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GROUND LEASE AGREEMENT

This ground lease agreement ("Lease") is made and entered into effective as of _____ ("Commencement Date"), which is defined as the first day of the calendar month following approval of this Lease by the County's Board of Supervisors, adoption of an ordinance authorizing this Lease and execution of this Lease by the County's Director, Department of General Services, by and between the County of San Diego, a political subdivision of the State of California ("County"), and _____ ("Lessee"). County leases to Lessee, and Lessee leases from County, the Premises described below upon the following terms and conditions:

ARTICLE 1
SUMMARY OF BASIC LEASE PROVISIONS

1.1 Lessor. County of San Diego,
a political subdivision of the State of California

Address for notice:

County of San Diego
Attention: Director
Department of General Services
5560 Overland Avenue
Suite 410
San Diego, California 92123

1.2 Lessee. _____
_____

Address for notice:
_____
_____
_____

1.3 Premises. The leased premises ("Premises") is defined in Section 2.1 of this Lease and is further delineated on EXHIBIT "A" DESCRIPTION OF PREMISES attached to this Lease.

1.4 County's and Lessee's Lease Administrators. This Lease shall be administered on

behalf of County by the Director, Department of General Services or a designee ("County's Lease Administrator"), and on behalf of Lessee by: _____, or by another person designated in writing by Lessee ("Lessee's Lease Administrator").

1.5 Commencement Date. The Commencement Date is defined in the preamble of this Lease.

1.6 Term. The "Pre-Construction Period", "Construction Period" and "Operations Period" that comprise the "Term" are defined and set forth in Section 3.1 Term of this Lease.

1.7 Rent. The "Pre-Construction Period Rent," "Construction Period Rent" and "Rent" are defined and set forth in Section 4.1 Rent of this Lease. "Pre-Construction Period Rent," "Construction Period Rent" and "Rent" are collectively referred to as "Contract Rent" in this Lease.

1.8 Rent Adjustments and Rent Redetermination. Periodic rent adjustments and rent renegotiation provisions are set forth in Section 4.2 Rent Adjustments and Section 4.3 Rent Redetermination of this Lease.

1.9 Additional Rent. Any and all sums of money or charges other than the Contract Rent required to be paid by Lessee to County pursuant to the provisions of this Lease shall be paid as "Additional Rent".

1.10 Security Deposit. The security deposit ("Security Deposit") is set forth in Article 5 SECURITY DEPOSIT of this Lease

1.11 Permitted Use. Lessee shall be authorized to use the Premises only for those purposes set forth in Section 6.1 Permitted Uses of this Lease.

1.12 Exhibits. The following exhibits are attached to this Lease and made a part of this Lease by this reference:

EXHIBIT "A"	DESCRIPTION OF PREMISES
EXHIBIT "B"	TUNNEL EASEMENT AND RESERVATION AREA
EXHIBIT "C"	INSURANCE REQUIREMENTS - PRE-CONSTRUCTION PERIOD
EXHIBIT "D"	INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD

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EXHIBIT "E"	INSURANCE REQUIREMENTS - OPERATIONS PERIOD
EXHIBIT "F"	WORK LETTER AGREEMENT
EXHIBIT "G"	LESSEE'S RESPONSE TO REQUEST FOR PROPOSALS
EXHIBIT "H"	FORM OF NON-DISTURBANCE AND ATTORNMENT AGREEMENT FOR SUBLEASES
EXHIBIT "I"	MEMORANDUM OF LEASE
EXHIBIT "J"	GUARANTY OF PAYMENT AND PERFORMANCE

1.13 Construction of Lease Provisions. The provisions of this article summarize for convenience only certain key terms of this Lease that are delineated more fully in the articles and sections referenced in this Lease. If a conflict between the provisions of this article and the balance of this Lease occurs, the balance of this Lease shall control.

ARTICLE 2
LEASE OF PREMISES

2.1 Description of Premises. County leases to Lessee and Lessee leases from County, for the Contract Rent and Additional Rent and upon the covenants and conditions set forth in this Lease, approximately _____ square feet of land and approximately _____ square feet of building space ("Premises") located at _____ in San Diego, California. The Premises is further described in EXHIBIT "A" DESCRIPTION OF PREMISES of this Lease.

2.2 Mineral Rights. Notwithstanding any provision of this Lease to the contrary, County expressly reserves all rights, title and interest in and to any and all gas, oil, mineral and water deposits located upon or beneath the surface of the Premises. County shall have the right to enter the Premises at any time during the Term for the purpose of operating or maintaining drilling or other installations as may be necessary or desirable for the development of any gas, oil, mineral or water deposits.

2.3 Easements and Reservations. Lessee accepts the Premises subject to any and all existing easements, right-of-ways, reservations and encumbrances, including an easement and reservation ("Tunnel Easement and Reservation Area") for the Inmate Tunnel defined in Recital

B of the Disposition and Development Agreement ("DDA") between County and Lessee dated _____ and attached to this Lease as EXHIBIT "B" TUNNEL EASEMENT AND RESERVATION AREA. County reserves the right to establish, to grant or to use easements, right-of-ways, reservations and encumbrances over, under, along and across the Premises for access, underground sewers, utilities, thoroughfares or other facilities it deems necessary for the public good, whether or not the facilities directly or indirectly benefit the Premises, and to enter the Premises for any purpose related to the easements, right-of-ways reservations, or encumbrances. If damage occurs as a result of County's entry onto the Premises pursuant to the rights granted in this section, County shall restore the Premises to its preexisting condition. County shall not unreasonably or substantially interfere with Lessee's use of the Premises as a result of exercising its rights reserved in this section.

ARTICLE 3
TERM

3.1 Term. The Term of this Lease shall be _____ (__) years, beginning on the Commencement Date. The Term shall include the Pre-Construction Period, Construction Period, and Operations Period defined in subsections a., b. and c. below. The term "Lease Year" as used in this Lease shall mean the 12-month period beginning on the Commencement Date and each succeeding 12-month period thereafter during the Term.

a. The "Pre-Construction Period" of the Term begins on the Commencement Date and expires upon the earlier of (i) _____ (___) days from the Commencement Date; or (ii) Lessee's receipt of Entitlements (defined in the following sentence). During the Pre-Construction Period, Lessee shall diligently pursue obtaining all necessary permits, approvals and licenses ("Entitlements") for the proposed development of the Required Improvements (defined in Section 10.1) at no cost to County. For purposes of this Lease, the Entitlements shall be deemed obtained when the Entitlements for the proposed development of the Required Improvements have been approved officially by the City of San Diego or its permitting authority through duly authorized resolution, ordinance, administrative determination, regulatory determination or similar action and all administrative appeal periods have expired or been waived. Lessee shall confirm the date of receipt of Entitlements or the earlier termination of this Lease as provided in Section 3.3 Early Termination During Pre-Construction Period in a written notice to County. Lessee may extend the Pre-Construction period for two (2) periods of one hundred eighty (180) days each by providing thirty (30) days prior written notice to County and payment of additional Pre-Construction Period Rent as provided in Section 4.1.1 of this Lease. County's Lease Administrator, at its sole discretion, may consider additional extensions of the Pre-Construction Period for one hundred eighty (180) day periods upon written request by Lessee and payment of additional Pre-Construction Rent as provided by Section 4.1.1 of this Lease.

b. Unless this Lease terminates pursuant to Section 3.3, the "Construction Period" of the Term commences upon the expiration of the Pre-Construction Period ("Construction Period Commencement Date") and expires upon on the earlier of (i) _____ (___) days from the expiration of the Pre-Construction Period; (ii) the filing of the notice of completion for the development; or (iii) the issuance of a Certificate of Occupancy. County's Lease Administrator, at its sole discretion, may consider additional extensions of the Construction Period for _____ (___) day periods, but in no event for a period in excess of five (5) years from the Commencement Date, upon written request by Lessee and payment of additional Construction Rent as provided by Section 4.1.2 of this Lease.

c. The "Operations Period" of the Term commences upon the expiration of the Construction Period ("Operations Period Commencement Date") and continues until the expiration or earlier termination of this Lease.

3.2 Holding Over. If Lessee holds over in occupancy of the Premises after the expiration of the Term without County's consent, Lessee shall become a tenant from month to month at a rate of one hundred twenty-five percent (125.0%) of the Rent in effect prior to the holdover. Any holdover shall be subject to the terms and conditions of this Lease, as applicable, and shall be subject to termination by County with thirty (30) days written notice to Lessee.

3.3 Early Termination During Pre-Construction Period. If Lessee is unable to secure Entitlements prior to the expiration of the Pre-Construction Period or any extension of the Pre-Construction Period, this Lease shall terminate and the Pre-Construction Period Rent described in Section 4.1.1 shall be retained by County.

3.4 Ownership of Improvements; Surrender of the Premises; County Possession of Premises.

3.4.1 Ownership of Improvements During Term. Title to all Improvements constructed or placed on the Premises by Lessee and paid for by Lessee are and shall be vested in Lessee until the expiration or earlier termination of this Lease. County and Lessee agree for themselves and all persons claiming under County and Lessee that the Improvements are real property.

3.4.2 Ownership of Improvements Upon the Expiration or Earlier Termination of Lease. Unless County requires Lessee to restore the Premises pursuant to Section 3.4.3 of this Lease, all Improvements on the Premises upon the expiration or earlier termination of this Lease shall, without payment to Lessee, become County's property free and clear of all claims to or against them by Lessee and free and clear of all leasehold mortgages and any other taxes, liens and claims arising from Lessee's use and occupancy of the Premises as of the date of expiration

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or earlier termination of this Lease. Lessee shall, upon the expiration or earlier termination of this Lease, deliver the Premises to County in good order, condition and state of repair, ordinary wear and tear excepted, subject to Lessee's completion of the Assessment Repairs (defined in Section 3.4.3) and any other repairs and replacements that are the obligation of Lessee under this Lease. If Lessee does not remove any Fixtures (defined in Section 10.7) following direction by the County, County may remove, sell or destroy the Fixtures and upon receipt of an invoice, Lessee shall pay to County the reasonable cost of the removal, sale or destruction, together with the reasonable cost of repair of damages to County's property or Improvements or to the Premises resulting from the removal, sale or destruction of the Fixtures.

3.4.3 Restoration of Premises. County may accept the Improvements pursuant to Section 3.4.2 of this Lease or require Lessee, at Lessee's sole expense, to restore the Premises prior to the expiration of the Term by demolishing the Improvements, leveling the site, removing any underground obstructions, and compacting filled excavations to ninety percent (90.0%) compaction ("Restoration"). Lessee, at Lessee's sole expense, shall provide County with a report prepared by a qualified independent consultant assessing the condition of the Improvements within four (4) years of the expiration of the Term ("Improvements Assessment"). The following shall be included in the Improvements Assessment: 1) an evaluation of the building structure, all building components and all systems serving the Improvements, 2) the estimated cost of any identified repairs or replacements to the Improvements to deliver the Improvements to County in good order, condition and state of repair, ordinary wear and tear excepted ("Assessment Repairs"), and 3) the estimated cost to complete a Restoration ("Restoration Costs"). County shall approve or disapprove the Assessment Repairs and Restoration Costs within ninety (90) days after submittal of the Improvements Assessment, which approval shall not be unreasonably withheld. Any disapproval shall be given to Lessee in writing with the reasons for disapproval and changes that would be sufficient to obtain approval. If County disapproves the Assessment Repairs or Restoration Costs, Lessee shall resubmit for County approval the Assessment Repairs or Restoration Costs within sixty (60) days of County's disapproval. If Lessee fails to resubmit Assessment Repairs or Restoration Costs satisfactory to County within sixty (60) days of County's disapproval, the County's Lease Administrator shall decide any dispute concerning the Assessment Repairs or Restoration Costs and Lessee shall be bound by the decision.

If County elects to require Lessee to complete the Restoration of the Premises, County shall provide Lessee written notice within three (3) years of the expiration of the Term ("County Restoration Notice"). Lessee shall complete the Restoration within _____ (___) days of the expiration of the Term. [OR: prior to the expiration of the Term.] Upon receipt of the County Restoration Notice, Lessee shall establish an account secured by a letter of credit in favor of County, containing sufficient funds ("Restoration Fund") to cover the Restoration Costs of the Restoration of the Premises. The letter of credit for the Restoration Fund shall be drawn upon _____ Bank, [City], [State], or another bank as County may

approve, for the as security for Lessee's faithful performance and completion of the Restoration. The Restoration Fund shall be maintained for the duration of the Term and expended solely for the Restoration. The Restoration Fund shall also be explicitly available to the County for any Restoration work not completed by Lessee. The amount by which the Restoration Fund, if any, exceeds the actual cost of the Restoration shall be delivered to Lessee in accordance with applicable law after completion of the Restoration. If the actual cost of the Restoration exceeds the Restoration Fund, Lessee shall be responsible for payment of any amounts in excess of the Restoration Fund.

