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GROUND LEASE  
and  
OPTION TO PURCHASE

By and Between

MARKET STREET PROPERTIES I, LLC,  
a California limited liability company  
("Landlord")

and

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,  
a public entity  
("Tenant")

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GROUND LEASE AND OPTION TO PURCHASE

THIS GROUND LEASE AND OPTION TO PURCHASE (the "Lease") is entered into as of the 25th day of April, 1996, between MARKET STREET PROPERTIES I, LLC, a California limited liability company ("Landlord") and REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public entity ("Tenant"). This Lease is made with reference to the following facts:

RECITALS

A. Landlord is the owner of certain real property located in the City of Riverside, Riverside County, California, more particularly described and depicted in Exhibit "A" attached hereto, and hereafter referred to as the "Premises." Tenant desires to lease the Premises from Landlord and Landlord is willing to lease the Premises to Tenant upon the terms and conditions described herein.

B. Tenant also wishes to acquire the right to purchase the Premises. Landlord is willing to grant such right, upon the terms and conditions described herein.

The parties therefore agree as follows:

1. Letting. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord hereby leases and lets the Premises to Tenant and Tenant hereby rents the Premises from Landlord. The Premises includes all easements, rights-of-way and appurtenances associated with the Premises.

2. Term. The "term" of this Lease shall include the Initial Term and (if utilized) the "Extension Term," as described below:

2.1 Initial Term. The Initial Term of this Lease shall commence as of March 16, 1996 (the "Commencement Date") and shall continue thereafter for a period of eight (8) years, expiring March 15, 2004; provided, however, that the Initial Term may expire earlier than such date in the event Tenant elects to extend the term of this Lease, as set forth in Section 2.2 below.

2.2 Extension Term. At any time during the Initial Term, Tenant may, by written notice to Landlord, elect to extend the term of this Lease for a period of time expiring (a) not earlier than March 15, 2021 (25 years following the Commencement Date); or (b) not later than February 15, 2030 (34 years and 11 months following the Commencement Date). Tenant's notice of its exercise of the Extension Term will set forth the date upon which the Extension Term will commence -- which date shall be not earlier than thirty (30) days following the date of such notice and not later than March 15, 2004. Upon the commencement of the Extension Term, the Initial Term will expire.

2.3 Lease Year. The term "Lease Year" as used herein shall mean a period of twelve (12) successive calendar months, commencing on April 1 and expiring at midnight on March 31; provided, however, that the first Lease Year shall include the period from March 16 through March 31, 1996.

3. Rent. During the Initial Term and (if utilized) the Extension Term, Tenant shall pay to Landlord a base rent for each Lease Year ("Base Rent") as follows:

3.1 Initial Term. During the first Lease Year of the Initial Term, Tenant will pay to Landlord Base Rent in the amount of Five Thousand Dollars (\$5,000.00) per month. The rent payment due on April 1, 1996 will also include the sum of Two Thousand Five Hundred Dollars (\$2,500.00) as Base Rent for the period from March 16 through March 31, 1996.

3.2 Initial Term Base Rent Adjustment. Beginning April 1, 1997 and annually thereafter throughout the Initial Term (each such annual April 1 date being hereafter referred to an "Adjustment Date"); Base Rent will be adjusted in accordance with changes in the Consumer Price Index published by the Bureau of Labor Statistics, U.S. Department of Labor, for All Urban Consumers, All Items (CPI-U) for the Los Angeles-Anaheim-Riverside area, 1982-84=100 (the "Index"). The Index in publication three months before the Commencement Date shall be the Base Index. The Index and publication three months before each Adjustment Date shall be the "Comparison Index." As of each Adjustment Date, the rent payable during the upcoming Lease Year will be determined by increasing the initial Base Rent by a percentage equal to the percentage increase, if any, in the applicable Comparison Index over the Base Index. If the Comparison Index for any Adjustment Date is equal to or less than the Comparison Index for any preceding Adjustment Date (or the Base Index, in the case of the first Adjustment Date), Base Rent for the ensuing Lease Year will

remain the amount of Base Rent payable during the preceding Lease Year. When Base Rent payable as of each Adjustment Date is determined, Landlord will promptly give Tenant written notice of such adjusted Base Rent amount and the manner in which it was computed. The Base Rent so adjusted from time to time will constitute "Base Rent" for all purposes under this Lease.

If at any Adjustment Date the Index no longer exists in the form described in this Lease, the parties may agree to substitute any substantially equivalent official index published by the Bureau of Labor Statistics or its successor. Landlord shall use any appropriate conversion factor to accomplish that substitution. The substitute index shall then become the "Index" hereunder.

3.3 Extension Term Base Rent. If Tenant exercises its option to extend the term of this Lease for the Extension Term, Base Rent during the Extension Term will be established as follows: If the date of commencement of the Extension Term is other than April 1 (the commencement of a Lease Year), the Base Rent amount previously established and payable during such current Lease Year shall continue in effect. Base Rent during the first full Lease Year of the Extension Term will be an amount equal to one hundred two percent (102%) of the Base Rent payable during the immediately preceding Lease Year. During each Lease Year thereafter throughout the Extension Term, Base Rent for each Lease Year will be an amount equal to 102% of the Base Rent amount payable during the immediately preceding Lease Year. All such increases in Base Rent

during the Extension Term will become effective as of the April 1 Adjustment Date described in Section 3.2 above.

3.4 Net Lease. Landlord shall have no obligation for payment of any cost, expense or assessment of any kind related to the Premises other than fulfilling Landlord's obligations pursuant to Sections 4, 6, 20, 21.3 and 21.4 hereof. All other costs, expenses or assessments of every kind against the Premises, or Landlord's or Tenant's interest(s) in the Premises, during the Initial Term and the Extension Term shall be paid by Tenant; provided, however, that Tenant shall not be responsible for any income tax, estate or gift taxes for which Landlord may become liable as a result of this Lease.

4. Landlord Title. Landlord warrants that Landlord has good and marketable title to the Premises with full right and authority to grant the estate demised herein and to execute and perform all of the terms and conditions of this Lease, and that such title to the Premises is free and clear of all encumbrances, easements, liens, assessments, restrictions, tenancies and other exceptions to title except those set forth on Exhibit "B" attached hereto. In the event of a violation of the warranties of this Article, Tenant shall give written notice thereof to Landlord and should Landlord fail to cure such violation within thirty (30) days following the giving of such notice, Tenant shall have the following rights which shall be in, addition to all other rights available under California law: (i) to terminate this Lease upon written notice thereof to Landlord (such notice being effective as of the date therein specified); or (ii) to expend such sums as

Tenant in its reasonable opinion deems advisable to cure a violation which deprives Tenant of the use or benefit of the Premises or Tenant's rights under this Lease. In the event Tenant elects to exercise its rights under (ii) above, all sums so expended by Tenant, together with interest thereon from the date of expenditure until repayment at the rate of ten percent (10%) per annum or the highest legal rate of interest, whichever is lower, shall be paid by Landlord to Tenant upon demand, without regard to whether Tenant has succeeded in curing such violation. In the event Landlord fails to make such payments on demand, Tenant shall have the right to offset all sums expended, together with the interest thereon, against Base Rent and other sums then and thereafter owing to Landlord under this Lease.

Tenant shall obtain from First American Title Insurance Company a leasehold policy of title insurance, insuring that fee simple title to the Premises is vested in Landlord and that Tenant has a valid leasehold estate in the Premises. Landlord and Tenant shall each pay one-half (1/2) of the cost of such policy.

Landlord further covenants, represents and warrants that subject only to the tenancies described in Section 5 below, Tenant, its subtenants, licensees, guests, successors and assigns shall peaceably and quietly have, hold and enjoy the sole and exclusive use and enjoyment of the Premises, or any part thereof, for the full term of this Lease, as the same may be extended as provided herein. This covenant and warranty of quiet enjoyment shall only apply to Landlord and those claiming or acting by, through or under Landlord.

Except as specifically provided in this Lease, Tenant is leasing the Premises in its "As Is" condition with all faults and neither Landlord nor anyone acting for or on behalf of Landlord has made any representation, statement (other than the Report as defined in Section 6 below), or warranty to Tenant concerning the physical aspects and condition of the Premises, compliance with applicable laws or regulations, any dimensions or specification of the Premises, the permissibility, feasibility, desirability, or convertibility of the Premises for any particular use. In entering into this Lease, Tenant has not relied on any representation, statement or warranty by Landlord, or anyone acting for or on behalf of Landlord unless specifically stated herein. Tenant's leasing of the Premises is based upon its own inspection and examination thereof, with full knowledge of the physical and environmental aspects and conditions thereof that have been disclosed by such inspection and the Report. Tenant assumes the risk that adverse physical conditions may not have been revealed by its inspection.

5. Existing Tenancies. Included in Exhibit "B" are four (4) existing tenancies terminating not later than December 31, 1996. Landlord hereby assigns such tenancies to Tenant as of the Commencement Date and Tenant hereby accepts such assignment. In the event Tenant elects to terminate some or all of such tenancies, and in the further event any relocation or other assistance is legally required as a result of such terminations, Tenant will be solely responsible for any such liabilities.



6. Environmental Status.

6.1 Soil Remediation. The parties acknowledge that subsurface soil contamination exists at the Premises, as confirmed by a subsurface soil investigation conducted at Landlord's request by Leighton and Associates, Inc., dated September 6, 1995 (the "Report"). A copy of the Report is attached hereto as Exhibit "C". Landlord does not warrant or guaranty the accuracy of the Report, but has no knowledge that the information in the Report is inaccurate or incomplete. Landlord agrees to remediate the contamination described in the Report, in accordance with requirements of the Riverside County Department of Health, the Regional Water Quality Control Board and any other governmental or quasi-governmental agency having jurisdiction with respect to such matters. Landlord shall perform the acts of remediation specified in the Report within thirty (30) days following destruction and removal of the building improvements on the Premises by Tenant, <sup>but no sooner than August 15, 1996,</sup> and will thereafter use its best efforts to obtain final approval of such remediation from the County of Riverside Health Services Agency, Department of Environmental Health and any other necessary governmental agency approval as soon as possible thereafter. Landlord agrees to commence and diligently pursue such remediation following destruction and removal of the Building Improvements on the Premises by Tenant, ~~and further agrees that so long as such removal is accomplished not later than June 1, 1996, Landlord's remediation will be completed not later than July 1, 1996.~~ Landlord warrants and represents that except for the contamination described in the Report, Landlord has no actual knowledge of any

other surface, subsurface or groundwater contamination of the Premises or of any real property located adjacent to the Premises. If, during the term of this Lease, either Landlord or Tenant become aware of any contamination of the Premises, they will comply with the requirements of California Health and Safety Code Section 25359.7 by providing written notice of any such contamination to the other.

