified Appraiser without prior disclosure of their respective appraisals to such third Qualified Appraiser. If the original two

Qualified Appraisers are unable to agree upon a third Qualified Appraiser within such twenty (20) day period and the Parties are unable to agree upon the third Qualified Appraiser within such second twenty (20) day period, the third Qualified Appraiser shall be appointed by the presiding judge of the Superior Court of San Bernardino County, California. If a third Qualified Appraiser is required to be appointed by the presiding judge, the time within which to appoint the third Qualified Appraiser shall be extended for the period of time from request for appointment or to the time the presiding judge makes such appointment. Once the third Qualified Appraiser is chosen, both the Lessee's Qualified Appraiser and City's Qualified Appraiser shall deliver their respective appraisals to such third Qualified Appraiser. Such third Qualified Appraiser shall perform such investigations as may be required pursuant to the Uniform Standards of Professional Appraisal Practice so as make a determination as to which of the first two appraisals is closer to the third Qualified Appraiser's opinion of the fair market value of the Building Area and Parking Area. Within sixty (60) days after the appointment of the third Qualified Appraiser, the third Qualified Appraiser shall select one of the two initial appraisals that such third Qualified Appraiser believes most closely approximates the fair market value and such fair market value, as selected, shall be the "fair market value" for the Building Area and Parking Area for the commencement of the Lease Term period in question (e.g., for Lease Year 11, Lease Year 21, Lease Year 31, Lease Year 41, Lease Year 51, etc., as applicable). At no time shall City, Lessee, their respective appraisers, or any agent or employee of them, contact the third Qualified Appraiser with respect to the Building Area or Parking Area or in any manner attempt to influence the determination of the third Qualified Appraiser, except for discussions relating to the scope of employment and compensation therefor and providing such third Qualified Appraiser with copies of both of the first two appraisals as provided above.

iii) Qualified Appraisers/Appraisal Standards. Each appraiser appointed pursuant to this Agreement shall be a Member of the Appraisal Institute with not less than ten (10) years' experience appraising large parcels of commercial and industrial land in San Bernardino County (a "Qualified Appraiser"). Each Qualified Appraiser shall be given the identity of the other Qualified Appraiser(s), as the case may be. Each Party shall pay the cost of the Qualified Appraiser selected by such Party and one-half (1/2) of the cost of the third Qualified Appraiser, if necessary. For purposes of determining the fair market value, the results of such appraisals shall be binding upon Lessee and City.

iv) Fair Market Value Methodology. As used in this Section 1.4 and for all purposes of this Lease, the fair market value of the Building Area and Parking Area shall be determined based on the fair market value of the Building Area and Parking Area assuming that each is a separate and distinct parcel without the benefit of the other, that each is in an unimproved condition without regard to any improvements upon the Building Area or Parking Area of any kind, and assuming the Building Area (not the Parking Area) is zoned and entitled for large warehouse/distribution industrial use as compared to other comparably sized parcels of land similarly zoned and entitled in an unimproved state in Riverside and San Bernardino Counties, taking into account all factors typically considered by Qualified Appraisers in the appraisal of real properties comparable to the Building Area.

D. City Payments to Lessee - Credits to Monthly Rent. Notwithstanding the Monthly Rent provisions set forth in this Section 1.4 above, it is understood that City shall pay Lessee the J.G. Golf Consideration and reimburse Lessee for certain costs ("Well Relocation

Costs”) incurred by Lessee to complete the Well Relocation Work as such costs are approved by City from time to time prior to commencement of all such work by Lessee and as the scope and/or costs of any such work changes and is approved by City prior to being incurred by Lessee (collectively, such J.G. Golf Consideration and Well Relocation Costs payable by City to Lessee, being referred to herein as the “City Costs”), by paying to Lessee, on a monthly basis, throughout the Term, an amount set forth below:

i. J.G. Golf Consideration: An amount equal to Twenty-Five Thousand Dollars (\$25,000) per month applied as a rent credit (“Monthly JG Rent Credit”) against the first one hundred eighty (180) Monthly Rent obligations. Notwithstanding the foregoing, if the actual consideration delivered to J.G. Golf Enterprises for lease buyout consideration (“JG Golf Consideration”) is less than Four Million Five Hundred Thousand Dollars (\$4,500,000.00), then such JG Golf Consideration shall be amortized over the first 180 months of the Term at zero percent (0%) simple interest and the Monthly JG Rent Credit shall equal such monthly amortized amount. For example, if the JG Golf Consideration equals Four Million Dollars, then the Monthly JG Rent Credit would equal \$22,222.22, which \$22,222.22 would be applied as a credit against Monthly Rent due for the first 180 months of the Term.

ii. Well Relocation Work: An amount equal to Twenty-Eight Thousand Six Hundred and Twenty Dollars (\$28,620) per month applied as a rent credit (“Monthly Well Cost Credit”) against the first one hundred eighty (180) Monthly Rent obligations. Notwithstanding the foregoing, if the actual Well Relocation Costs incurred by Lessee are less than Four Million One Hundred Thousand Dollars (\$4,100,000.00), then such Well Relocation Costs shall be amortized over the first 180 months of the Term at three percent (3%) simple interest and the Monthly Well Cost Credit shall equal such monthly amortized amount. For example, if the actual Well Relocation Costs incurred by Lessee equals Four Million Dollars (\$4,000,000.00), then the Monthly Well Cost Credit would equal \$27,623, which \$27,623 would be applied as a credit against Monthly Rent due for the first 180 months of the Term. From time to time, Lessee shall have the right to deliver to City an accounting of the outstanding balance of the City Credits (“Accounting Statement”). Within 20 business days of its receipt of such Accounting Statement, the City shall either confirm the City Credits or object (an “Objection”), which Objection shall include an alternative proposed calculation of the City Credits. If the City fails to timely deliver an Objection, then the Lessee’s Accounting Statement shall be deemed correct and all subsequent calculations hereunder shall be applied in the manner set forth in such Accounting Statement.

1.5 Payment, Interest. Subject to Section 1.4D. above, any Monthly Rent and Monthly Rent – Parking Area (collectively “Monthly Rent”) hereunder shall be due and payable on the first day of the month, and must be paid on or before the tenth day of the month. Any Monthly Rent payment (or portion thereof) not paid by the tenth (10th) day of the month shall bear interest at the rate of eight percent (8%) annually from the first day of the month until paid. Payments of Monthly Rent as outlined above are in addition to any other payment of tax, penalty or fee, which may be imposed upon Lessee by any other provisions of this Lease. Essentially, the J.G. Golf Consideration and the Well Relocation Costs (plus interest) are advance payments by Lessee of the Monthly Rent as provided in this Section 1.4D.

1.6 Late Charges. Lessee hereby acknowledges that late payment by Lessee of the Monthly Rent, additional rent, or any other sums due under this Lease will cause City to incur costs not contemplated by this Lease. Such costs include, but are not limited to, processing and accounting charges, and late charges, which may be imposed upon City by the terms of any mortgage or trust deed covering the Leased Premises. Accordingly, if any installment of Monthly Rent, additional rent, or any other sums due from Lessee under this Lease, shall not be paid within ten (10) days after the time set forth in this Lease for payment thereof, Lessee shall thereupon pay to City a late charge equal to five percent (5%) of the overdue amount. City and Lessee agree that this late charge represents a reasonable sum considering all of the circumstances existing on the date of this Lease, including the relationship of the sum to the loss to City that could be reasonably anticipated by such nonpayment by Lessee and the anticipation that proof of actual damages sustained by City would be costly or inconvenient to determine. City and Lessee agree that such late charge shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent City from exercising any of the other rights and remedies available to City at law, in equity, or under this Lease. City, at its option, may deem any such overdue amounts and/or late charges so unpaid to be additional rent, nonpayment of which shall. In addition to any other rights and remedies available to City, give rise to those rights and remedies of City set forth in Article 8 of this Lease.

ARTICLE II

CONDITION OF LEASED PREMISES; IMPROVEMENT OF LEASED PREMISES;

COMPLIANCE WITH LAWS

2.1 Condition of Leased Premises. Lessee has examined the Leased Premises and agrees to accept possession of the Leased Premises in an "as is" condition, subject to relocation of the City Wells in accordance with the Well Relocation Agreement attached as Exhibit "G". Lessee acknowledges and agrees that except as provided in the Purchase Agreement dated as of February 2017 by and between City and Lessee, City, including its authorized agents, representatives and employees, has not made any representations, guarantees or warranties regarding the Leased Premises, nor has City, its agents, representatives, or employees made any representations, guarantees or warranties regarding whether the Leased Premises complies with applicable covenants and restrictions of records, building codes, ordinances or statutes in effect at the Effective Date.

2.2 Permitted Use. Lessee and all of Lessee's approved subtenants and assignees may use the Leased Premises only for the purpose of industrial, logistics or fulfillment center, assembly, office and/or retail uses and operations reasonably related thereto and such other lawful purposes as may be incidental to such uses, and for no other purpose without the prior written consent of City, not to be unreasonably withheld provided in all cases such uses comply with all Applicable Laws. Except as described in the Well Relocation Agreement, Lessee's use of the Leased Premises and the exercise of any rights granted herein shall not harm, injure, impede, alter, destroy, damage or threaten any of the City's water rights associated with the Leased Premises, any existing or future wells or appurtenances over, under or on the Leased Premises, the quality or quantity of the water associated with the City's water rights, or interfere in any other way with the City's water rights over, under or on the Leased Premises. Should City reasonably determine that Lessee's use of the Leased Premises so violates the terms of this

Lease, Lessee, upon reasonable prior written notice from City of such violation, shall promptly, and in all events within thirty (30) days after written notice, commence to cease and desist such use and cure such violation and thereafter diligently prosecute such cure to completion.

2.3 Lessee to Comply with Applicable Laws. Lessee shall comply with applicable statutes, laws, rules, regulations and ordinances of every governmental body or agency whose authority extends to the Leased Premises or to any business activities, operation and construction conducted on the Leased Premises ("Applicable Laws") and shall obligate Lessee's subtenant occupants to also comply with all Applicable Laws as to the Leased Premises and to any business activities, operation and construction conducted on the Leased Premises.

2.4 Compliance with Environmental Laws. Lessee shall be responsible for causing the Leased Premises and all operations conducted thereon to comply with all applicable laws, ordinances, orders, rules and regulations regulating, relating to, or imposing liability of standards of conduct concerning any Hazardous Materials, or pertaining to occupational health or industrial hygiene, occupational or environmental conditions on, under, or about the Leased Premises, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") [42 USC Section 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 ("RCRA") [42 USC Section 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act ("FWPCA") [33 USC Section 1251 et seq.]; the Toxic Substances Control Act ("TSCA") [15 USC Section 2601 et seq.]; the Hazardous Materials Transportation Act ("HMTA") [49 USC Section 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USC Section 6901 et seq.] the Clean Air Act [42 USC Section 7401 et seq.]; the Safe Drinking Water Act [42 USC Section 300f et seq.]; the Solid Waste Disposal Act [42 USC Section 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USC Section 101 et seq.] the Emergency Planning and Community Right to Know Act [42 USC Section 11001 et seq.]; the Occupational Safety and Health Act [29 USC Section 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & S C Section 25288 et seq.]; the California Hazardous Substances Account Act [H & S C Section 25300 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H & S C Section 24249.5 et seq.] the Porter-Cologne Water Quality Act [Water Code Section 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state or local law, ordinance, order, rule or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent the occupational health or industrial hygiene laws, ordinances, or regulations relate to hazardous substances on, under or about the Leased Premises, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use ("Environmental Laws").

A. Lessee shall immediately notify City in writing and provide copies upon receipt of all written complaints, claims, citations, demands, formal inquiries, reports or notices relating to any release of Hazardous Materials at on or at the Leased Premises or with respect to any alleged failure of Lessee, any subtenant or occupant to comply with Environmental Laws. Lessee shall promptly cure and have dismissed with prejudice (or cause its subtenant occupant to cure and have dismissed with prejudice) any such actions and proceedings to the reasonable satisfaction of all appropriate governmental authorities. Lessee shall keep the Leased Premises

free of any lien imposed pursuant to any Environmental Law not caused or resulting from any acts of City.

B. For the purpose of Section 4.4, the term "Hazardous Materials" shall include, without limitation, substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "extremely hazardous wastes," or "restricted hazardous wastes," or stated to be known to cause cancer or reproductive toxicity, under any Environmental Law. Lessee shall not permit to occur any release, generation, manufacture, storage, treatment, transportation, discharge or disposal of any Hazardous Materials at the Leased Premises, other than in complete compliance with all Environmental Laws. Lessee shall promptly notify City in writing if Lessee has or acquires notice or knowledge that any Hazardous Materials have been released, discharged or disposed of, on, in, under or from the Leased Premises other than in complete compliance with all Environmental Laws; and if any such released, discharge or disposal of Hazardous Materials occurs at the Leased Premises, Lessee, at its sole cost and expense, shall immediately take such action as is necessary to detain the spread of and remove such Hazardous Materials to the satisfaction of all appropriate governmental authorities.

C. City shall, at City's sole cost and expense, have the right at all reasonable times and from time to time upon reasonable prior notice (and subject to the terms of Section 2.5 below) to conduct environmental audits of the Leased Premises, and Lessee shall cooperate in the conduct of those audits; provided, however, in any event any such audits of the Leased Premises by City shall not disrupt or interfere with the use and enjoyment of the Leased Premises by the tenants and occupants of the Leased Premises.

D. If Lessee fails to comply with the forgoing covenants pertaining to Hazardous Materials, then following written notice to Lessee and a reasonable opportunity to cure under the circumstances after such notice as provided in Section 8.1B, the City shall have the right to pursue the self-help remedy set forth in Section 8.4, whereupon the actual, reasonable and documented costs of Hazardous Materials removal and any other cleanup (including transportation and storage costs) required to bring the Leased Premises into compliance with Applicable Laws will be additional rent under this Agreement, and those costs will become due and payable on demand by the City. Subject to Section 8.1B, Lessee shall give the City, its agents and employees access to the Leased Premises to remove or otherwise cleanup any Hazardous Materials. The City, however, has no affirmative obligation to remove or otherwise cleanup any Hazardous Materials, and this Agreement shall not be construed as creating any such obligation.

E. For purposes of all Environmental Laws, Lessee is hereby deemed by virtue of the 55 year initial Term of this Lease to be the "Owner" and "Operator" (along with its subtenant occupants of the Leased Premises) and as between City and Lessee, City shall be deemed to have no affirmative obligation to remove or otherwise cleanup any Hazardous Materials (other than to the extent resulting from a release of Hazardous Materials on, at or under the Leased Premises prior to the Effective Date, or on, at or under any adjacent parcels owned by City including, without limitation, the City Well Parcel caused by City, its agents, employees or contractors), and this Lease shall not be construed as creating any such obligation on the part of

City. Lessee shall indemnify, defend (with counsel reasonably acceptable to City and at Lessee's sole cost), and hold City and City's elected and appointed officials, officers, employees, agents, successors and assigns free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind (including attorneys' and experts' fees and expenses and fees and expenses incurred in investigating, defending or prosecuting any litigation, claim or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against City in connection or arising out of: (i) any Hazardous Material on, in, under or affecting all or any portion of the Leased Premises (other than as to Hazardous Materials present at the Leased Premises prior to or as of the Effective Date or as a result of any release of Hazardous Materials on, at or under the Leased Premises or any adjacent parcels owned by City including, without limitation, the City Well Parcel caused by City, its agents, employees or contractors), (ii) any violation or claim of violation of any Environmental Law by Lessee; or (iii) the imposition of any lien for the recovery of costs for environmental cleanup or other response costs relating to the release or threatened release of Hazardous Materials on, in, under or affecting all or any portion of the Leased Premises (other than to the extent resulting from a release of Hazardous Materials on, at or under the Leased Premises prior to the Effective Date or as a result of any release of Hazardous Materials on, at or under the Leased Premises or any adjacent parcels owned by City including, without limitation, the City Well Parcel caused by City, its agents, employees or contractors). Lessee's indemnification shall survive the expiration and termination of this Lease.

F. Notwithstanding anything to the contrary herein, Lessee shall have the right to contest, at its sole cost, by appropriate legal proceedings, the amount or validity of any fine, charge or penalty imposed in connection with an alleged violation of an Environmental Law, the validity of any Environmental Law to the Leased Premises, the validity of any application of any Environmental Law to the Leased Premises, the existence of any violation of Environmental Law, and/or the validity of any issued notice of violation of Environmental Law (the **"Contested Obligation"**). Lessee may defer payment and/or performance of the Contested Obligation to the extent that and so long as Lessee is diligently contesting, at its expense, by appropriate legal proceedings the existence, amount or validity of the Contested Obligation.

2.5 Repairs, Maintenance and City's Right to Inspect. Lessee agrees, at its own expense, to maintain and keep the entire Leased Premises including all Improvements constructed on the Leased Premises in good condition and repair and to require its tenants to maintain and keep the entire Leased Premises including all Improvements constructed on the Leased Premises in good condition and repair and in compliance with all applicable Laws. City, through its duly authorized representatives, may enter upon the Leased Premises upon not less than forty-eight (48) hours prior notice to Lessee and Lessee's sublessee occupants of the Leased Premises during regular business hours for the purpose of inspecting any or all of said Leased Premises and the improvements and facilities thereon, provided City shall not interfere with the use and enjoyment of the Leased Premises by Lessee or any sublessee occupant(s) of the Leased Premises and City shall coordinate any and all such inspections through Lessee so that Lessee has an opportunity to advise its sublessee occupant(s) of the Leased Premises and to coordinate any such City inspection with such sublessee occupant(s). City may from time to time after any

such inspection of the Leased Premises and after observation of the operation of the business thereon, require any repairs as shall be reasonable and consistent with maintaining the Leased Premises and any improvements thereon in the condition required in this Lease. All such requests for repairs shall be set forth in writing and delivered to Lessee. Lessee agrees to make (or to cause its sublessee occupant(s) to make) all reasonable and necessary repairs which Lessee is obligated under this Lease to make to bring the Leased Premises into compliance with the terms of this Lease within sixty (60) days following receipt of such written request or within such reasonable time as may be required given the nature of such required repairs. In connection with any entry by City, City's representatives, or any other party (a) City agrees to execute a commercially reasonable non-disclosure agreement as may be required by any sublessee of Lessee prior to gaining access to the Leased Premises, (b) Lessee's sublessee shall have the right to deny access to the Leased Premises to third parties if Lessee's sublessee determines in its reasonable discretion that allowing such third party potential exposure to Lessee's sublessee's proprietary and confidential information within the Leased Premises would be detrimental to Lessee's sublessee's business interests and there is no evidence of any breach of the Lease by Lessee of Lessee's sublessee, and (c) City and any other party shall enter the Leased Premises only when accompanied by a representative of Lessee and Lessee's sublessee and only in compliance with Lessee's sublessee's security programs and confidentiality requirements. During, and only during, the last nine (9) months of the Lease Term, City may erect a suitable sign on the Leased Premises stating the Leased Premises are available to let.

2.6 Initial Entitlements/Site Plan Submittals. City and Lessee have approved the proposed site layout, elevations and other general site design details for the Improvements for the Leased Premises (collectively, "Lessee's Site Plan Package"). Lessee shall be responsible for preparing and submitting Lessee's Site Plan Package for the initial Improvements intended for the Leased Premises through the City of San Bernardino Development Permit Process (the "Development Permit Application"). The Development Permit Application will consist of, but not be limited to, an application, site plan, elevations, conceptual grading plan, conceptual landscape plan and payment of City of San Bernardino Development Permit fees. City (Riverside) shall identify Lessee as an authorized agent for processing the Development Permit Application. Lessee, at Lessee's sole cost and expense, shall use its diligent efforts to pursue the issuance of all entitlements and governmental approvals and permits required for the Improvements including, without limitation, a Development Permit as soon as reasonably possible. Such efforts shall include, without limitation, (a) Lessee's timely submittal to applicable governmental authorities of the Development Permit Application and other submissions and responses required in connection with the processing and issuance of the entitlements; (b) attendance by Lessee and its consultants at regular and special meetings and hearings with or before applicable governmental authorities regarding the processing and issuance of the entitlements; (c) the expenditure by Lessee of such funds as reasonably necessary and customary to expedite the permit, license and other approval processes; and (d) the taking by or on behalf of Lessee of such other actions are necessary or appropriate to timely, continuously and diligently process the issuance of the entitlements for the Project as soon as reasonably possible after the Effective Date of this Lease. Lessee shall keep City fully informed as to the status of the entitlements processing and City shall have the right to attend any meetings with governmental authorities pertaining thereto. For purposes of this Lease, "entitlements" means all discretionary planning, zoning and other entitlements and approvals, including environmental

clearance, required to be obtained from all applicable governmental authorities (including, without limitation, the City of San Bernardino) for the Improvements.