If County elects to accept the Improvements pursuant to Section 3.4.2 of this Lease, County shall provide written notification to Lessee within three (3) years of the of the expiration of the Term. Lessee shall complete the Assessment Repairs to County's satisfaction, at Lessee's sole cost, prior to the expiration of the Term.

3.4.4 Surrender of the Premises. Lessee shall surrender possession of the Premises and Improvements (if any), to County upon expiration or earlier termination of this Lease. Upon the expiration or earlier termination of this Lease for any reason, including but not limited to termination because of default by Lessee, Lessee shall execute, acknowledge and deliver to County, within thirty (30) days following receipt of written demand, a good and sufficient deed where Lessee quitclaims all right, title and interest in the Premises and Improvements to County. If Lessee fails or refuses to deliver the quitclaim deed to County, County may prepare and record a notice reciting the failure of Lessee to record a quitclaim deed, and the notice shall be deemed conclusive evidence of the termination of this Lease and of all right of Lessee or those claiming under Lessee to the Premises and Improvements.

3.4.5 County Possession of Premises. If the manner or method employed by County to re-enter or take possession of the Premises pursuant to the provisions of this Lease gives Lessee a cause of action for damages or in forcible entry and detainer, the total amount of damages to which Lessee shall be entitled in any action shall be one dollar ($1.00). This provision may be filed in any action brought by Lessee against County, and when filed shall constitute a stipulation by Lessee fixing the total damages to which Lessee is entitled in an action.

ARTICLE 4
RENT

4.1 Rent. Subject to the rent adjustment provisions in Section 4.2 and Section 4.3 of this Lease, Lessee shall pay as rent for the use and occupancy of the Premises the Pre-Construction Period Rent (defined in Section 4.1.1), the Construction Period Rent (defined in Section 4.1.2) and the Rent (defined in Section 4.1.3).

4.1.1 Pre-Construction Period Rent. Lessee shall pay to County a non-refundable lump-sum payment of _____ dollars ($_____) for the Pre-Construction Period ("Pre-Construction Period Rent"). Pre-Construction Period Rent is payable upon the Commencement Date. If the Pre-Construction Period is extended as provided by Section 3.1 a. of this Lease, Lessee shall pay County additional Pre-Construction Period Rent of _____ dollars ($_____) for each extension period. The additional Pre-Construction Period Rent shall be paid in conjunction with Lessee's request to extend the Pre-Construction Period.

4.1.2 Construction Period Rent. Beginning on the Construction Period Commencement Date, and continuing throughout the Construction Period, Lessee shall pay to County the sum of _____ dollars ($_____) per month ("Construction Period Rent"). Lessee shall pay Construction Period Rent in arrears, on or before the first day of each calendar month during the Construction Period, without setoff, deduction, prior notice or demand. If the Construction Period Commencement Date is a day other than the first day of a calendar month, the Construction Period Rent for the partial month at the beginning of the Construction Period shall be prorated on a daily basis for the period from the Construction Period Commencement Date to the end of the partial calendar month and be paid in conjunction with the Construction Period Rent for the first full calendar month of the Construction Period. If the expiration date of the Construction Period is a day other than the ending day of a calendar month, the Construction Period Rent for the partial month at the end of the Construction Period shall be prorated on a daily basis for the period from the beginning of the partial calendar month to the expiration of the Construction Period and be paid in conjunction with the first payment of Rent (defined in Section 4.1.3). If the Construction Period is extended as provided by Section 3.1 b. of this Lease, Lessee shall pay County additional Construction Period Rent of _____ dollars ($_____) for each month of the extension period.

4.1.3 Operations Period Rent. Beginning on the Operations Period Commencement Date, Lessee shall pay to County monthly rent of _____ dollars ($_____) per month ("Rent"). Rent shall be subject to periodic adjustment and redetermination pursuant to Section 4.2 and 4.3 of this Lease. Lessee shall pay Rent in advance, on or before the first day of each calendar month, without setoff, deduction, prior notice or demand. If the Operations Period Commencement Date is a day other than the first day of a calendar month, the Rent for the partial month at the beginning of the Operations Period shall be prorated on a daily basis for the period from the Operations Period Commencement Date to the end of the partial calendar month and be paid in conjunction with the Rent for the first full calendar month of the Operations Period.

[NOTE: Rent adjustments are effective throughout the term. Add 10-year increments as necessary to Section 4.2]

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4.2 Rent Adjustments. Beginning on the first day of the sixth (6th), sixteenth (16th), twenty-sixth (26th), thirty-sixth (36th), forty-sixth (46th), _____ (____) and _____ (____) Lease Year ("Rent Adjustment Date"), the monthly Rent for the ensuing five (5) years of the Term or any partial period of less than five (5) years immediately prior to the expiration of the Term, shall be adjusted to reflect any increase in the Consumer Price Index for the previous five (5) years, but in no event to an amount less than the then current Rent ("Periodic Rent Adjustment" or "Periodic Rent Adjustments"). The base for computing the Periodic Rent Adjustment shall be the CPI for All Urban Consumers (1982-84=100) for the Los Angeles-Riverside-Orange County Area CPI-U, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Periodic Rent Adjustments shall be calculated by the use of the following formula:

R = A x (B/C)

Where,

R equals the Periodic Rent Adjustment;

A equals the Rent from the month prior to the current Rent Adjustment Date ;

B equals the average monthly value of the CPI during the first full calendar quarter immediately preceding the month prior to the current Rent Adjustment Date; and

C For the first Periodic Rent Adjustment, C equals the average monthly value of the CPI during the first full calendar quarter immediately preceding the Commencement Date. For subsequent Periodic Rent Adjustments, C equals the average monthly value of the CPI during the first full calendar quarter immediately preceding the prior Rent Adjustment Date.

If the CPI used for the Periodic Rent Adjustment is discontinued or revised during the Term, then County and Lessee shall agree upon a substitute index or computation for purposes of computing the Periodic Rent Adjustment. If County and Lessor cannot agree on a substitute index, the substitute index or computation shall be determined by arbitration pursuant to the provisions of the State of California Code of Civil Procedure.

[NOTE: Rent redeterminations are effective throughout the term. Add 10-year increments as necessary to Section 4.3]

4.3 Rent Redetermination. Beginning on the first day of the eleventh (11th), twenty-first (21st), thirty-first (31st), forty-first (41st), _____ (____), and _____ (____) Lease Year ("Redetermined Rent Adjustment Date"), the monthly Rent for the ensuing five (5)

years or any partial period of less than five (5) years immediately prior to the expiration of the Term, shall be adjusted to be the greater of (1) the monthly Rent then in effect (which, if the greater amount, shall be adjusted in accordance with the procedures described in Section 4.2) or (2) market rent ("Redetermined Rent"), determined as follows:

(a) The Redetermined Rent shall be established by applying a capitalization rate of _____ percent (____%) of the market value ("Market Value") of the Premises as of the Redetermined Rent Adjustment Date, calculated as follows.

RR = (0.____ x MV) / 12

Where,

RR = The Redetermined Rent for each Redetermined Rent Adjustment Date [per month]

MV = The Market Value as established by appraisal as of each Redetermined Rent Adjustment Date

For example, if the Market Value of the Premises is twelve million dollars ($12,000,000) and the capitalization rate is ten percent (10.0%), the Redetermined Rent is calculated as follows:

$100,000 = (0.10 x $12,000,000) / 12

$100,000 = $1,200,000 / 12

If the Redetermined Rent is less than the Rent in effect prior to the Redetermined Rent Adjustment Date, the Rent in effect prior to the Redetermined Rent Adjustment Date shall be adjusted upward using the Periodic Rent Adjustment formula described in Section 4.2 of this Lease and shall be the monthly Rent for the five (5) Lease Years following each Redetermined Rent Adjustment Date and is then used as the "A" component in the formula for the subsequent Periodic Rent Adjustment described in Section 4.2 of this Lease. If the Redetermined Rent is greater than the Rent in effect prior to the Redetermined Rent Adjustment Date, the Redetermined Rent shall be the monthly Rent for the five (5) Lease Years following each Redetermined Rent Adjustment Date and is then used as the "A" component in the formula for the subsequent Periodic Rent Adjustment described in Section 4.2 of this Lease.

(b) In establishing the Market Value of the Premises, the appraiser shall consider the Premises as a fee simple absolute estate and as vacant (without the Improvements) and available for lease or sale for the authorized purposes of this Lease as of the Redetermined

Rent Adjustment Date for each rental period under review.

(c) If the appraisal is not completed in time to permit the adjustment to be made upon the Redetermined Rent Adjustment Date, Lessee shall continue to pay Rent in accordance with the then-existing rental rates, and the Redetermined Rent, if greater than the Rent then in effect, when determined, will be retroactive to the effective date of the Redetermined Rent Adjustment Date. Lessee shall pay any deficiency to County within thirty (30) days after establishing the Redetermined Rent.

(d) The Market Value of the Premises shall be determined by an appraisal conducted by a professional independent real estate appraiser selected by mutual consent of County and Lessee from a list of appraisers approved by County.

(e) If County and Lessee cannot reach agreement upon selection of a mutually acceptable appraiser prior to three hundred sixty-five (365) days before a Redetermined Rent Adjustment Date, then County and Lessee each shall select, by written notice to the other party delivered within three hundred thirty-five (335) days of a Redetermined Rent Adjustment Date, a real estate appraiser ("Selected Appraiser") with at least five (5) years full-time commercial appraisal experience in the area in which the Premises are located to appraise and determine the Redetermined Rent for the Premises. If County or Lessee fails to select an appraiser within three hundred thirty-five (335) days of a Redetermined Rent Adjustment Date, the Selected Appraiser identified by the party that did not fail to provide the name of the Selected Appraiser shall set the Redetermined Rent.

(f) If County and Lessee each timely notify the other party of its Selected Appraiser, (collectively, the "Designated Appraisers"), the Designated Appraisers shall promptly meet in an attempt to determine the Market Value. If the Designated Appraisers are unable to agree upon the Market Value within three hundred five (305) days prior to a Redetermined Rent Adjustment Date, the Designated Appraisers shall appoint a third appraiser ("Third Appraiser") with at least five (5) years full-time commercial appraisal experience in the area in which the Premises are located. The Third Appraiser shall be appointed within two hundred eighty-five (285) days of a Redetermined Rent Adjustment Date. If the Designated Appraisers fail to mutually select a Third Appraiser, then the Third Appraiser will be promptly determined in accordance with the rules of the American Arbitration Association. County and Lessee shall each pay the fee of its Designated Appraiser and one half (1/2) the fee of the Third Appraiser. Within sixty (60) days after the selection of the Third Appraiser, a majority comprised of the each Designated Appraiser and the Third Appraiser shall set the Market Value. If a majority of the appraisers are unable to agree, then the average of the three (3) appraisals shall be the Market Value; provided, however, if the low appraisal is more than ten percent (10.0%) lower and/or if the high appraisal is more than ten percent (10.0%) higher than the middle appraisal, then the low appraisal and/or high appraisal shall be disregarded in averaging the appraisals. If any of the

appraisers fail to appraise and determine the Market Value for the Premises within the timeframes set forth in this Lease, then the Market Value shall be set based on the average of the appraisal(s) that were completed pursuant to this section.

(g) If County and Lessee cannot arrive at the Market Value through use of the foregoing procedure, the appraisal question may be submitted to arbitration by County or Lessee giving notice to the other party. The judgment in any arbitration may be entered in any court having jurisdiction and shall be final and binding between County and Lessee. The arbitration shall be conducted in accordance with State of California Code of Civil Procedure § 1280, et seq. The arbitrator's fee shall be split by County and Lessee.

(h) The County's Lease Administrator, in its sole discretion, may determine that no market value adjustment is necessary and waive the requirement for the appraisal process for any specific Redetermined Rent Adjustment Date. If waived, the Rent for the ensuing five (5) years of the Term or any partial period of less than five (5) years immediately prior to the expiration of the Term, shall be determined using the Periodic Rent Adjustment procedure described in Section 4.2 of this Lease.

4.5 Additional Rent. Lessee shall pay, as additional rent ("Additional Rent"), all sums of money required to be paid pursuant to the terms of this Lease that are not payable as Contract Rent. If amounts or charges that qualify as Additional Rent are not paid at the time provided in this Lease, the amounts or charges shall be payable as Additional Rent with the subsequent installment of Rent due. Nothing in this section shall be deemed to suspend or delay the payment of any Additional Rent at the time it becomes due and payable under this Lease or to limit any other remedy of County. All amounts of Rent and Additional Rent payable in a given month shall be deemed to comprise a single rent obligation of Lessee to County.

4.6 Address for Rent Payments. All Contract Rent and Additional Rent due under this Lease shall be made payable to the County of San Diego, and shall be considered paid when delivered to:

County of San Diego
Department of General Services - Fiscal Section
5560 Overland Avenue
Suite 410
San Diego, California 92123-1294

County may, at any time, by written notice to Lessee, designate a different address for the Contract Rent payments. County may, but is not obligated to, send monthly Construction Period Rent or Rent invoices to Lessee. Lessee assumes all risk of loss and responsibility for payment of late charges if Contract Rent or Additional Rent payments are made by mail.