6.2 Asbestos Remediation. The parties acknowledge that certain asbestos containing materials are contained within Building Improvements located upon the Premises. Tenant shall provide written notice to Landlord of the availability of the Premises to Landlord for the removal of such materials. Landlord will, at its sole cost and expense, cause such materials to be removed from the Premises and disposed of in a manner which complies with all local, state and federal rules and regulations regarding such disposal. Landlord will obtain or cause to be obtained all permits necessary to effect such removal and shall assure that any contractors utilized by it to effect such removal are appropriately licensed.

6.3 Access. During such time and to the extent as is necessary for Landlord to fill its remediation obligations pursuant to this Section 6, Landlord, its agents, contractors and subcontractors shall have the right to enter upon the Premises at all reasonable times for the purpose of causing and carrying out all appropriate excavation, extraction, removal and replacement of soil, removal of asbestos containing materials, and any related inspection or testing of surface and subsurface areas of the

Premises as are necessary in connection with such remediation. Landlord shall defend, indemnify and hold Tenant free and harmless from any and all costs, expenses and liabilities arising out of the actions of Landlord, its agents, contractors or subcontractors in connection with such entry and/or activities upon the Premises.

7. Tenant's Improvement of Premises. Tenant shall, at its own expense, raze and remove the existing buildings on the Premises and SHALL thereafter construct a ground level paved parking lot with appropriate lighting with the right to construct and reconstruct on the Premises such structures and improvements, including, without limitation, parking lots and parking structures, as Tenant may deem desirable. All improvements constructed on the Premises by Tenant and all additions, alterations and improvements thereto shall be constructed and maintained in compliance with applicable laws, codes and regulations and shall remain the exclusive property of Tenant until the earlier of (i) the expiration or termination of this Lease, or (ii) re-entry or repossession of the Premises by Landlord pursuant to Section 19 hereof.

Upon the expiration or termination of this Lease, Tenant agrees to peaceably and promptly surrender possession of the Premises to Landlord, and all improvements to the Premises then existing on the Premises shall become the exclusive property of Landlord. The Premises will returned to Landlord in good condition, broom clean, ordinary wear and tear excepted, without obligation of Tenant to replace or restore any of such improvements or the Premises to their original condition. The Premises and

improvements thereon shall be free and clear of all liens or encumbrances, except those existing as of the commencement of this Lease and those created thereafter by Landlord or anyone claiming by, through or under Landlord.

8. Fixtures. Tenant may install in any improvements constructed by it on the Premises such fixtures and equipment as Tenant deems desirable, and all of such items shall remain Tenant's personal property whether or not attached to the Premises. Tenant may remove any of such items from the Premises at any time during the term, but shall not be obligated to do so. If such fixtures or equipment are not removed within ten (10) days following the expiration or termination of this Lease, they shall be deemed abandoned and Landlord may dispose of such fixtures and equipment as it desires without any liability to Tenant.

9. Utility Charges. Tenant agrees to pay all charges for electricity, gas, heat, water, telephone and other utility services which are used on the Premises.

10. Taxes. During the term of this Lease, Tenant shall pay or cause to be paid all taxes levied against Landlord's or Tenant's interest in the Premises and the improvements thereon, including property taxes and special improvement taxes or assessments prior to delinquency; provided, however, that Tenant shall not be responsible for payment of any of Landlord's income tax, estate or gift taxes relating to the Premises or this Lease. Tenant shall also pay any supplemental taxes that are assessed, to the extent such supplemental taxes are a result of Tenant's activities on the Premises.

Landlord and Tenant will attempt to obtain a separate tax assessment for the Premises, separate and apart from any other real property owned by Landlord. If necessary, the parties will pursue a boundary line adjustment, parcel map or other procedure sufficient to allow assessment of the Premises separate from any other property owned by Landlord. If such separate assessment is made, Tenant shall pay such taxes directly to the taxing authorities. If bills for taxes on the Premises and the improvements thereon are received by Landlord, Landlord shall immediately forward such bills to Tenant.

If any taxes or assessments may be paid in installments, Tenant may pay the same in installments as the same become due. Tenant shall be obligated to pay only those installments which become due during the term of this Lease and any such tax or assessment or installment thereof payable with respect to a tax period during which the term of this Lease shall expire or terminate shall be adjusted between Landlord and Tenant as of the expiration or termination of this Lease so that Tenant shall pay only the amount which bears the same relation to the tax or assessment or installment thereof as the part of such tax period included within the term of this Lease bears to the entire tax period.

11. Indemnification. Landlord shall not be responsible or liable for and Tenant agrees to indemnify and defend Landlord from all claims, damages, expenses, liabilities and judgments for injury to persons, loss of life or damage to property occurring on the Premises (including within any structures thereon) and on the

portion of the streets and sidewalks adjacent thereto or arising from or connected with the use, non-use, condition or occupation of the Premises, and the streets and sidewalks adjacent thereto, which occurrences are not caused by the negligence of Landlord. Landlord and Tenant shall each promptly notify the other party of any asserted claim with respect to which such party may be indemnified against hereunder and shall deliver to such other party copies of all process and pleadings pertaining thereto.

The indemnity provisions of this Article shall not apply to damage or destruction of property which is owned by Landlord or Tenant, and as to such property, each party waives and releases any claim or cause of action against the other party for such damage or destruction except as specifically provided in the Section entitled "Damage or Destruction", it being agreed that each party shall provide its own insurance or shall assume the risk of such damage or destruction even though such damage or destruction is solely caused by the fault or neglect of the other party.

12. Liability Insurance. Tenant agrees to maintain or cause to be maintained liability insurance against claims for bodily injury, loss of life or property damage occurring on the Premises (including within the buildings thereon) and on the portion of the streets and sidewalks adjacent thereto with bodily injury, loss of life and property damage coverage in a combined single limit of not less than Two Million Dollars (\$2,000,000.00) for total claims for any one occurrence. The amount of such coverage shall be adjusted at the end of every fifth Lease Year to a commercially reasonable amount agreed upon by the Landlord and

Tenant. Such insurance may be in the form of blanket liability coverage applicable to the Premises and other property owned or operated by Tenant. Landlord shall be included as an additional named insured on said policies.

Since Tenant is a public entity, Tenant shall have the right to satisfy its insurance obligations hereunder by means of self-insurance, as a part of any self-insurance plan in which Tenant may be a participant. If Tenant utilizes self-insurance, Tenant will provide Landlord with evidence of such coverage and a description of any plan of self-insurance being used.

13. Waiver of Rights in Connection With Damage or Destruction. Landlord and Tenant waive any rights against each other which they might have on account of any loss or damage suffered by Landlord or Tenant, the Premises (including improvements thereon and the contents thereof) or personal property arising from any risk generally covered by fire and extended coverage insurance whether or not such an insurance policy is maintained or there are insurance proceeds sufficient to cover the loss, and Landlord and Tenant shall each procure from their insurers under all policies of fire and extended coverage insurance a waiver of all rights of subrogation against such parties which the insurers might otherwise have under such policies.

14. Condemnation. If any portion of or interest in the Premises is condemned or taken by any public authority or entity with the power of condemnation, by eminent domain or by purchase in lieu thereof, and such condemnation or taking renders the Premises unsuitable in the judgment of Tenant for Tenant's operations (which

determination by Tenant shall not be unreasonably made), Tenant may terminate this Lease by giving notice thereof to Landlord at any time subsequent to the entry of an order of taking until ninety (90) days after possession is actually taken by the condemning authority, such termination being effective as of the date specified in such notice. Rent shall be paid to the effective date of termination and Tenant shall be entitled to a proportionate refund of any Base Rent and other sums paid for any period after such date. If this Lease is not so terminated, it shall continue, except that commencing with the date on which Tenant is deprived of the use of any portion of the Premises or of any rights under this Lease, Base Rent shall be abated or reduced according to the extent to which Tenant is deprived of the use of benefit of the Premises or of such rights. The extent of such abatement of Base Rent will be determined by agreement of the parties; provided, however, that if the parties are unable to agree, it will be established by arbitration, in accordance with the provisions of Section 26 below. These condemnation provisions will not apply with respect to portions of the Premises which may be condemned or otherwise taken as a result of Tenant's proposed development of the Premises.

Whether or not this Lease is terminated as a result of any such condemnation or taking, all damages awarded as a result of a taking of Landlord's interest in the land constituting the Premises shall belong to Landlord, and all damages awarded as a result of a taking of any improvements made by Tenant to the Premises, as a result of or the loss of use of same, shall belong to Tenant. In addition, Tenant shall have the right to claim,



prove, collect and retain any damages awarded for relocation costs and the value of Tenant's leasehold estate, or for any other damages compensable under the applicable laws of the jurisdiction in which the Premises are located.

15. Damage or Destruction. Should any improvements on the Premises be damaged or destroyed by fire or other casualty or any cause whatsoever, Tenant, will either (i) cause the commencement of reconstruction to the damaged or destroyed improvements within ninety (90) days after such damage and destruction and will thereafter cause such reconstruction to be diligently prosecuted to completion; or (ii) within ninety (90) days of the date of damage or destruction, commence the removal of such damaged improvements and thereafter diligently prosecute to completion such removal.