City, in its proprietary capacity as fee owner of the Leased Premises, agrees to cooperate with Lessee's efforts to obtain the entitlements, at no cost to City other than internal time costs and effort. Such cooperative efforts may include City's joinder in any application for the entitlements where joinder therein by City is required. Lessee shall reimburse City for any actual, reasonable and documented costs incurred by City in connection with such joinder or other cooperative efforts. Notwithstanding the foregoing, (a) Lessee and City acknowledge that City has entered into this Lease in its proprietary capacity as owner of fee title to the Leased Premises, and not in its regulatory capacity; (b) City, in its proprietary capacity, reserves the right, in its sole discretion, to approve all applications and other materials submitted to or filed with governmental authorities in connection with the processing of the entitlements, and may permit or join in the filing of applications while reserving its approval rights with respect to such applications and the subsequent processing thereof.

2.7 Construction of the Improvements.

A. Construction. Once Lessee commences construction of the Improvements (i.e., pouring of foundations for the Improvements as contrasted with commencement and completion of the Well Relocation Work on the Leased Premises), Lessee shall cause the Improvements to be diligently completed in substantial conformity with Lessee's Site Plan Package, all entitlements and permits, and all construction plans, drawings and related documents, as approved by City. The physical quality of the Improvements, including without limitation the construction quality, finish material, lighting, landscaping and site amenities shall, in no event, fail to meet the minimum construction quality, finish material, lighting, landscaping and site amenities approved by City as the final approved design.

B. General Construction Standards. During the course of construction of the Improvements, Lessee shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by Lessee, all required and reasonably necessary safeguards for the protection of workers and the public as required by applicable Laws.

C. Use of Plans. The contracts with any architect, other design professional or any general contractor shall provide, in form and substance reasonably satisfactory to City, for the non-exclusive assignment thereof to City as security to City for Lessee's performance hereunder with respect to completion of the Improvements, and City shall be furnished with any such agreement, together with the further agreement of the parties thereto, that if this Lease is terminated due to Lessee's default, City may use any plans and specifications to which Lessee is then entitled pursuant to any such contract without payment of any further sums to any party thereto. City agrees that the assignment of contracts per this Section shall be subject to and subordinate to any assignment made to the holder of a "Leasehold Mortgage" (as defined in Article IX below) for the purpose of constructing the Improvements.

D. City's Cooperation. Provided that Lessee's request is consistent with the entitlements and permits, City will use its best efforts, at Lessee's request, cooperate with and assist Lessee in every reasonable way in Lessee's efforts to obtain all governmental consents,

approvals, permits or variances which may be required in connection with the improvement of the Leased Premises as permitted under the terms of this Lease, including City's joinder in any application for any such consent, approval, or permit where joinder therein by the owner of the Leased Premises is required by law.

E. Easements. Lessee and City each recognizes that in order to provide for the more orderly development of the Leased Premises, it may be necessary, desirable or required that street, water, sewer, drainage, gas, power line, and other easements and dedications, and similar rights be granted or dedicated over or within portions of the Leased Premises and/or portions of properties owned by City adjacent to the Leased Premises. City agrees that it will, upon request of Lessee, join with Lessee in executing and delivering such documents, from time-to-time, as may be appropriate, necessary or required by the several governmental agencies and public utility companies for the purpose of granting such easements and dedications if necessary.

F. Rights of Access. Subject to the provisions of Section 2.5, representatives of City shall have a right of reasonable access to the Leased Premises and the Improvements thereon without charges or fees, and at normal construction hours during the period of construction, for the purposes of ascertaining compliance with the terms of this Lease, including, but not limited to, the inspection of the construction work being performed. City shall not interfere with any construction activity upon the Leased Premises and City's access shall be reasonably calculated to avoid interference with Lessee's construction and/or operations. City shall indemnify and defend Lessee and hold it harmless from any damage caused or liability arising out of the exercise of such right of access by City.

G. Release of Construction Covenant. Upon completion of the Improvements in accordance with the provisions of this Lease, within thirty (30) calendar days following receipt of a written request from Lessee, City shall furnish Lessee with a Release of Construction Covenants in the form of Exhibit "I" attached hereto. City shall not unreasonably withhold or delay such Release of Construction Covenants. The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Improvements pursuant to this Lease, and the Release of Construction Covenants shall so state. Any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Leased Premises shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability to City under this Lease as to completion of the Improvements on the Leased Premises. If City refuses or fails to furnish the Release of Construction Covenants for the Improvements after written request from Lessee, City shall, within thirty (30) days of receiving such written request, provide Lessee with a written statement setting forth the reasons City has refused or failed to furnish the Release of Construction Covenants for the Improvements. The statement shall also contain a list of the actions Lessee must take to obtain a Release of Construction Covenants. Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Lessee to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Improvements, or any part thereof. Such Release of Construction Covenants is not a notice of completion as referred to in the California Civil Code, Section 3093.

2.8 Ownership of Improvements During Term. All Improvements constructed on the Leased Premises by Lessee as permitted by this Lease shall, during this Lease Term, be and

remain the property of Lessee. Lessee's interest in such Improvements shall terminate upon the expiration or sooner termination of this Lease. City and Lessee covenant for themselves and all persons claiming under or through them that the Improvements are real property.

2.9 Removal of Personal Property by Lessee. Other than security systems which comprise part of the base building systems (i.e., which are not installed by any sublessee occupant of the Leased Premises) and operating control systems for the base building mechanical and electrical systems, Lessee may remove any personal property from time to time, during the term of this Lease, and within forty-five (45) days of the expiration of the term of this Lease, that may be removed without damage to the structural integrity of the Improvements thereon. Lessee shall repair all damage caused by any such removal. Security systems and operating control systems that are not subject to the Leasehold Mortgage or are not the subject to the interests of an equipment lessor or vendor's lien or installed by any sublessee occupant of the Leased Premises shall remain the property of City and shall not be removed from the Leased Premises.

2.10 Alterations.

A. Lessee shall have freedom to reconstruct the Improvements and to demolish and clear land pending reconstruction of the Improvements in the event of casualty or in the event of obsolescence of the Improvements during the Lease Term. If the nature and scope of such action may reasonably be expected to impair the groundwater quality or groundwater production quantity from any City groundwater wells, such action shall be subject to the prior written approval of City, and Lessee and City shall meet and confer to review Lessee's plans if City asserts that an adverse impact on groundwater quality or groundwater production quantity from any City groundwater wells is reasonably likely based on the plans for such work. All alterations, improvements or additions in, on or about the Leased Premises, whether temporary or permanent in character, shall immediately become City's property and at the expiration of the Term of this Lease shall remain on the Leased Premises without compensation to Lessee.

B. Notwithstanding the provisions of Section 2.10 A. above, by written notice given to Lessee no less than ninety (90) calendar days prior to the expiration of the Term of this Lease, City may require that any above ground alterations, improvements, or additions in, on or about the Leased Premises which are not in compliance with Applicable Laws be removed by Lessee. In that event, Lessee shall, at Lessee's sole cost and expense, either remove the alterations, improvements or additions which are not in compliance with Applicable Laws and/or restore the Leased Premises to the condition in which the Leased Premises was before the alterations, improvements and additions which are not in compliance with Applicable Laws were made, reasonable wear and tear accepted.

2.11 Mechanics Liens. Lessee agrees to keep the Leased Premises free from any and all claims of persons, firms, or corporations who, at the request of Lessee or Lessee's contractor, furnish labor or materials to or for the benefit of the Leased Premises, and Lessee further agrees to hold City harmless from any and all mechanic's and materialmen's liens and claims arising out of work performed at or on the Leased Premises by any parties other than City, its agents and contractors.

ARTICLE III

TAXES; UTILITIES

3.1 Utilities. Lessee shall pay the appropriate suppliers for all water, gas, power, electricity, light, heat, telephone, facsimile, internet, and other utilities and communications services used by Lessee on the Leased Premises during the Term of this Lease, including the taxes thereon, whether or not the services are billed directly to Lessee. Lessee shall procure, or cause to be procured, without cost to City, any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Leased Premises of wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any of the services to and upon the Leased Premises. City, upon request of Lessee, shall at the sole expense and liability of Lessee, join with Lessee in any application required for obtaining and continuing any of the services.

3.2 Possessory Interest, Taxes and Assessments. Lessee hereby recognizes and understands that this Lease may create a possessory interest subject to property taxation, and that Lessee may be subject to the payment of property taxes levied on such interest during the Term. Any such imposition of a possessory interest tax accruing during the Term shall be a tax liability of Lessee's solely, and shall be paid by Lessee; and any such tax payment shall not reduce any rent due City hereunder. Lessee further agrees to pay before delinquency any other tax, assessment, license fee or public charge levied, assessed or imposed and which become payable during the Term of the Lease, including all property taxes.

3.3. Section 33673. If, during the Term, the Leased Premises or any Improvements thereon, or any possessory interest therein, should at any time be subject to ad valorem taxes or privilege taxes levied, assessed or imposed on the Leased Premises and/or the Improvements, Lessee shall pay taxes upon the assessed value of the entire Leased Premises and/or Improvements and not merely upon the assessed value of its leasehold interest, as provided in Section 33673 of the California Health and Safety Code.

3.4 Permitted Contests. Lessee, at its cost, shall have the right at any time to seek a reduction in the assessed valuation of the Leased Premises and/or the Improvements or to contest any real property taxes that are to be paid by Lessee. If Lessee seeks a reduction or contests the real property taxes, the failure on Lessee's part to pay the real property taxes shall not constitute a default as long as Lessee complies with the provisions of this paragraph and County of San Bernardino regulations for seeking a reduction. Lessee, on final determination of the proceeding or contest, shall pay or discharge any decision or judgment rendered, together with all costs, charges, interest and penalties incidental to the decision or judgment in accordance with the schedule established by the Court.

ARTICLE IV

INSURANCE; INDEMNIFICATION; WAIVER AND RELEASE

4.1 Minimum Insurance Requirements. At all times during the Term and during any other time in which Lessee occupies the Leased Premises, Lessee, at its sole cost and expense,

shall procure, pay for and maintain the following types of insurance with the following coverages:

A. Liability Insurance. Lessee shall, at Lessee's sole expense, obtain and maintain during the Term:

i) a policy of commercial general liability insurance, including contractual liability insurance, for bodily injury, property damage and personal/advertising liabilities arising out of the use or occupancy of the Leased Premises and all areas appurtenant thereto, including parking areas. Such insurance shall be in an amount not less than One Million Dollars (\$1,000,000) per occurrence, with a Two Million Dollar (\$2,000,000) annual aggregate for all claims; and

ii) a policy of auto liability coverage in an amount not less than One Million Dollars (\$1,000,000), if necessary.

4.2 Delivery of Evidence of Lessee's Insurance. Each such insurance policy or certificate thereof shall be delivered to City by Lessee on or before the effective date of such policy and thereafter Lessee shall deliver to City renewal policies or certificates at least thirty (30) calendar days prior to the expiration dates of the expiring policies. In the event that Lessee shall fail to insure or shall fail to furnish City the evidence of such insurance as required by Sections 4.1 and 4.3, then, following written notice from City to Lessee and Lessee's failure to obtain such insurance or provide such certificate within ten (10) days after such written notice, City may from time to time acquire (without any obligation to do so) such insurance for the benefit of Lessee or City or both of them for a period not exceeding one (1) year, and any premium paid by City shall be recoverable from Lessee as additional rent within thirty (30) days of written demand. Lessee's compliance with the provisions of Article VI shall in no way limit Lessee's liability under any of the other provisions of this Lease. City may at any time, and from time to time, inspect and/or copy any and all insurance policies required by this Lease.

4.3 Other Insurance Requirements. The insurance to be acquired and maintained by Lessee shall be with companies admitted to do business in the State of California and companies of Best's Rating Guide of A and a Financial Class of VII or better. Lessee shall deliver to City, prior to the Effective Date, a certificate of insurance evidencing the existence of the policies required hereunder, and such certificate shall certify that the policy:

A. Names City and any other entities designated by City as additional insureds under the Commercial General Liability policy;

B. Shall not be canceled or altered without thirty (30) calendar days prior written notice to City;

C. Provides coverage for Lessee's indemnity set forth in this Lease;

D. Provides that no act or omissions of Lessee shall affect or limit the obligations of the insurer with respect to other insureds or including City;

E. Includes all waiver of subrogation rights endorsements necessary to effect the provisions below; and

F. Provides that the commercial general liability policy and the coverage provided shall be primary, that City although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to City by reasons of acts or omissions of Lessee, and that coverage carried by City shall be noncontributory with respect to policies carried by Lessee.

4.4 Mutual Waiver of Subrogation. The parties hereto release each other and their respective authorized employees, agents and representatives, from any and all claims, demands, loss, expense or injury to any person, or to the Leased Premises or to personal property, including, but not limited to, furnishings, fixtures or equipment located therein, caused by or resulting from perils, events or happenings which are the subject of insurance in force at the time of such loss. Each party shall cause each of its commercial liability and property insurance policies obtained by it to provide that the insurer waive all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any property insurance policy in effect as required by this Lease.

4.5 Indemnity. Lessee agrees, except as to the sole negligence or willful misconduct of City, to fully indemnify, defend, and hold City, its elected and appointed officials, officers, employees, agents, successors and assigns, free and harmless from any and all claims, liabilities, losses, damages, costs, or expenses, including attorneys' fees, resulting from Lessee's occupation or use of the Leased Premises, specifically including, without limitation, any claim of liability, loss or damage arising by reason of:

A. The death or injury of any person or persons, including Lessee or any person who is an employee, agent, guest, or customer of Lessee, or by reason of the damage or destruction of any property, including property owned by Lessee or any person who is an employee, agent, guest, or customer of Lessee, and caused or allegedly caused by either the condition of the Leased Premises, or some act or omission of Lessee or of some agent, contractor, employee, servant, guest, or customer of Lessee on the Leased Premises;

B. Any work performed on the Leased Premises or materials furnished to the Premises at the instruction or request of Lessee; and

C. Lessee's failure to perform any provision of this Lease or to comply with any requirement of local, state or federal law or any requirement imposed on Lessee or the Leased Premises by any duly authorized governmental agency or political subdivision.

4.6 Waiver and Release. Lessee waives and releases all claims against City, its employees, and agents with respect to all matters for which City has disclaimed liability pursuant to the provisions of this Lease. In addition, Lessee agrees that City, its elected and appointed officials, employees, agents, successors and assigns shall not be liable for any loss, injury, death

or damage (including consequential damages) to persons, property, or Lessee's business occasioned by theft; act of God; public enemy; injunction; riot; strike; insurrection; war; terrorism; court order; order of governmental body or authority; earthquake; fire; explosion; falling objects; water; rain; snow; leak or flow of water, or by dampness or from the breakage, leakage, obstruction, or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, or light fixtures; or from construction, repair, or alteration of the Leased Premises; or from any acts or omissions of any visitor of the Leased Premises; or from any cause beyond City's control.

4.7 Waste. Lessee agrees that it will not commit any waste upon or damage to the Leased Premises, nor suffer any to be done.

ARTICLE V

DAMAGE AND DESTRUCTION; CONDEMNATION

5.1 Damage or Destruction of Leased Premises. Unless as the result of negligence or intentional unlawful act of Lessee, if during the Term of this Lease, any portion of the Leased Premises shall be damaged by fire or other catastrophic cause, so as to render such portion of the Leased Premises untenable, the obligations under this Lease shall be suspended while such portion of the Leased Premises remains untenable. Partial destruction of the Leased Premises shall not render this Lease void or voidable, or terminate it except as provided herein. Lessee hereby waives any rights it may have under the provisions of Section 1932(2) and 1933(4) of the California Civil Code. If by earthquake, flood or other similar calamity or act of God, act of war or other similar cause, the Improvements or any of them to be erected by the Lessee on the Leased Premises are destroyed or damaged to a substantial degree, Lessee shall repair them, when such repairs can be made in conformity with any applicable Laws and where the cause of such damage or destruction is required to be insured against under this Lease or is actually insured against by either Lessee and/or Lessee's sublessee. If the Improvements are damaged or destroyed by any casualty where the casualty causing such damage or destruction is not required to be insured against under the terms of this Lease, then Lessee shall have the right, at its election, to (a) terminate this Lease if the cost to reconstruct is ten percent (10%) or more of the then replacement cost of the Improvements, or (b) to make full repair of such damage and to restore the Site Improvements. During any period when the Improvements are damaged and demolished for reconstruction or as a result of termination of this Lease, Lessee shall, at its expense, promptly remove all debris and put the Leased Premises in a safe, rough graded level condition until such time as Lessee shall commence (and thereafter diligently complete) restoration of the Improvements.

5.2 Condemnation. As used in this paragraph, the words "condemn", "condemned" or "condemnation" are coextensive with the phrase "right of eminent domain," and shall include acquisition or attempted acquisition by deed or other document or conveyance as well as the filing and prosecuting of any action or proceeding in eminent domain by any governmental or other agency, body or department having the right or power of condemnation. In the event all or part of the Leased Premises is taken or acquired for public use by condemnation or threat thereof.

A. Lessee's right to share in compensation otherwise payable to City shall be as follows:

i) Whole Take: This Lease shall terminate upon the date of transfer of title or possession to the public entity, whichever is first. Lessee shall assert no claim for loss of bonus value but may recover prepaid rents (including the value of any City Costs not paid by City to Lessee prior to the date of taking), if any, and the greater of the then present worth of the remaining use of all leasehold improvements installed by Lessee or the unamortized cost to Lessee of such improvements.

ii) Partial taking leaving remainder unusable for the leasehold purpose: Lessee may elect to terminate this Lease as of the date of transfer of title or repossession, and Lessee's compensation shall be the same as in a whole take. If Lessee does not terminate, compensation shall be as if the remainder is usable.

iii) Partial taking leaving remainder usable to the leasehold purpose: Lessee shall assert no claim for loss of bonus value or obligation to pay future rents. Lessee may recover the then value of the remainder use of leasehold improvements installed by Lessee on the part taken. Lessee shall also be entitled to claim all construction interference damages all surface and improvements restoration damages. If the economic rental value of the remainder will be less than the rent required to be paid under this Lease, the rent payable under this Lease shall be reduced to such economic rental value from and after the date of transfer of title or possession.

iv) Lessee shall be deemed to have knowledge of the impending acquisition upon its entry into negotiation with representatives of the condemning agency upon receipt of services of complaint and summons or order for immediate possession, or upon receipt of a letter of inquiry from City advising Lessee of the impending acquisition and requesting notice of Lessee's resulting elections and contentions.

v) Lessee's notice shall contain a clear and unequivocal statement of its election under subparagraph (A) above, the reasons for such election, Lessee's contention of compensation and/or fair rental value of the remainder, and the reasons for such contentions.

vi) Time is of the essence and the express purpose of the required notice of Lessee's election, contentions and reasons is that City may rely thereon in negotiations or litigation with the public agency.

vii) Lessee's contentions shall not be conclusive as to the amount of compensation or the usability of, or fair rental value of the remainder.

5.3 Debris Removal. Whether or not Lessee elects to terminate this Lease pursuant to its rights hereunder, or if pursuant to City's rights hereunder, City has elected to have the Improvements removed, then Lessee shall, at its expense, promptly remove all debris and put the Site in a safe, rough graded level condition. In such event, this Lease shall be deemed to be terminated as of the date of the damage or destruction and the parties shall have no further obligations to each other excepting those previously accrued but theretofore unsatisfied.

ARTICLE VI
ASSIGNMENT; PROCESSING

6.1 Assignment. Except as provided in this Article VI and in Article IX below, Lessee shall not assign, mortgage, pledge, encumber, or hypothecate this Lease or any interest herein (directly, indirectly, voluntarily or involuntarily, by operation of law, or otherwise), or permit the use of the Leased Premises by anyone other than Lessee without the prior written approval of City first being obtained.

A. Notice from Lessee. Except as otherwise provided in Section 6.1D. below, if Lessee should desire to assign this Lease or sublease the Leased Premises, Lessee shall provide City with written notice of such desire at least thirty (30) calendar days in advance of the proposed effective date of such assignment or subletting. Such notice shall include:

- i) the name of the proposed assignee or subtenant;
- ii) the nature of business to be conducted by the proposed assignee or subtenant in the Leased Premises;
- iii) the terms and conditions of the proposed assignment or sublease including but not limited to a detailed description of all compensation in cash or otherwise which Lessee would be entitled to receive in connection with such assignment or sublease; and
- iv) the most recent financial statements or other financial information concerning the proposed assignee or sublessee as is reasonably obtainable from such parties.