4.7 Failure to Pay Contract Rent; Late Charge.

a. If Lessee fails to pay Contract Rent or Additional Rent at the time it is due and payable, any unpaid amounts shall bear interest at the rate of ten percent (10.0%) per year from the date due, to the date of payment, calculated on the basis of monthly compounding with actual days elapsed compared to a 360-day year. In addition to the interest, the late payment by Lessee of any Contract Rent or Additional Rent will cause County to incur costs and expenses not contemplated under this Lease, the exact amount of which is extremely difficult or impracticable to fix. These costs and expenses include, without limitation, administrative and collection costs, and processing and accounting expenses. If any Contract Rent, or Additional Rent that is payable in conjunction with a regular installment of Rent, is not received by County before the sixth day of each calendar month in which it is due during the Term, on the sixth (6th) day of the calendar month a late charge equal to five percent (5.0%) of the overdue amount will be assessed and become immediately due. If any Additional Rent that is not payable in conjunction with a regular installment of Rent due is not received within six (6) days of the due date, a late charge equal to five percent (5.0%) of the overdue amount will be assessed and become immediately due. The late charge represents a reasonable estimate of the costs and expenses and is fair compensation to County for its loss caused by Lessee's nonpayment. If Lessee pays the late charge but fails to pay all unpaid amounts of Construction Period Rent, Rent or Additional Rent due under this Lease, County's acceptance of the late charge shall not constitute a waiver of Lessee's default with respect to the nonpayment by Lessee nor prevent County from exercising all other rights and remedies available to County under this Lease or under law.

b. If a dispute arises between County and Lessee as to the correct amount of Contract Rent or Additional Rent owed by Lessee, County may accept any sum tendered by Lessee as payment, without prejudice to County's claim as to the proper amount of Contract Rent or Additional Rent owed. If it is subsequently determined that Lessee has not paid the full amount of Contract Rent or Additional Rent, the late charge specified in this Lease shall apply only to that portion of the rent still due and payable from Lessee. Notwithstanding any provision of this Lease to the contrary, County's Lease Administrator may in its sole discretion waive any interest or late charge upon written application of Lessee.

4.8 Nonsufficient Funds Fee. If Lessee pays Contract Rent or Additional Rent by check and the check is returned to County because of nonsufficient funds ("NSF"), Lessee shall pay County a service charge ("NSF Fee") of twenty-five dollars ($25.00) for the first NSF occurrence and thirty-five dollars ($35.00) for any subsequent NSF occurrence during the Term. The NSF Fee is in addition to any late charges due under this Lease. If more than one (1) NSF occurrence takes place during the Term, County may serve written notice to Lessee that the next rental payments, for a period of up to three (3) months, shall be paid in cash. In addition, County

may serve, in accordance with State of California Civil Code Section 827, a thirty (30) day written notice that all future payments must be in the form of electronic funds transfer, cashier's check, or money order.

4.9 Order of Payment. Payments received from Lessee shall be applied first to NSF Fees, then any late charges or Additional Rent, then the oldest outstanding balance of Contract Rent.

ARTICLE 5
SECURITY DEPOSIT

Lessee shall pay to County the amount of _____ dollars ($_____) as security for Lessee's performance of this Lease ("Security Deposit"). County shall not be required to keep the Security Deposit separate from its general funds, and Lessee shall not be entitled to interest on the Security Deposit. County may apply all or a part of the Security Deposit to any unpaid Contract Rent or any Additional Rent due from Lessee, or to cure any other defaults of Lessee under this Lease, including repair and cleaning of the Premises upon the expiration or early termination of the Term of this Lease. If any portion of the Security Deposit is expended, Lessee shall, within ten (10) days after County's demand, deposit an amount of cash sufficient to restore the Security Deposit to its original amount. County may, in its sole discretion upon _____ (___) days prior written notice to Lessee, require Lessee to increase the Security Deposit as needed to cause it to be equal to _____ percent (____%) of the then current replacement cost of the Required Improvements. If bankruptcy or other debtor-creditor proceedings against Lessee occurs, the Security Deposit shall be applied first to the payment of monthly Contract Rent and any Additional Rent due County for the periods prior to the filing of the bankruptcy or other debtor-creditor proceedings. The Security Deposit will not be a limitation on County's damages or other rights under this Lease, or a payment of liquidated damages, or an advance payment of the Monthly Rent. If Lessee pays the monthly Contract Rent and performs all of its other obligations under this Lease, County will return the unused portion of the Security Deposit to Lessee after the expiration or earlier termination of the Term of this Lease in accordance with law applicable at the time of the expiration or earlier termination of this Lease.

In lieu of depositing cash pursuant to this article, or after depositing cash, in substitution for the cash deposit, Lessee may deliver to County an unconditional and irrevocable letter of credit in favor of County, in form reasonably satisfactory to County, drawn upon _____ Bank, [City], [State], or another bank as County may approve, for the principal sum of _____ ($_____) as security for the faithful performance and observance by Lessee of the terms, provisions, and conditions of this Lease. So long as Lessee is not in default under any of the terms, provisions, and conditions of

this Lease upon the expiration or earlier termination of the Term, County will return the letter of credit to Lessee, subject to applicable Laws (defined in Section 6.3) in effect at the time of the expiration or earlier termination of this Lease, and it may be cancelled or permitted to expire. If the term of any letter of credit held by County expires prior to the expiration date of the Term, and it is not extended or a new letter of credit for an extended period of time is not substituted within ten (10) days prior to the expiration date of the letter of credit, then County may make demand for the principal amount of the letter of credit and hold the funds in accordance with this article until the expiration or earlier termination of this Lease. If Lessee is in default of the terms of this Lease, County may make demand for the principal amount of the letter of credit, and hold the funds for the balance of the Term and apply the funds in accordance with this article.

ARTICLE 6
POSSESSION AND USE

6.1 Permitted Uses. Lessee shall use the Premises for the sole purpose of the entitlement, development, construction, operation, maintenance and repair of the Improvements for residential and/or commercial use as permitted under this Lease and for no other use, unless previously approved in writing at the sole discretion of County ("Permitted Use"). No one other than Lessee, its agents, volunteers and employees, or any sublessee of Lessee approved by County as provided in ARTICLE 15 ASSIGNMENT, SUBLETTING AND ENCUMBRANCES, is permitted to use the Premises for the purposes described in this Lease, and Lessee shall be fully responsible for the activities of its agents, volunteers, employees, guests, invitees and sublessees, if any, on the Premises.

6.2 Duties and Prohibited Conduct. If Lessee is reasonably in doubt as to the propriety of any particular use of the Premises, Lessee may request the written determination regarding the use from the County's Lease Administrator, and Lessee will not be in breach or default under this Lease if Lessee abides by the determination. Lessee shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance. Lessee shall not use, or permit any person or persons to use, the Premises for the sale or display of any goods and/or services that, in the sole discretion of County, are inconsistent with the permitted uses of the Premises pursuant to this Lease. Lessee shall keep the Premises in a decent, safe and sanitary condition, free from any objectionable noises or odors, except as may be typically present for the permitted uses specified in this Lease.

6.3 Compliance with Laws.

a. Lessee, at Lessee's sole expense, shall procure, maintain and hold available for County's inspection any governmental license or permit required for the proper and lawful conduct of Lessee's business. Lessee shall, at Lessee's sole expense, shall at all times

during the Term promptly comply with all applicable federal, State and local laws, rules, regulations, orders, covenants and restrictions of record, and requirements regulating the use by Lessee of the Premises ("Laws"), whether or not the Laws were in effect at the time this Lease was executed. The final judgment of any court of competent jurisdiction, or the admission of Lessee or any sublessee or permittee, in any action or proceeding against Lessee or any sublessee or permittee, whether or not the County is a party to the action or proceeding, that Lessee, or any such sublessee or permittee, has violated any law, statute, ordinance, rule, regulation, orders, covenant, restriction or requirement pertaining to the use of the Premises, shall be conclusive as to that fact as between County and Lessee.

b. Notwithstanding any other provision of this Lease to the contrary, Lessee shall be responsible for payment of all costs of complying with the requirements of the Americans with Disabilities Act of 1990 ("ADA") (42 USCS Sections 12101-12213), Title 24 of the California Code of Regulations ("Title 24") and State of California Civil Code Section 54.1 as they may apply to the Premises. Lessee's obligations under this Lease shall include, without limitation, all costs of bringing the Premises into compliance, and thereafter maintaining compliance with the requirements of Title III of the ADA ("Title III") (42 USCS Sections12181 - 12189) applicable during the Term to public accommodations and commercial facilities, regardless of whether or not the particular requirements of compliance (i) are specifically required by the Permitted Use of the Premises, or (ii) may also be required of County under Title II of the ADA ("Title II") (42 USCS Sections12131 - 12165).

c. Lessee's duty to comply with Laws shall include compliance with any and all zoning and land use regulations applicable to the Premises and Lessee's intended use of the Premises ("Land Use Regulations"). County's execution of this Lease shall in no way be deemed to constitute a determination by County that Lessee's intended use of the Premises complies with applicable Land Use Regulations, nor shall it imply any conclusion by County regarding Land Use Regulations, even if County is the agency that enacts or implements the Land Use Regulations applicable to the Premises.

6.4 Substance Abuse. Lessee and its employees and agents shall not use or knowingly allow the use of the Premises for the purpose of unlawfully driving a motor vehicle or aircraft under the influence of an alcoholic beverage or any drug, or for the purpose of unlawfully selling, serving, using, storing, transporting keeping, manufacturing or giving away alcoholic beverages or any "controlled substance", precursor or analog specified in Division 10 of the State of California Health and Safety Code, and violation of this prohibition shall be grounds for immediate termination of this Lease.

6.5 Control of Premises. Failure of Lessee to exercise control of the use of Premises to conform to the provisions of this Lease shall constitute a material breach of this Lease and are grounds for termination of this Lease.

6.6 Compliance With Stormwater Laws. Lessee's use of the Premises is subject to all federal, state and local laws, regulations, orders, policies and guidelines ("Stormwater Laws") regarding the discharge of pollutants into the stormwater conveyance system. Lessee's compliance with Stormwater Laws may require Lessee to develop, install, implement and maintain pollution prevention measures, source control measures and Best Management Practices ("BMPs"). BMPs can include operational practices, water or pollutant management practices, physical site features, or devices to remove pollutants from stormwater to affect the flow of stormwater or to infiltrate stormwater to the ground. BMPs applicable to Lessee's use of the Premises may include a requirement that all materials, wastes or equipment with the potential to pollute urban runoff be stored in a manner that either prevents contact with rainfall and stormwater, or contains contaminated runoff for treatment and disposal. Lessee is required to, and shall use, operate, maintain, develop, redevelop and retrofit the Premises, as necessary, in accordance with Stormwater Laws restricting the discharge of non-stormwater at or from the Premises and Stormwater Laws requiring pollution prevention measures, source control measures, or the installation or use of BMPs. Lessee shall develop, install, implement and/or maintain at Lessee's sole cost and expense, any BMPs or similar pollution control devices required by Stormwater Laws and any implementing regulations or guidance. Lessee understands and acknowledges that the Stormwater Laws applicable to Lessee's use of the Premises may be changed from time to time by federal, state and/or local authorities, and that additional requirements may become applicable based on changes in Lessee's activities or development or redevelopment by Lessee or County. Lessee shall conduct annual stormwater training and perform regular stormwater self-inspections, maintain records of all stormwater training and self-inspections, and provide all necessary documentation to County upon request. Lessee shall promptly supply County with copies of notices of violations, notices of non-compliance, or other similar type notices received from regulatory agencies regarding any issues or conditions at the Premises related to stormwater and non-stormwater management practices, any discharge in stormwater or non-stormwater from the Premises, or any prohibited discharge of non-stormwater from the Premises. Lessee shall also provide the County with copies of the final reports Lessee submits to any regulatory agency regarding investigation and/or remediation of stormwater or non-stormwater pollution related issues at the Premises and/or prohibited discharges of non-stormwater from the Premises. Lessee shall develop, install, implement, and maintain any requested BMPs, corrective actions, and/or other pollution control practices at the Premises at Lessee's sole cost and expense. To the extent there is a conflict between any federal, State or local law, Lessee shall comply with the more restrictive provision. If County receives any fine or fines from any regulatory agency as a result of Lessee's failure to comply with Stormwater Laws, Lessee shall reimburse County for the entire amount of the fine(s).