16. Hypothecation. Tenant may at any time and from time to time, subject to the terms and conditions of this Lease, mortgage or otherwise hypothecate its leasehold estate and/or its interest or rights hereunder, subject always to Landlord's rights under this Lease. No such alienation or encumbrance shall relieve Tenant of any of its covenants, liabilities and obligations set forth herein. No mortgagee, trustee or holder of the rights and interest of Tenant hereunder (hereinafter a "Lienholder") shall be or become liable to Landlord as a result of its acceptance of an assignment of this Lease as security. Tenant agrees upon its mortgaging or hypothecation of its interests under this Lease to give Landlord written notice specifying the name and address of the Lienholder thereof.

17. Certification of Lease. Either party may at any time and from time to time, upon not less than twenty (20) days prior notice, request the other party to execute, acknowledge and deliver to the party making such a request a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the rentals and other charges have been paid, (iii) that the party requesting the certification has performed all of its obligations and is not in default under this Lease (or if there are any defaults under this Lease stating such defaults with particularity), and (iv) such other information as the requesting party shall reasonably request regarding the status of the Lease or the condition of the Premises, it being intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser or mortgagee of the fee or leasehold estate created hereby or by any assignee of any mortgagee on the fee or the leasehold estate created hereby or any interest of Landlord or Tenant therein.

18. Assignment, Subletting or Sale. Tenant may sublet the Premises or any portion thereof or assign this Lease for any lawful purpose. In the event of such assignment, Tenant shall remain liable to Landlord as a primary obligor hereunder for the performance of all the terms, conditions and provisions of this Lease to be performed by Tenant.

In the event Landlord shall sell, convey, transfer exchange the Premises, Tenant agrees to recognize and attorn to the

purchaser or transferee as the Landlord hereunder and such purchaser or transferee shall accept Tenant's attornment and shall thereafter perform and cause to be performed all obligations of Landlord hereunder both as to the Premises and as to Landlord's underlying property and Landlord shall be and is hereby relieved and released from any liability under any and all of its covenants and obligations pertaining to the Premises which arise out of any act, occurrence or event arising after such sale, conveyance, transfer or exchange. Landlord shall remain liable for all obligations accrued prior to such sale, conveyance, transfer or exchange.

19. Events of Default; Remedies.

(a) Any one or more of the following events shall constitute an event of default (an "Event of Default") hereunder:

(i) Tenant shall fail to pay any rent or other sum of money to Landlord when the same is due, and such failure continues for ten (10) days after Landlord has given Tenant written notice specifying the amount due; provided that a ten percent (10%) late charge shall be assessed and paid by Tenant for any such amount or payment that is not paid when due after Landlord has given two (2) such notices in the same calendar year.

(ii) Tenant shall fail to perform or observe any other requirement of this Lease on the part of Tenant to be performed or observed, and such failure shall continue for thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, if such default (not including the payment of money) cannot reasonably be cured within such thirty (30) days,

Landlord shall not have the right to exercise Landlord's remedies set forth below, so long as Tenant commences to cure such default within such 30-day period and acts with reasonable diligence during and after the expiration of such 30-day period, until the default can reasonably be cured.

(iii) Tenant shall file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provisions of the bankruptcy laws or Tenant shall make an assignment for the benefit of creditors;

(iv) An involuntary petition in bankruptcy against Tenant or petition or answer made by a person other than Tenant seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or other relief against Tenant of the same or different kind under any provision of the bankruptcy laws is filed or if a receiver is appointed having jurisdiction of the business property or assets of Tenant on the Premises, and, in any of such events, if Tenant shall not (a) promptly commence and expeditiously pursue action to dismiss any such involuntary petition or answer or to vacate such receivership; and (b) either obtain dismissal or vacation within sixty (60) days after the filing thereof or provide for payment of any past due rent and provide adequate assurance of payment of future rent as it becomes due hereunder within sixty (60) days after such filing; then, and in any of such events, except as provided below and except as may be provided in the bankruptcy laws of the United

States then in effect, Landlord, at its option, shall have the immediate right to reenter the Premises and expel Tenant or any person or persons occupying the same, with or without legal process, and Tenant agrees to peacefully and quietly yield up and surrender the Premises to Landlord; provided, if the Event of Default is that described under subparagraph (i) above and there is a bona fide dispute as to the existence thereof or the amount due and all undisputed amounts are paid, such ten (10) day period specified in paragraph (i) shall not commence to run until such dispute is settled by final court decree, arbitration or mutual agreement.

(b) If an Event of Default has occurred and is continuing, Landlord shall have the right to give Tenant notice of Landlord's intention to terminate the term of this Lease on a date specified in such notice; provided, however, that such date of termination shall be at least fifteen (15) days after the date such notice was given. Upon the giving of such notice, the term of this Lease and the estate hereby granted shall expire and terminate on such date of termination as fully and completely and with the same effect as if such date were the date herein fixed for the expiration of the term of this Lease, and all rights of Tenant hereunder shall expire and terminate, but Tenant shall remain liable as provided below.

(c) If an Event of Default has occurred and is continuing, Landlord shall have the immediate right, whether or not the term of this Lease shall have been terminated pursuant to subparagraph (b) above, to reenter and repossess the Premises by

summary proceedings, ejectment or by any other legal action Landlord determines to be necessary or desirable and the right to remove all persons and property therefrom. No such reentry or taking of possession of the Premises by Landlord shall be construed as an election by Landlord to terminate the term of this Lease unless a notice of such intention be given to Tenant pursuant to subparagraph (b) above, or unless such termination be decreed by a court or other governmental entity of competent jurisdiction.

(d) Upon the reentry or repossession of the Premises pursuant to subparagraph (c) above, whether or not the term of this Lease shall have been terminated pursuant to subparagraph (b) above, Landlord shall have the right to relet the Premises for the account of Tenant, for such term or terms and on such conditions and for such uses as Landlord may determine, and Landlord may collect and receive any rents payable by reason of such reletting; provided that Landlord shall use its reasonable efforts to obtain the best rent and terms available thereon.

(e) No expiration or termination of this Lease pursuant to subparagraph (b) above, by operation of law or otherwise, and no reentry or repossession of the Premises pursuant to subparagraph (c) above or otherwise, and no reletting of the Premises pursuant to subparagraph (d) above shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, reentry, repossession or reletting.

(f) In the event of any expiration or termination of the term of this Lease or reentry or repossession of the

Premises by reason of the occurrence of an Event of Default, Tenant will pay to Landlord all Base Rent and other sums required to be paid by Tenant to and including the date of such expiration, termination, reentry or repossession; thereafter, Tenant shall, until the end of what would have been the term of this Lease in the absence of such expiration, termination, reentry or repossession, be liable to Landlord for, and shall pay to Landlord, as liquidated and agreed current damages: (i) all Base Rent and other sums which would be payable under this Lease by Tenant in the absence of such expiration, termination, reentry or repossession, less (ii) the proceeds of any reletting effected for the account of Tenant pursuant to subparagraph (d) above, after deducting from such proceeds all Landlord's reasonable expenses in connection with such reletting. Tenant will pay such current damages on the days on which Base Rent would be payable under this Lease in the absence of such expiration, termination, reentry or repossession, and Landlord shall be entitled to recover the same from Tenant on each such day.

(g) At any time after any such expiration or termination of this Lease or reentry or repossession of the Premises by reason of the occurrence of an Event of Default, whether or not Landlord shall have collected any current damages pursuant to subparagraph (f) above, Landlord shall be entitled to recover from Tenant, and Tenant will pay to Landlord on demand, as and for liquidated and agreed final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the

"worth" at the time of the award of the excess of the Base Rent and other sums owing under this Lease for the balance of the unexpired term over the then fair market rental value for the Premises over the remainder of the term. In calculating "worth" pursuant to this subparagraph, a discount rate of one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco at the date of calculation shall be used.

20. Hazardous Substance.

20.1 Definitions. The term "Hazardous Substances," as used in this Lease, shall include, without limitation, any pollutants, contaminants, hazardous wastes, toxic substances, petroleum products, or other substances declared to be hazardous or toxic under any applicable state or federal law or regulation now or hereafter enacted or promulgated ("Laws").

20.2 Tenant's Restrictions. Tenant shall not cause or permit to occur: (a) any violation of any Laws now or hereafter enacted, related to environmental conditions on, under, or about the Premises, or arising from Tenant's use or occupancy of the Premises; or (b) the use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance on, under, or about the Premises, or the transportation to or from the Premises of any Hazardous Substance in violation of any Laws.

20.3 Environmental Clean-Up. Tenant shall, at Tenant's own expense, comply with all Laws regulating the use, generation, storage, transportation, or disposal of Hazardous Substances. Should any governmental agency having jurisdiction



over such matters require that a clean-up plan be prepared and that remediation be undertaken because of any deposit, spill, discharge, or other release of Hazardous Substances occurring during the term of this Lease at or from the Premises, or which arises at any time from Tenant's use or occupancy of the Premises, then Tenant shall, at Tenant's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Tenant shall carry out all such clean-up plans.

20.4 Indemnity. Tenant shall indemnify, defend, and hold harmless Landlord, its contractors, agents and representatives, and their respective officers, directors, beneficiaries, shareholders, partners, agents, and employees from all fines, suits, procedures, claims, and actions of every kind, and all costs associated therewith (including attorneys' and consultants' fees) arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the term of this Lease in violation of any Laws, at or from the Premises, or which arise at any time from Tenant's use or occupancy of the Premises, or from Tenant's breach of its obligations under this Section 20 of this Lease. Tenant's obligations and liabilities under this Section 20 shall survive the expiration of this Lease.

Landlord shall indemnify, defend, and hold harmless Tenant, its contractors, agents and representatives, and their respective officers, directors, beneficiaries, shareholders, partners, agents, and employees from all fines, suits, procedures, claims, and actions of every kind, and all costs associated

therewith (including attorneys' and consultant's fees) arising out of or in any way connected with any deposit, spill, discharge, or other release of Hazardous Substances that occurred prior to the Commencement of this Lease. Landlord's obligations and liabilities under this Section 20 shall survive the expiration of this Lease.