B. City Response. Within thirty (30) calendar days following receipt of Lessee's notice, City shall by written notice to Lessee elect to either:

- i) approve of the proposed assignment of this Lease or subletting of the Leased Premises; or
- ii) reasonably disapprove of the proposed assignment or subletting, City's failure to approve or disapprove any proposed assignment or subletting within thirty (30) calendar days following receipt of Lessee's notice to be deemed City's approval of such proposed assignment or subletting.

C. Delivery of Instrument of Assignment or Sublease. In order for any assignment or sublease to be binding on City, Lessee must deliver to City, promptly after execution thereof, an executed copy of such assignment or sublease whereby the assignee or subtenant shall expressly assume all obligations of Lessee under this Lease as to the portion of the Leased Premises subject to such assignment or subletting. Any purported assignment or sublease will be of no legal force or effect unless and until a fully executed copy thereof has been received by City.

D. Permitted Transfers. Notwithstanding any other provision of this Lease to the contrary, City's approval of an assignment or sublease (each a "Transfer") shall not be required in connection with any of the following (each of which shall be a "Permitted Transfer"):

i) The conveyance to City or any other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Improvements or otherwise at the Leased Premises;

ii) Any Transfer to (1) an entity in which Hillwood Development Company, LLC or any affiliate of Hillwood Development Company, LLC retains a material interest in profits and losses and operational control by either a majority voting control or designation as managing member, (2) any corporation into which or with which Lessee has merged or consolidated, (3) any parent, subsidiary, successor, or affiliated entity of Lessee, or (4) any entity which acquires all or substantially all of Lessee's assets, membership/partnership interest or issued and outstanding shares of capital stock; provided the resulting entity from such merger or consolidation or the transferee, other than a parent, subsidiary or affiliated entity of Lessee from any such acquisition shall have a net worth not less than Lessee's prior to the merger, shall agree in writing to assume and perform all of the terms and conditions of this Lease on Lessee's part to be performed from and after the effective date of such Transfer or consolidation, or acquisition.

iii) Any requested Transfer for financing purposes, including for an amount in excess of any construction loan, and thereafter the refinance of any then financing, including for an amount in excess of the then loan, including a Transfer pursuant to a foreclosure, or deed in lieu of foreclosure to a Mortgagee and to a third party acquiring the leasehold estate created hereby at foreclosure or other similar sale and any Transfer to a third party by the Mortgagee following a foreclosure or deed in lieu of foreclosure.

iv) Lessee to have reasonable subletting rights as to any and all occupants of the Improvements, subject to the written approval of City, such approval to be given unless the use of the Improvements proposed by such prospective subtenant may reasonably be expected to cause an adverse impact on groundwater quality or groundwater quantity (in which case Lessee and City shall meet and confer to review such occupant's use if City asserts that an adverse impact on groundwater quality or groundwater quantity is reasonably likely from such use), and also standard commercially reasonable assignment rights as to its leasehold estate, which includes rights to encumber Lessee's leasehold estate, subject to written approval of City, which shall not be unreasonably withheld.

In the event of a Permitted Transfer, Lessee nevertheless agrees that at least thirty (30) days prior to such Permitted Transfer it shall give written notice to City of such Permitted Transfer. In addition, with respect to any Permitted Transfer under subparagraph (ii), Lessee shall provide satisfactory evidence that the transferee has assumed in writing through an assignment and assumption agreement of all of the obligations of Lessee under this Lease. Any Permitted Transfer shall not, however, release the assigning Lessee from any obligations to City hereunder, unless City expressly agrees to such a release in writing acting in its sole and absolute discretion.

6.2 City Consideration of Requested Transfer After Release of Construction Covenants. City agrees that it will not unreasonably withhold approval of a request for a Transfer made after the issuance of the Release of Construction Covenants, provided Lessee delivers written notice to City requesting such approval. Subsequent to the issuance of a Release of Construction Covenants, City may not disapprove any proposed transferee or assignee if Lessee demonstrates to the reasonable satisfaction of City that the replacement cost or assessed value of the Improvements then existing on the Leased Premises is Fifteen Million Dollars (\$15,000,000.00) or more.

6.3 Assignment and Assumption Agreement. An executed Assignment and Assumption Agreement (or a document affecting a Transfer that includes the substantive provisions of the Assignment and Assumption Agreement) shall also be required for all proposed Transfers.

6.4 City Action Regarding Requested Transfer. Within thirty (30) days after the receipt of a written notice requesting City approval of a Transfer pursuant to Section 6.2, City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, City requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, Lessee shall promptly furnish to City such further information as may be reasonably requested.

6.5 Nondisturbance Agreement. Within thirty (30) days following Lessee's written request, City shall execute and deliver to any tenant or subtenant, a commercially reasonable nondisturbance agreement which shall assure such tenant and subtenant, so long as it is not in default under its lease or sublease, as applicable, after notice and opportunity to cure, the quiet possession of its leasehold estate or sub-leasehold estate, as applicable, during the term thereof, notwithstanding Lessee's default or any termination of this Lease, provided that the term of the tenant's lease or sublease shall not extend beyond the Lease Term. City acknowledges and agrees to execute a Consent and Agreement Regarding Ground Lease substantially in the form attached hereto as Exhibit "J" and incorporated herein by reference.

ARTICLE VII

HOLDING OVER; SALE OF LEASED PREMISES

7.1 No Right to Holdover. Lessee has no right to retain possession of the Leased Premises or any part thereof beyond the expiration or termination of this Lease. If, without objection by City, Lessee holds possession of the Leased Premises after expiration of the Term, Lessee shall become a Lessee from month-to-month upon the terms herein specified, except that the Monthly Rent shall equal one hundred and fifty percent (150%) of the Monthly Rent payable by Lessee at the expiration of the Term. In addition, Lessee shall continue to pay all other amounts due to City hereunder. Each Party shall give the other notice at least one (1) month prior to the date of termination of such monthly tenancy of its intention to terminate such tenancy. If, after objection by City thereto, Lessee holds possession of the Leased Premises after expiration of the Term, Lessee shall constitute a Lessee at sufferance and without in any way waiving the wrongful holding over of the Leased Premises by Lessee, City shall be entitled to receive for

each month or portion thereof during which Lessee wrongfully holds over at the Leased Premises Monthly Rent equal to two hundred percent (200%) of the Monthly Rent payable by Lessee at the expiration of the Term together with all other amounts otherwise due to City hereunder. City's receipt of increased Monthly Rent under this Section 8.1 shall not constitute an extension of the Term nor shall it constitute a waiver of Lessee's wrongful holding over and shall not prejudice any other rights or remedies available to City under this Lease.

7.2 Sale of Leased Premises. In the event City, or any successor owner of the Leased Premises, shall sell or convey the fee interest in and to the Leased Premises, all liabilities and obligations on the part of City, or such successor owner, under this Lease, accruing thereafter shall terminate, and thereupon all such liabilities and obligations shall be binding upon the new owner. Lessee agrees to attorn to such new owner.

7.3 Right of First Refusal. City hereby grants Lessee a limited right of first refusal to purchase City's fee interest in the Leased Premises, as further defined herein. The right of first refusal to Lessee shall not accrue to Lessee until City has determined that the Leased Premises are surplus to the needs of City, and has complied with the disposition procedures set forth in Government Code section 54222 et seq. by contacting the appropriate governmental agencies (local, county, state and regional) as to their interest in procuring the fee interest in the Leased Premises. If no interest is shown from a governmental agency, City shall not sell or agree to sell its fee interest in the Leased Premises without first offering such fee interest in the Leased Premises to Lessee. The word "sell" shall include any transfer, conveyance, assignment, lease, hypothecation, or pledge of all or any portion of the Leased Premises or City's fee interest in the Leased Premises. The word "sell" shall not include a sale or an agreement to sell negotiated in response to an unsolicited offer to purchase the Leased Premises from a third party.

A. After City has complied with in Government Code section 54222 et seq. and before City seeks to sell its fee interest in the Leased Premises, City shall offer ("First Offer") to sell its fee interest in the Leased Premises to Lessee. The First Offer shall be in writing and, at a minimum, include the following proposed conditions for sale:

i) the purchase price proposed for sale (which shall be determined in accordance with the Appraisal Process as set forth in Section 1.4E. as applied to the fair market sale value vs. fair market rental value);

ii) the method of purchase price payment;

iii) the amount of any earnest money deposit;

iv) the time and location for the close of escrow; and

v) the other material terms and conditions of the proposed sale of the Leased Premises.

B. Lessee shall have ten (10) days from the date of the First Offer to accept the First Offer ("Acceptance Period") by delivering to City the acceptance on or before 5:00 p.m.

on the last day of the Acceptance Period. If Lessee fails to accept the First Offer on or before the last day of the Acceptance Period, the First Offer shall be deemed to be rejected.

C. If Lessee responds to the First Offer with anything other than an unequivocal, unconditional acceptance or rejection, the right of first refusal shall terminate and the response shall be deemed an offer to purchase the Leased Premises on the terms and conditions in the response ("Counter Offer"). City shall be entitled to accept or reject the Counter Offer at City's sole discretion. If the Counter Offer is rejected, City shall be free to complete a sale of its fee interest in the Leased Premises to a third party at any time after Lessee's delivery of its Counter Offer, provided City sells the Leased Premises for a price which is not less than 90% of the price offered to Lessee.

D. If Lessee accepts the First Offer, Lessee shall have thirty (30) days following acceptance of the First Offer ("Closing Period") to consummate the purchase City's interest in the Leased Premises pursuant to the terms and conditions of the First Offer. Consummation shall constitute execution by Lessee of a Purchase and Sale Agreement mutually acceptable to Lessee and City. If Lessee fails to consummate the purchase of the Leased Premises within the Closing Period, any earnest money paid by Lessee pursuant to the acceptance shall be paid to City as City's liquidated damages, and the agreement to purchase City's interest in the Leased Premises together with this Agreement shall be terminated. After that termination, City shall be free to enter into an agreement concerning the sale of the Leased Premises with any third party on whatever terms City may choose without further obligation under this Agreement.

ARTICLE VIII

DEFAULT; REMEDIES

8.1 Event of Default. The occurrence of any one or more of the following events ("Event(s) of Default") shall constitute a breach of this Lease by Lessee:

A. If Lessee shall fail to pay Monthly Rent, and such failure shall not have been cured by Lessee within ten (10) calendar days after written notice thereof from City which provides in bold face type that "FAILURE TO CURE THE MONETARY DEFAULT DESCRIBED IN THIS NOTICE WITHIN TEN (10) DAYS FOLLOWING THE DATE HEREOF MAY RESULT IN TERMINATION OF THE SUBJECT LEASE".

B. If Lessee shall fail to perform or observe any other term hereof to be performed or observed by Lessee hereunder, and such failure shall not have been cured by Lessee within thirty (30) calendar days after written notice thereof from City, or, if such failure shall be of a nature so as reasonably to require more than thirty (30) calendar days to effect the cure thereof, Lessee shall not within said thirty (30) calendar day period commence with due diligence and dispatch the curing of such failure.

C. If Lessee after commencing construction (as evidenced by pouring of foundations) abandons the construction of the Improvements on the Leased Premises for one hundred twenty (120) continuous days for reasons other than Events of Force Majeure.

D. If Lessee assigns or attempts to assign this Lease or any portion of the Leased Premises in violation of Section 6.1 and does not cure such attempted assignment violation within thirty (30) days of written demand by City.

E. If waste is committed on the Leased Premises, and a remedy for such waste is not commenced within thirty (30) days after written notice by City and diligently thereafter pursued to completion.

8.2 Remedies.

A. Upon an Event of Default by Lessee under Section 8.1A. above only, City shall have the right to terminate this Lease by written notice to Lessee in which event City may in connection with a termination of this Lease also:

i) Bring an action to recover from Lessee:

(a) The worth at the time of award of the unpaid rent that had been earned at the time of termination of this Lease;

(b) The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination of this Lease until the time of award exceeds the amount of rental loss that Lessee proves could have been reasonably avoided;

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of rental loss that Lessee proves could be reasonably avoided; and

(d) Any other amount necessary to compensate City for all detriment proximately caused by Lessee's failure to pay rent under this Lease.

B. Upon an Event of Default by Lessee under Section 8.1B., 8.1C., 8.1D. or 8.1E. above, in consideration for the length of Term of this Lease and Lessee's significant investment in the Improvements, City's sole and exclusive remedy shall be limited to recovery of damages, injunctive relief, or specific performance.

C. Upon an Event of Default by Lessee under Section 8.1A. above and termination of this Lease, City shall have the right to pursue any one or more of the following remedies in addition to any other remedies now or later available to City, either in law or equity, which remedies shall not be exclusive, but shall instead be cumulative: (i) remove all persons and property from the Leased Premises and repossess same, in which case any and all of Lessee's property that City removes from the Leased Premises may be stored in a public warehouse or elsewhere at the cost of, and for the account of, Lessee as described in Section 8.4; or (ii) allow Lessee to remain in full possession and control of the Leased Premises.

8.3 Continuation After Default. Upon an Event of Default under 8.1A. above, City may elect to continue this Lease in full force and effect for so long as City does not terminate Lessee's right to possession as provided in Section 8.2A. above, and City may enforce all its rights and remedies under this Lease, including the right to recover rent as it becomes due under this Lease. In such event, City may exercise all of the rights and remedies of a landlord under California Civil Code Section 1951.4, or any successor statute. Acts of maintenance or preservation or efforts to re-let the Leased Premises or the appointment of a receiver upon initiative of City to protect City's interest under this Lease shall not constitute a termination of Lessee's right to possession.

8.4 City Cure Rights. Solely upon an Event of Default under 8.1B. or 8.1E. above which pertains to any failure by Lessee to maintain the Leased Premises in compliance with Applicable Laws or which threatens to impair the groundwater quality or groundwater production quantity from any City groundwater wells, then after the expiration of the notice and cure period under Section 8.1B. or 8.1E. as applicable which establishes such Event of Default by Lessee, City shall have the right, but not the obligation, to cure such Event of Default as more particularly described below after giving an additional written notice (the "Second Notice") to Lessee. If such Event of Default remains uncured for an additional thirty (30) days after delivery of City's Second Notice, then City may take such corrective action to cure such Event of Default in good and workmanlike manner in compliance with all Applicable Laws, provided in all events City shall coordinate any such corrective action with Lessee's tenant occupant and shall not unreasonably disturb or interfere with the use and enjoyment of the Leased Premises by Lessee's tenant occupant. Lessee shall pay to City the reasonable, actual and documented out-of-pocket costs actually incurred by City to cure such Event of Default within thirty (30) days following receipt by Lessee of written demand for reimbursement accompanied by paid invoices for such corrective work, together with interest at the Interest Rate from the date of City invoice until City collects such reimbursement payment from Lessee. If City undertakes any such corrective action that is reasonably anticipated to affect any structural portions of the Building or mechanical, electrical or HVAC systems of the Building or other areas outside the Building and/or the exterior appearance of the Building or other Improvements on the Leased Premises, City shall use only those unrelated third party contractors used by Lessee or Lessee's tenant occupant for such work unless such contractors are unknown to City or unwilling or unable to perform such work at competitive prices, all as reasonably determined by City, in which event City may utilize the services of any other qualified contractor which normally and regularly performs similar work on properties comparable to the Leased Premises. City shall comply with all terms and conditions of this Lease regarding alteration. If City elects to exercise the self-help remedy provided for in this Section 8.4, such election and exercise shall be deemed City's election of remedies for such Lessee default and City shall have no other remedies at law or in equity by reason of such Lessee Event of Default.

ARTICLE IX

MORTGAGEE PROTECTION PROVISIONS

9.1 Leasehold Mortgage Authorized. Lessee shall have the right, from time to time during the Lease Term, to encumber Lessee's leasehold interest in the Leased Premises and all rights appurtenant thereto, including, without limitation, any easements appurtenant to the

Leased Premises (hereinafter referred to as a "Leasehold Mortgage") upon and subject to the following terms and conditions:

A. No Subordination of Fee. Any Leasehold Mortgage shall only encumber and constitute a lien on Lessee's leasehold interest in the Leased Premises and rights appurtenant to that interest. Neither City's reversionary interest in the Leased Premises, nor the fee interest of City in the Leased Premises shall be subordinated to or encumbered by any Leasehold Mortgage.

B. Identity of Lender. Except as otherwise approved by City in City's reasonable discretion, the lender and secured party under any Leasehold Mortgage and/or fee encumbrance on the Leased Premises (hereinafter referred to as a "Mortgagee(s)") must be an institutional lender, including, without limitation, bank, bank consortium, savings and loan association, insurance company, securities brokerage firm, mortgage company, or in connection with a securitized mortgage, held by a trustee or administrative agent or nominee for the benefit of lenders in a pooled investment fund or the holders of mortgage-backed securities.

C. Loan Documents. At City's written request, Lessee shall furnish City with copies of the loan documents. To the extent that City is legally able to do so, City shall treat all documents pertaining to any Leasehold Mortgage as confidential and shall not disclose them to anyone other than City's attorneys and other professional business consultants without the prior written consent of Lessee and the Mortgagee.

D. Use of Proceeds. In the case of any Leasehold Mortgage any proceeds of which will be made available to or for the benefit of Lessee prior to issuance of a Release of Construction Covenants, such proceeds shall be used only for construction of the Improvements on the Leased Premises, and such other uses, if any, as the Mortgagee may allow under commercially reasonable loan provisions.

E. Mortgagee's Right to Cure Lease Defaults.

i) Notice of Lessee's Failure to Pay or Perform to Be Given to Lender. City agrees to give to any Mortgagee who so requests in writing of City and furnishes its current notice address to City: (a) a simultaneous copy of any notice of failure to pay or perform that City gives to Lessee hereunder, and (b) the right to cure any failure by Lessee to pay or perform hereunder in accordance with the provisions of Section 8.1, and (c) copies of all approvals or disapprovals granted by the City of San Bernardino.

ii) Mortgagee's Right to Cure. If Lessee shall fail to pay Rent as and when required hereunder or shall fail to perform any of Lessee's other obligations hereunder, any Mortgagee shall have the right to cure said failure in accordance with the following provisions:

(a) Monetary Defaults. In case of Lessee's failure to pay all or any part of any amount of Rent provided for herein, the Mortgagee shall have the right to cure such failure by paying the required amount to City if such cure is effected within thirty (30) days after City notifies the Mortgagee of such failure by a notice separate from the notice referred to

in Section 8.1A., which separate notice may not be given prior to the expiration without cure of Lessee's applicable cure period under Section 8.1A, i.e., until an Event of Default by Lessee under that Section.

(b) Nonmonetary Defaults. In case of a failure by Lessee to perform any obligation under this Lease other than the obligation to pay Rent, where Lessee is entitled to notice of such failure and the right to cure it, the Mortgagee shall have the right to cure such failure if such cure is effected within thirty (30) days after City notifies the Mortgagee of such failure by a notice separate from the notice referred to in such Sections, which separate notice may not be given prior to the expiration without cure of Lessee's applicable cure period under such Sections; provided that if (other than by reason of the Mortgagee's having to obtain possession of the Leased Premises) more than the time periods set forth therein are reasonably required to cure the Default, then the Mortgagee shall have the right to cure the Default if such cure is commenced within thirty (30) days after City notifies the Mortgagee of the Default as aforesaid and such cure is thereafter diligently prosecuted to completion; and provided further that if the nature of the failure is such that the Mortgagee cannot cure it without obtaining possession of the Leased Premises, then the Mortgagee's time to cure the failure will not start until it obtains possession of the Leased Premises if within thirty (30) days following receipt of City's written notice of Lessee's default and failure to cure (or as soon thereafter as the Mortgagee is legally allowed to do so, if the Mortgagee is not legally allowed to do so within said period of time), the Mortgagee commences (by filing any necessary court papers) formal legal proceedings to obtain such possession and, to extent allowed by law, thereafter prosecutes such proceedings diligently to conclusion.