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ARTICLE 7
UTILITIES

7.1 Utilities. Lessee shall provide and pay for all initial utility deposits and fees, and for all utilities and services necessary for its use and occupancy of the Premises during the Term, including but not limited to gas, water, electricity, trash, sewer/septic tank charges and telephone. County shall have no responsibility to either provide or pay for any utilities or services. If any services are not separately metered or billed to Lessee but rather are billed to and paid by County, Lessee will pay to County its prorated share of the cost of the services, as determined by County, together with its prorated share of the cost of making the determination. County shall not be liable for any reason for any loss or damage resulting from an interruption of any of utilities or services. County shall have the right, at no charge from Lessee, to connect to any existing water, sewer, electrical, gas and communications lines or any water, sewer, electrical, gas and communications lines installed on the Premises during the Term, and shall have all necessary rights of access to construct and service any connections. Lessee shall have no obligation to pay any additional service fees or charges assessed by any governmental agency, or public or private utility company, for County's use of any connections to water, sewer, electrical, gas and communications lines.

7.2 Energy Conservation by Lessee. Lessee shall be responsible for using energy conservation measures in the operation of all activities on the Premises. Lessee shall cooperate with County in all forms of energy conservation including energy-efficient lighting, heating and air-conditioning systems, and fixtures and equipment. Lessee shall comply with all existing and newly-enacted laws, regulations, policies or guidelines relating to the conservation of energy. Lessee shall comply with all reasonable requests and demands of County pertaining to the installation and maintenance of energy conservation systems, fixtures, and equipment.

7.3 Water Conservation by Lessee. Lessee shall be responsible for using water conservation measures in the operation of all activities on the Premises. Lessee shall cooperate with County, and any local water district or public agency having jurisdiction over the Premises, in all practical and reasonable forms of water conservation including drought-resistant landscaping, automatic flow-control irrigation systems, and low-flow plumbing fixtures and equipment as delineated in County Board of Supervisors Policy A-106 "Water Supply, Conservation, and Reclamation". Lessee shall comply with all existing and newly-enacted laws, regulations, policies or guidelines relating to the conservation of water and any mandated emergency water conservation orders from the County and any local water district or public agency having jurisdiction over the Premises.

7.4 Recycling and Waste Reduction Lessee shall comply with County recycling and waste reduction policies, procedures and programs as they apply to Lessee's use of the Premises. Lessee shall conduct its operations on the Premises in accordance with all applicable federal,

state and local laws, statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, requirements and guidelines pertaining to recycling and waste reduction.

ARTICLE 8
MECHANICS' LIENS

8.1 Mechanics' Liens. Lessee shall pay, or cause to be paid, all costs for work done by it, or caused to be done by it, on the Premises, and for all materials furnished for or in connection with any work on the Premises. If any lien is filed against the Premises, Lessee shall cause the lien to be discharged of record within ten (10) business days after it is filed. Lessee shall indemnify, defend and hold County harmless from any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished for Lessee or persons claiming under Lessee.

8.2 Contest of Lien. If Lessee contests any lien filed against the Premises, it shall furnish County, within the ten (10) day period following filing of the lien, security reasonably satisfactory to County of at least one hundred fifty percent (150.0%) of the amount of the lien, plus estimated costs and interest ("Lien Security Amount"), or a bond of a responsible corporate surety equal to the Lien Security Amount, conditioned on the discharge of the lien. If a final judgment establishing the validity or existence of a lien for any amount is entered, Lessee shall immediately pay and satisfy the judgment.

8.3 Right to Cure. If Lessee is in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and has not given County security equal to the Lien Security Amount to protect the property and County from liability for the claim of lien, County may, but shall not be required to, pay the claim. Any related costs, and the claim amount paid, together with reasonable attorneys' fees incurred in connection with paying the claim ("Lien Costs") shall be immediately due and payable from Lessee to County as Additional Rent, and Lessee shall pay the Lien Costs to County with interest at the rate specified in Section 16.8 Interest, of this Lease calculated from the date(s) of County's payment of the Lien Costs to Lessee's payment of the Lien Costs to County.

8.4 Notice of Lien. If any claim of lien is filed against the Premises or any action against the Premises or any action affecting the title to the property of which the Premises is a part is commenced, the party receiving notice of the lien or action shall immediately give the other party written notice of the lien or action.

8.5 Notice of Nonresponsibility. County or its representatives shall have the right to enter and inspect the Premises at all reasonable times and shall have the right to post and keep

posted on the Premises notices of nonresponsibility or other notices which County may deem to be proper for the protection of County's interest in the Premises. Lessee shall, before the commencement of any work which might result in any lien, give to County written notice of its intention to commence the work with a sufficient amount of time to enable County to post notices of nonresponsibility.

ARTICLE 9
SECURITY

Lessee, at its sole expense, shall be responsible for and shall provide for the security of the Premises. Lessee shall submit proposed security measures for its use of the Access Area for County's review and approval, which approval may be conditioned or withheld at the sole discretion of County. Any security measures implemented by Lessee in the Access Area shall be at Lessee's sole expense.

ARTICLE 10
IMPROVEMENTS; PERSONAL PROPERTY; FIXTURES

10.1 Improvements. As partial consideration and security for the granting of this Lease by County, Lessee shall prior to the expiration of the Construction Period complete the qualifying capital improvements ("Required Improvements") as set forth in EXHIBIT "F" WORK LETTER AGREEMENT on the Premises. The Required Improvements shall consist of capital improvements constructed in accordance with the requirements of this Lease, which shall have an actual aggregate cost of no less than _____ ($_____). In addition, Lessee may, at Lessee's sole expense and in compliance with all laws and with the other requirements of this Lease, from time to time during the Term make permanent alterations, nonstructural alterations, replacements, additions, changes, and/or improvements ("Optional Improvements") to the Premises as Lessee may find necessary or convenient for its purposes. Unless used singularly, references in this Lease to "Improvements" shall mean the Required Improvements and Optional Improvements. The value of the Premises shall not be diminished as a result of any Improvements performed by Lessee.

10.2 Construction Requirements. All Optional Improvements made to the Premises shall be made under the supervision of a competent architect or licensed structural engineer and made in conformity with plans and specifications approved in writing by County prior to the commencement of the work. Lessee shall provide a minimum of three (3) sets of working drawings or plans showing the proposed Optional Improvements, for County's approval, prior to commencing work. All work with respect to any Optional Improvements must be performed in a good and workmanlike manner, commenced within ninety (90) days following County's

approval, and be diligently completed to ensure that the Premises shall at all times be a complete unit except during the period of work. Upon completion of the work, Lessee shall record a Notice of Completion in the office of the San Diego County Recorder, as required or permitted by law, and Lessee shall deliver to County, within ten (10) days after completion of the work, a copy of the Notice of Occupancy and the building permit for the work. Lessee shall construct all Optional Improvements in accordance with all applicable laws and regulations. Lessee shall perform the work for any Optional Improvements in a manner that does not obstruct access to any County-owned property adjoining the Premises.

10.3 Construction Plans. Within sixty (60) days following completion of any Optional Improvements on the Premises, Lessee shall furnish County with one (1) complete set of reproducible plans and two (2) sets of prints of "As-Built" plans and a magnetic tape, disk or other storage device containing the "As-Built" plans in a form usable by County, to County's satisfaction, on County's computer aided mapping and design ("CAD") equipment. CAD files are also to be converted to Acrobat Reader (*.pdf format), which shall be included on the disk, CD ROM or external storage device. Lessee shall furnish County with the final construction costs for the construction of the Optional Improvements.

10.4 County's Costs. Upon receipt of an invoice, Lessee shall reimburse County for all reasonable costs and expenses (including, without limitation, any architect and/or engineering fees) incurred by County in approving or disapproving Lessee's plans for Optional Improvements.

10.5 Performance Bond for Optional Improvements. Prior to the commencement of construction of any Optional Improvements, County, at County's sole discretion, may require Lessee or the contractor for the Optional Improvements to obtain payment and performance bonds ("Optional Improvements Bonds") covering the faithful performance of the contract for the construction of the Optional Improvements and the payment of all obligations arising under the contract for the work comprising the Optional Improvements. The Optional Improvements Bonds shall be on forms approved by County and shall be issued by a surety satisfactory to County. The surety shall have a current A.M. Best rating of A-5, or better, and shall be currently licensed to transact its insurance business in the State of California. The Optional Improvements Bonds shall (i) name County as a primary co-obligee, (ii) name the contractor for the Optional Improvements as principal, and (iii) assure full and satisfactory completion of the Optional Improvements. The Optional Improvements Bonds shall also guarantee that (i) all materials and workmanship supplied and/or installed as part of the Optional Improvements shall be free from original or developed defects, and (ii) any original or developed defects or failures which appear in the Optional Improvements within one (1) year after installation shall be repaired and/or replaced with all due diligence, at no cost to Lessee or County. The Optional Improvements Bonds shall be maintained in full force and effect by Lessee during the construction and installation of the Optional Improvements and for a period of one (1) year after completion of the

Optional Improvements. Lessee shall ensure that the surety company familiarizes itself with all of the terms and conditions of this Lease and shall require the surety company to waive (i) notification of any modifications or alterations of the Optional Improvements, and (ii) its rights under the provisions of State of California Civil Code Section 2819. The cost of the Optional Improvements Bonds shall be paid by Lessee.

10.6 Personal Property. Subject to the provisions of Section 10.7 of this Lease, all of Lessee's trade fixtures, furniture, furnishings, signs and other personal property (collectively, "Personal Property") not permanently affixed to the Premises or Improvements shall remain the property of Lessee. Lessee shall, at its sole expense, immediately repair any damage caused to the Premises or Improvements by reason of the removal of any Personal Property.

10.7 Fixtures and Improvements. Subject to Section 3.4.3 of this Lease, all Improvements constructed by Lessee, together with all other fixtures, excepting Lessee's trade fixtures (collectively, "Fixtures"), permanently attached to the Premises or Improvements shall become the property of County upon expiration or earlier termination of this Lease. County may require Lessee to remove any Fixtures at Lessee's sole expense upon the expiration or earlier termination of this Lease. Any damage to the Premises or Improvements caused by removing Fixtures shall be repaired by Lessee in a good and workmanlike manner.

ARTICLE 11
TAXES, ASSESSMENTS AND FEES

11.1 Responsibility for Payment of Taxes and Assessments. County shall not pay any taxes or assessments accruing against Lessee on the Premises or any interest of Lessee in the Premises before, during or after the Term. All tax payments and assessments shall be the sole responsibility of Lessee. Lessee shall be solely responsible for payment of any taxes or assessments levied upon any Improvements, Fixtures or Personal Property located on the Premises, to the extent that the taxes or assessments result from the business or other activities of Lessee upon, or in connection with, the Premises.

11.2 Definition of "Taxes". As used in this Lease, the term "taxes" means all taxes, governmental bonds, special assessments, Mello-Roos assessments, charges, rent income or transfer taxes, license and transaction fees, including, but not limited to, (i) any state, local, federal, personal or corporate income tax, or any real property or personal property tax, (ii) any estate inheritance taxes, (iii) any franchise, succession or transfer taxes, (iv) interest on taxes or penalties resulting from Lessee's failure to pay taxes, (v) any increases in taxes attributable to the sale of Lessee's leasehold interest in the Premises, or (vi) any taxes which are essentially payments to a governmental agency for the right to make improvements to the Premises.

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11.3 Creation of Possessory Interest. Pursuant to the provisions of State of California Revenue and Taxation Code Section 107.6, Lessee is advised that the terms of this Lease may result in the creation of a possessory interest. If a possessory interest is vested in Lessee, Lessee may be subjected to the payment of real property taxes levied on the possessory interest. Lessee shall be solely responsible for the payment of any real property taxes. Lessee shall pay all taxes when due, and shall not allow any taxes, assessments or fees to become a lien against the Premises or any Improvements on the Premises. Lessee shall not be prevented or prohibited from contesting the validity of any tax, assessment or fee in a manner authorized by law.

ARTICLE 12
REPAIRS; MAINTENANCE

12.1 Acceptance of Premises. Lessee acknowledges that Lessee has made a thorough inspection of the Premises prior to the Commencement Date of this Lease, and accepts the condition of the Premises as of the Commencement Date. Lessee acknowledges that County has made no oral or written representations or warranties to Lessee regarding the condition of the Premises, and that Lessee is relying solely on its inspection of the Premises with respect to the condition of the Premises. The Premises is being leased in an "as is" condition, with no warranty, express or implied by County as to the condition of the soil, water, geology, or the presence of known or unknown faults, or other site conditions. It shall be the sole responsibility of the Lessee, at Lessee's expense, to investigate and determine the condition and the suitability of the Premises for the Improvements to be constructed by Lessee. If the soil, water, geology, or the presence of known or unknown faults, or other site conditions is not in all respects entirely suitable for the Improvements it is the sole responsibility and obligation of Lessee to take the necessary action to place the Premises in a condition entirely suitable for the construction of the Improvements.