21. Option to Purchase. Landlord hereby grants to Tenant the exclusive right and option to purchase the Premises upon the terms and conditions described below.

21.1 Timing. Tenant may exercise the option described herein (a) only during the Extension Term; and (b) only following the deaths of James W. Miller and John R. Miller, M.D., the two general partners of Landlord.

21.2 Manner of Exercise. Tenant may exercise this option by written notice to Landlord. Such notice shall specify a proposed escrow closing date for the purchase, which date will be not less than ninety (90) nor more than one hundred eighty (180) days following the date of the notice. The "date of the notice" shall be the date of its preparation, as placed thereon by Tenant, so long as it is actually received by Landlord within ten (10) days following such date..

21.3 Purchase Price. Within twenty (20) days following the date of such notice, Landlord and Tenant will discuss and attempt to agree upon a purchase price for the Premises. If they are unable to agree within thirty (30) days following the date of the notice, the purchase price shall be established through appraisal as described below, which purchase price will be binding upon both parties.

The parties may agree upon a single MAI appraiser or, if they cannot agree, each party will select an appraiser and the two appraisers so selected shall together select a third appraiser. All of the three appraisers so selected are not required to possess MAI qualifications, but any appraiser lacking MAI qualifications shall have not less than ten (10) years experience appraising properties similar to the Premises in the Inland Southern California area. The appraisers shall provide their written appraisals of the Premises not later than sixty (60) days following the date of the notice. Of the three appraisals, that appraisal in which the appraised value is most different from the values established by the other two appraisals shall be disregarded, the remaining two appraised values shall be averaged and the amount so derived will constitute the fair market value of the Premises and the purchase price for purposes of this Option. Landlord and Tenant will share equally in the cost of any single appraiser. In the event of three appraisers, each will pay the cost of its own appraiser and they will share the cost of the third appraiser.

21.4 Escrow. Once the purchase price has been established, the parties will open an escrow at the Riverside offices of a mutually acceptable escrow or title insurance company. The escrow closing date will be that date set forth in the notice. The parties will each pay one-half of the escrow fee. Landlord will pay the premium for a title insurance policy, insuring good and marketable title in favor of Tenant in the full amount of the purchase price. Documentary transfer tax, if any, will be paid by

Tenant. Other escrow expenses will be allocated between the parties in accordance with escrow's standard practices. There will be no prorations, since Tenant will already be responsible for such expenses pursuant to this Lease. The parties will execute escrow instructions consistent with the provisions of this Section 21 and will deposit in escrow in a timely manner such funds and documents as may be necessary in order to allow escrow to close.

22. Costs and Attorney's Fees. In the event that either party commences a legal proceeding to enforce any of the terms of this Lease, the prevailing party in such action shall have the right to recover reasonable attorneys' fees and costs from the other party, as fixed by the court in the same action.

23. Notices and Place for Payment of Rent. Notices made or given by the parties must be in writing and may be served personally or by depositing the same in the United States mail, postage prepaid, or by another commercially recognized means of delivery, addressed as follows:

TO LANDLORD: MARKET STREET PROPERTIES, I, LLC  
c/o JAMES W. MILLER  
1507 Weston Way  
Riverside, CA 92506

TO TENANT: REDEVELOPMENT AGENCY OF THE  
CITY OF RIVERSIDE  
3737 Main Street, Suite 800  
Riverside, CA 92501

Notices shall be deemed effective upon receipt thereof. Rent shall be paid to Landlord at the address set forth in this Section. No successor to Landlord's interest shall be entitled to receive rent payments until Tenant shall have been furnished with (i) a letter signed by the grantor of such interest setting forth

the name and address of the person entitled to receive such rent and (ii) a photostatic copy of the deed or other instrument by which such interest passed. The person and the place to which notices are to be mailed may be changed by either party by written notice to the other party.

24. Memorandum Lease and Option. This Lease shall not be recorded by Landlord and Tenant, but they will execute and record a Memorandum of Lease and Option in the form attached hereto as Exhibit "D."

25. Successors. All of the rights and obligations under this Lease shall bind and inure to the benefit of the respective heirs, personal representatives, successors, grantees and assigns of the parties hereto and the respective restrictions, covenants and obligations pertaining to the Premises shall run with the land and shall continue until this Lease is terminated or expires.

26. Arbitration. If the parties so agree, any question or dispute arising under this Lease may be resolved through arbitration. Any such arbitration will be conducted through the office of Judicial Arbitration & Mediation Services, Inc. ("JAMS") located the closest to the Premises, or any similar arbitration firm, panel, or individual upon which the parties may agree. Any such arbitration will be conducted in a manner which preserves to the parties the maximum discovery rights available under California law. The results of the arbitration will be binding upon both parties unless the arbitration award and written findings of fact and ruling disclose a material mistake of fact or law, in which

case the arbitration may be challenged in the Riverside County Superior Court.

27. Miscellaneous Provisions.

27.1 Relationship of the Parties. Nothing herein contained shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties, it being understood and agreed that neither the method or computation of rent nor any other provision contained herein, nor any acts of the Parties hereto, shall be deemed to create any relationship between the Parties other than the relationship of landlord and tenant.

27.2 Non-Exclusive Remedies. The various rights and remedies herein contained and reserved to each of the parties, except as herein otherwise expressly provided, shall not be considered as exclusive of any other right or remedy of such party, but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. No delay or omission of the right to exercise any power or remedy by either party shall impair any such right, power or remedy or be construed as a waiver of any default of non-performance or an acquiescence therein.

27.3 Construction. This Lease shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor of or against either Landlord or Tenant. The headings of the articles contained herein are for convenience only and do not define, limit or construe the contents of such articles. When required by context,

the singular shall include the plural, and the neuter gender shall include a person, corporation, firm or association.

27.4 Severability. If any provision of this Lease is declared invalid in a court proceeding between the parties, such invalidity shall not invalidate this Lease, and this Lease shall be construed as if the invalid part were not contained herein, and the rights and obligations of the parties shall be construed and enforced accordingly.

27.5 Integration/Amendment. Except as expressly provided elsewhere in this Lease, this Lease is and shall be considered to be the only agreement or understanding between the parties regarding the leasing of the Premises. All negotiations and oral agreements acceptable to both parties have been incorporated herein. It may not be amended or modified by any act or conduct of the parties or by oral agreement, unless reduced to writing and properly executed.

27.6 Authority. Each party executing this Lease has been duly and properly authorized to do so in accordance with the governing documents of such entity.

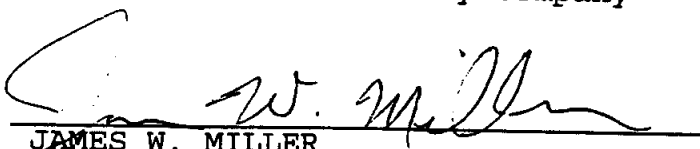
27.7 Counterparts. This Lease may be executed in counterparts and when so executed by both parties, shall become binding upon them and each such counterpart will constitute an original document.

IN WITNESS WHEREOF, this Lease has been executed as of  
the day and year first above written.

LANDLORD:

MARKET STREET PROPERTIES I, LLC, a  
California limited liability company

By:

  
JAMES W. MILLER

By:

  
JOHN R. MILLER, M.D.

TENANT:

REDEVELOPMENT AGENCY OF THE CITY OF  
RIVERSIDE, a public entity

By: \_\_\_\_\_



EXHIBIT "A"

LEGAL DESCRIPTION AND DEPICTION OF THE PREMISES

That certain real property located in the City of Riverside, Riverside County, California described as follows:

BEGINNING AT THE SOUTHWESTERLY CORNER OF BLOCK 11, RANGE 7 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA; THENCE NORTHERLY ALONG THE EASTERLY LINE OF MARKET STREET, 100 FEET; THENCE EASTERLY PARALLEL WITH THE NORTHERLY LINE OF TWELFTH STREET, 155.56 FEET TO A POINT ON THE WESTERLY LINE OF A 20-FOOT ALLEY; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID ALLEY, 100 FEET TO A POINT ON SAID NORTHERLY LINE OF TWELFTH STREET; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF TWELFTH STREET, 155.57 FEET TO THE POINT OF BEGINNING.

SAID PROPERTY IS ALSO SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 10 PAGE 70 OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, AND

BEGINNING AT A POINT ON THE WESTERLY LINE OF BLOCK 11, RANGE 7 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, 100 FEET NORTHERLY FROM THE SOUTHWESTERLY CORNER OF SAID BLOCK, SAID POINT BEING ALSO THE NORTHWESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO BLANCHE M. WALKER AND MYRL R. MILLER, BY DEED RECORDED JUNE 17, 1935 IN BOOK 236 PAGE 252 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE NORTHERLY ALONG THE EASTERLY LINE OF MARKET STREET, 130.60 FEET, MORE OR LESS, TO A POINT 100 FEET SOUTHERLY FROM THE NORTHWESTERLY CORNER OF SAID BLOCK 11, RANGE 7, SAID POINT BEING ALSO THE SOUTHWESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO WILLIAM M. TRUE AND SARA T. MORGAN, BY DEED RECORDED JUNE 22, 1935 IN BOOK 232 PAGE 540 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE SOUTHEASTERLY ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL OF LAND, 155.53 FEET TO A POINT ON THE NORTHWESTERLY LINE OF AN ALLEY; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF ALLEY, 130.59 FEET, MORE OR LESS, TO THE NORTHEASTERLY CORNER OF SAID PARCEL OF LAND CONVEYED TO BLANCHE M. WALKER AND MYRL R. MILLER; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID PARCEL OF LAND, 155.56 FEET TO THE POINT OF BEGINNING. SAID PROPERTY IS ALSO SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 10 PAGE 70 OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

EXHIBIT "B"

TITLE EXCEPTIONS AND TENANCIES

1. Current, non-delinquent real property taxes and assessments.

2. A right-of-way over said land for all water ditches that may be required for irrigation and other purposes of the Riverside Land and Irrigation Company, as reserved to said company and the Riverside Canal Company.