F. Additional Rights of Mortgagee. City agrees that Lessee's Mortgagee or after a foreclosure of the Leasehold Mortgage, the Mortgagee, shall have the following rights in connection with the cure of any default of Lessee under this Lease:

i) The Mortgagee shall be entitled to exercise all rights of Lessee under this Lease.

ii) The Mortgagee shall have the right to enter the Leased Premises in order to effectuate cures of any defaults by Lessee under this Lease, subject, however, to the rights of any subtenant of Lessee.

iii) This Lease may not be surrendered, terminated or amended by mutual future agreement of City and Lessee without the prior written consent of the Mortgagee.

iv) City agrees that, following foreclosure of a Leasehold Mortgage, or conveyance of the leasehold interest under this Lease in lieu of such foreclosure, City will recognize the purchaser at foreclosure or recipient of the conveyance in lieu of foreclosure as the successor Lessee under this Lease.

v) If Mortgagee makes written request therefor within thirty (30) days after Mortgagee's receipt from City of written notice of termination of this Lease, City will enter into a new lease with Mortgagee or its designee, commencing on the date of termination of the

Lease and ending on the scheduled expiration date of this Lease as the same may be extended pursuant to the exercise of the options to extend the Term, at the same rent and upon the same terms and conditions (subject only to adjustment of provisions unique to the original Lessee and impossible of performance by the new Lessee) as this Lease, and with the same priority with respect to any subleases or other interests in the Leased Premises as this Lease, provided that Mortgagee or such designee cures all curable defaults under this Lease through the date of termination.

vi) If the leasehold estate covering the Leased Premises and the underlying fee estate become vested in the same party, there shall be no merger of estates while the Leasehold Mortgage is outstanding.

vii) A Leasehold Mortgage does not constitute an assignment of the Lease to the Mortgagee, or an assumption by the Mortgagee of any of Lessee's obligations under the Lease until the Mortgagee acquires the leasehold estate upon foreclosure or transfer in lieu thereof.

viii) Upon foreclosure of the Leasehold Mortgage or transfer in lieu thereof, Mortgagee shall succeed to (i) the interest of Lessee in any unapplied security deposit and any other monies of Lessee then in the possession of City, subject to City's right to apply such security deposit or other monies in accordance with this Lease; and (ii) the right to exercise all of Lessee's rights under the Lease, including without limitation the right to exercise any option to extend the term or rights of first refusal.

G. Curing of Defaults after Foreclosure. Notwithstanding any provision in this Lease to the contrary, the Mortgagee shall not be obligated by the provisions of this Lease to construct or complete the Improvements on the Leased Premises or any portion thereof, or to guarantee such construction or completion; nor shall any covenant or any other provision in this Lease be construed so to obligate such Mortgagee. Nothing in this Lease shall be deemed to construe, permit or authorize any such Mortgagee to devote the Leased Premises to any uses or to construct any Improvements thereon, other than those uses or Improvements provided for or authorized by this Lease. Nothing contained in this Lease shall be deemed to permit or authorize such Mortgagee to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed Lessee's obligations under this Lease, by written agreement reasonably satisfactory to City which election to assume must be made within ninety (90) days following Mortgagee's securing of title to the leasehold estate. The Mortgagee, in that event, must agree to complete the Improvements; provided, however, that the Mortgagee shall be given a commercially reasonable amount of additional time to complete the Improvements consistent with the intent of this Lease, which commencement of completion of Improvements shall, in no event, occur later than sixty (60) days after Mortgagee's notice to City of Mortgagee's election to assume such construction obligations. The completion of such Improvements by the Mortgagee shall be diligently pursued and shall, in no event, be completed no later than two (2) years after commencement by Mortgagee. Any such Mortgagee properly completing the Improvements shall be entitled to a Release of Construction Covenants.

H. Mortgagee's Right to Sell. If the Mortgagee or any third party acquires title to Lessee's leasehold estate pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings, such Mortgagee, upon acquiring Lessee's leasehold estate, may sell and assign the leasehold estate on such terms and to such persons and organizations as are acceptable to such Mortgagee or acquirer. Upon any such transfer, the Mortgagee shall thereafter be relieved of all obligations under this Lease if such assignee has delivered to City its written agreement to be bound by all of the provisions of this Lease. City agrees to provide estoppel certificates, confirmations of subordination and any other documents which are reasonably requested by the Mortgagee and/or its transferee and which are consistent with the terms of this Lease.

ARTICLE X

GENERAL PROVISIONS

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

10.2 Existing Title to Leased Premises. Lessee accepts the condition of City's title to the Leased Premises as the same now exists without representation or warranty of any kind and Lessee shall be bound by any reservation, restrictions, easements, or encumbrances thereon, which an examination of the title would disclose.

10.3 Force Majeure. Neither party hereunder shall be deemed to be in default, and all performance and other dates specified in this Lease shall be extended, where delays or defaults are due to: litigation challenging the validity of this transaction or any element thereof or the right of either party to engage in the acts and transactions contemplated by this Lease; inability to secure necessary labor materials or tools; or withdrawal of financing not caused by any act or omission of Lessee; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires (not caused by Lessee or its agents); casualties; acts of God; acts of the public enemy; acts of terrorism; ground water contamination requiring remediation; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; building moratoria; unusually severe weather; acts or omissions of the other party or third parties; acts or failures to act of the City of San Bernardino or any other public or governmental entity (other than the acts or failures to act of City which shall not excuse performance by City but shall excuse performance by the Lessee); or any other causes beyond the control or without the fault of the party claiming an extension of time to perform (collectively, "Events of Force Majeure"). Notwithstanding anything to the contrary in this Lease, an extension of time for any such cause shall be for the period reasonably attributable to the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Lease may also be extended in writing by the mutual agreement of City and/or Lessee.

10.4 Provisions Binding on Successors. Each and all of the covenants, conditions and agreements herein contained shall, in accordance with the context, inure to the benefit of and be binding upon the parties hereto, its successors-in-interest, agents, assigns, subleases, concessionaires, licensees, or any person who may come into possession or occupancy of said premises, or any part thereof, in any manner whatsoever. Nothing in this paragraph shall in any way alter the provisions in this Lease against assignment or subletting or other transfers.

10.5 Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of California.

10.6 Entire Agreement. This Lease supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between Lessee and City as to the subject matter hereof. No subsequent agreement, representation, or promise made by either Party hereto, or by or to any employees or agents of either Party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

10.7 Disclaimer of Partnership. The relationship of the parties hereto is that of City and Lessee, and it is expressly understood and agreed that City does not in any way or for any purpose become a partner of Lessee or a joint venturer with Lessee in the conduct of Lessee's business or otherwise.

10.8 Attorneys' Fees. In the event that any party hereto institutes an action or proceeding to enforce any term of this Lease or to recover any damages for and on account of the breach of any term or condition of this Lease, it is mutually agreed that the each party in any such action shall bear their own costs thereof, including attorneys' fees.

10.9 Quiet Possession. City agrees that Lessee, so long as Lessee is not in default under this Lease and is paying the Rent and performing the covenants and conditions of this Lease, shall quietly have, hold and enjoy the Leased Premises throughout the Term hereof without interruption or disturbance from City or any other persons claiming by, through or under City; and City warrants to Lessee that as of the Commencement Date of said Lease Term, there were no existing tenancies on the Leased Premises.

10.10 Non-Discrimination. Lessee herein covenants for itself that this Lease is made and accepted upon and subject to the requirement that there shall be no discrimination against or segregation of any person or group of persons, on account of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression, or sexual orientation, in the leasing, use, occupancy, tenure, or enjoyment of the Leased Premises, and that Lessee shall include such prohibition against discrimination in any and all subleases of the Leased Premises. Lessee also agrees that it shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Lessee, Lessee's sublessees, or vendees in the Leased Premises herein leased and that Lessee shall include such prohibition against such practices of discrimination or segregation in any and all subleases of the Leased Premises.

10.11 Estoppel Certificate.

A. At City's Request. If upon any sale, assignment or hypothecation of the Leased Premises or the land thereunder by City an offset statement shall be required from Lessee, Lessee agrees to deliver, within fifteen (15) business days after written request therefor by City, a statement in recordable form addressed to any such proposed Mortgagee or purchaser, or to City, in a form reasonably requested by City's Mortgagee or purchaser, certifying that this Lease is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the Lease Term, certifying that there has been no assignment or sublease of this Lease and that there are no defenses or offsets hereto (or stating those claimed by Lessee) and/or certifying to the then outstanding amount of City Costs. In the event City's mortgagee and/or City requires anything other than the documentation request in the immediately preceding sentence above, City shall reimburse Lessee for all actual and direct third party costs incurred by Lessee in connection with such request. In the event Lessee fails to deliver such offset statement to City within the fifteen (15) business day period provided above, it shall be deemed that this Lease is in full force and effect and that Lessee has no defenses or offsets against City. City shall pay Lessee's reasonable attorney's fees and costs incurred in connection with responding to any such request.

B. At Lessee's Request. If upon any sale, assignment, financing or other transfer of Lessee's leasehold interest in the Leased Premises or transfer of the ownership interest of Lessee, an estoppel statement shall be required from City, City agrees to deliver within fifteen (15) business days after written request therefor by Lessee, a statement in recordable form addressed to any such proposed transferee, certifying that this Lease is unmodified and is in full force and effect (if such be the case), certifying the commencement and termination dates of the Lease Term, certifying that there are no claims against Lessee under this Lease (or stating those claimed by City), certifying to the then outstanding amount of City Costs and containing such other information as may reasonably be requested by the party to whom such certificate is addressed. In the event Lessee's mortgagee and/or Lessee requires anything other than the documentation required in the immediately preceding sentence above, Lessee shall reimburse City for all actual and direct third party costs incurred by City in connection with such request. In the event City fails to deliver such certificate to Lessee within the fifteen (15) business day period provided above, it shall be deemed that this Lease is in full force and effect and that City has no claims against Lessee under this Lease. Lessee shall pay City's reasonable attorneys' fees and costs incurred in connection with responding to any such request.

10.12 Memorandum of Lease. Lessee shall have the right to record a Memorandum of Lease in the form attached hereto as Exhibit "K".

10.13 Notice. Any notice given by either party to the other shall be in writing and personally delivered or mailed to the recipient party at its most current address. The present addresses of City and Lessee are as follows:

If to Lessee: GWS#4 Development, LLC
c/o Hillwood Development Company, LLC
901 Via Piemonte, Suite 175
Ontario, California 91764
Phone: (909) 382-2154
Fax: (909) 382-0073

If to City: The City of Riverside
Attn: Public Utilities General Manager
3900 Main Street
Riverside, California 92522
Phone: (951) 826-2135
Fax: (951) 826-2450

NOW WHEREFORE, the parties hereto have executed this Lease as of the date first set forth above.

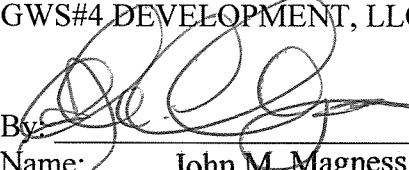
CITY:

LESSEE:

THE CITY OF RIVERSIDE, a California
charter city and municipal corporation

GWS#4 DEVELOPMENT, LLC

By: _____
City Manager

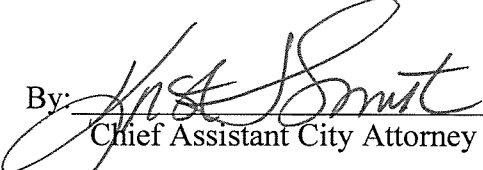
By: 
Name: John M. Magness
Title: Senior Vice President

ATTEST:

By: _____
Colleen Nicol
City Clerk

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

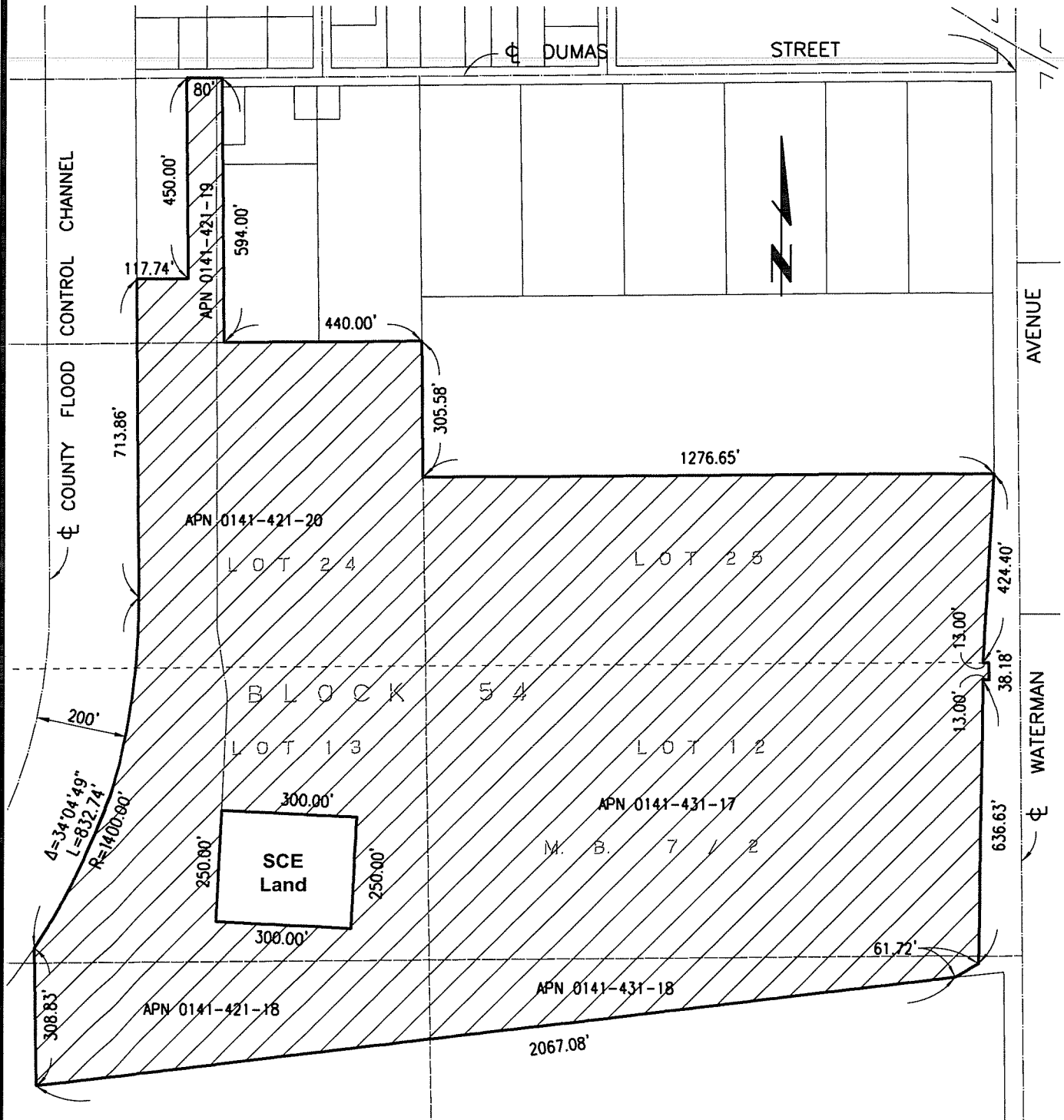
By: 
Chief Assistant City Attorney

SCALE: 1" = 300'

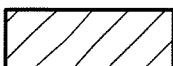
EXHIBIT "A"

CITY OF RIVERSIDE OWNED LAND

SHEET 1 OF 1



LEGEND:



INDICATES CITY OF RIVERSIDE OWNED PROPERTY
CONTAINS: 60.32 AC. ±

EXHIBIT "B"

Meets and Bounds Description of Property

A PORTION OF LOT 13 OF BLOCK 54 AS SHOWN ON MAP OF RANCHO SAN BERNARDINO, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, SAN BERNARDINO COUNTY RECORDS, WHICH IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE NORTHERLY BOUNDARY LINE OF LOT 24 OF SAID BLOCK 54, SAID NORTHERLY BOUNDARY LINE BEING COINCIDENT WITH THE SOUTHERLY LINE OF DUMAS DRIVE, AS SHOWN UPON THE MAP OF VALLEY TRUCK FARMS, BEING TRACT NO. 1995 AND RECORDED IN BOOK 29 OF MAPS, PAGE 13 THEREOF, SAN BERNARDINO COUNTY RECORDS, SAID POINT OF COMMENCEMENT BEING SOUTH 89° 47' WEST 453.01 FEET FROM THE NORTHEASTERLY CORNER OF SAID LOT 24 OF BLOCK 54 OF SAID RANCHO AND ALSO DISTANT SOUTH 89° 47' WEST 1789.4 FEET FROM THE INTERSECTION OF SAID SOUTHERLY LINE OF DUMAS DRIVE WITH THE CENTER LINE OF WATERMAN AVENUE;

THENCE FROM SAID POINT OF COMMENCEMENT SOUTH 0° 39' 45" EAST, 1235.98 FEET;

THENCE SOUTH 9° 12' 45" EAST, 153.46 FEET; THENCE SOUTH 2° 25' 15" WEST, 255.59 FEET TO THE TRUE POINT OF BEGINNING;

THENCE FROM SAID TRUE POINT OF BEGINNING SOUTH 2° 25' 15" WEST, 250 FEET;

THENCE SOUTH 87° 34' 45" EAST, 300 FEET; THENCE NORTH 2° 25' 15" EAST, 250 FEET;

THENCE NORTH 87° 34' 45" WEST, 300 FEET TO THE TRUE POINT OF BEGINNING.

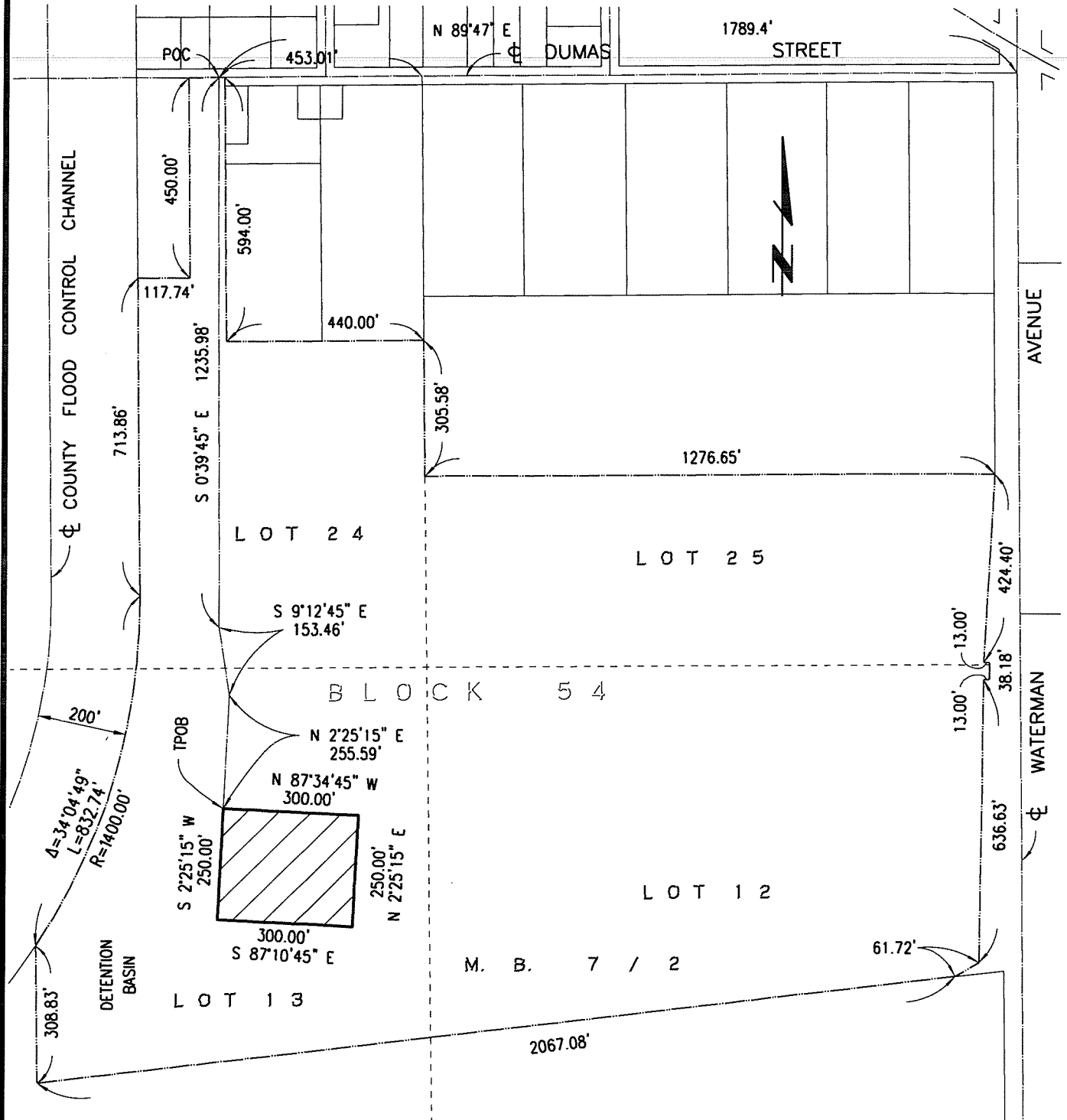
APN: 0141-421-14

CONTAINING: 75,000 SQUARE FEET OR 1.722 ACRES MORE OR LESS.