12.2 Lessee's Repair and Maintenance Obligations. Lessee, at its sole expense, shall at all times during the Term of this Lease repair, maintain in good and tenantable condition and replace, as necessary, the Premises, the Improvements, all Fixtures and other equipment installed in the Premises, including all items of repair, maintenance, alteration, improvement or reconstruction that may be required at any time or from time to time by a governmental agency having jurisdiction over the Premises. Lessee's obligations under this Lease shall apply regardless of whether the repairs, restorations and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, or the fault or not the fault of Lessee, its agents, employees, invitees, visitors, sublessees or contractors. All replacements made by Lessee shall be made in accordance with this Lease and shall be of like size, kind and quality to the items replaced . Lessee shall provide for trash removal, at its sole expense, and shall maintain all trash receptacles and trash areas in a clean, orderly and first-class condition.

12.3 Lessee's Failure to Maintain. If Lessee refuses or neglects to repair, replace, or maintain the Premises in a manner reasonably satisfactory to County, County may, upon giving Lessee written notice, make the repairs or perform the maintenance on behalf of and for the account of Lessee. If County makes or causes any repairs to be made or performed, as provided for in this Lease, Lessee shall pay the cost of the repairs or maintenance to County, including administrative costs, as Additional Rent, promptly upon receipt of an invoice for the work.

12.4 County Not Obligated to Repair or Maintain; Lessee's Waiver of State of California Civil Code Section 1942. To the extent that any remedies specified in this Lease conflict or are inconsistent with any provisions of State of California Civil Code Section 1942 ("CC §1942"), or any successor statute to CC §1942, the provisions of this Lease shall control. Lessee specifically waives any right it may have pursuant to CC §1942 to effect maintenance or repairs to the Premises and to abate and resulting costs from Contract Rent or Additional Rent due to the County under this Lease.

ARTICLE 13
EXCULPATION, INDEMNIFICATION AND INSURANCE

13.1 Definition of "Lessee Parties" and "County Parties". For purposes of this Lease, the term "Lessee Parties" refers singularly and collectively to Lessee and Lessee's officers, members, partners, agents, employees, and independent contractors as well as to all persons and entities claiming through any of these persons or entities. The term "County Parties" refers singularly and collectively to County and its elected officials, officers, directors, affiliated entities, personal representatives, assigns, licensees, invitees, agents, servants, employees, and independent contractors of these persons or entities.

13.2 Exculpation. The following exculpation provisions ("Exculpation Provisions") shall apply:

13.2.1 Exculpation. To the fullest extent permitted by law, Lessee, on its behalf and on behalf of all Lessee Parties, waives all claims (in law, equity, or otherwise) against County Parties arising out of, knowingly and voluntarily assumes the risk of, and agrees that County Parties shall not be liable to Lessee Parties for any of the following:

(a) Injury to or death of any person; or

(b) Loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause.

County Parties shall not be liable under this section regardless of whether the liability results from any active or passive act, error, omission, or negligence of any of the County Parties; or is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of the County Parties.

13.2.2 Survival of Exculpation Provisions. The provisions of this Section 13.2 shall survive the expiration or earlier termination of this Lease until all claims within the scope of the Exculpation Provisions are fully, finally, and absolutely barred by the applicable statutes of limitations.

13.2.3 Lessee's Acknowledgment of Fairness. Lessee acknowledges that the Exculpation Provisions of this Lease were negotiated with County, that the consideration for the Exculpation Provisions is fair and adequate, and that Lessee had a fair opportunity to negotiate, accept, reject, modify, or alter the Exculpation Provisions of this Lease.

13.2.4 No Exculpation for Non-delegable Duties. The Exculpation Provisions of this Lease may not be interpreted or construed as an attempt by County to be relieved of liability arising out of a non-delegable duty on the part of County.

13.2.5 Waiver of Civil Code Section 1542. With respect to the Exculpation Provisions of this Lease, Lessee waives the benefits of State of California Civil Code Section 1542, which provides:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

13.3 Indemnification. The following indemnification provisions ("Indemnification Provisions") shall apply:

13.3.1 Lessee's Indemnification of County Parties. To the fullest extent permitted by law, Lessee shall, at Lessee's sole expense and with counsel reasonably acceptable to County, indemnify, protect, defend, and hold harmless ("Lessee's Indemnification") County Parties from and against all Claims (defined in Section 13.3.2), from any cause, arising out of or relating (directly or indirectly) to this Lease, the tenancy created under this Lease, or the Premises and Improvements, including, without limitation:

(a) The use or occupancy, or manner of use or occupancy, of the Premises and Improvements, by Lessee Parties, or of any invitee, guests, sublessee, or licenses, or any other person occupying or using the Premises and Improvements;

(b) Any act, error, omission, or negligence of Lessee Parties or of any invitee, guest, sublessee or licensee of Lessee Parties in, on, or about the Premises and Improvements;

(c) Lessee's conducting of its business;

(d) Any alterations, activities, work, or things done, omitted, permitted, allowed, or suffered by Lessee Parties in, at, or about the Premises and Improvements, including construction of Improvements, and also including the violation of or failure to comply with any applicable laws, standards, rules, regulations, orders, decrees, or judgments in existence on the Commencement Date or enacted, promulgated, or issued after the Commencement Date; and

(e) Any breach or default in performance of any obligation on Lessee's part to be performed under this Lease, whether before or during the Term or after the expiration or earlier termination of the Term.

13.3.2 Definition of Claims. For purposes of this Lease, "Claims" means any and all claims, losses, costs, damage, expenses, liabilities, liens, actions, causes of action (whether in tort or contract, law or equity, or otherwise), charges, assessments, fines, and penalties of any kind (including consultant and expert expenses, court costs, and attorneys' fees actually incurred).

13.3.3 Type of Injury or Loss. Lessee's Indemnification extends to and includes Claims for:

a. Injury to any persons (including death at any time resulting from that injury);

b. Loss of, injury or damage to, or destruction of property (including all loss of use resulting from that loss, injury, damage, or destruction); and

c. All economic losses and consequential or resulting damage of any kind.

13.3.4 Active or Passive Negligence; Strict Liability. Except as provided in this section, Lessee's Indemnification shall apply, without limitation, to Claims caused by the concurrent negligent act or omission, whether active or passive, of County Parties, and regardless of whether liability without fault or strict liability is imposed or sought to be imposed on County Parties. Lessee's Indemnification shall not apply to the extent that a final judgment of a court of

competent jurisdiction establishes that a Claim against one County Party was caused solely by the negligence or willful misconduct of that County Party. In that event, however, Lessee's Indemnification obligations shall remain valid for all other County Parties.

13.3.5 Indemnification Independent of Insurance Obligations. The Indemnification Provisions provided in this Lease may not be construed or interpreted as in any way restricting, limiting, or modifying Lessee's insurance or other obligations of this Lease and is independent of Lessee's insurance and other obligations. Lessee's compliance with the insurance requirements and other obligations of this Lease shall not in any way restrict, limit, or modify Lessee's Indemnification obligations under this Lease.

13.3.6 Survival of Indemnification. The Indemnification Provisions of this Section 13.3 shall survive the expiration or earlier termination of this Lease until all Claims against County Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

13.3.7 Duty To Defend. Lessee's duty to defend County Parties is separate and independent of Lessee's duty to indemnify County Parties. The duty to defend includes claims for which County Parties may be liable without fault or strictly liable. The duty to defend applies regardless of whether the issues of negligence, liability, fault, default, or other obligation on the part of Lessee Parties have been determined. The duty to defend applies immediately, regardless of whether County Parties have paid any sums or incurred any detriment arising out of or relating (directly or indirectly) to any Claims. It is the express intention of County and Lessee that County Parties be entitled to obtain summary adjudication or summary judgment regarding Lessee's duty to defend County Parties at any stage of any claim or suit within the scope of the Indemnification Provisions.

13.4 Insurance. Without limiting Lessee's Indemnification obligations under this Lease, Lessee shall at its sole expense provide and maintain during the Term and for any other period required in this Lease, insurance in the amounts and form specified in this section and in EXHIBIT "C" INSURANCE REQUIREMENTS - PRE-CONSTRUCTION PERIOD, EXHIBIT "D" INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD and EXHIBIT "E" INSURANCE REQUIREMENTS - OPERATIONS PERIOD of this Lease.

13.4.1 Compliance with Insurer Requirements. Lessee shall, at Lessee's sole expense, comply with all requirements, guidelines, rules, orders, and similar mandates and directives pertaining to the use of the Premises, whether imposed by Lessee's insurers, County's insurers, or both. If Lessee's business operations, conduct, or use of the Premises cause any increase in the premium for any insurance policies carried by County, Lessee shall, within ten (10) business days after receipt of written notice from County, reimburse County for the increase. Lessee shall, at Lessee's sole expense, comply with all rules, orders, regulations, or

requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) or any successor and of any similar body.

13.4.2 Survival of Insurance Requirements. Lessee shall, at Lessee's sole expense, maintain in full force and effect the insurance required under this Lease and shall name County Parties and any lender specified by County as additional insureds, for a period of no less than _____ (___) [e.g., two (2)] years after expiration or earlier termination of this Lease.

13.4.3 Insurance Independent of Exculpation and Indemnification. The insurance requirements set forth in this Lease are independent of Lessee's exculpation, indemnification, and other obligations under this Lease and shall not be construed or interpreted in any way to restrict, limit, or modify Lessee's exculpation, indemnification, and other obligations or to limit Lessee's liability under this Lease.

ARTICLE 14
HAZARDOUS MATERIALS

14.1 Hazardous Materials Laws - Definition. As used in this section, the term "Hazardous Materials Laws" means any and all federal, state or local laws, rules, decrees, orders, regulations or court decisions (including "common law"), including without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., §9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C., §1801 et seq.), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., §6901 et seq.), the California Hazardous Waste Control Act and the Carpenter-Presley-Tanner Hazardous Substance Act, State of California Health and Safety Code Section 25100, et seq., and Section 25300, et seq., the California Environmental Quality Act of 1970, and the Porter-Cologne Water Quality Control Act, Cal. Water Code Section 13000, et seq. relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, soil and ground water conditions or other similar substances or conditions.

14.2 Hazardous Materials - Definition. As used in this Lease the term "Hazardous Materials" means any chemical, compound, material, substance or other matter that:

a. Is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;

b. Is controlled, referred to, designated in or governed by any Hazardous

Materials Laws;

c. Gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws; or

d. Is any other material or substance giving rise to any liability, responsibility or duty upon the County or Lessee with respect to any third person under any Hazardous Materials Law.

14.3 Lessee's Representations and Warranties. Lessee represents and warrants that, during the Term of this Lease, or for any longer period specified in this Lease, Lessee shall comply with the following provisions unless otherwise specifically approved in writing by County's Lease Administrator:

a. Lessee shall not cause or permit any Hazardous Materials to be brought, kept or used in or about the Premises or the Improvements by Lessee, its agents, employees, sublessees, assigns, contractors or invitees, except as required by Lessee's Permitted Use of the Premises, as described in Section 6.1 Permitted Uses of this Lease.

b. Any handling, transportation, storage, treatment or usage by Lessee of Hazardous Materials that is to occur on the Premises or the Improvements following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws.

c. Any leaks, spills, release, discharge, emission or disposal of Hazardous Materials that may occur on the Premises or the Improvements following the Commencement Date shall be promptly and thoroughly cleaned and removed from the Premises or the Improvements by Lessee at its sole expense, and any discharge shall be promptly reported in writing to County, and to any other appropriate governmental regulatory authorities.

d. No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by Lessee in the Premises or the Improvements.

e. No underground improvements, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by Lessee on the Premises or the Improvements without County's prior written consent.

f. Lessee shall conduct and complete all investigations, studies, sampling, and testing procedures and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from, or affecting the Premises or the Improvements in accordance with all applicable Hazardous Materials Laws and to the satisfaction of County.

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g. Activities proposed by the Lessee that involve disturbing asbestos materials on site shall only be conducted in accordance with all federal, state and local asbestos rules and regulations including, but not limited to, the California Occupational Safety and Health Administration (Cal/OSHA), Environmental Protection Agency (EPA) and Air Pollution Control District (APCD), with prior written consent of the County, as follows:

Prior to conducting asbestos related activities, the Lessee shall notify the County of the proposed work at least one month in advance. The notification shall include the location of work, type of asbestos containing material (ACM) to be removed and a work plan indicating the work practices and methods of control to be used during the abatement activity to control asbestos fiber release. The County Occupational Health Program shall review the work plan and may modify the plans as necessary.

Any asbestos related activities shall be performed by a contractor that is registered with Cal/OSHA and certified by the California Contractors State Licensing Board to perform asbestos work. Any asbestos related activities shall be overseen by a California Certified Asbestos Consultant (CAC), or a Certified Site Surveillance Technician under the direction of a CAC.