3. The fact that said land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document.

Redevelopment Agency:	Riverside Mall/White Park
Recorded:	December 1, 1975 as Instrument No. 148813 and November 30, 1984 as Instrument No. 257396, both of Official Records

4. The following unrecorded tenancies:

- (a) Charles R. Beem
- (b) K. Emmitt Jackson
- (c) Muayad Abou-Ghazala
- (d) Pacific Outdoor Advertising

5. An easement for the hereinafter specific purpose and incidental purposes, in favor of the City of Riverside, in Instrument recorded (information not available) of Official Records of Riverside County, California. Said easement is for a sewer line.



# LEIGHTON AND ASSOCIATES, INC.

Geotechnical and Environmental Engineering Consultants

September 6, 1995

Project No. 40950236-01

To: Miller & Miller  
1507 Weston Way  
Riverside, California 92506

Attention: Mr. James W. Miller

Subject: Subsurface Soil Investigation at 4150 Market Street, Riverside, California

Leighton and Associates, Inc. is pleased to present this subsurface soil investigation report for the subject site. This report presents a summary of Leighton's field investigation, findings, conclusions, and recommendations.

If you have any questions, comments, or require additional information please do not hesitate to contact Mr. Quin Kinnebrew at (714) 250-1421.

Respectfully submitted,

LEIGHTON AND ASSOCIATES, INC.

Quin Kinnebrew, CEG, REA  
Project Manager

QK/kkg

Distribution: (4) Addressee

List of Accompanying Table, Illustrations, and Appendices

- Table 1 - Summary of Soil Sample Laboratory Analyses
- Figure 1 - Site Location Map
- Figure 2 - Site Plan
- Figure 3 - Estimated Areal Extent of Soil Contamination
- Figure 4 - Cross Section A-A'
- Figure 5 - Cross Section B-B'
- Appendix A - References
- Appendix B - EA Engineering, Science, and Technology, Inc. Data
- Appendix C - Investigative Procedures
- Appendix D - Boring Logs
- Appendix E - Laboratory Reports and Chain-of-Custody Records

## Introduction

Leighton and Associates, Inc. (Leighton) was retained by Miller & Miller to conduct a subsurface investigation at 4150 Market Street, Riverside, California (Figure 1). The purpose of this investigation was to determine the presence or absence of contamination in soil adjacent to two former underground storage tanks (USTs). The USTs, one 250-gallon and one 500-gallon capacity, were reported to have been installed in the late forties by an automobile agency. In 1988, the USTs were removed from the site. The resulting excavation was reported to be approximately 10 feet wide and 20 feet long. The depth of the excavation was extended to approximately 20 feet in order to remove observed contamination.

According to a letter by the County of Riverside's Department of Health (CRDH), dated February 3, 1989, soil contamination was present on the (northeast) side wall adjacent to, and probably under, the onsite structure. The CRDH requested that the excavation be infilled with a porous material to allow passive movement of vapors. The CRDH also requested that the boundaries of the contamination be determined.

In early 1989, the excavation was backfilled within 2 feet of the surface with gravel in addition to a passive bioremediation system (forced air via PVC piping). The system has been operating since installation.

A soil-gas survey was conducted adjacent to the former USTs in September 1989 by EA Engineering, Science, and Technology, Inc. (EA). Based on their results, EA reported a detectable BTEX (benzene, toluene, ethylbenzene, and xylenes) plume of approximately 70 feet in length and 50 feet in width; based on the lowest detectable concentrations of 1 part per million. A copy of EA's laboratory results and figures are included as Appendix B. Maximum BTEX concentrations were generally centered between the northeast side of the former UST excavation and approximately 15 feet northeast of the former UST area.

At the request of the County of Riverside Health Service Agency, Hazardous Materials Division (CRHMD), additional sampling and testing was required to satisfy county requirements. Leighton was retained by Miller & Miller to conduct these services.

The scope of work performed at the site during Leighton's investigation included the following:

- Preparation of a Work Plan outlining the planned field investigation;
- Preparation of a site-specific Health and Safety Plan for the field work;
- Obtaining underground public utility clearance through Underground Services Alert;
- Drilling and sampling of 6 Geoprobe® borings;
- Laboratory analyses of collected soil samples; and
- Preparation of this report.

### Site Geology and Hydrology

The subject site is situated at an elevation of approximately 840 feet above mean sea level. The site is underlain by alluvial materials deposited by the Santa Ana river. Alluvial materials encountered during drilling at the site are noted to consist predominantly of silty fine sand to 40 feet below ground surface (bgs).

The depth of ground water beneath the site has been measured by Leighton within 1/4 mile of the subject site at a depth of 72 feet bgs (Leighton, 1990), with an anticipated flow direction toward the southwest.

### Field Investigation

The subsurface soil investigation was conducted by Leighton in conjunction with its subcontractor, Vironex, on August 1 and 2, 1995. The investigation included the drilling and sampling of 6 Geoprobe® borings (CB-1 through CB-6) to vertical depths ranging from 36 to 40 feet bgs. Each of the borings was drilled in areas specified in Leighton's draft work plan (dated July 13, 1995) and where recommended by the CRHMD (Figure 2). As shown on Figure 2, Borings CB-1, CB-2, and CB-5 were drilled at an incline of 20 degrees from vertical. The remainder of the borings were drilled vertically.

Samples were collected at 5-foot intervals, starting at 5 feet bgs, to the total depth of each boring. Samples at 5-foot intervals were sent to a State certified laboratory for chemical analyses. Leighton's drilling and sampling procedures are outlined in Appendix C. Logs for each of the borings are included as Appendix D.

### Laboratory Analyses

Laboratory analyses were performed by Apollo Analytics, a Department of Health Services-certified laboratory. The laboratory analyses planned for the samples collected during this investigation were based on the suspected contaminant type released from the former USTs (gasoline). Select soil samples collected from each boring were analyzed for BTEX and total volatile petroleum hydrocarbons (TPH) using EPA Methods 8020 and 8015 (modified for gasoline), respectively. Table 1 shows the results of the BTEX and TPH analyses. The laboratory report is included as Appendix E.

### Findings, Conclusions, and Recommendation

During Leighton's subsurface investigation, soil samples were collected in areas previously identified (by EA) as being potentially contaminated with gasoline. Soil samples were collected at 5, 10, 15, 20, 30, 35, 40, and/or 45 feet from each boring and analyzed for BTEX and TPH. Based on the data collected during this investigation and the results of the chemical analyses, Leighton presents the following findings, conclusions, and recommendations.

### Findings

- Onsite soils were found to consist primarily of moist, friable, silty sand (Appendix D). These sands were noted to be generally homogeneous, with little to no vertical or horizontal variations in consistency.
- Soil samples collected from Borings CB-1, CB-3, and CB-4 were reported with no detectable contaminant (BTEX and TPH) concentrations at or above the laboratory detection limits (Table 1). These borings were located south, southeast, and east of the former USTs, respectively (Figure 2).
- Soil samples collected from Boring CB-6 were reported with traces of toluene, ethylbenzene, and/or total xylenes concentrations between 10 and 20 feet bgs (Table 1). Boring CB-6 was located northeast of the former USTs, and east-southeast of the former fuel dispenser (Figure 2).
- Soil contamination was noted during the field investigation (and confirmed by the laboratory results) in Borings CB-2 and CB-5. Boring CB-2 was located northwest of the former USTs and inclined 20 degrees toward the northeast (Figure 2). Boring CB-5 was located between the former USTs and fuel dispenser, and inclined 20 degrees toward the northwest.
- Regulatory maximum allowable soil BTEX levels (benzene = 1 ppm, toluene = 50 ppm, ethylbenzene = 50 ppm, and xylenes = 50 ppm) and TPH levels (1,000 ppm) for the site were exceeded in most of the samples collected between 10 and 30 feet from Borings CB-2 and CB-5. Toluene and/or xylenes exceeded these levels in the samples collected from Boring CB-5 between 35 and 45 feet bgs.

### Conclusions

- Evidence by EA suggesting a relatively large soil contaminant plume was not substantiated during Leighton's subsurface investigation. A copy of EA's estimated soil contaminant plume is included as Appendix B.
- Soil south, southeast, east, and beneath the former gasoline USTs does not appear to be impacted with volatile petroleum hydrocarbons.
- Soil between the former USTs and fuel dispenser have BTEX and TPH concentrations that exceed the maximum allowable levels. The areal extent of soil contamination is estimated to be approximately 14 feet in width and 28 feet in length, and traverses along the former fuel line between the former USTs and fuel dispenser (Figure 3). The vertical extent of soil contamination appears to be limited between approximately 5 and 32 feet bgs (Figures 4 and 5). Approximately 375 cubic yards (minimum) of contaminated soil is estimated to be present beneath the subject site.

### Recommendations

- Further delineation of the vertical and horizontal extent of soil contamination is not presently warranted. Leighton considers the data collected from this investigation to sufficiently delineate the approximate boundaries of the soil contamination beneath the subject site. Leighton recommends no further subsurface investigations.
- Based on the BTEX and TPH concentrations reported in the soils at the site, corrective actions are generally recommended in order to reduce or remove their presence. The Environmental Protection Agency (EPA) suggests a number of alternative cleanup technologies for petroleum hydrocarbon releases at underground storage tank sites, including natural attenuation. Natural attenuation is a passive remedial approach that depends upon natural processes to degrade and dissipate petroleum constituents in soil and ground water.

Natural attenuation was first noted as an option for the site by the County of Riverside Department of Health (CRDH) in their letter dated February 3, 1989 (CRDH, 1989). Prior to the acceptance of this option, however, they required a full subsurface investigation to determine the horizontal and vertical extent of the contamination, as well as the contaminant concentrations present. This investigation was conducted by Leighton.