SCALE: 1" = 300'

Exhibit B

SHEET 1 OF 1



LEGEND:



INDICATES SCE PROPERTY
CONTAINS: 75,000 SQ. FT.
1.722 AC. ±

Exhibit C
PARKING AREA

LEGAL DESCRIPTION

THAT PORTION OF PARCEL 1, AS DESCRIBED BELOW, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, LYING NORTHERLY OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN THE EASEMENT DEEDS GRANTED TO CALIFORNIA ELECTRIC POWER COMPANY, RECORDED FEBRUARY 13, 1957 AS INSTRUMENT NO. 1019, IN BOOK 4155, PAGE 501, AND MAY 10, 1957 AS INSTRUMENT NO. 334, IN BOOK 4226, PAGE 588, BOTH OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 1:

THE EAST 2/3RDS OF LOTS 13 AND 24 IN BLOCK 54 AS SHOWN ON MAP OF RANCHO SAN BERNARDINO, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

A. BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 24; THENCE RUNNING SOUTH AND ALONG THE EAST LINE OF SAID LOT, A DISTANCE OF 594 FEET; THENCE WEST 440; THENCE NORTH 594 FEET TO THE NORTH BOUNDARY LINE OF SAID LOT 24; THENCE EAST ON AND ALONG SAID BOUNDARY LINE 440 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

B. COMMENCING AT THE NORTHWEST CORNER OF THE EAST 1/3 OF SAID LOT 24; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 80 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WESTERLY ON THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 117.74 FEET; THENCE SOUTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET; THENCE EASTERLY AND PARALLEL TO THE NORTHERLY LINE OF SAID LOT, A DISTANCE OF 117.74 FEET; THENCE NORTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET TO THE POINT OF BEGINNING.

C. ALL OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 24, AND THE NORTH 1/2 OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 13 LYING WITHIN A STRIP OF LAND 400 FEET WIDE BEING 200 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES TO, THE FOLLOWING DESCRIBED CENTER LINE:

BEGINNING AT A POINT IN THE NORTH LINE OF SAID LOT 24, DISTANT THEREON NORTH 89° 36' 13.5" WEST 200 FEET FROM THE SOUTHEAST CORNER OF LOT 45 OF SAID BLOCK 54, SAID SOUTHEAST CORNER OF LOT 45 BEING A POINT IN THE NORTH LINE OF SAID LOT 24; THENCE SOUTH 0° 20' 14" WEST 1163.86 FEET; THENCE SOUTHWESTERLY 1039.88 FEET ALONG A TANGENT CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 1200 FEET AND A CENTRAL ANGLE OF 49° 39' 03"; THENCE SOUTH 49° 59' 17" WEST 807.37 FEET TO POINT OF ENDING OF THE CENTER LINE HEREIN DESCRIBED, SAID POINT BEING NORTH 49° 59' 17" EAST 75.85 FEET FROM A POINT IN THE SOUTH LINE OF LOT 14 OF SAID BLOCK 54, DISTANCE THEREON 619.16 FEET FROM THE SOUTHEAST CORNER OF SAID LOT 14.

Exhibit C
PARKING AREA

D. ALL THAT PORTION OF THE SOUTH 1/2 OF THE EAST 2/3RDS OF SAID LOT 13 DESCRIBED AS FOLLOWS:

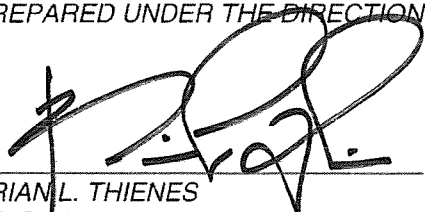
BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 13; THENCE NORTHERLY 498.04 FEET ALONG THE EAST LINE OF SAID LOT 13; THENCE SOUTH 84° 04' 36" WEST 886.36 FEET TO A POINT ON THE WEST LINE OF SAID EAST 2/3 OF LOT 13, DISTANT THEREON NORTHERLY 397.85 FEET FROM THE SOUTHWEST CORNER OF SAID EAST 2/3RDS OF LOT 13; THENCE SOUTHERLY 397.85 FEET ALONG SAID WEST LINE TO THE SOUTHWEST CORNER, THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 13 TO THE POINT OF BEGINNING.

CONTAINING: 344,220 SQUARE FEET OR 7.902 ACRES MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

SUBJECT TO: COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS-OF-WAY, IF ANY.

PREPARED UNDER THE DIRECTION OF:


BRIAN L. THIENES
P.L.S. No. 5750
REG. EXP. 12/31/17

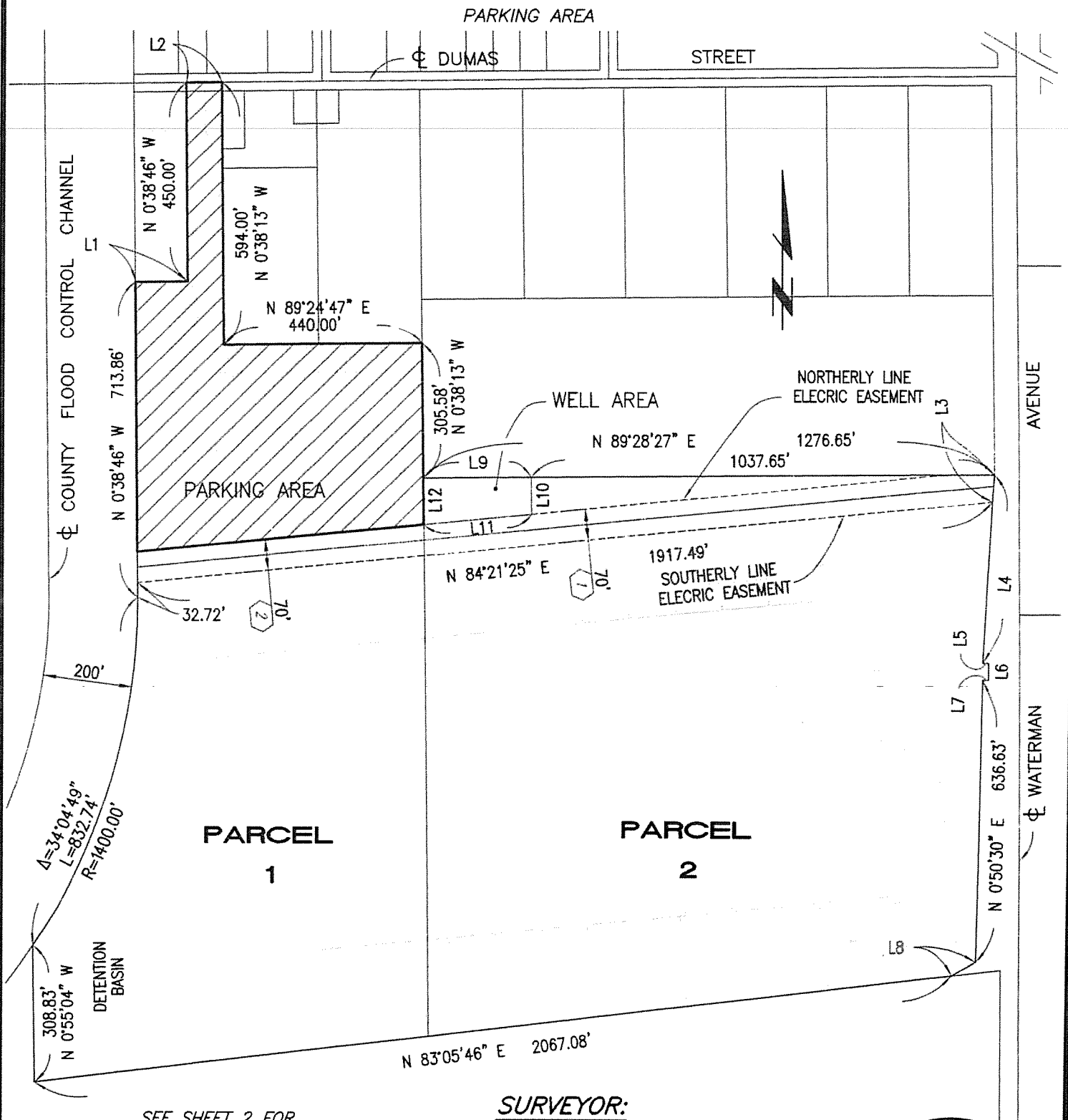
12/27/16
DATE



SCALE: 1" = 300'

Exhibit C

SHEET 1 OF 2



SEE SHEET 2 FOR
LINE TABLE, EASEMENT NOTES, AND LEGEND

PREPARED BY:

Thienes Engineering, Inc.
CIVIL ENGINEERING • LAND SURVEYING
14349 FIRESTONE BOULEVARD
LA MIRADA, CALIFORNIA 90638
PH.(714)521-4811 FAX(714)521-4173

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Signature]
BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2017

12/27/16
DATE

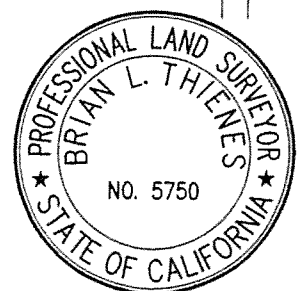


Exhibit C

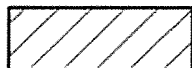
PARKING AREA

SHEET 2 OF 2

LINE TABLE		
LINE #	LENGTH	BEARING
L1	117.74'	N 25°23'40" E
L2	80.07'	N 89°24'47" E
L3	61.35'	N 03°11'49" E
L4	424.40'	N 03°11'49" E
L5	13.00'	N 89°32'54" E
L6	38.18'	N 00°27'06" W
L7	13.00'	N 89°32'54" E
L8	61.72'	N 59°18'06" E
L9	239.00'	N 89°28'27" E
L10	83.49'	N 00°38'13" W
L11	239.92'	N 84°21'25" E
L12	104.89'	N 00°38'13" W

- ① GRANT OF EASEMENT RECORDED FEBRUARY 13, 1957
AS INSTR. NO. 1019 IN BOOK 4155, PAGE 501, O.R.
- ② GRANT OF EASEMENT RECORDED MAY 10, 1957
AS INSTR. NO. 334 IN BOOK 4226, PAGE 588, O.R.

LEGEND:



INDICATES PARKING AREA
CONTAINS: 344,220 SQ. FT.
7.902 AC. ±

Exhibit D

ACCESS ONLY AREA

LEGAL DESCRIPTION

THAT PORTION OF PARCELS 1 AND 2, AS DESCRIBED BELOW, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, LYING NORTHERLY OF THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THE EASEMENT DEEDS GRANTED TO CALIFORNIA ELECTRIC POWER COMPANY, RECORDED FEBRUARY 13, 1957 AS INSTRUMENT NO. 1019, IN BOOK 4155, PAGE 501, AND MAY 10, 1957 AS INSTRUMENT NO. 334, IN BOOK 4226, PAGE 588, BOTH OF OFFICIAL RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THOSE PORTIONS IDENTIFIED AS **PARKING AREA** AND **WELL AREA** DESCRIBED AS FOLLOWS:

PARKING AREA:

THAT PORTION OF SAID PARCEL 1, LYING NORTHERLY OF THE NORTHERLY LINE OF SAID DEEDS TO CALIFORNIA ELECTRIC COMPANY.

WELL AREA:

THE WESTERLY 239.00 FEET OF SAID PARCEL 2, LYING NORTHERLY OF THE NORTHERLY LINE OF SAID DEEDS TO CALIFORNIA ELECTRIC COMPANY.

PARCEL 1:

THE EAST 2/3RDS OF LOTS 13 AND 24 IN BLOCK 54 AS SHOWN ON MAP OF RANCHO SAN BERNARDINO, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

A. BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 24; THENCE RUNNING SOUTH AND ALONG THE EAST LINE OF SAID LOT, A DISTANCE OF 594 FEET; THENCE WEST 440; THENCE NORTH 594 FEET TO THE NORTH BOUNDARY LINE OF SAID LOT 24; THENCE EAST ON AND ALONG SAID BOUNDARY LINE 440 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

B. COMMENCING AT THE NORTHWEST CORNER OF THE EAST 1/3 OF SAID LOT 24; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 80 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WESTERLY ON THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 117.74 FEET; THENCE SOUTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET; THENCE EASTERLY AND PARALLEL TO THE NORTHERLY LINE OF SAID LOT, A DISTANCE OF 117.74 FEET; THENCE NORTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET TO THE POINT OF BEGINNING.

C. ALL OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 24, AND THE NORTH 1/2 OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 13 LYING WITHIN A STRIP OF LAND 400 FEET WIDE BEING 200 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES TO, THE FOLLOWING DESCRIBED CENTER LINE:

BEGINNING AT A POINT IN THE NORTH LINE OF SAID LOT 24, DISTANT THEREON NORTH 89° 36' 13.5" WEST 200 FEET FROM THE SOUTHEAST CORNER OF LOT 45 OF SAID BLOCK 54, SAID SOUTHEAST CORNER OF LOT 45 BEING A POINT IN THE NORTH LINE OF SAID

Exhibit D

ACCESS ONLY AREA

LOT 24; THENCE SOUTH $0^{\circ} 20' 14''$ WEST 1163.86 FEET; THENCE SOUTHWESTERLY 1039.88 FEET ALONG A TANGENT CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 1200 FEET AND A CENTRAL ANGLE OF $49^{\circ} 39' 03''$; THENCE SOUTH $49^{\circ} 59' 17''$ WEST 807.37 FEET TO POINT OF ENDING OF THE CENTER LINE HEREIN DESCRIBED, SAID POINT BEING NORTH $49^{\circ} 59' 17''$ EAST 75.85 FEET FROM A POINT IN THE SOUTH LINE OF LOT 14 OF SAID BLOCK 54, DISTANCE THEREON 619.16 FEET FROM THE SOUTHEAST CORNER OF SAID LOT 14.

D. ALL THAT PORTION OF THE SOUTH 1/2 OF THE EAST 2/3RDS OF SAID LOT 13 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 13; THENCE NORTHERLY 498.04 FEET ALONG THE EAST LINE OF SAID LOT 13; THENCE SOUTH $84^{\circ} 04' 36''$ WEST 886.36 FEET TO A POINT ON THE WEST LINE OF SAID EAST 2/3 OF LOT 13, DISTANT THEREON NORTHERLY 397.85 FEET FROM THE SOUTHWEST CORNER OF SAID EAST 2/3RDS OF LOT 13; THENCE SOUTHERLY 397.85 FEET ALONG SAID WEST LINE TO THE SOUTHWEST CORNER, THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 13 TO THE POINT OF BEGINNING.

PARCEL 2:

ALL OF LOT 12, BLOCK 54, OF THE FORTY ACRE SURVEY OF THE RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAID COUNTY; AND ALSO THAT PORTION OF LOT 25, IN SAID BLOCK 54, OF SAID FORTY ACRE SURVEY OF THE SAID RANCHO SAN BERNARDINO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 25; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHEAST CORNER OF THE LAND DEEDED TO ERASZMUS C. BIGGS BY DEED DATED JUNE 21, 1865, AND RECORDED IN BOOK "F" OF DEEDS, PAGE 612, RECORDS OF SAID COUNTY; THENCE WEST ALONG THE SOUTH LINE OF THE LAND SO DEEDED, 80 RODS, MORE OR LESS, TO THE WEST LINE OF SAID LOT 25; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LOT 25, THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 25, 80 RODS, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION WITHIN THE SOUTH ONE-HALF OF SAID LOT 12.

ALSO EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

PARCEL AA:

BEGINNING ON THE WESTERLY LINE OF WATERMAN AVENUE, 82.5 FEET WIDE, DISTANT ALONG SAID WESTERLY LINE AND ITS SOUTHERLY PROLONGATION, NORTH 2,954 FEET FROM ITS INTERSECTION WITH THE CENTER LINE OF COLTON AVENUE, 82.5 FEET WIDE; THENCE WEST AT RIGHT ANGLES TO SAID WESTERLY LINE OF WATERMAN AVENUE, A DISTANCE OF 570 FEET; THENCE IN A NORTHWESTERLY DIRECTION TO A POINT ON THE WESTERLY LINE OF SAID LOT 12; DISTANT ALONG SAID WESTERLY LINE, NORTH 500 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE ALONG SAID WESTERLY LINE OF LOT 12, SOUTH 500 FEET TO SAID SOUTHWEST CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 12 EAST TO THE SOUTHEAST CORNER OF SAID LOT 12, SAID SOUTHEAST CORNER BEING ON THE WESTERLY LINE OF SAID WATERMAN AVENUE; THENCE ALONG THE EASTERLY LINE OF SAID LOT 12; SAID EASTERLY LINE BEING ALSO SAID WESTERLY LINE OF WATERMAN AVENUE, NORTH TO THE POINT OF BEGINNING.

Exhibit D
ACCESS ONLY AREA

PARCEL BB:

BEGINNING AT A POINT IN THE CENTERLINE OF WATERMAN AVENUE, AN 82.5 FOOT STREET, DISTANT THEREON 646.58 FEET NORTHERLY OF THE INTERSECTION OF SAID CENTERLINE WITH THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12; THENCE SOUTH $84^{\circ} 04' 36''$ WEST, 1326.92 FEET TO A POINT IN THE NORTH LINE OF THAT PROPERTY CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED OCTOBER 17, 1956, IN BOOK 4065, PAGE 513, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, SAID POINT BEING NORTH $84^{\circ} 04' 36''$ EAST, 4.90 FEET FROM A POINT IN THE WEST LINE OF SAID LOT 12 WHICH IS 498.04 FEET NORTHERLY FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE SOUTHEASTERLY AND EASTERLY ALONG THE SAID NORTH LINE OF THE STATE OF CALIFORNIA PROPERTY AND ITS EASTERLY PROLONGATION TO THE INTERSECTION THEREOF WITH THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE NORTHERLY ALONG SAID CENTER LINE OF WATERMAN AVENUE, 352.16 FEET TO THE POINT OF BEGINNING.

PARCEL CC:


BEGINNING AT A POINT ON THE CENTERLINE OF WATERMAN AVENUE, DISTANT THEREON 646.58 FEET NORTH FROM THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12 WITH THE SAID CENTERLINE OF WATERMAN AVENUE; THENCE SOUTH $83^{\circ} 01'$ WEST, 150.65 FEET; THENCE NORTH $59^{\circ} 13' 48''$ EAST, 61.72 FEET; THENCE NORTH $0^{\circ} 50' 42''$ EAST, 636.60 FEET; THENCE NORTH $89^{\circ} 33' 06''$ EAST, 13 FEET; THENCE NORTH $0^{\circ} 26' 54''$ WEST, 38.18 FEET; THENCE SOUTH $89^{\circ} 33' 06''$ WEST, 13 FEET; THENCE NORTH $3^{\circ} 33'$ or EAST, 430.05 FEET, MORE OR LESS TO A POINT ON THE SOUTH PROPERTY LINE OF PARCEL OF LAND CONVEYED TO JOSEPH G. LAZAR, ET AL, BY DEED RECORDED SEPTEMBER 08, 1959 IN BOOK 4923, PAGE 75, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; THENCE EAST ALONG SAID PROPERTY LINE TO A POINT ON THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE SOUTH $0^{\circ} 26' 54''$ EAST, ALONG SAID CENTERLINE OF WATERMAN AVENUE TO THE POINT OF BEGINNING.

CONTAINING: 172,817 SQUARE FEET OR 3.967 ACRES MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

SUBJECT TO: COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS-OF-WAY, IF ANY.