Replacement products used in tenant improvements or other construction activities shall not contain asbestos. Any replacement products used by Lessee shall be verified as non-asbestos products by using Material Safety Data Sheets (MSDS) and/or having the architect or project engineer verify that ACMs were not used.

h. Lessee shall promptly supply County with copies of all notices, reports, correspondence, and submissions made by Lessee to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials Laws.

i. Lessee shall promptly notify County of any liens threatened or attached against the Premises or the Improvements pursuant to any Hazardous Materials Law. If a lien is filed against the Premises, then within twenty (20) days following the filing or before any governmental authority commences proceedings to sell the Premises or the Improvements pursuant to the lien, whichever occurs first, Lessee shall either: (i) pay the claim and remove the lien from the Premises or the Improvements, or (ii) furnish either (1) a bond or cash deposit reasonably satisfactory to County in an amount not less than the claim from which the lien arises, or (2) other security satisfactory to County in an amount not less than that which is sufficient to discharge the claim from which the lien arises. Upon the expiration or earlier termination of this Lease, Lessee shall surrender the Premises and Improvements (subject to Section 3.4.4) to County free of any and all Hazardous Materials and in compliance with all Hazardous Materials

Laws affecting the Premises and Improvements.

14.4 Indemnification by Lessee. Lessee (and, if applicable, each of its general partners) and its successors, assigns, and guarantors, if any, jointly and severally shall protect, indemnify, defend (with counsel selected by County) reimburse and hold County and its elected officials, officers, employees and agents harmless from any claims, judgments, damages, penalties, fines, costs or expenses (known or unknown, contingent or otherwise), liabilities (including sums paid in settlement of claims), personal injury (including wrongful death), property damage (real or personal) or loss, including any attorneys' fees, consultant fees, and expert fees (consultants and experts to be selected by County) which arise during or after the Term from or in connection with the presence or suspected presence of Hazardous Materials, including the soil, ground water or soil vapor on or under the Premises or the Improvements. The indemnification provided by this section shall cover costs incurred in connection with investigation of site conditions or any cleanup, remedial, removal or restoration work required by any Hazardous Materials Laws because of the presence of Hazardous Materials in the soil, ground water or soil vapor on the Premises, and the release or discharge of Hazardous Materials by Lessee during the course of Lessee's alteration or improvement of the Premises.

14.5 Remedies Cumulative; Survival. The provisions of this Article shall be in addition to any and all common law obligations and liabilities Lessee may have to County, and any remedies and the environmental indemnities provided for in this Lease shall survive the expiration or earlier termination of this Lease and/or any transfer of all or any portion of the Premises, or of any interest in this Lease, and shall be governed by the laws of the State of California.

14.6 Inspection. County and County's agents, servants, and employees including, without limitation, legal counsel and environmental consultants and engineers retained by County, may (but without the obligation or duty so to do), at any time and from time to time, on not less than ten (10) business days' notice to Lessee (except in the event of an emergency in which case no notice shall be required), inspect the Premises or the Improvements to determine whether Lessee is complying with Lessee's obligations set forth in this article, and to perform environmental inspections and samplings, during regular business hours (except in the event of an emergency) or during any other hours agreed to by County and Lessee. If Lessee is not in compliance with Lessee's obligations set forth in this article, County shall have the right, in addition to County's other remedies available at law and in equity, to enter the Premises or the Improvements immediately and take any action that County in its sole judgment deems appropriate to remediate any actual or threatened contamination caused by Lessee's failure to comply. County will use reasonable efforts to minimize interference with Lessee's use of Premises or the Improvements but shall not be liable for any interference caused by County's entry and remediation efforts. Upon completion of any sampling or testing County will (which will be conducted at Lessee's expense if County's actions are a result of Lessee's default under

this Lease) restore the affected area of the Premises from any damage caused by County's sampling and testing.

ARTICLE 15
ASSIGNMENT, SUBLETTING AND ENCUMBRANCES

15.1 Control by Specified Individuals or Entities. County and Lessee agree that the personal qualifications of the parties controlling the entity named as Lessee in the response to a request for proposals attached as EXHIBIT "G" LESSEE'S RESPONSE TO REQUEST FOR PROPOSALS is part of the consideration for the granting of this Lease. The entity named in this Lease as the original Lessee shall remain owned and controlled directly or indirectly by _____, at least to the extent of fifty-one percent (51.0%) of the issued stock, partnership interests, membership interests or other ownership interests (collectively "Ownership Interests") of the entity named in this Lease as the original Lessee. Prior to the completion of the Required Improvements to be constructed on the Premises, sale or transfer of stock or divestment of any interest in the entity named as the original Lessee by the above named persons in excess of fifty percent (50.0%), whether in one or more related or unrelated transactions, shall be considered an Assignment and shall be treated in accordance with the provisions of Section 15.2 of this Lease.

15.2 County's Consent to Assignment Required. Lessee shall not voluntarily or involuntarily assign, sublease, mortgage, encumber, or otherwise transfer (collectively, a "Transfer") all or any portion of the Premises or its interest in this Lease without the prior written consent of County's Lease Administrator. County may withhold its consent until Lessee has complied with the provisions of this Lease. Any attempted Transfer without County's consent shall be void and shall constitute a material breach of this Lease. As used in this Lease, the term "Transfer" shall include (i) an arrangement (including without limitation management agreements, concessions, and licenses) that allows the use and occupancy of all or part of the Premises by anyone other than Lessee, and (ii) the transfer of any stock or interest in Lessee as a corporation, partnership or other business entity which, in the aggregate, exceeds twenty-five percent (25.0%) of the total ownership interest in Lessee. County's consent shall not be required for (i) a Transfer to an Affiliate (defined in Section 15.6), (ii) the assignment of this Lease to any Beneficiary (defined in Section 15.4) pursuant to foreclosure or similar proceedings, or pursuant to an assignment or other transfer of this Lease to a Beneficiary in lieu of foreclosure or similar proceedings, or the subsequent assignment of this Lease by a Beneficiary, (iii) a transfer of ownership interests in Lessee that does not result in a change in control, or (iv) for a sublease of a portion of the Improvements for residential use. Notwithstanding anything to the contrary set forth in this Lease, any Beneficiary shall be liable to perform the obligations in this Lease imposed on Lessee only for and during the period it is in possession or ownership of the leasehold estate created by this Lease.

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15.3 County's Election to Consent to a Transfer. Lessee's request for consent to any Transfer for which County's consent is required shall be accompanied by the Transfer Fee (defined in Section 15.5.1) and a written statement setting forth the details of the proposed Transfer, including: (i) the name, address, business, business history and financial condition of the proposed assignee or sublessee (collectively, "Transferee") sufficient to enable County to determine the financial responsibility and character of the Transferee, (ii) a copy of the proposed assignment or sublease and the financial details of the proposed Transfer (including the duration, the rent and any security deposit payable under an assignment or sublease), (iii) the Transferee's proposed use of the Premises, and (iv) any other related information which County may reasonably require. County shall have the right: (i) to withhold consent to the Transfer, if reasonable; (ii) to grant consent; or (iii) to grant consent provided that County is paid, as Additional Rent under this Lease, all sums or other consideration to be paid to Lessee under the terms of the Transfer in excess of the total Contract Rent due under this Lease.

15.3.1 Effectiveness of Assignment or Sublease. County's consent to an assignment or sublease for a use other than residential use shall not be effective until (i) a fully executed copy of the instrument accomplishing a Transfer ("Transfer Instrument") has been delivered to County, including, without limitation, a copy of any trust deed encumbering Lessee's leasehold and the note secured by the trust deed, (ii) in the case of a sublease for a use other than a residential use, County has received from Lessee an original of the executed sublease that contains the requirements of this Lease concerning subleases and, when County is requested by Lessee to execute a Non-Disturbance and Attornment Agreement ("NDA"), a NDA in the form attached as EXHIBIT "H" FORM OF NON-DISTURBANCE AND ATTORNMENT AGREEMENT FOR SUBLEASES executed by Lessee and its sublessee, and (iii) in the case of an assignment, County has received a written instrument in which the assignee has assumed and agreed to perform all of Lessee's obligations under this Lease.

Any rights acquired by a Transferee pursuant to any Transfer Instrument shall be subject to each and every covenant, condition and restriction set forth in this Lease and to all of the rights and interest of County under this Lease except as may be otherwise specifically provided in this Lease. If a conflict between the provisions of this Lease and the provisions of any Transfer Instrument occurs, the provisions of this Lease shall control.

15.3.2 Denial of Consent. If County denies its consent to the proposed Transfer, Lessee may within ten (10) business days of notice of denial request in writing a statement of the basis on which County denied its consent. Lessee shall have the burden of proving that County's consent to the proposed Transfer was withheld unreasonably. Notwithstanding any of the foregoing provisions of this section to the contrary, the following shall be deemed to be reasonable grounds for County to withhold consent to a Transfer for purposes of compliance with State of California Civil Code Section 1951.4:

a. Lessee or any of its successors, assigns or sublessees are in default as to any term, covenant or condition of this Lease, whether or not a notice of default has been given to Lessee by County.

b. The prospective assignee or sublessee has not agreed in writing to keep, perform and be bound by all of the terms, covenants and conditions of this Lease.

c. County reasonably objects to the business or financial condition of the prospective assignee or sublessee and/or to the financial details of the proposed Transfer.

d. All of the terms, covenants and conditions of the assignment or sublease, including any consideration for the proposed Transfer, have not been disclosed in writing to County.

e. Any construction of Improvements required of Lessee as a condition of this Lease has not been completed to the satisfaction of County.

f. Nonpayment of the Transfer Fee (defined in Section 15.5).

If Lessee believes that County has unreasonably withheld its consent to a Transfer, Lessee's sole remedy will be to seek a declaratory judgment that County has unreasonably withheld its consent or an order of specific performance or mandatory injunction requiring County's consent. Lessee shall not have any right to recover damages or to terminate this Lease as a result of County denial of any Transfer.

15.3.3 Non-Disturbance and Attornment Agreement for Subleases. Subject to the provisions of Section 15.3.1 of this Lease, County agrees for the benefit of any non-residential sublessee for which an NDA has been executed upon request and subject to payment of the document processing fee in accordance with Section 15.5 of this Lease, that upon the termination of this Lease pursuant to the provisions of Article 16 of this Lease or otherwise (except upon expiration of the Term), County shall recognize the sublessee under the sublease as the direct lessee of County under all terms and conditions contained in the sublease and for a term equal to the then unexpired term of the sublease; provided, however, that at the time of the termination of this Lease (i) not more than three (3) month's rent shall have been prepaid under the sublease, (ii) there are no defaults existing under the sublessee's sublease which at the time would permit the Lessor under the sublease to terminate the sublease or to exercise any dispossession remedy provided for in the sublease, and (iii) the sublessee shall deliver to County a NDA confirming the agreement of the sublessee to attorn to County and to recognize County as the sublessee's lessor under the sublease. If requested by Lessee, County agrees to execute an NDA, in substantially the same form of EXHIBIT "H" FORM OF NONDISTURANCE AND ATTORNMENT

AGREEMENT FOR SUBLEASES and upon payment of the Transfer Fee described in Section 15.5 of this Lease.

15.4 Encumbering the Leasehold Estate with a Mortgage. Any Transfer which consists of the grant of a deed of trust or similar encumbrance (collectively, "Mortgage") by Lessee to secure the beneficial interest of a lender ("Beneficiary") in the Premises or Lessee's interests under this Lease, shall be subject to all of the provisions of this article pertaining to the conclusion and approval of other Transfers, and shall also be subject to the additional terms and conditions set forth below:

a. No Mortgage granted by Lessee shall encumber the County's fee title to the Premises at any time.

b. Immediately following the recordation of any Mortgage affecting the Premises or Lessee's interest in this Lease, Lessee, at Lessee's expense, shall cause to be recorded in the office of the San Diego County Recorder, a written request for delivery to County of a copy of any notice of default and of any notice of sale under the Mortgage, as provided by the statutes of the State of California. The Mortgage documents shall include a provision requiring that a copy of any notice of default or any notice of sale to be delivered to the County. County shall have thirty (30) days in which to cure any default after the time for Lessee to cure the default has expired. Neither County's right to cure any default nor any exercise of the right to cure a default shall constitute an assumption of Lessee's liability under the Mortgage. If any default is noncurable, it shall not be grounds for foreclosure of the Mortgage if County, or lessee-in-possession of the Premises, promptly performs all other provisions of the Mortgage.

c. The Mortgage documents shall provide that any proceeds from fire or extended coverage insurance shall be used for repair or rebuilding of the leasehold Improvements and not to repay part of the outstanding mortgage.

d. No permitted Mortgage shall cover any interest in any real property other than interests specifically subjected to mortgage by this Lease. No Mortgage permitted by this Lease shall cover more than one indebtedness.