In addition to the CRDH requirements, the EPA requires that a number of conditions be met prior to considering natural attenuation as a viable remedial alternative (EPA, 1994). The initial screening considerations (for determining the effectiveness of natural attenuation) suggested by the EPA, as well as Leighton's review of these considerations are as follows:

- Does the state allow natural attenuation as a remedial alternative? Yes. Natural attenuation is utilized as a remedial alternative in the state of California.
- Are the TPH concentrations lower than 25,000 ppm in the soil? Yes. The maximum TPH concentration reported during Leighton's investigation was 10,000 ppm.
- Is there current or projected ground water use within a 2-year travel time from the site? Ground water has been reported to be about 72 feet bgs in the vicinity of the site (Leighton, 1990). Since the release of the gasoline into the soil (between the 1940s and 1988), the greatest concentration of contaminants have migrated to approximately 32 feet bgs (40 feet from ground water), with relatively low toluene and xylene concentrations reported to about 45 feet bgs. The relatively slow travel time of the contaminants (approximately 32 feet in more than eight years) is considered to be partly a result of the low of precipitation rates in the Riverside area as well as the impermeable nature of the asphalt and concrete covering the soil.

In order to maintain the low migration rates of contaminants at the subject site, an impermeable boundary would have to be maintained over the contaminated soils. The planned above-ground parking structure would continue to act as this barrier. A barrier would have to be maintained following the demolition of the onsite buildings and during the construction of the parking structure.

- Are there nearby receptors that the contamination could affect? Sensitive receptors (such as residential neighborhoods, hospitals, and schools) are not within the immediate vicinity (within 1/8 mile) of the site.

As noted above, natural attenuation at the subject site appears favorable in light of the EPA's initial screening considerations. While natural attenuation (the "no action" option) clearly presents the most cost effective solution, it also is the most difficult to be regulatorily approved. Given the elevated concentrations of benzene (a known carcinogen to the state) which could be construed by various agencies to pose a threat (albeit a slim one) to ground water, the natural attenuation option may not be acceptable to the final approving authority (the Regional Water Quality Control Board). However, Leighton recommends that this remedial alternative be seriously considered and pursued as a viable option for the subject site.



TABLE I

Summary of Soil Sample Laboratory Analyses

Sample ID	Depth (feet)	Benzene ( $\mu\text{g/kg}$ )	Toluene ( $\mu\text{g/kg}$ )	Ethylbenzene ( $\mu\text{g/kg}$ )	Total Xylenes ( $\mu\text{g/kg}$ )	TPH as Gasoline (mg/kg)
CB-1-5	5	--	--	--	--	--
CB-1-10	10	ND	ND	ND	ND	ND
CB-1-15	15	ND	ND	ND	ND	ND
CB-1-20	20	ND	ND	ND	ND	ND
CB-1-25	25	--	--	--	--	--
CB-1-30	30	ND	ND	ND	ND	ND
CB-1-35	35	--	--	--	--	--
CB-1-40	40	ND	ND	ND	ND	ND
CB-2-5	5	--	--	--	--	--
CB-2-10	10	ND	ND	ND	ND	ND
CB-2-15	15	ND<150	1,500	970	11,620	1,600
CB-2-20	20	ND<150	50,000	10,000	410,000	6,900
CB-2-25	25	--	--	--	--	--
CB-2-30	30	3,800	160,000	57,000	390,000	6,700
CB-2-35	35	ND	13	ND	ND	ND
CB-2-40	40	8	11	ND	6.8	5.2
CB-2-45	45	ND	ND	ND	ND	ND
CB-3-5	5	--	--	--	--	--
CB-3-10	10	ND	ND	ND	ND	ND
CB-3-15	15	ND	ND	ND	ND	ND
CB-3-20	20	ND	ND	ND	ND	ND
CB-3-25	25	--	--	--	--	--
CB-3-30	30	ND	ND	ND	ND	ND
CB-3-35	35	--	--	--	--	--
CB-3-40	40	ND	ND	ND	ND	ND
CB-4-5	5	--	--	--	--	--
CB-4-10	10	ND	ND	ND	ND	ND
CB-4-15	15	ND	ND	ND	ND	ND
CB-4-20	20	ND	ND	ND	ND	ND
CB-4-25	25	--	--	--	--	--
CB-4-30	30	ND	ND	ND	ND	ND
CB-4-35	--	--	--	--	--	--
CB-4-40	40	ND	ND	ND	ND	ND

Sample ID	Depth (feet)	Benzene ( $\mu\text{g/kg}$ )	Toluene ( $\mu\text{g/kg}$ )	Ethylbenzene ( $\mu\text{g/kg}$ )	Total Xylenes ( $\mu\text{g/kg}$ )	TPH as Gasoline (mg/kg)
CB-5-5	5	ND	ND	ND	ND	ND
CB-5-10	10	130	22,000	4,900	147,000	3,000
CB-5-15	15	550	73,000	50,000	470,000	7,000
CB-5-20	20	1,900	59,000	31,000	208,000	3,300
CB-5-25	25	—	—	—	—	—
CB-5-30	30	8,000	270,000	110,000	640,000	10,000
CB-5-35	35	38	72	ND	73	ND
CB-5-40	40	8.4	118	50	410	6.4
CB-5-45	45	ND	15	7	72	ND
CB-6-5	5	—	—	—	—	—
CB-6-10	10	ND	8.9	4.0	58	ND
CB-6-15	15	ND	ND	ND	27	ND
CB-6-20	20	ND	ND	ND	7.3	ND
CB-6-25	25	—	—	—	—	—
CB-6-30	30	ND	ND	ND	ND	ND
CB-6-35	35	—	—	—	—	—
CB-6-40	40	ND	ND	ND	ND	ND
Detection Limits		5.0	5.0	5.0	5.0	5.0

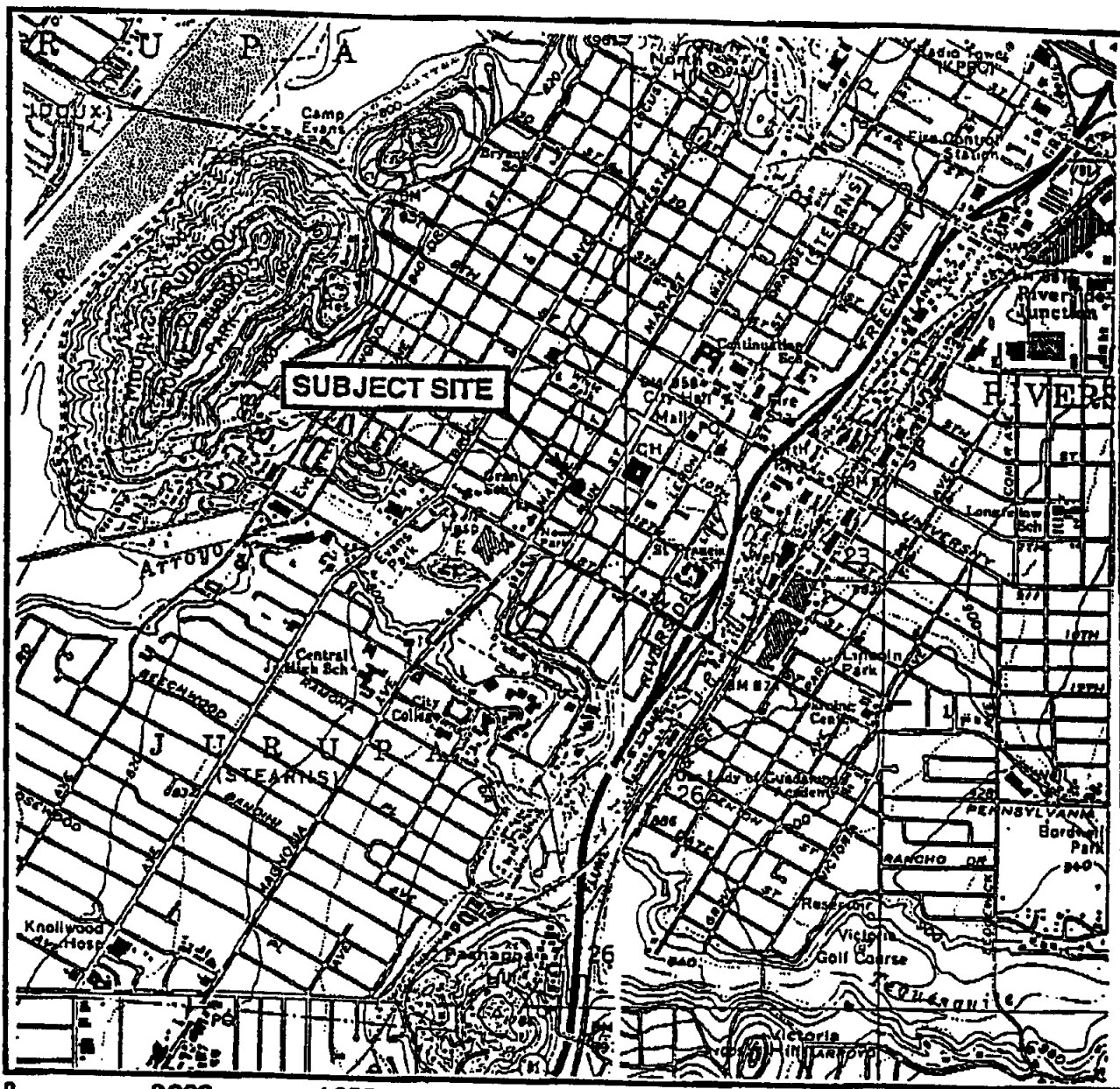
**Notes:**

— Not analyzed

 $\mu\text{g/kg}$  Micrograms per kilogram, generally equivalent to parts per billion

mg/kg Milligrams per kilogram, generally equivalent to parts per million

ND Not detected at the laboratory detection limit cited



## SITE LOCATION MAP

BASE MAPS: U.S.G.S. 7 1/2 Minute Riverside East And Riverside West Quadrangles, 1967  
(Photorevised 1973 And 1980, Respectively)