PREPARED UNDER THE DIRECTION OF:


 BRIAN L. THIENES
 P.L.S. No. 5750
 REG. EXP. 12/31/17

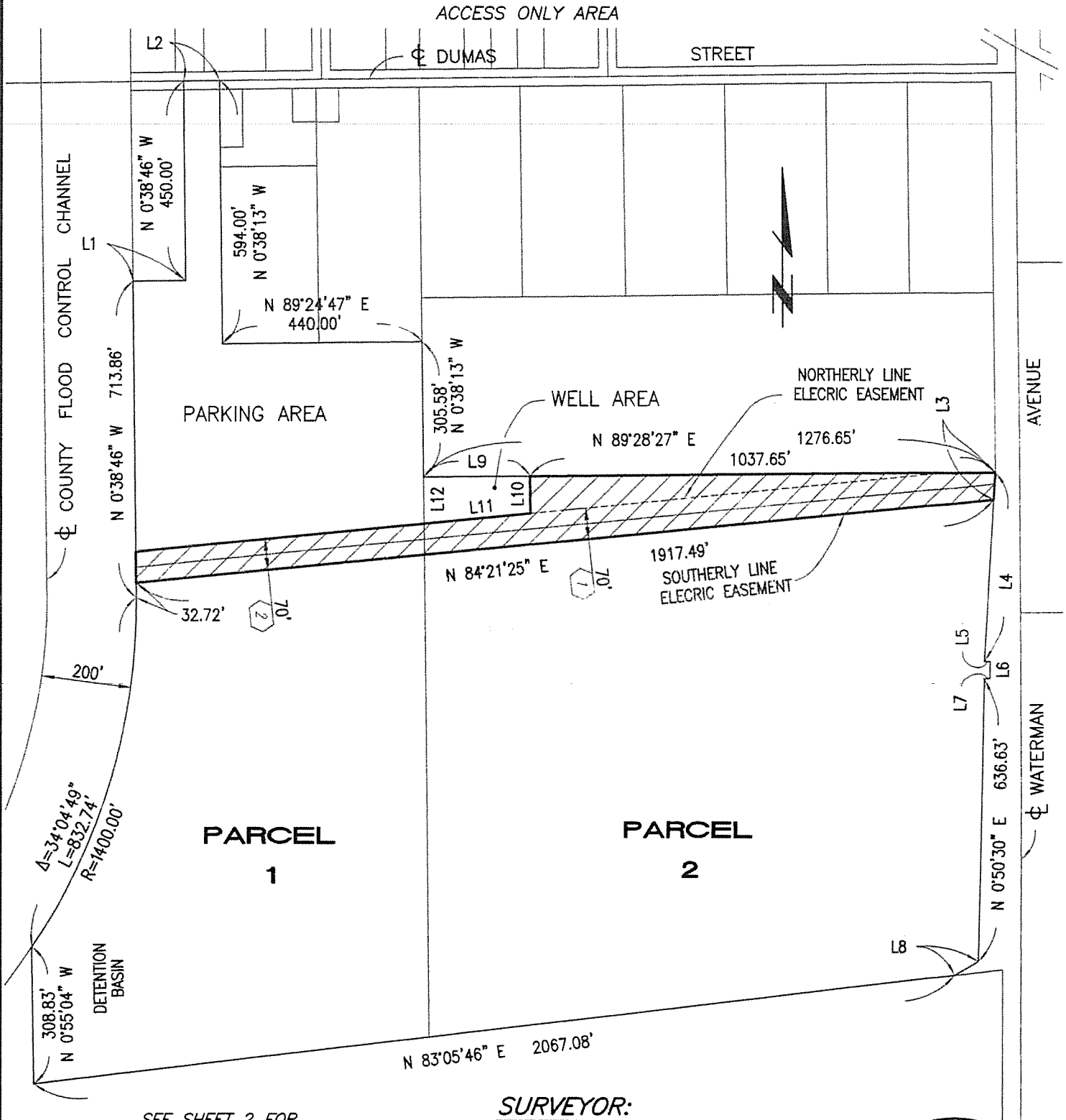
12/27/16
 DATE



SCALE: 1" = 300'

Exhibit D

SHEET 1 OF 2



SEE SHEET 2 FOR
LINE TABLE, EASEMENT NOTES, AND LEGEND

PREPARED BY:

Thienes Engineering, Inc.
CIVIL ENGINEERING • LAND SURVEYING
14349 FIRESTONE BOULEVARD
LA MIRADA, CALIFORNIA 90638
PH.(714)521-4811 FAX(714)521-4173

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Signature]
BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2017

12/27/16
DATE



Exhibit D

ACCESS ONLY AREA

LINE TABLE		
LINE #	LENGTH	BEARING
L1	117.74'	N 25°23'40" E
L2	80.07'	N 89°24'47" E
L3	61.35'	N 03°11'49" E
L4	424.40'	N 03°11'49" E
L5	13.00'	N 89°32'54" E
L6	38.18'	N 00°27'06" W
L7	13.00'	N 89°32'54" E
L8	61.72'	N 59°18'06" E
L9	239.00'	N 89°28'27" E
L10	83.49'	N 00°38'13" W
L11	239.92'	N 84°21'25" E
L12	104.89'	N 00°38'13" W

- ① GRANT OF EASEMENT RECORDED FEBRUARY 13, 1957
AS INSTR. NO. 1019 IN BOOK 4155, PAGE 501, O.R.
- ② GRANT OF EASEMENT RECORDED MAY 10, 1957
AS INSTR. NO. 334 IN BOOK 4226, PAGE 588, O.R.

LEGEND:



INDICATES ACCESS ONLY AREA
CONTAINS: 172,817 SQ. FT.
3.967 AC. ±

Exhibit E

Building Area

LEGAL DESCRIPTION

THAT PORTION OF PARCELS 1 AND 2, AS DESCRIBED BELOW, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, LYING SOUTHERLY OF THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THE EASEMENT DEEDS GRANTED TO CALIFORNIA ELECTRIC POWER COMPANY, RECORDED FEBRUARY 13, 1957 AS INSTRUMENT NO. 1019, IN BOOK 4155, PAGE 501, AND MAY 10, 1957 AS INSTRUMENT NO. 334, IN BOOK 4226, PAGE 588, BOTH OF OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 1:

THE EAST 2/3RDS OF LOTS 13 AND 24 IN BLOCK 54 AS SHOWN ON MAP OF RANCHO SAN BERNARDINO, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

A. BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 24; THENCE RUNNING SOUTH AND ALONG THE EAST LINE OF SAID LOT, A DISTANCE OF 594 FEET; THENCE WEST 440; THENCE NORTH 594 FEET TO THE NORTH BOUNDARY LINE OF SAID LOT 24; THENCE EAST ON AND ALONG SAID BOUNDARY LINE 440 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

B. COMMENCING AT THE NORTHWEST CORNER OF THE EAST 1/3 OF SAID LOT 24; THENCE WESTERLY ALONG THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 80 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING WESTERLY ON THE NORTHERLY LINE OF SAID LOT 24, A DISTANCE OF 117.74 FEET; THENCE SOUTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET; THENCE EASTERLY AND PARALLEL TO THE NORTHERLY LINE OF SAID LOT, A DISTANCE OF 117.74 FEET; THENCE NORTHERLY AND PARALLEL WITH THE WESTERLY LINE OF THE EAST 1/3 OF SAID LOT, A DISTANCE OF 450 FEET TO THE POINT OF BEGINNING.

C. ALL OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 24, AND THE NORTH 1/2 OF THE EAST 1/2 OF THE WEST 2/3RDS OF SAID LOT 13 LYING WITHIN A STRIP OF LAND 400 FEET WIDE BEING 200 FEET ON EACH SIDE OF, MEASURED AT RIGHT ANGLES TO, THE FOLLOWING DESCRIBED CENTER LINE:

BEGINNING AT A POINT IN THE NORTH LINE OF SAID LOT 24, DISTANT THEREON NORTH 89° 36' 13.5" WEST 200 FEET FROM THE SOUTHEAST CORNER OF LOT 45 OF SAID BLOCK 54, SAID SOUTHEAST CORNER OF LOT 45 BEING A POINT IN THE NORTH LINE OF SAID LOT 24; THENCE SOUTH 0° 20' 14" WEST 1163.86 FEET; THENCE SOUTHWESTERLY 1039.88 FEET ALONG A TANGENT CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 1200 FEET AND A CENTRAL ANGLE OF 49° 39' 03"; THENCE SOUTH 49° 59' 17" WEST 807.37 FEET TO POINT OF ENDING OF THE CENTER LINE HEREIN DESCRIBED, SAID POINT BEING NORTH 49° 59' 17" EAST 75.85 FEET FROM A POINT IN THE SOUTH LINE OF LOT 14 OF SAID BLOCK 54, DISTANCE THEREON 619.16 FEET FROM THE SOUTHEAST CORNER OF SAID LOT 14.

Exhibit E

Building Area

D. ALL THAT PORTION OF THE SOUTH 1/2 OF THE EAST 2/3RDS OF SAID LOT 13 DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 13; THENCE NORTHERLY 498.04 FEET ALONG THE EAST LINE OF SAID LOT 13; THENCE SOUTH 84° 04' 36" WEST 886.36 FEET TO A POINT ON THE WEST LINE OF SAID EAST 2/3 OF LOT 13, DISTANT THEREON NORTHERLY 397.85 FEET FROM THE SOUTHWEST CORNER OF SAID EAST 2/3RDS OF LOT 13; THENCE SOUTHERLY 397.85 FEET ALONG SAID WEST LINE TO THE SOUTHWEST CORNER, THENCE EASTERLY ALONG THE SOUTH LINE OF SAID LOT 13 TO THE POINT OF BEGINNING.

PARCEL 2:

ALL OF LOT 12, BLOCK 54, OF THE FORTY ACRE SURVEY OF THE RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAID COUNTY; AND ALSO THAT PORTION OF LOT 25, IN SAID BLOCK 54, OF SAID FORTY ACRE SURVEY OF THE SAID RANCHO SAN BERNARDINO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 25; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHEAST CORNER OF THE LAND DEEDED TO ERASMUS C. BIGGS BY DEED DATED JUNE 21, 1865, AND RECORDED IN BOOK "F" OF DEEDS, PAGE 612, RECORDS OF SAID COUNTY; THENCE WEST ALONG THE SOUTH LINE OF THE LAND SO DEEDED, 80 RODS, MORE OR LESS, TO THE WEST LINE OF SAID LOT 25; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LOT 25, THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 25, 80 RODS, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION WITHIN THE SOUTH ONE-HALF OF SAID LOT 12.

ALSO EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

PARCEL AA:

BEGINNING ON THE WESTERLY LINE OF WATERMAN AVENUE, 82.5 FEET WIDE, DISTANT ALONG SAID WESTERLY LINE AND ITS SOUTHERLY PROLONGATION, NORTH 2,954 FEET FROM ITS INTERSECTION WITH THE CENTER LINE OF COLTON AVENUE, 82.5 FEET WIDE; THENCE WEST AT RIGHT ANGLES TO SAID WESTERLY LINE OF WATERMAN AVENUE, A DISTANCE OF 570 FEET; THENCE IN A NORTHWESTERLY DIRECTION TO A POINT ON THE WESTERLY LINE OF SAID LOT 12; DISTANT ALONG SAID WESTERLY LINE, NORTH 500 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE ALONG SAID WESTERLY LINE OF LOT 12, SOUTH 500 FEET TO SAID SOUTHWEST CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 12 EAST TO THE SOUTHEAST CORNER OF SAID LOT 12, SAID SOUTHEAST CORNER BEING ON THE WESTERLY LINE OF SAID WATERMAN AVENUE; THENCE ALONG THE EASTERLY LINE OF SAID LOT 12; SAID EASTERLY LINE BEING ALSO SAID WESTERLY LINE OF WATERMAN AVENUE, NORTH TO THE POINT OF BEGINNING.

Exhibit E

Building Area

PARCEL BB:

BEGINNING AT A POINT IN THE CENTERLINE OF WATERMAN AVENUE, AN 82.5 FOOT STREET, DISTANT THEREON 646.58 FEET NORTHERLY OF THE INTERSECTION OF SAID CENTERLINE WITH THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12; THENCE SOUTH 84° 04' 36" WEST, 1326.92 FEET TO A POINT IN THE NORTH LINE OF THAT PROPERTY CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED OCTOBER 17, 1956, IN BOOK 4065, PAGE 513, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, SAID POINT BEING NORTH 84° 04' 36" EAST, 4.90 FEET FROM A POINT IN THE WEST LINE OF SAID LOT 12 WHICH IS 498.04 FEET NORTHERLY FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE SOUTHEASTERLY AND EASTERLY ALONG THE SAID NORTH LINE OF THE STATE OF CALIFORNIA PROPERTY AND ITS EASTERLY PROLONGATION TO THE INTERSECTION THEREOF WITH THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE NORTHERLY ALONG SAID CENTER LINE OF WATERMAN AVENUE, 352.16 FEET TO THE POINT OF BEGINNING.

PARCEL CC:

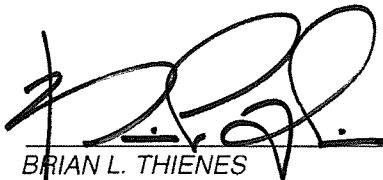
BEGINNING AT A POINT ON THE CENTERLINE OF WATERMAN AVENUE, DISTANT THEREON 646.58 FEET NORTH FROM THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12 WITH THE SAID CENTERLINE OF WATERMAN AVENUE; THENCE SOUTH 83° 01' WEST, 150.65 FEET; THENCE NORTH 59° 13' 48" EAST, 61.72 FEET; THENCE NORTH 0° 50' 42" EAST, 636.60 FEET; THENCE NORTH 89° 33' 06" EAST, 13 FEET; THENCE NORTH 0° 26' 54" WEST, 38.18 FEET; THENCE SOUTH 89° 33' 06" WEST, 13 FEET; THENCE NORTH 3° 33' or EAST, 430.05 FEET, MORE OR LESS TO A POINT ON THE SOUTH PROPERTY LINE OF PARCEL OF LAND CONVEYED TO JOSEPH G. LAZAR, ET AL, BY DEED RECORDED SEPTEMBER 08, 1959 IN BOOK 4923, PAGE 75, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; THENCE EAST ALONG SAID PROPERTY LINE TO A POINT ON THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE SOUTH 0° 26' 54" EAST, ALONG SAID CENTERLINE OF WATERMAN AVENUE TO THE POINT OF BEGINNING.

CONTAINING: 2,164,531 SQUARE FEET OR 49.691 ACRES MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

SUBJECT TO: COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS-OF-WAY, IF ANY.

PREPARED UNDER THE DIRECTION OF:



BRIAN L. THIENES
P.L.S. No. 5750
REG. EXP. 12/31/17

12/27/14
DATE

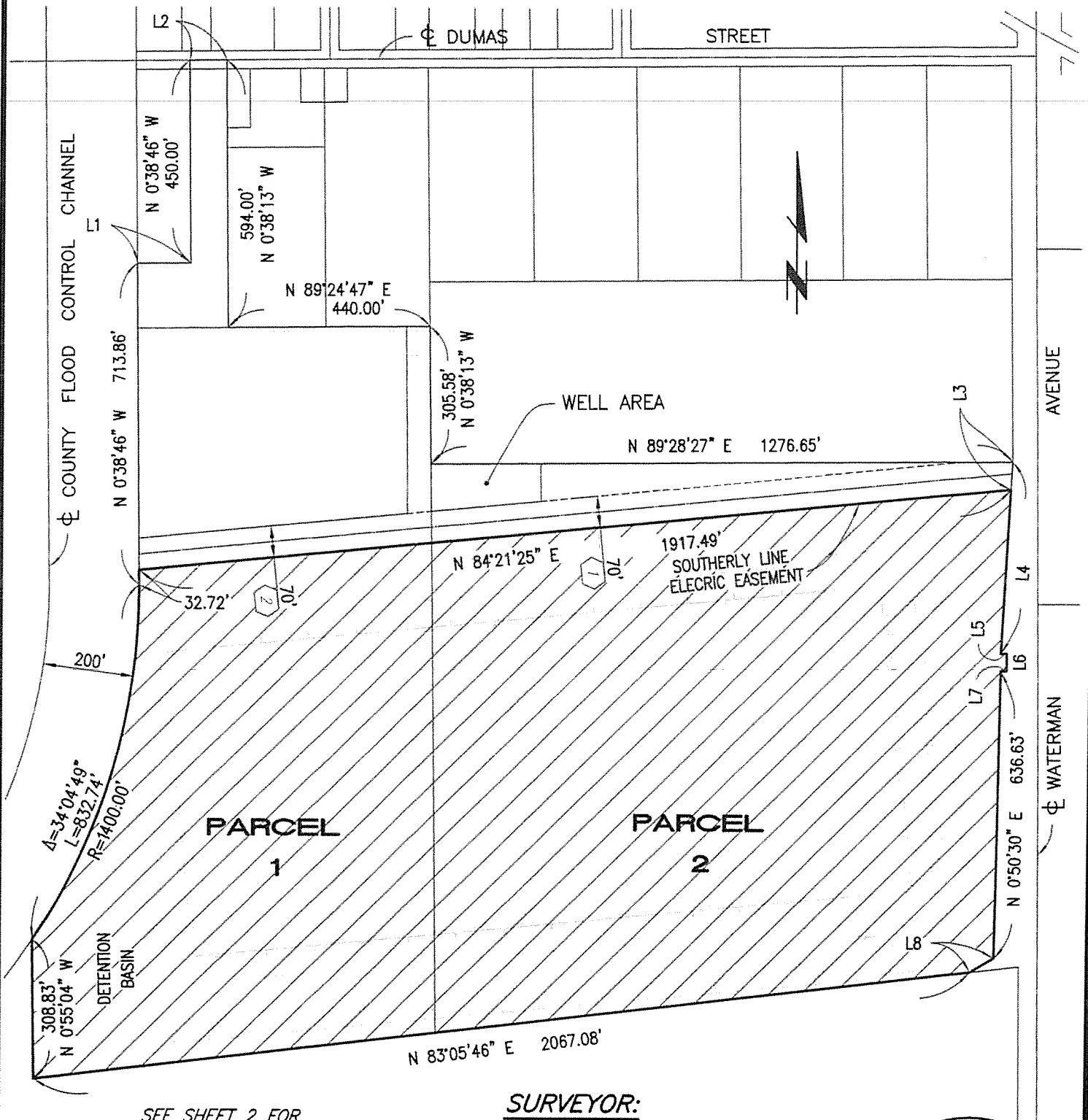


SCALE: 1" = 300'

Exhibit E

SHEET 1 OF 2

Building Area



SEE SHEET 2 FOR

LINE TABLE, EASEMENT NOTES, AND LEGEND

PREPARED BY:

Thienes Engineering, Inc.
CIVIL ENGINEERING • LAND SURVEYING
14349 FIRESTONE BOULEVARD
LA MIRADA, CALIFORNIA 90638
PH. (714) 521-4811 FAX (714) 521-4173

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Signature]
BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2017

12/27/16
DATE



Exhibit E

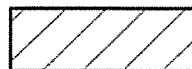
Building Area

SHEET 2 OF 2

LINE TABLE		
LINE #	LENGTH	BEARING
L1	117.74'	N 25°23'40" E
L2	80.07'	N 89°24'47" E
L3	61.35'	N 03°11'49" E
L4	424.40'	N 03°11'49" E
L5	13.00'	N 89°32'54" E
L6	38.18'	N 00°27'06" W
L7	13.00'	N 89°32'54" E
L8	61.72'	N 59°18'06" E

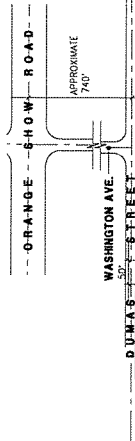
- ① GRANT OF EASEMENT RECORDED FEBRUARY 13, 1957
AS INSTR. NO. 1019 IN BOOK 4155, PAGE 501, O.R.
- ② GRANT OF EASEMENT RECORDED MAY 10, 1957
AS INSTR. NO. 334 IN BOOK 4226, PAGE 588, O.R.