15.4.1 Curable and Noncurable Defaults Under the Lease; County's Covenant of Forbearance. Where County has consented to a Mortgage encumbering Lessee's leasehold as required pursuant to this article, then County, notwithstanding anything to the contrary in this Lease, shall not exercise its remedies under this Lease for Lessee's default during the periods specified in this section as long as the Beneficiary of the Mortgage takes the following actions:

15.4.1.1 Curable Defaults. If a curable default of this Lease occurs, a Beneficiary shall have the right to begin foreclosure proceedings and to obtain possession of

the Premises, as long as Beneficiary complies with the conditions set forth below:

a. Cures Lessee's default within the same time period allotted to Lessee to cure the default, plus an additional thirty (30) days (except that only ten (10) additional days shall be permitted in the case of a monetary default by Lessee);

b. Notifies County, within ten (10) days following receipt of County's notice of Lessee's default, of its intention to cure Lessee's default;

c. Institutes immediate steps or legal proceedings to foreclose on or recover possession of the Premises, and proceeds to pursue the remedy or legal proceedings to cure the default to completion with due diligence and continuity; and

d. Keeps and performs, during the period until the Premises is either (i) sold upon foreclosure pursuant to the Mortgage, or (ii) released or reconveyed pursuant to the Mortgage (the "Foreclosure Period"), all of the covenants and conditions of this Lease, including, without limitation, payment of all Contract Rent and Additional Rent, taxes, assessments, utility charges and insurance premiums required by this Lease to be paid by Lessee and which become due during the Foreclosure Period.

15.4.1.2 Noncurable Defaults. If a noncurable default of this Lease occurs, a Beneficiary shall have the right to begin foreclosure proceedings and to obtain possession of the Premises, so long as Beneficiary complies with the conditions set forth below:

a. Notifies County, within ten (10) days after receipt of County's notice of Lessee's default, of its intention to pursue this remedy;

b. Institutes immediate steps or legal proceedings to foreclose on or recover possession of the Premises, and proceeds to pursue the remedy or legal proceedings to cure the default to completion with due diligence and continuity; and

c. Keeps and performs, during the Foreclosure Period, all of the covenants and conditions of this Lease requiring the payment of money, including, without limitation, payment of all Contract Rent and Additional Rent, taxes, assessments, utility charges and insurance premiums required by this Lease to be paid by Lessee and which become due during the Foreclosure Period.

15.4.1.3 County's Covenant of Forbearance. If Lessee fails to cure to completion any curable default within the time period allowed for the cure in this Lease, no cure by a Beneficiary of any default in the manner allowed under this Lease shall reinstate Lessee in good standing under this Lease. If, following expiration of the cure period applicable

to Lessee, the Beneficiary fails or refuses to comply with any or all of the conditions of this Lease applicable to Lessee's default, including failing to expeditiously obtain title to Lessee's leasehold interest, then County shall be released from its covenant of forbearance under this Lease, and may immediately terminate this Lease.

15.4.2 Transfer of Leasehold Estate; County's Option to Purchase. Any Beneficiary who acquires title to the leasehold estate shall immediately provide County with written notice of the transfer. Notwithstanding any provision of this Lease to the contrary, following a transfer of the leasehold estate to a Beneficiary in any manner, County shall have the option to purchase all right, title and interest in and to the leasehold and the Premises directly from the Beneficiary.

15.4.2.1 County's Election Not to Purchase. Should County elect to not exercise its option to purchase the leasehold described in Section 15.4.2 of this Lease, then, subject to the provisions of Section 15.4.1 Transfer Fee, Section 15.6 No Release of Lessee, and Section 15.8 No Merger of this Lease, and so long as the Beneficiary has observed all of the conditions of Section 15.4.1 Curable and Noncurable Defaults Under the Lease; County's Covenant of Forbearance of this Lease, then the following breaches, if any, relating to the prior Lessee shall be deemed cured: (i) attachment, execution of or other judicial levy upon the leasehold estate, (ii) assignment of creditors of Lessee, (iii) judicial appointment of a receiver or similar officer to take possession of the leasehold estate or the Premises or (iv) filing any petition by, for or against Lessee under any chapter of the Federal Bankruptcy Code. Any further Transfer ("Further Transfer") of the leasehold estate, however (whether by a Beneficiary or by a third-party bidder acquiring the estate at a foreclosure sale), shall be subject to the following conditions:

a. The provisions of Section 15.2 County's Consent To Assignment Required and Section 15.3 County's Election of this Lease shall apply to the Further Transfer, and County's consent shall be required for the Further Transfer; and

b. By its acceptance of the leasehold estate, the Transferee of the Further Transfer assumes this Lease as to the entire leasehold estate and covenants with County to be bound by this Lease.

15.4.3 Article Controlling. In the event of any conflict between the provisions of this article of this Lease and any other provision of this Lease, this article shall control.

15.4.4 Failure to Give Notice. Except as expressly set forth in this article of this Lease, County shall have no obligation to any Beneficiary or to give any notice to any Beneficiary, and County's failure to provide any Beneficiary with any notice of any default under this Lease shall not create any right or claim against County on behalf of Lessee or any

Beneficiary.

15.5 Transfer Fee; Estoppel Fee; Subordination, Attornment and Non-Disturbance Agreement Fee.

15.5.1 Transfer Fee. If County is requested to consent to a Transfer under this Lease, Lessee shall reimburse County for all legal fees incurred resulting from the request, and pay County a nonrefundable fee ("Transfer Fee") to reimburse County or County's agent for costs and expenses incurred in connection with the request. The Transfer Fee shall be delivered to County concurrently with Lessee's request for consent. The Transfer Fee in effect as of the Commencement Date of this Lease is one thousand dollars ($1,000.00).

15.5.2 Estoppel Fee. If County is requested to issue an estoppel certificate, Lessee shall pay County a nonrefundable fee ("Estoppel Fee") for County's costs incurred in connection with the request. The Estoppel Fee shall be delivered to County concurrently with Lessee's request for the estoppel. The Estoppel Fee in effect as of the Commencement Date of this Lease is five hundred dollars ($500.00).

15.5.3 Non-Disturbance and Attornment Fee. If County is requested to execute a NDA, Lessee shall pay County a nonrefundable fee ("NDA Fee") for County's costs incurred in connection with the request. The NDA Fee shall be delivered to County concurrently with Lessee's request to execute the NDA. The NDA Fee in effect as of the Commencement Date of this Lease is seven hundred fifty dollars ($750.00).

15.5.4 Fee Adjustments. County reserves the right to adjust the Transfer Fee, Estoppel Fee and NDA Fee from time to time during the Term of this Lease ("Fee Adjustment"). The base for computing a Fee Adjustment shall be the Consumer Price Index for All Urban Consumers (1982-84=100) for the Los Angeles-Riverside-Orange County Area CPI-U, as published by the U.S. Department of Labor, Bureau of Labor Statistics. The Fee Adjustment shall be determined by use of the following formulas:

Transfer Fee:	A = $1,000.00 x (B/C)
Estoppel Fee:	A = $500.00 x (B/C)
NDA Fee:	A = $750.00 x (B/C)

Where:

"A" equals the adjusted Transfer Fee, Estoppel Fee or NDA Fee;

"B" equals the monthly "Consumer Price Index", as described in Section 15.5.5 of this Lease, published for the month most closely preceding the date of request for consent to transfer; and

"C" equals the monthly "Consumer Price Index", as described in Section 15.5.5 of this Lease, published for the month of the Operations Period Commencement Date of this Lease.

15.5.5 Consumer Price Index for Fee Adjustments. The consumer price index which shall be used as the source for the Consumer Price Index numbers in Section 15.5.4 shall be that published by the United States Department of Labor, entitled United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for the Los Angeles-Riverside-Orange County Area, all items of the index entitled "Consumer Price Index for All Urban Consumers" for the Los Angeles-Riverside-Orange County Area (1982-84 = 100). If the index used for the Fee Adjustment is discontinued or revised during the Term, then County and Lessee shall agree upon a substitute index or computation for purposes of computing the Fee Adjustment. If County and Lessor cannot agree on a substitute index, the substitute index or computation shall be determined by arbitration pursuant to the provisions of the State of California Code of Civil Procedure.

15.6 Additional Consideration to County. County and Lessee agree that in the event of an assignment, in the event of a subletting of the majority portion of the leasehold interest in the Premises to another entity, or in the event of a refinancing creating an encumbrance against the leasehold after the Required Improvements have been constructed, Lessee shall pay to County _____ percent (____%) of the gross amount paid for the leasehold interest in the Premises in connection with an approved assignment of this Lease, _____ percent (____%) of any amount paid Lessee in consideration of a sublease of all or a majority portion of the Premises, or _____ percent (____%) of the amount of any increased loan or encumbrance against the property over and above the amount of the then existing balance(s) of the existing encumbrance(s). The amount upon which the _____ percent (____%) shall be based shall be the total consideration resulting from the transaction including total cash payments and the market value of noncash consideration, including but not limited to stocks, bonds, deferred payments, secured and unsecured notes, and forbearances regarding claims and judgments. Prior to County's consent to any assignment, majority subletting, or refinancing, Lessee shall deliver to County a written statement of all sums due and owing to County from Lessee pursuant to the provisions of this section, together with an acknowledgment from the proposed assignee, sublessee, or refinancing agency as to the amount due County. The amount due to County shall be payable in full to County concurrent with the completion of the transaction, be it an assignment, a sublease, or a refinancing. Any assignment, subletting, or refinancing in violation of the terms and conditions of this section shall be void. The provisions of this section shall not apply to:

a. An assignment or transfer of a beneficial interest in the Premises an "Affiliate" of Lessee. The term "Affiliate" as used in this Lease means an assignment or transfer of a beneficial interest in the Premises resulting from devise, bequest, intestate succession, or by operation of law for the benefit of the spouse or descendants (i) of Lessee (if an individual); (ii) of Lessee's principal owner or chief executive officer (if Lessee is other than an individual); or (iii) any entity that is controlled by or is in common control with Lessee.

b. An assignment for which the County's Lease Administrator determines that the legal and equitable ownership interests in the Premises have remained unchanged, such as a change in the legal or fictitious name of the Lessee without any other change in the equity, in beneficial use of, or legal title to, the Premises as an asset or the income produced by the leasehold.

15.7 No Release of Lessee. No permitted Transfer shall release or change Lessee's primary liability to pay the Contract Rent or Additional Rent and to perform all other obligations of Lessee under this Lease, except to the extent this Lease is terminated as described in this Lease. Lessee may not amend the assignment or sublease in a way that reduces or delays payment of amounts that are provided in the assignment or sublease approved by County. County's acceptance of Contract Rent or Additional Rent from any other person is not a waiver of any provision of this Lease or a consent to a Transfer. County's consent to one Transfer shall not be deemed to imply County's consent to any subsequent Transfer. If Lessee's Transferee defaults under this Lease, County may proceed directly against Lessee without pursuing remedies against the Transferee. County may consent to subsequent assignments or modifications of this Lease by Lessee's Transferee, without notifying Lessee or obtaining its consent, and the action shall not relieve Lessee's liability under this Lease.

15.8 County Issued Estoppel Certificates. Within thirty (30) days after the written request of Lessee or any Beneficiary, and payment of the Estoppel Fee, County shall provide Lessee or Beneficiary with an estoppel certificate in a commercially reasonable form and content reasonably satisfactory to County and Beneficiary, which shall certify to Beneficiary upon County's knowledge: (i) as to the amount and status of all Contract Rent, Additional Rent or Security Deposit under this Lease, (ii) as to the full satisfaction and compliance by Lessee of any other conditions required under this Lease, (iii) that Lessee is not in default in the payment, performance or observance of any other condition or covenant to be performed or observed by Lessee under this Lease, (iv) that there are no offsets or counterclaims on the part of County, and (v) as to other matters related to this Lease as Lessee or Beneficiary may reasonably request from time to time. In no event shall County be required to issue more than three (3) estoppel certificates during any single calendar year.

15.9 No Merger. No merger shall result from a Transfer pursuant to this Lease,

Lessee's surrender of this Lease, or a mutual cancellation of this Lease in any other manner except at the express election of County and the consent of the mortgagee or mortgagees under all mortgages existing under provisions of this Lease relating to the purchase or construction of Improvements. If a merger occurs, County may either terminate any or all subleases or succeed to the interest of Lessee under the sublease, except for any active subleases for which the County has executed a NDA.

15.10 Approval of Temporary or Limited Activities. Notwithstanding any provision of this Lease to the contrary, County's Lease Administrator may, at its sole discretion, and without charging a Transfer Fee, give written authorization for the following activities on the Premises: (I) activities of a temporary nature, not to exceed one hundred twenty (120) calendar days, and (ii) activities of a limited nature which do not exceed ten (10) hours per week. Lessee shall maintain, on an approved County form, a listing of all activities approved by the County, stating the nature, duration and other relevant matters regarding the activities, and shall make the form available to County for inspection upon request. Nothing in this Lease shall relieve Lessee from its responsibilities under this Lease, and Lessee shall be responsible for insuring that any activity approved by the County complies with all of the provisions of this Lease. Any temporary or limited activity shall be subject to immediate termination upon delivery of written notification from County.