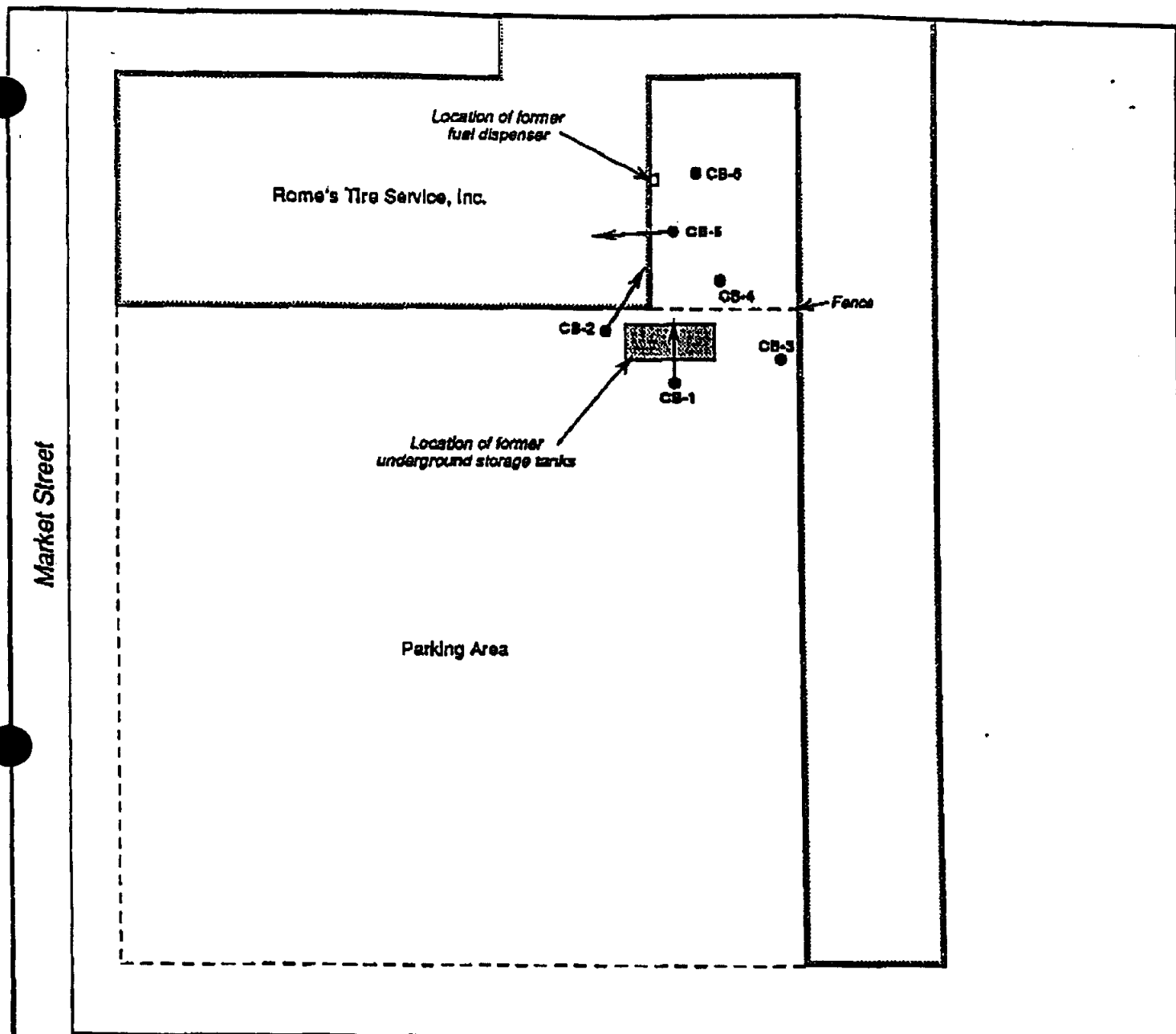
4150 MARKET STREET  
RIVERSIDE, CALIFORNIA

Project No. 950236-001

Date 9/ 5 / 95



Figure No. 1



# LEGEND

- CB-6 Location of vertical boring
- ← CB-5 Location of slant boring; boring inclined 20 degrees from vertical in direction of arrow

0 15 30  
Scale Feet

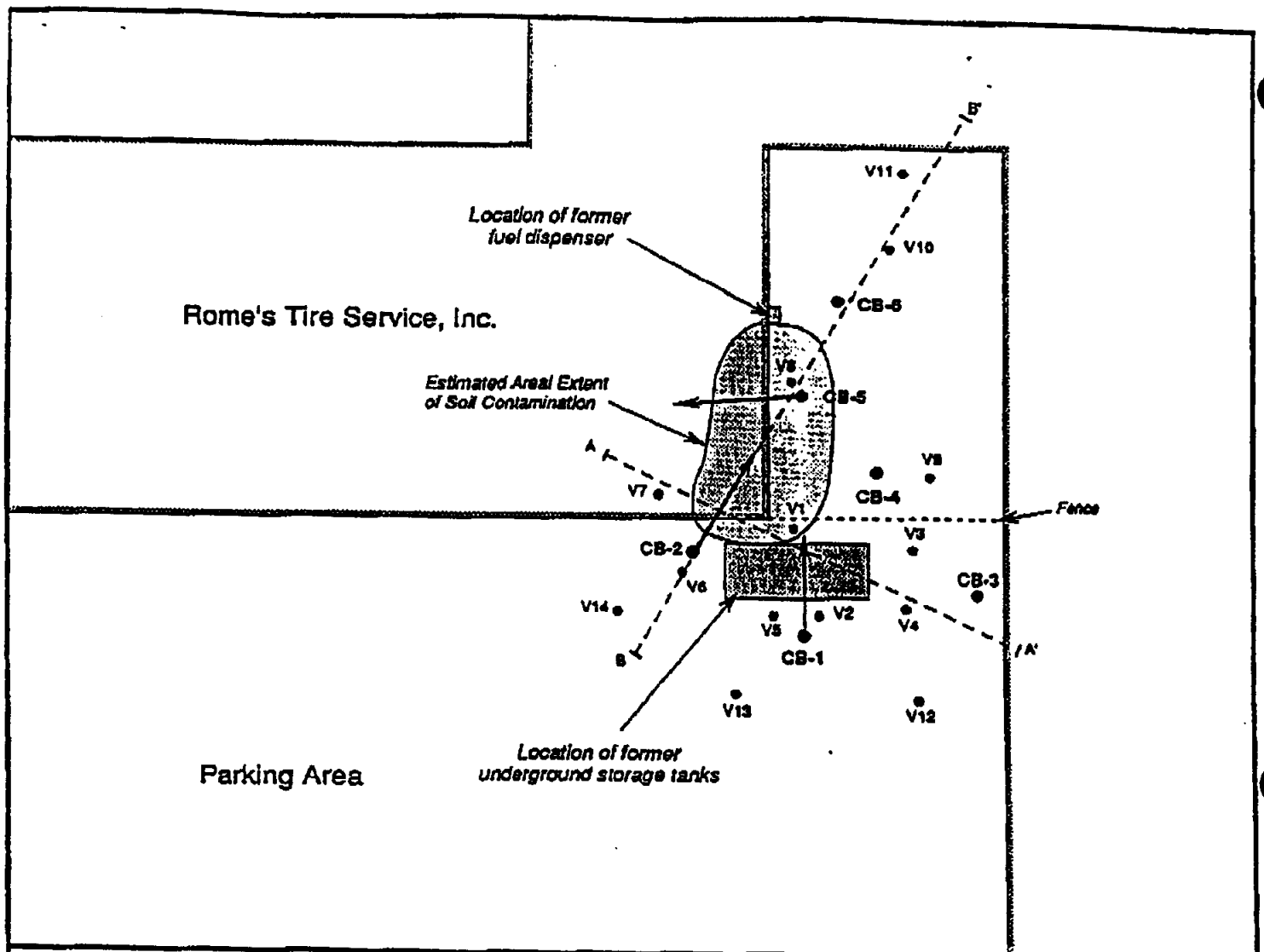
Figure based on field measurements conducted by Leighton and Associates, Inc.

**SITE PLAN**  
**4150 MARKET STREET**  
**RIVERSIDE, CALIFORNIA**

Project No. 40950236-01  
Scale 1" = 30'  
Eng./Geol. QK  
Drafted by QK / KCP  
Date 9 / 5 / 95



Figure No. 2



# LEGEND

- Location of vertical boring
- Location of slant boring; boring inclined 20 degrees from vertical in direction of arrow
- Approximate location of soil vapor samples collected by EA Engineering, Science, and Technology, Inc.
- Location of cross sections shown on figures 4 and 5
- Estimated areal extent of contaminated soil

0 10 20  
Scale Feet

## ESTIMATED AREAL EXTENT OF SOIL CONTAMINATION

4150 MARKET STREET  
RIVERSIDE, CALIFORNIA

Project No. 40950235-01  
Scale 1" = 20'  
Eng./Geol. QK  
Drafted by QK / KCP  
Date 9 / 5 / 95