LEGEND:

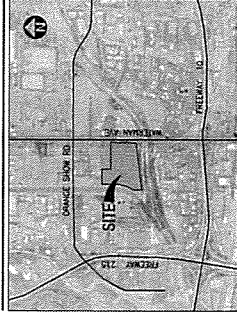
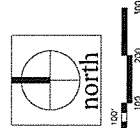


INDICATES GROUND LEASE AREA
CONTAINS: 2,164,531 SQ. FT.
49.691 AC. ±

Exhibit F



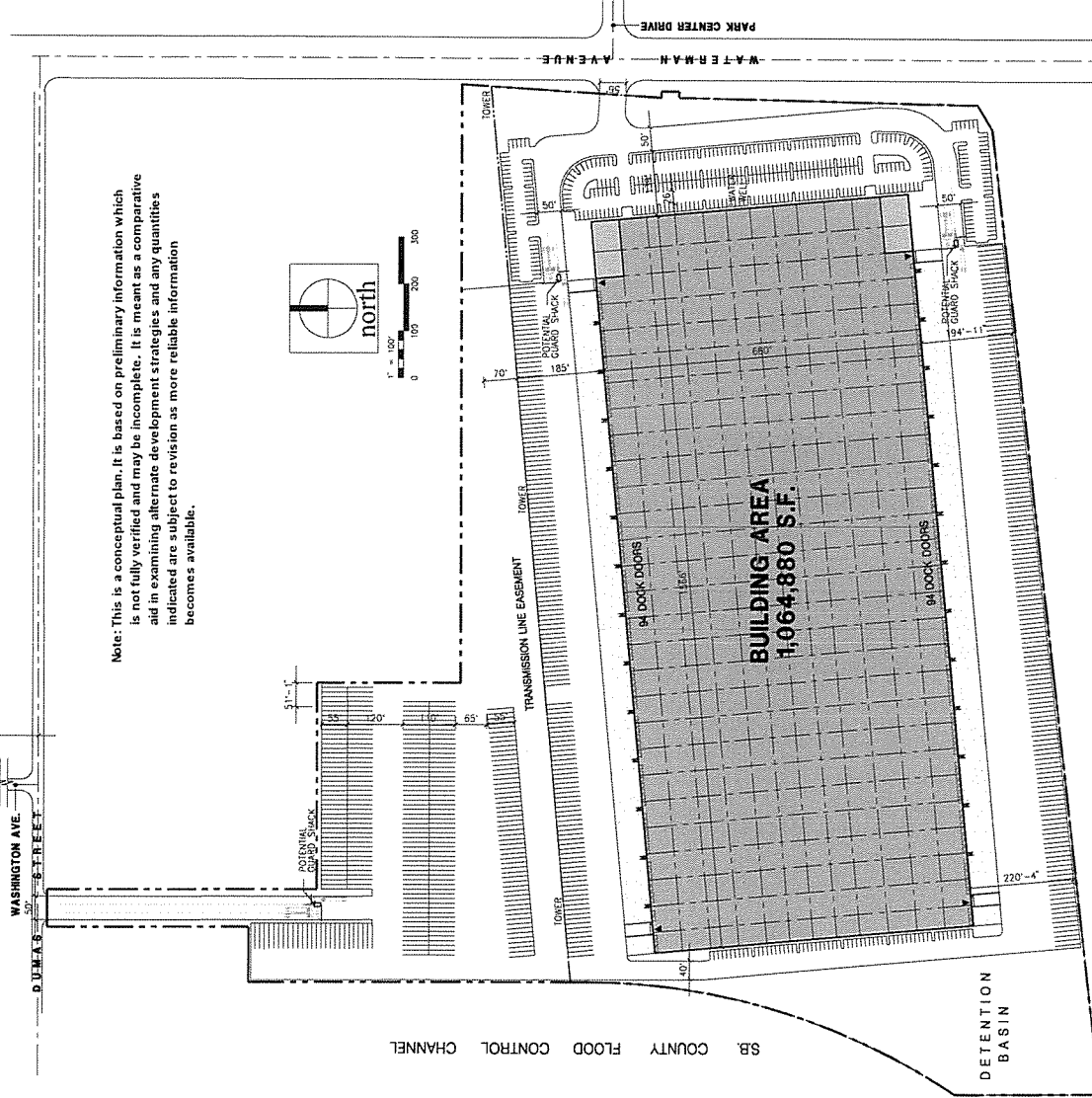
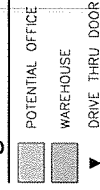
Note: This is a conceptual plan. It is based on preliminary information which is not fully verified and may be incomplete. It is meant as a comparative aid in examining alternate development strategies and any quantities indicated are subject to revision as more reliable information becomes available.



Tabulation

SITE AREA	Ins.f.	2,702,477 s.f.
	In acres	62.04 ac
BUILDING AREA		
	Warehouse	5,000 s.f.
COVERAGE	TOTAL	1,059,880 s.f.
		1,064,880 s.f.
		39.4%
AUTO PARKING REQUIRED		
	1/1,250 s.f.	852 stalls
AUTO PARKING PROVIDED		
	Standard (9' x 19')	435 stalls
TRAILER PARKING PROVIDED		
	Trailer (10'x55')	563 stalls
TRAILERS @ DOCK DOORS PROVIDED		
	Dock Door	183 doors
	Grade level door	4 doors
TOTAL PARKING PROVIDED		
	Auto & Trailers	1,191 stalls
ZONING ORDINANCE FOR CITY		
	Current Zoning Designation - Rule / Commercial Recreation (PCR)	
	Proposed Zoning Designation - Light Industrial (IL)	
MAXIMUM BUILDING HEIGHT ALLOWED		
	Height - 50'	
MAXIMUM FLOOR AREA RATIO		
	FAR - 75	
SETBACKS		
	Front - 20'	
	Side - 10' major highway / arterial st. - 20'	
	Street Side - 10'	

Legend



Conceptual Site Plan

Gateway South Building 4



18831 Bardeen Ave. - Ste. #100
Irvine, CA 92612
(949) 863-1770
www.hparchts.com

City of San Bernardino, CA

October 25, 2016 / Job #15408
Scheme 3

Exhibit G
Well Relocation Agreement

Exhibit H

WELL AREA

LEGAL DESCRIPTION

THAT PORTION OF PARCEL 2, AS DESCRIBED BELOW, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, LYING NORTHERLY OF THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THE EASEMENT DEEDS GRANTED TO CALIFORNIA ELECTRIC POWER COMPANY, RECORDED FEBRUARY 13, 1957 AS INSTRUMENT NO. 1019, IN BOOK 4155, PAGE 501, AND MAY 10, 1957 AS INSTRUMENT NO. 334, IN BOOK 4226, PAGE 588, BOTH OF OFFICIAL RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

THE WESTERLY 239.00 FEET OF SAID PARCEL 2, LYING NORTHERLY OF THE NORTHERLY LINE OF SAID DEEDS TO CALIFORNIA ELECTRIC COMPANY.

PARCEL 2:

ALL OF LOT 12, BLOCK 54, OF THE FORTY ACRE SURVEY OF THE RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAID COUNTY; AND ALSO THAT PORTION OF LOT 25, IN SAID BLOCK 54, OF SAID FORTY ACRE SURVEY OF THE SAID RANCHO SAN BERNARDINO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 25; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHEAST CORNER OF THE LAND DEEDED TO ERASMUS C. BIGGS BY DEED DATED JUNE 21, 1865, AND RECORDED IN BOOK "F" OF DEEDS, PAGE 612, RECORDS OF SAID COUNTY; THENCE WEST ALONG THE SOUTH LINE OF THE LAND SO DEEDED, 80 RODS, MORE OR LESS, TO THE WEST LINE OF SAID LOT 25; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LOT 25, THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 25, 80 RODS, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION WITHIN THE SOUTH ONE-HALF OF SAID LOT 12.

ALSO EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

PARCEL AA:

BEGINNING ON THE WESTERLY LINE OF WATERMAN AVENUE, 82.5 FEET WIDE, DISTANT ALONG SAID WESTERLY LINE AND ITS SOUTHERLY PROLONGATION, NORTH 2,954 FEET FROM ITS INTERSECTION WITH THE CENTER LINE OF COLTON AVENUE, 82.5 FEET WIDE; THENCE WEST AT RIGHT ANGLES TO SAID WESTERLY LINE OF WATERMAN AVENUE, A DISTANCE OF 570 FEET; THENCE IN A NORTHWESTERLY DIRECTION TO A POINT ON THE WESTERLY LINE OF SAID LOT 12; DISTANT ALONG SAID WESTERLY LINE, NORTH 500 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE ALONG SAID WESTERLY LINE OF LOT 12, SOUTH 500 FEET TO SAID SOUTHWEST CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 12 EAST TO THE SOUTHEAST CORNER OF SAID LOT 12, SAID SOUTHEAST CORNER BEING ON THE WESTERLY LINE OF SAID WATERMAN AVENUE; THENCE ALONG THE EASTERLY LINE OF SAID LOT 12; SAID EASTERLY LINE BEING ALSO SAID WESTERLY LINE OF WATERMAN AVENUE, NORTH TO THE POINT OF BEGINNING.

Exhibit H

WELL AREA

LEGAL DESCRIPTION

THAT PORTION OF PARCEL 2, AS DESCRIBED BELOW, IN THE CITY OF SAN BERNARDINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, LYING NORTHERLY OF THE SOUTHERLY LINE OF THE LAND DESCRIBED IN THE EASEMENT DEEDS GRANTED TO CALIFORNIA ELECTRIC POWER COMPANY, RECORDED FEBRUARY 13, 1957 AS INSTRUMENT NO. 1019, IN BOOK 4155, PAGE 501, AND MAY 10, 1957 AS INSTRUMENT NO. 334, IN BOOK 4226, PAGE 588, BOTH OF OFFICIAL RECORDS OF SAID COUNTY, DESCRIBED AS FOLLOWS:

THE WESTERLY 239.00 FEET OF SAID PARCEL 2, LYING NORTHERLY OF THE NORTHERLY LINE OF SAID DEEDS TO CALIFORNIA ELECTRIC COMPANY.

PARCEL 2:

ALL OF LOT 12, BLOCK 54, OF THE FORTY ACRE SURVEY OF THE RANCHO SAN BERNARDINO, AS PER PLAT RECORDED IN BOOK 7 OF MAPS, PAGE 2, OFFICIAL RECORDS OF SAID COUNTY; AND ALSO THAT PORTION OF LOT 25, IN SAID BLOCK 54, OF SAID FORTY ACRE SURVEY OF THE SAID RANCHO SAN BERNARDINO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 25; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHEAST CORNER OF THE LAND DEEDED TO ERASZMUS C. BIGGS BY DEED DATED JUNE 21, 1865, AND RECORDED IN BOOK "F" OF DEEDS, PAGE 612, RECORDS OF SAID COUNTY; THENCE WEST ALONG THE SOUTH LINE OF THE LAND SO DEEDED, 80 RODS, MORE OR LESS, TO THE WEST LINE OF SAID LOT 25; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 25, 26 RODS, MORE OR LESS, TO THE SOUTHWEST CORNER OF SAID LOT 25, THENCE EAST ALONG THE SOUTH LINE OF SAID LOT 25, 80 RODS, MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION WITHIN THE SOUTH ONE-HALF OF SAID LOT 12.

ALSO EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PARCELS:

PARCEL AA:

BEGINNING ON THE WESTERLY LINE OF WATERMAN AVENUE, 82.5 FEET WIDE, DISTANT ALONG SAID WESTERLY LINE AND ITS SOUTHERLY PROLONGATION, NORTH 2,954 FEET FROM ITS INTERSECTION WITH THE CENTER LINE OF COLTON AVENUE, 82.5 FEET WIDE; THENCE WEST AT RIGHT ANGLES TO SAID WESTERLY LINE OF WATERMAN AVENUE, A DISTANCE OF 570 FEET; THENCE IN A NORTHWESTERLY DIRECTION TO A POINT ON THE WESTERLY LINE OF SAID LOT 12; DISTANT ALONG SAID WESTERLY LINE, NORTH 500 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE ALONG SAID WESTERLY LINE OF LOT 12, SOUTH 500 FEET TO SAID SOUTHWEST CORNER; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 12 EAST TO THE SOUTHEAST CORNER OF SAID LOT 12, SAID SOUTHEAST CORNER BEING ON THE WESTERLY LINE OF SAID WATERMAN AVENUE; THENCE ALONG THE EASTERLY LINE OF SAID LOT 12; SAID EASTERLY LINE BEING ALSO SAID WESTERLY LINE OF WATERMAN AVENUE, NORTH TO THE POINT OF BEGINNING.

Exhibit H**WELL AREA****PARCEL BB:**

BEGINNING AT A POINT IN THE CENTERLINE OF WATERMAN AVENUE, AN 82.5 FOOT STREET, DISTANT THEREON 646.58 FEET NORTHERLY OF THE INTERSECTION OF SAID CENTERLINE WITH THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12; THENCE SOUTH 84° 04' 36" WEST, 1326.92 FEET TO A POINT IN THE NORTH LINE OF THAT PROPERTY CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED OCTOBER 17, 1956, IN BOOK 4065, PAGE 513, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, SAID POINT BEING NORTH 84° 04' 36" EAST, 4.90 FEET FROM A POINT IN THE WEST LINE OF SAID LOT 12 WHICH IS 498.04 FEET NORTHERLY FROM THE SOUTHWEST CORNER OF SAID LOT 12; THENCE SOUTHEASTERLY AND EASTERLY ALONG THE SAID NORTH LINE OF THE STATE OF CALIFORNIA PROPERTY AND ITS EASTERLY PROLONGATION TO THE INTERSECTION THEREOF WITH THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE NORTHERLY ALONG SAID CENTER LINE OF WATERMAN AVENUE, 352.16 FEET TO THE POINT OF BEGINNING.

PARCEL CC:


BEGINNING AT A POINT ON THE CENTERLINE OF WATERMAN AVENUE, DISTANT THEREON 646.58 FEET NORTH FROM THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTH LINE OF SAID LOT 12 WITH THE SAID CENTERLINE OF WATERMAN AVENUE; THENCE SOUTH 83° 01" WEST, 150.65 FEET; THENCE NORTH 59° 13' 48" EAST, 61.72 FEET; THENCE NORTH 0° 50' 42" EAST, 636.60 FEET; THENCE NORTH 89° 33' 06" EAST, 13 FEET; THENCE NORTH 0° 26' 54" WEST, 38.18 FEET; THENCE SOUTH 89° 33' 06" WEST, 13 FEET; THENCE NORTH 3° 33' or EAST, 430.05 FEET, MORE OR LESS TO A POINT ON THE SOUTH PROPERTY LINE OF PARCEL OF LAND CONVEYED TO JOSEPH G. LAZAR, ET AL, BY DEED RECORDED SEPTEMBER 08, 1959 IN BOOK 4923, PAGE 75, OFFICIAL RECORDS OF SAN BERNARDINO COUNTY; THENCE EAST ALONG SAID PROPERTY LINE TO A POINT ON THE CENTER LINE OF SAID WATERMAN AVENUE; THENCE SOUTH 0° 26' 54" EAST, ALONG SAID CENTERLINE OF WATERMAN AVENUE TO THE POINT OF BEGINNING.

CONTAINING: 22,511 SQUARE FEET OR 0.517 ACRES MORE OR LESS.

EXHIBIT "B" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

SUBJECT TO: COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, EASEMENTS AND RIGHTS-OF-WAY, IF ANY.

PREPARED UNDER THE DIRECTION OF:


BRIAN L. THIENES
P.L.S. No. 5750
REG. EXP. 12/31/17

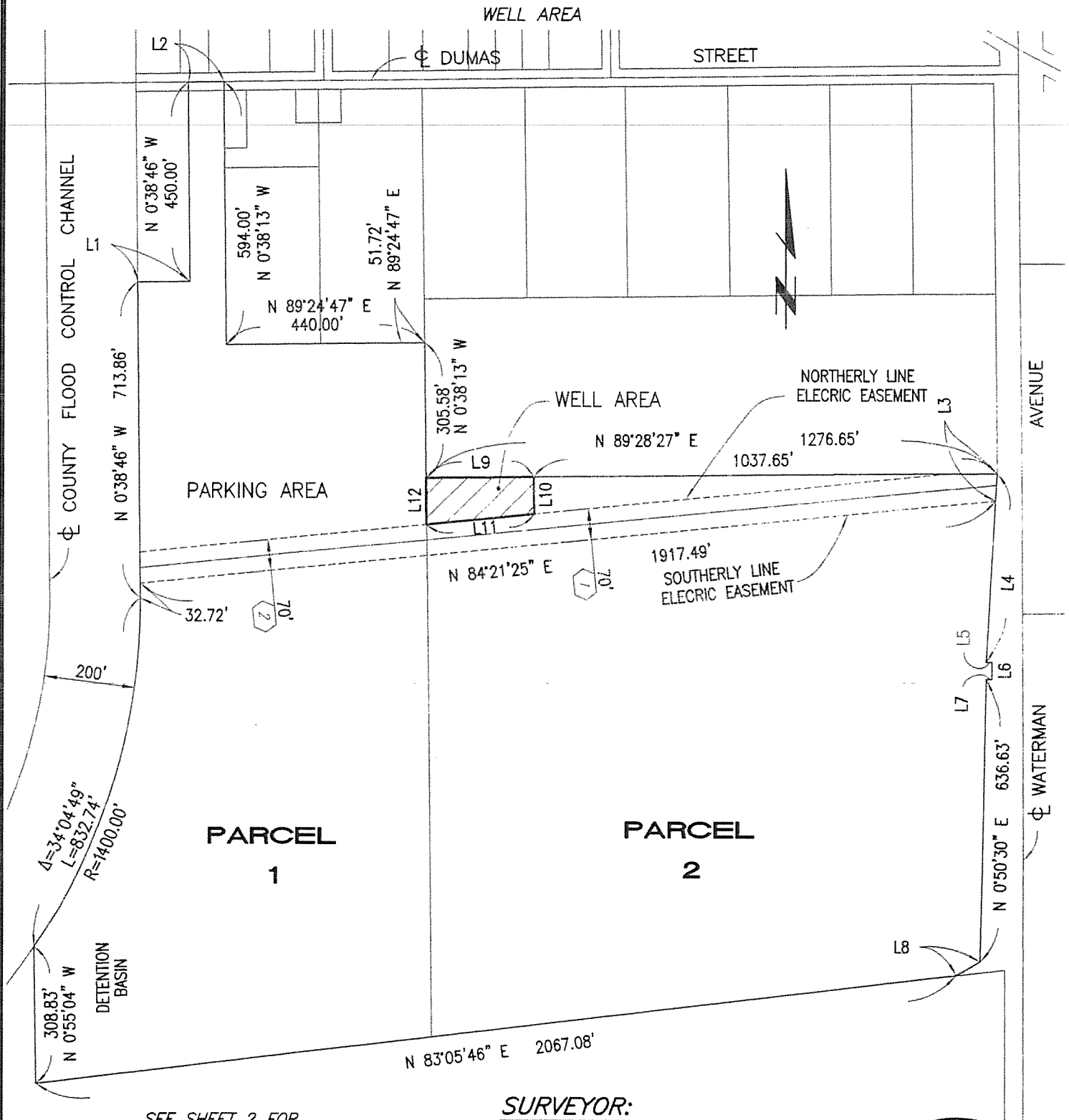
1/3/17
DATE



SCALE: 1" = 300'

Exhibit H

SHEET 1 OF 2



SEE SHEET 2 FOR

LINE TABLE, EASEMENT NOTES, AND LEGEND

PREPARED BY:

Thienes Engineering, Inc.
CIVIL ENGINEERING • LAND SURVEYING
14349 FIRESTONE BOULEVARD
LA MIRADA, CALIFORNIA 90638
PH.(714)521-4811 FAX(714)521-4173

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

[Signature]
BRIAN L. THIENES
P.L.S. NO. 5750
REG. EXP. DEC. 31, 2017

1/3/17
DATE



Exhibit H

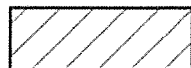
SHEET 2 OF 2

WELL AREA

LINE TABLE		
LINE #	LENGTH	BEARING
L1	117.74'	N 25°23'40" E
L2	80.07'	N 89°24'47" E
L3	61.35'	N 03°11'49" E
L4	424.40'	N 03°11'49" E
L5	13.00'	N 89°32'54" E
L6	38.18'	N 00°27'06" W
L7	13.00'	N 89°32'54" E
L8	61.72'	N 59°18'06" E
L9	239.00'	N 89°28'27" E
L10	83.49'	N 00°38'13" W
L11	239.92'	N 84°21'25" E
L12	104.89'	N 00°38'13" W

- ① GRANT OF EASEMENT RECORDED FEBRUARY 13, 1957
AS INSTR. NO. 1019 IN BOOK 4155, PAGE 501, O.R.
- ② GRANT OF EASEMENT RECORDED MAY 10, 1957
AS INSTR. NO. 334 IN BOOK 4226, PAGE 588, O.R.

LEGEND:



INDICATES WELL AREA
CONTAINS: 22,511 SQ. FT.
0.517 AC. ±

Exhibit I

WHEN RECORDED MAIL TO:

City Clerk
City of Riverside
City Hall, 3900 Main Street
Riverside, CA 92522

Project: Hillwood

For Recorder's Office Use Only

CANCELLATION OF COVENANTS

This RELEASE OF CONSTRUCTION COVENANTS ("Release") is hereby made as of this _____ day of _____, 2016, by the City of Riverside, a California charter city and _____ municipal corporation ("City") in favor of _____ ("Developer").

RECITALS

A. The City and the Developer entered into that certain Ground Lease Agreement dated as of _____ ("Lease") for the property more particularly described in Exhibit "A" attached hereto and incorporated herein by reference ("Property"), which property is owned by City. A Memorandum of Lease was recorded in the San Bernardino County Recorder's Office on _____, as Instrument No. _____.

B. Pursuant to the Lease, Developer was to construct an approximately _____ square foot warehouse and distribution building and related site improvements ("Project").

C. Pursuant to Section 2.7G of the Lease, the City shall furnish the Developer with a Release of Construction Covenants upon completion of the Project for filing and recording at the San Bernardino County Recorder's Office.

D. The City has conclusively determined that the construction of the Project required by the Lease has been satisfactorily completed.

NOW, THEREFORE, City hereto certifies as follows:

1. That all of the construction of the Project has been fully and satisfactorily performed and completed in accordance with the Lease.

2. After the recordation of this Release, any person or entity then owning or thereafter purchasing, or otherwise acquiring any interest in the Property will not (because of such ownership purchase, or acquisition) incur any obligation or liability under the Lease to construct the Project, however, such party shall be bound by any and all of the covenants,

conditions, and restrictions concerning the use, maintenance and operation of the Property which survive such recordation.