Figure No. 3

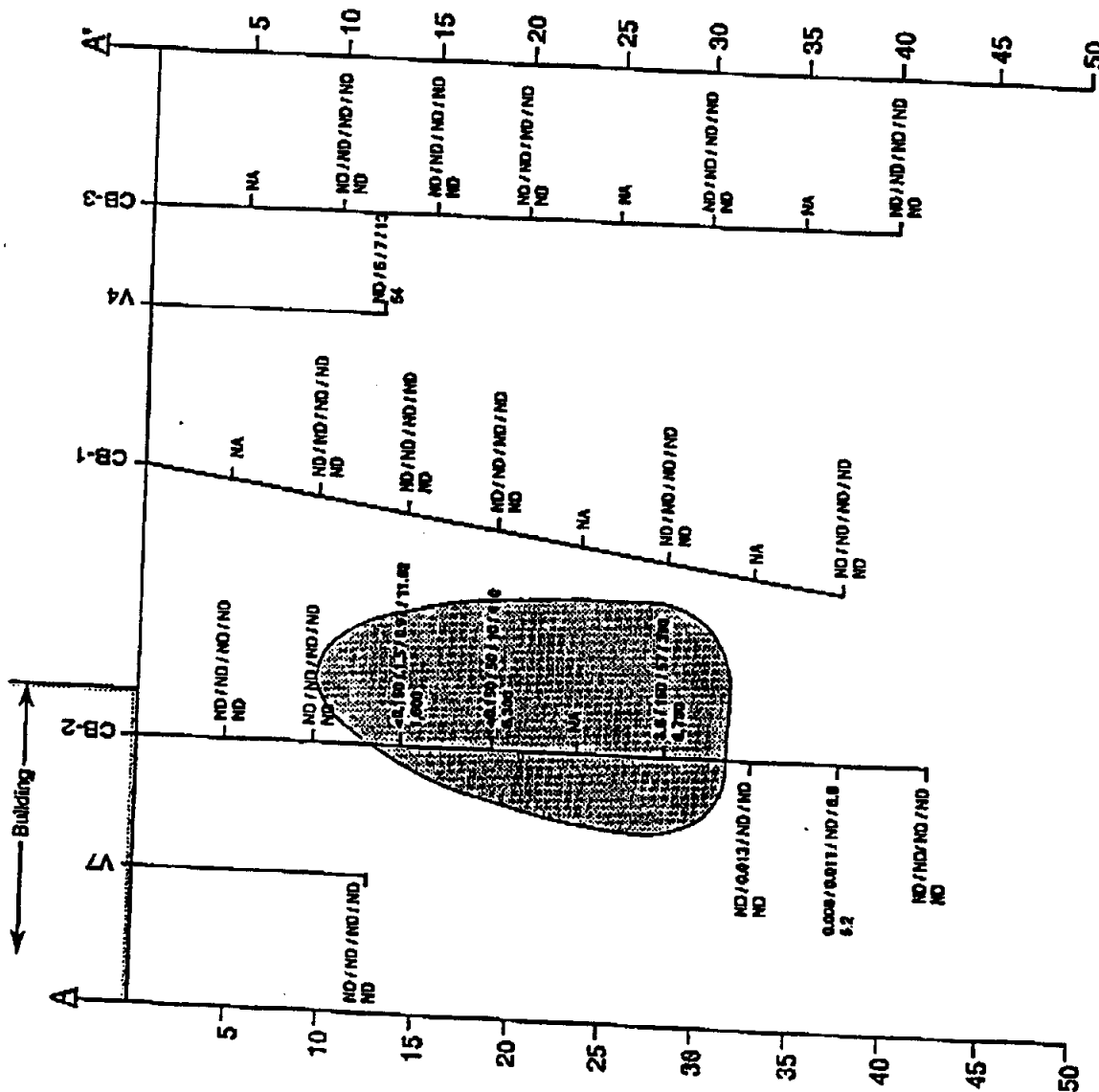




EXHIBIT "D"

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

REDEVELOPMENT AGENCY OF THE  
CITY OF RIVERSIDE  
3737 Main Street, Suite 800  
Riverside, CA 92501  
Attn: Michael Yuzon

(Space above for Recorder's Use)

MEMORANDUM OF LEASE AND OPTION

THIS MEMORANDUM is executed in connection with that certain Agreement entitled "Ground Lease and Option To Purchase" executed concurrently herewith by MARKET STREET PROPERTIES I, LLC, a California limited liability company, as Landlord and REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public entity, as Tenant.

1. Lease. Landlord hereby leases to Tenant and Tenant leases from Landlord that real property located in the City of Riverside, Riverside County, California, more particularly described in Exhibit "1" attached hereto (the "Premises"). The Initial Term of this Lease expires March 15, 2004, but is subject to extension for a maximum term which would expire February 15, 2030.

2. Option To Purchase. Landlord hereby grants to Tenant the exclusive right to purchase the Premises at a price and on the terms and conditions as set forth in the above-referenced Agreement.

3. Additional Provisions. The Lease and option rights described above are subject to the further terms, conditions and



provisions of the unrecorded Ground Lease and Option To Purchase between the parties dated April 25, 1996, which is incorporated herein by reference.

LANDLORD:

MARKET STREET PROPERTIES I, LLC, a  
California limited liability company

By: \_\_\_\_\_  
JAMES W. MILLER

By: \_\_\_\_\_  
JOHN R. MILLER, M.D.

TENANT:

REDEVELOPMENT AGENCY OF THE CITY OF  
RIVERSIDE, a public entity

By: \_\_\_\_\_

## ACKNOWLEDGMENTS

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

On \_\_\_\_\_, 1996, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or 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), as \_\_\_\_\_, 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.

WITNESS my hand and official seal.

Signature

(Seal)

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

On \_\_\_\_\_, 1996, before me,  
personally appeared \_\_\_\_\_, a Notary Public in and for said state,  
to me (or 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), as  
\_\_\_\_\_, 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.

WITNESS my hand and official seal.

Signature

(Seal)

## ACKNOWLEDGMENT

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ ) ss.

On \_\_\_\_\_, 1996, before me, \_\_\_\_\_, a Notary Public in and for said state, personally appeared \_\_\_\_\_, personally known to me (or 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), as \_\_\_\_\_, 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.

WITNESS my hand and official seal.

Signature

(Seal)

EXHIBIT "1"

LEGAL DESCRIPTION AND DEPICTION OF THE PREMISES

That certain real property located in the City of Riverside, Riverside County, California described as follows:

BEGINNING AT THE SOUTHWESTERLY CORNER OF BLOCK 11, RANGE 7 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA; THENCE NORTHERLY ALONG THE EASTERLY LINE OF MARKET STREET, 100 FEET; THENCE EASTERLY PARALLEL WITH THE NORTHERLY LINE OF TWELFTH STREET, 155.56 FEET TO A POINT ON THE WESTERLY LINE OF A 20-FOOT ALLEY; THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID ALLEY, 100 FEET TO A POINT ON SAID NORTHERLY LINE OF TWELFTH STREET; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF TWELFTH STREET, 155.57 FEET TO THE POINT OF BEGINNING.

SAID PROPERTY IS ALSO SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 10 PAGE 70 OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, AND

BEGINNING AT A POINT ON THE WESTERLY LINE OF BLOCK 11, RANGE 7 OF THE TOWN OF RIVERSIDE, AS SHOWN BY MAP RECORDED IN BOOK 7 PAGE 17 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, 100 FEET NORTHERLY FROM THE SOUTHWESTERLY CORNER OF SAID BLOCK, SAID POINT BEING ALSO THE NORTHWESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO BLANCHE M. WALKER AND MYRL R. MILLER, BY DEED RECORDED JUNE 17, 1935 IN BOOK 236 PAGE 252 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE NORTHERLY ALONG THE EASTERLY LINE OF MARKET STREET, 130.60 FEET, MORE OR LESS, TO A POINT 100 FEET SOUTHERLY FROM THE NORTHWESTERLY CORNER OF SAID BLOCK 11, RANGE 7, SAID POINT BEING ALSO THE SOUTHWESTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO WILLIAM M. TRUE AND SARA T. MORGAN, BY DEED RECORDED JUNE 22, 1935 IN BOOK 232 PAGE 540 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE SOUTHEASTERLY ALONG THE SOUTHWESTERLY LINE OF SAID PARCEL OF LAND, 155.53 FEET TO A POINT ON THE NORTHWESTERLY LINE OF AN ALLEY; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF ALLEY, 130.59 FEET, MORE OR LESS, TO THE NORTHEASTERLY CORNER OF SAID PARCEL OF LAND CONVEYED TO BLANCHE M. WALKER AND MYRL R. MILLER; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE OF SAID PARCEL OF LAND, 155.56 FEET TO THE POINT OF BEGINNING. SAID PROPERTY IS ALSO SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 10 PAGE 70 OF RECORDS OF SURVEY, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

## AMENDMENT TO GROUND LEASE

THIS AMENDMENT is executed as of this \_\_\_\_ day of October, 1996, by and between MARKET STREET PROPERTIES I, LLC, a California limited liability company ("Landlord") and REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE, a public entity ("Tenant"). Landlord and Tenant have previously entered into a "Ground Lease and Option to Purchase" dated as of April 25, 1996 and retroactively effective as of March 16, 1996 (the "Lease"). The parties desire by this Amendment to incorporate an additional provision in the Lease. All defined terms utilized herein will have the same meaning as set forth in the Lease.

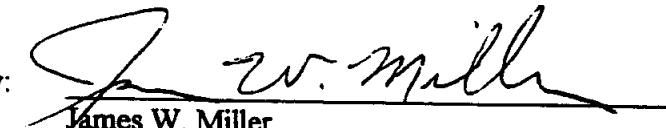
1. Street Dedication. The City of Riverside requires the widening of 12th Street immediately adjacent (to the south) of the Premises. As a result of such widening, 12th Street will be expanded from a thirty-three (33) foot width to a forty-four (44) foot width. Landlord agrees, at no expense to Landlord, to dedicate to the City of Riverside for public street purposes, that portion of the Premises located adjacent to 12th Street sufficient to accommodate such street widening. Tenant will be solely responsible for all costs associated with the demolition and reconstruction of that portion of 12th Street located adjacent to the Premises, including the removal and reconstruction of pavement, curbs, gutters, sidewalks and the like. The parties agree to execute such documents as may be reasonably required by the City of Riverside in order to finalize this dedication.

Except as modified by this Amendment, the Lease remains in full force and effect.


### LANDLORD:

MARKET STREET PROPERTIES I, LLC, a California  
limited liability company

By:

  
James W. Miller

By:

  
John R. Miller, M.D.

### TENANT:

REDEVELOPMENT AGENCY OF THE CITY OF  
RIVERSIDE, a public entity

By: \_\_\_\_\_