3. This Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the City has executed this Release as of the date set forth above.

CITY:

CITY OF RIVERSIDE

By: _____
City Manager

ATTEST:

By: _____
Colleen Nicol
City Clerk

APPROVED AS TO FORM:

Supervising Deputy City Attorney

[illegible]

On _____, 2016, before me, _____,
Notary Public, personally appeared _____ who proved to me on the
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity/ies, and that by his/her/their signature(s) on the instrument the person(s) or
the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Notary Signature

EXHIBIT J

CONSENT AND AGREEMENT REGARDING GROUND LEASE

This Consent and Agreement Regarding Ground Lease (this “**Agreement**”) dated _____ 2016, is made among _____ (“**Tenant**”), **CITY OF RIVERSIDE**, a California charter city and municipal corporation (“**Ground Lessor**”), and _____ (“**Landlord**”).

Recitals

- A. Ground Lessor is the owner of certain property commonly known as _____, legally described on **Exhibit A** (the “**Property**”).
- B. Ground Lessor ground leases the Property to Landlord pursuant to that certain Ground Lease Agreement dated as of _____ (the “**Ground Lease**”).
- C. Tenant is, or intends to become, the subtenant under a Lease Agreement with Landlord (as it may from time to time be renewed, extended, amended or supplemented, the “**Lease**”), pursuant to which Tenant subleases (or will sublease) all of the Property from Landlord (the “**Premises**”).
- D. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Lease.

NOW, THEREFORE, in consideration of the mutual agreements herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

3. **Consent to Lease.** Subject to the terms and conditions of this Agreement, Ground Lessor hereby consents to the Lease.

4. **Subordination.** Subject to the terms and conditions of this Agreement, the Lease shall be subject and subordinate at all times to the Ground Lease, and to all of the covenants, agreements, terms provisions and conditions of the Ground Lease. Except as specified herein, nothing in this Agreement nor anything contained in the Lease shall serve to modify the Ground Lease, increase the obligations or diminish the rights of Ground Lessor thereunder, or increase the rights or diminish the obligations of Landlord thereunder. Landlord, Ground Lessor, and Tenant agree as follows:

4.1 Subject to the terms and conditions of the Lease, Ground Lessor recognizes Tenant’s set off, abatement, termination and/or right of first offer/right of first refusal rights under the Lease;

4.2 The terms of Section 15 and 16 of the Lease supersede applicable terms of the Ground Lease, and, provided the Lease and the Ground Lease remain in effect, as

between Ground Lessor and Landlord, Landlord shall control the disposition of the insurance proceeds or any condemnation award;

4.3 The terms of the right of first offer/right of first refusal to purchase Landlord's leasehold interest in the Property as set forth in the Lease ("ROFO/ROFR Right") are subject to the terms of Article VI of the Ground Lease; provided, however, that Ground Lessor shall have no right to disapprove an assignment of Landlord's interest in the Ground Lease to Tenant (or any Permitted Transferee exercising the ROFO/ROFR Right) pursuant to the exercise of the ROFO/ROFR Right if Tenant (or any Permitted Transferee exercising the ROFO/ROFR Right) provides prior notice to Ground Lessor and delivers to Ground Lessor a fully executed guaranty in the form of Exhibit B attached hereto from Amazon.com, Inc. [*or if not Amazon, such other guarantor reasonably acceptable to Ground Lessor*] at least ten (10) days before the date of the closing of the sale set forth in the purchase agreement. The executed Guaranty shall be held in escrow by Ground Lessor pending consummation of the closing and shall be promptly returned to Tenant or its Permitted Transferee, as applicable, if the closing fails to occur for any or no reason whatsoever;

4.4 Any Tenant's Property, including, but not limited to, racking, shelves, fixtures, antenna, generator, furnishings, furniture, equipment, accounts receivable, inventory or other personal property, however installed or located on the Premises, shall be and remain the property of Tenant and may be installed, modified, and removed at any time and from time to time during the term of the Lease without Ground Lessor's consent. In no event (including a default under the Lease by Tenant) shall Ground Lessor have any lien or other security interest in, or right to distrain, any of Tenant's Property located in the Premises or elsewhere, and Ground Lessor hereby expressly waives and releases any lien or other security interest or right of distraint, however created or arising. Ground Lessor shall execute a reasonable lien waiver and access agreement requested by a reputable institutional lender providing financing for the Tenant's Property so long as such party agrees (1) to provide Ground Lessor with at least five (5) days' prior notice before exercising any remedy to remove any Tenant Improvements or Tenant's Property, (2) to allow a representative of Ground Lessor to be present during the exercise of any such remedy, (3) to repair and restore any damage caused by the removal of the Tenant Improvements or Tenant's Property, (4) to carry at least the same level of insurance as required of Tenant under the Lease during any time that such third party is on the Property, (5) to indemnify, defend and hold harmless Ground Lessor from any claims arising out of or relating to the financing party's exercise of its rights under the subordination agreement, and (6) there will be no private or public auctions conducted at the Premises;

(e) Any access on the part of Ground Lessor or its agents, employees, representatives or contractors to the Premises (including, without limitation, Ground Lessor's entry to cure any failure by Landlord under the Ground Lease) shall be made only in strict compliance with the terms of the Lease concerning notice, security, access and confidentiality;

(f) Landlord shall remain responsible for any repair, maintenance or replacement that is the obligation of Landlord under the Lease;

(g) Subject to the terms and conditions of the Lease, Tenant may take over any of Landlord's maintenance obligations under the Lease;

(h) The terms of **Section 9** of the Lease supplement applicable terms of the Ground Lease, and Landlord shall comply with the greater requirements;

(i) As between Landlord and Tenant, Tenant's obligation to pay Rent under the Lease shall commence on the Commencement Date;

(j) The Permitted Use shall be those uses described in **Section 3** of the Lease.

(l) Subject to the terms and conditions of the Lease, Tenant may Transfer the Lease to a Permitted Transferee (as defined in the Lease) without Ground Lessor's consent. Subject to the terms and conditions of the Lease, in the event of a Transfer which results in the release of Tenant's obligations under the Lease, Tenant shall be released from all obligations under this Agreement;

(m) The removal of Tenant's Property and any Tenant-Made Alterations shall be governed by the requirements of the Lease; and

(n) The terms of **Section 30** of the Lease supersede applicable terms of the Ground Lease; provided, however (i) in no event shall Ground Lessor be deemed to have made the representations and warranties of Landlord contained therein, (ii) as between Ground Lessor and Landlord, the provisions of the Ground Lease shall control; and (iii) Landlord shall deliver to Ground Lessor copies of any notifications delivered to Landlord pursuant to **Section 30** of the Lease.

5. Non-Disturbance. Ground Lessor agrees that so long as no Event of Default exists on the part of Tenant under the Lease, then:

5.1 Tenant's right of quiet possession of the Premises under the terms of the Lease shall not be disturbed or interfered with or in any way limited by Ground Lessor in the exercise of any of its rights under the Ground Lease, and

5.2 Ground Lessor will not join Tenant as a party defendant under the Ground Lease in any exercise of such party's rights and remedies arising upon default under the Ground Lease by Landlord unless applicable law requires Tenant to be made a party and Tenant's possession of the Premises under the Lease shall not be disturbed, terminated or interfered with by Landlord except to the extent permitted under the Lease.

6. Attornment. In the event of any termination of the Ground Lease prior to the termination of the Lease (without fee simple title to the Property transferring to the Landlord), so long as no Event of Default exists on the part of Tenant under the Lease, Ground Lessor shall assume the rights, liabilities and obligations of Landlord under the Lease, excluding Landlord's indemnification obligations in favor of Tenant Parties set forth in the Lease (and Tenant shall

accept and consent to such assumption and attorn to Ground Lessor), in which case this Agreement shall terminate.

7. Subordination. The Lease and Tenant's interest and rights hereunder are and shall be subject and subordinate at all times to the lien of any first mortgage, hereafter created on or against the Property, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, provided that the holder of such mortgage has executed, acknowledged and delivered to Tenant a commercially reasonable Subordination, Attornment and Non-Disturbance Agreement ("SNDA") as further described in Section 27 of the Lease.

8. Cure of Default. Ground Lessor agrees that in the event of any default or event of default by Landlord under the Ground Lease, Ground Lessor shall give written notice thereof to Tenant as set forth in the Lease (or such other address as Tenant may indicate by notice hereafter to Ground Lessor in writing). Tenant shall have the right (but not the obligation) to cure such default or failure within thirty (30) days following receipt of such notice from Ground Lessor; and Ground Lessor shall not take any action with respect to such failure under the Ground Lease, including, without limitation, any action intended to terminate, rescind or avoid the Ground Lease, for such period of thirty (30) days after receipt of such written notice by Tenant; provided, however, that in the case of any non-monetary default which cannot with diligence be cured within said thirty (30) day period, if Tenant shall proceed promptly to initiate measures to cure such failure and thereafter prosecute the curing of such failure with diligence and continuity, the time within which such failure may be cured shall be extended for such period as may be necessary to complete the curing of such failure. Without limiting the foregoing, Ground Lessor agrees that no default and no termination of the Ground Lease, in connection therewith shall be effective unless notice shall first have been given to Tenant in accordance with the terms of this Agreement. Ground Lessor further agrees that where any default under the Ground Lease is not capable of or subject to cure, or in the event of the bankruptcy or insolvency of the Landlord, Tenant shall have the option (upon written notice to Ground Lessor) to enter into a new lease with Ground Lessor, on substantially the same terms as the Lease for the then remaining term of the Lease following the termination of the Ground Lease, or the rejection of the Ground Lease, by a bankruptcy trustee under applicable laws. Tenant shall not be obligated to perform the obligations under the Ground Lease unless and until Tenant executes a written assumption of said obligations.

9. Representations. Ground Lessor represents and warrants to Tenant that (i) it owns the Property in fee simple, subject only to the Permitted Exceptions and the Ground Lease; and (ii) no default or event of default exists under the Ground Lease.

8. Amendments to Ground Lease. Ground Lessor acknowledges and agrees that the Lease provides that Landlord shall not amend or modify the Ground Lease without Tenant's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed so long as any such amendment would not materially and adversely impact Tenant's business operations, the Permitted Uses, or materially increase Tenant's costs.

9. Notices. All notices, requests, consents, demands and other communications required or which any party desires to give hereunder shall be in writing and shall be deemed

sufficiently given or furnished if delivered by expedited delivery service with proof of delivery, or by registered or certified United States mail, postage prepaid, at the addresses specified at the end of this Agreement, and if to Tenant, to the addresses set forth below (unless changed by similar notice in writing given by the particular party whose address is to be changed). Any such notice or communication shall be deemed to have been given as of the date of first attempted delivery at the address and in the manner provided herein.

IF TO LANDLORD:

IF TO TENANT:

With a copy to:

IF TO GROUND LESSOR:

10. Miscellaneous.

Except as otherwise expressly provided in Section 2(c) hereof, this Agreement shall not be construed as a consent by Ground Lessor to any other or further subletting by either Landlord or Tenant or to any assignment of the Ground Lease or Lease.

9.1 Except as otherwise expressly provided herein, this Agreement supersedes any inconsistent provision of the Ground Lease or Lease.

9.2 This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns; provided, however, that in the event of the assignment or transfer of the interest of any party, all obligations and liabilities of the assigning party under this Agreement which arise after the effective date of such assignment or transfer shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom the applicable party's interest is assigned or transferred. In the event of a transfer or assignment by Ground Lessor or Landlord, such party must transfer or assign its interests in this Agreement to the assignee party.

9.3 THIS AGREEMENT AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE UNITED STATES FEDERAL LAW.

9.4 The words "herein", "hereof", "hereunder" and other similar compounds of the word "here" as used in this Agreement refer to this entire Agreement and not to any particular section or provision.

9.5 This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest.

9.6 If any provision of the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not apply to or affect any other provision hereof, but this Agreement shall be construed as if such invalidity, illegality, or unenforceability did not exist.

9.7 Each party shall be entitled to specific performance of the covenants, rights, and agreements contained herein. All remedies provided at law or in equity, including the right to specific performance, shall be cumulative.

9.8 Neither Ground Lessor nor Tenant shall be liable to the other for consequential damages, such as lost profits or interruption of either party's business.

(k) This Agreement may be executed in one or more counterparts.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and sealed as of the date first above written.

Tenant:

By: _____
Name: _____
Title: _____
Date: _____

STATE OF [STATE]
COUNTY OF [COUNTY]

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that on _____, 2016, _____, personally known to me to be the _____ of _____, _____, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such _____, he/she signed and delivered the said instrument, pursuant to authority given by said company, as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

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

Notary Public

My Commission Expires:

[NOTARIAL SEAL]

Ground Lessor:

CITY OF RIVERSIDE, a California charter
city and municipal corporation

By: _____

Name: _____

Title: _____

Date: _____

Attest:

Colleen Nicol
City Clerk

APPROVED AS TO FORM:

Kristi J. Smith
Chief Assistant City Attorney

**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

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO
HEREBY CERTIFY, that on _____, 2016, _____, personally
known to me to be the _____ of **CITY OF RIVERSIDE**, a California
charter city and municipal corporation, and personally known to me to be the same person whose
name is subscribed to the foregoing instrument, appeared before me this day in person and
acknowledged that as such _____, he/she signed and delivered the said
instrument, pursuant to authority given by the City of Riverside, as the free and voluntary act and
deed of the City of Riverside, for the uses and purposes therein set forth.

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

Notary Public

My Commission Expires:

[NOTARIAL SEAL]

Landlord:

limited liability company

By: _____

Printed: _____

Title: _____

Date: _____

STATE OF _____
COUNTY OF _____

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that on _____, 2016, _____, personally known to me to be the _____ of _____, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such _____, he/she signed and delivered the said instrument, pursuant to authority given by the _____ of said company, as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

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

Notary Public

My Commission Expires:

[NOTARIAL SEAL]

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

EXHIBIT B

PARENT GUARANTY

This Parent Guaranty ("Guaranty"), effective _____, is made by Amazon.com, Inc., a Delaware corporation ("Amazon.com") [*or if not Amazon, such other guarantor reasonably acceptable to Ground Lessor*] to and for the benefit of CITY OF RIVERSIDE, a California charter city and municipal corporation ("Beneficiary"). Capitalized terms not otherwise defined herein have the meanings specified in the Ground Lease (as defined below).

Recitals

- A. [_____, a directly or indirectly wholly owned subsidiary of Amazon.com ("Subsidiary") has acquired the leasehold interest of _____ ("HW") under that certain Ground Lease Agreement dated _____ between HW and Beneficiary (as amended from time to time, "Ground Lease") a copy of which is attached as Exhibit A hereto.
- B. In order to be assured of payment under the Ground Lease, Subsidiary has agreed to deliver Amazon.com's guaranty of the performance of Subsidiary's payment obligations under the Ground Lease as set forth herein.

Guaranty

In consideration of the foregoing and to induce Beneficiary to consent to Subsidiary becoming the "Lessee" under the Ground Lease, Amazon.com agrees as follows.

- 1. Amazon.com unconditionally and absolutely guarantees to Beneficiary the performance when due and owing of all present and future payment obligations not paid in accordance with the terms of the Ground Lease.
- 2. Amazon.com shall perform all payment obligations under this Guaranty strictly in accordance with the terms and conditions of the Ground Lease. Amazon.com represents and warrants that it has a material economic interest in Subsidiary and that the assignment of HW's rights under the Ground Lease to Subsidiary will be of direct benefit to Amazon.com, whether or not Amazon.com ever occupies any portion of the Leased Premises. Amazon.com further covenants and agrees that this Guaranty shall be and remain in full force and effect as to any renewal, modification, amendment, or extension, or any holdover by Subsidiary under the Ground Lease.
- 3. Amazon.com waives (a) presentment and demand for payment of any indebtedness to Subsidiary, and (b) protest and notice of dishonor or default to Subsidiary to which Subsidiary might otherwise be entitled under a guaranty.
- 4. This Guaranty is an absolute and unconditional guaranty of payment and not of collection. Amazon.com agrees that it is not necessary for Beneficiary, in order to

enforce this Guaranty, to institute suit or exhaust its legal remedies against Subsidiary; but the sole condition precedent to enforcement of the obligations of Amazon.com hereunder are that Subsidiary does not perform its payment obligations in accordance with the terms of the Ground Lease.

5. This Guaranty is governed as to its validity, construction and performance by the laws of the State of California, without regard to its conflict of law provisions.
6. Amazon.com agrees that this Guaranty is a continuing guaranty and shall remain in full force and effect until all payment obligations under the Ground Lease have been performed as set forth in the Ground Lease, subject to Section 1 above.
7. This Guaranty is binding upon and inures to the benefit of Amazon.com and Beneficiary and their respective successors and assigns. No modification or amendment of this Guaranty is effective unless executed by Amazon.com and consented to by Beneficiary in writing, and no cancellation of this Guaranty is valid unless executed by Beneficiary in writing.
8. Amazon.com has all rights and defenses that each Subsidiary may have to any payment obligation under the Ground Lease, except that the liability of Amazon.com is not affected by (a) any defense based upon an election of remedies by Beneficiary that destroys or otherwise impairs the subrogation rights of Amazon.com or the right of Amazon.com to proceed against any Subsidiary for reimbursement; (b) any duty on the part of Beneficiary to disclose to Amazon.com any facts Beneficiary may know about any Subsidiary, it being agreed that Amazon.com is fully responsible for being and keeping informed of the financial condition of each Subsidiary and of all circumstances bearing on the risk of non-payment of the payment obligations under the Ground Lease; or (c) any defense arising from the bankruptcy or insolvency of any Subsidiary.
9. All notices hereunder will be given in writing, will refer to this Guaranty and will be personally delivered or sent by overnight courier, or registered or certified mail (return receipt requested). Notices to Amazon.com will be delivered at the following addresses:
[or if not Amazon, such other guarantor reasonably acceptable to Ground Lessor]

Mail

Amazon.com, Inc.
P.O. Box 81226
Seattle, WA 98108-1226
Attn. Real Estate Manager

Courier

Amazon.com, Inc.
410 Terry Avenue North
Seattle, WA 98109-5210
Attn. Real Estate Manager

With a copy to:

Amazon.com, Inc.
P.O. Box 81226
Seattle, WA 98108-1226
Attn. General Counsel (OPS Real Estate/SNA7)
Estate/SNA7)

With a copy to:

Amazon.com, Inc.
410 Terry Avenue North
Seattle, WA 98109-5210
Attn. General Counsel (OPS Real

Amazon.com may from time to time change such address by giving Beneficiary notice of such change in accordance with this Section 9.

THIS WRITTEN GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT WRITTEN AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

AMAZON.COM, INC.,
a Delaware corporation

By: _____
Printed Name: _____
Its: _____
Date Signed: _____

EXHIBIT K

MEMORANDUM OF LEASE

WHEN RECORDED MAIL TO:

City Clerk
City of Riverside
City Hall, 3900 Main Street
Riverside, CA 92522

Project: Hillwood-Waterman

FREE RECORDING

This instrument is for the benefit of the City of
Riverside and is entitled to be recorded without fee
(Government Code § 6103)

For Recorder's Office Use Only

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("Memorandum") is hereby made as of this ____ day of, by and between the City of Riverside, a California charter city and municipal corporation ("City") and VERIFY ("Lessee").

WITNESSETH THAT:

WHEREAS, City and Lessee entered into that certain Ground Lease Agreement dated as of _____ (hereinafter, the "Lease"), for those certain premises more particularly described on Exhibit A, attached hereto and incorporated herein (the "Property");

WHEREAS, City and Lessee make this Memorandum pursuant to the laws of the State of California and desire that this Memorandum be recorded in the Official Records of the County of San Bernardino, California. The following is a correct statement of information with respect to such Lease and of provisions therein contained.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City and Lessee hereby agree as follows:

1. The term of the Lease is Fifty-Five (55) years. The Term of the Lease is estimated to commence on November __, 2016.
2. Subject to the terms and conditions more particularly set forth in the Lease, Lessee is granted (i) a limited Right of First Refusal to purchase the Property, and (ii) a Right of First Offer to purchase such Property.
3. Reference is made to the Lease for a full statement of the terms and conditions of the Lease, all of which are hereby incorporated by reference.

4. Nothing in this Memorandum may be construed to amend, modify, change, alter, amplify, interpret or supersede any of the terms and provisions of the Lease, which shall in all things control.

IN WITNESS WHEREOF, City and Lessee have executed this Memorandum as of the day and year first above written.

CITY:

LESSEE:

CITY OF RIVERSIDE

VERIFY

By: _____
City Manager

By: _____
Name: _____
Title: _____

ATTEST:

By:
Colleen Nicol
City Clerk

APPROVED AS TO FORM:

Assistant City Attorney