ARTICLE 16
DEFAULTS BY LESSEE; COUNTY'S REMEDIES

16.1 Events of Default. The occurrence of any of the following shall constitute a default by Lessee and a breach of this Lease:

a. Failing or refusing to pay any amount of Contract Rent or Additional Rent when due in accordance with the provisions of this Lease, and the default continues for five (5) business days after notice from County. Lessee will not be entitled to more than one (1) notice for default in payment of Construction Period Rent, Rent or Additional Rent during any twelve-month period, and if, within twelve (12) months after any default notice, any Construction Period Rent, Rent or Additional Rent is not paid when due, an event of default will have occurred without further notice;

b. Failing or refusing to occupy and operate the Premises in accordance with the provisions of this Lease;

c. Failing or refusing to perform fully and promptly any covenant or condition of this Lease, other than those specified in subparagraphs (a) and (b) above, the breach of which Lessee is capable of curing after reasonable notice from County;

d. Maintaining, committing or permitting on the Premises waste, a nuisance, or use of the Premises for an unlawful purpose, or assigning or subletting this Lease in a manner contrary to the provisions of this Lease;

e. The occurrence of any of the events set forth in Section 19.1 Right of Termination of this Lease; or

f. Failure to complete the Required Improvements by the expiration of the Construction Period.

16.2 Notices. Following the occurrence of any of the defaults specified in this Lease, County shall give Lessee a written notice specifying the nature of the default and the provisions of this Lease breached and demanding that Lessee either fully cure each default within the time period specified in this Lease or quit the Premises and surrender the Premises to County:

a. For nonpayment of Construction Period Rent, Rent or Additional Rent, five (5) business days;

b. For a curable default, a reasonable period not to exceed ten (10) business days. If the default cannot be cured within ten (10) business days, Lessee shall be deemed to have cured the default if Lessee notifies County in writing, commences cure of the default within ten (10) business days, and thereafter diligently and in good faith continues to cure the default to completion; and

c. For a noncurable default, County shall give Lessee a written notice specifying the nature of the default and the provisions of this Lease breached and County shall have the right to demand in the notice that Lessee, and any sublessee , quit the Premises in accordance with applicable Laws.

To the extent permitted by applicable State of California law, the time periods provided in this section for cure of Lessee's defaults under this Lease or for surrender of the Premises shall be in lieu of, and not in addition to, any similar time periods described by State of California law as a condition precedent to the commencement of legal action against Lessee for possession of the Premises.

16.3 County's Rights and Remedies. If Lessee fails to cure any defaults within the time periods specified in this Lease, or fails to quit the Premises and surrender the Premises and Improvements to County as required by this Lease, County may exercise any of the following rights without further notice or demand to Lessee or any other person, except as may otherwise be required by applicable State of California law:

a. The right of County to terminate this Lease and Lessee's right to possession of the Premises and Improvements and to reenter the Premises and Improvements, take possession of the Premises and Improvements and remove all persons from the Premises and Improvements, following which Lessee shall have no further claim on the Premises and Improvements under this Lease;

b. The County has the remedy described in State of California Civil Code Section 1951.4 (County may continue lease in effect after Lessee's breach and abandonment and recover Construction Period Rent, Rent or Additional Rent as it becomes due, if Lessee has right to sublet or assign, subject only to reasonable limitations). The right of County without terminating this Lease and Lessee's right to possession of the Premises and Improvements, to reenter the Premises and Improvements and occupy the whole or any part of the Premises and Improvements for and on account of Lessee and to collect any unpaid Construction Period Rent, Rent, Additional Rent or other charges, which have become payable, or which may thereafter become payable pursuant to State of California Civil Code Section 1951.4., excerpted as follows:

"(a) The remedy described in this section is available only if the lease provides for this remedy. In addition to any other type of provision used in a lease to provide for the remedy described in this section, a provision in the lease in substantially the following form satisfies this subdivision: The lessor has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has right to sublet or assign, subject only to reasonable limitations)."

(b) Even though a lessee of real property has breached the lease and abandoned the property, the lease continues in effect for so long as the lessor does not terminate the lessee's right to possession, and the lessor may enforce all the lessor's rights and remedies under the lease, including the right to recover the rent as it becomes due under the lease, if any of the following conditions is satisfied:

(1) The lease permits the lessee, or does not prohibit or otherwise restrict the right of the lessee, to sublet the property, assign the lessee's interest in the lease, or both.

(2) The lease permits the lessee to sublet the property, assign the lessee's interest in the lease, or both, subject to express standards or conditions, provided the standards and conditions are reasonable at the time the lease is executed and the lessor does not require compliance with any standard or condition that has become unreasonable at the time the lessee seeks to sublet or assign. For purposes of this paragraph, an express standard or condition is presumed to be reasonable; this presumption is a presumption affecting the burden of proof.

(3) The lease permits the lessee to sublet the property, assign the lessee's

interest in the lease, or both, with the consent of the lessor, and the lease provides that the consent shall not be unreasonably withheld or the lease includes a standard implied by law that consent shall not be unreasonably withheld.

(c) For the purposes of subdivision (b), the following do not constitute a termination of the lessee's right to possession:

(1) Acts of maintenance or preservation or efforts to relet the property.

(2) The appointment of a receiver upon initiative of the lessor to protect the lessor's interest under the lease.

(3) Withholding consent to a subletting or assignment, or terminating a subletting or assignment, if the withholding or termination does not violate the rights of the lessee specified in subdivision (b)."

or;

c. The right of County, even though it may have reentered the Premises and Improvements in accordance with subparagraph (b) of this section, to elect after reentering the Premises and Improvements to terminate this Lease and Lessee's right to possession of the Premises and Improvements.

If County reenters the Premises and Improvements under the provisions of subparagraph (b) of this section, County shall not be deemed to have terminated this Lease, the liability of Lessee to pay Construction Period Rent, Rent, Additional Rent or other charges accruing after the County reenters the Premises and Improvements, or Lessee's liability for damages under any of the provisions of this Lease, by any reentry or by any action, in unlawful detainer or otherwise, to obtain possession of the Premises and Improvements, unless County has notified Lessee in writing that it has elected to terminate this Lease and Lessee's right to possession. Lessee further covenants that the service by County of any notice pursuant to the unlawful detainer statutes of the State of California and the surrender of possession pursuant to the notice shall not (unless County elects to the contrary at the time of, or at any time subsequent to, the serving of the notice and the election is evidenced by a written notice to Lessee) be deemed to be a termination of this Lease. If any reentry or taking possession of the Premises and Improvements occurs, County shall have the right, but not the obligation, at Lessee's expense, to remove from the Premises and Improvements (i) all or any part of the buildings or structures placed on the Premises by Lessee or its agents, and (ii) any or all merchandise, Fixtures or Personal Property located in the Premises and to place the merchandise, Fixtures or Personal Property in storage at a public warehouse at the expense and risk of Lessee. The rights and remedies given to County in this Lease shall be additional and supplemental to all other rights or

remedies which County may have under laws in force when the default occurs.

16.4 County's Damages. If County terminates this Lease and Lessee's right to possession of the Premises and Improvements pursuant to the provisions of Section 16.3 (a) or Section 16.3(c) of this Lease, County may recover from Lessee as damages any or all of the following:

a. The worth at the time of award of any unpaid rent that had been earned at the time of termination;

b. The worth at the time of award of the amount by which (i) the unpaid Construction Period Rent, Rent or Additional Rent that would have been earned after termination until the time of award exceeds the amount of the Construction Period Rent, Rent or Additional Rent loss Lessee proves could have been reasonably avoided;

c. The worth at the time of award of the amount by which (i) the unpaid Construction Period Rent, Rent or Additional Rent for the balance of the Term after the time of award exceeds the amount of Construction Period Rent, Rent or Additional Rent loss that Lessee proves could be reasonably avoided;

d. Any other amount necessary to compensate County for all the detriment proximately caused by Lessees failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result, including, without limitation, any costs or expense incurred by County in (i) retaking possession of the Premises and Improvements, including reasonable attorneys' fees, (ii) maintaining or preserving the Premises and Improvements after the default, (iii) preparing the Premises and Improvements for reletting to a new tenant, including repairs or alterations to the Premises and Improvements to relet the Premises, (iv) leasing commissions, and (v) any other costs necessary or appropriate to relet the Premises and Improvements; and

e. At County's election, any other amounts in addition to or in lieu of those previously stated as may be permitted from time to time by the laws of the State of California.

As used in subparagraphs (a) and (b) of this section, the "worth at the time of award" is computed by allowing interest at the maximum rate allowed by State of California law. As used in subparagraph (c) of this section, the "worth at the time of award" is computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1.0%).

16.5 Fixtures and Personal Property. If Lessee is in default of this Lease, all of Lessee's merchandise, Fixtures and Personal Property shall remain on the Premises and,

continuing during the length of the default, County shall have the right to take the exclusive possession and use of the merchandise, Fixtures and Personal Property free of rent or charge until all defaults have been cured or, at its option, County requires Lessee to remove the merchandise, Fixtures and Personal Property.

16.6 County's Security Interest. To secure Lessee's performance of any and all of Lessee's obligations under this Lease, Lessee grants County an express first and prior contractual lien and security interest in Lessee's merchandise, Fixtures and Personal Property located on the Premises, and also upon all proceeds of any insurance that may accrue to Lessee by reason of the destruction or damage of the merchandise, Fixtures and Personal Property. Lessee waives the benefit of all exemption laws in favor of this lien and security interest. This lien and security interest is given in addition to County's statutory lien and is cumulative with the statutory lien. If a Lessee default occurs, these liens may be foreclosed with or without court proceedings by public or private sale, so long as County gives Lessee at least fifteen (15) days' notice of the time and place of the sale. County shall have the right to become the purchaser if County is the high bidder at the sale. To perfect the County's security interest, Lessee shall execute and deliver to County any financing statements required by the applicable Uniform Commercial Code that County may request.

16.7 Lessee's Waiver. Notwithstanding anything to the contrary in this Lease, Lessee waives to the fullest extent permitted under law any written notice other than any notice this article specifically requires which any statute or law now or hereafter in force prescribes be given Lessee. Lessee further waives any and all rights of redemption under any existing or future law in the event its eviction from, or dispossession of, the Premises and Improvements for any reason, or in the event County reenters and takes possession of the Premises and Improvements in a lawful manner.

16.8 Interest. Any amounts, other than Construction Period Rent, Rent or Additional Rent, due from Lessee under the provisions of this Lease which are not paid when due shall bear interest at the rate of four percent (4.0%) over the discount rate charged from time to time by the Federal Reserve Bank of San Francisco, but not to exceed the maximum rate which County is permitted by law to charge.

ARTICLE 17
DEFAULTS BY COUNTY; REMEDIES

If County neglects or fails to perform or observe any of the terms, covenants, or conditions of this Lease on its part to be performed or observed within thirty (30) days after written notice of default or, when more than thirty (30) days is required because of the nature of the default, and County fails to proceed diligently to cure the default after written notice of the

default, then County shall be liable to Lessee for any and all damages sustained by Lessee as a result of County's breach; provided, however, that (i) any money judgment resulting from any default or other claim arising under this Lease shall be satisfied only out of the current rents, issues, profits and other income County receives from its operation of Premises, net of all current operating expenses, liabilities, reserves and debt service associated with the operation of the Premises (for purposes of this article only, "Net Income"), (ii) no other real, personal or mixed property of County, wherever located, shall be subject to levy on any judgment obtained against County, (iii) if the Net Income is insufficient to satisfy the judgment, Lessee will not institute any further action, suit, claim or demand, in law or in equity, against County for or on the account of the deficiency, and (iv) the neglect or failure shall not constitute consent by County for Lessee to perform or observe the terms, covenants or conditions of this Lease at County's expense. Lessee waives, to the extent permitted under law, any right to satisfy any money judgment against County except from Net Income.

ARTICLE 18
ABANDONMENT

Lessee shall not vacate or abandon the Premises and Improvements at any time during the term of this Lease nor permit the Premises to remain unoccupied for a period of longer than five (5) consecutive days during the term of this Lease. If Lessee abandons, vacates or surrenders the Premises, or is dispossessed by process of law, or otherwise, any Personal Property or Fixtures belonging to Lessee and left on the Premises shall, at the option of County, be deemed abandoned. County may dispose of any Personal Property and Fixtures deemed abandoned in any manner provided by State of California law and is relieved of all liability for disposing any Personal Property or Fixtures. These provisions shall not apply if the Premises are closed and business temporarily discontinued due to a Force Majeure event as defined in Section 29.10 of this Lease.

ARTICLE 19
BANKRUPTCY

19.1 Right of Termination. If any of the following events occur, County may terminate this Lease and any interest of Lessee in this Lease, effective with the commencement of the event:

a. Proceedings are instituted where all, or substantially all, of Lessee's assets are placed in the hands of a receiver, trustee or assignee for the benefit of Lessee's creditors, and the proceedings continue for at least thirty (30) days;

b. Any creditor of Lessee institutes a judicial or administrative process to execute on, attach or otherwise seize any of Lessee's merchandise, Fixtures or Personal Property, located on the Premises and Lessee fails to discharge, set aside, exonerate by posting a bond, or otherwise obtain a release of the property within thirty (30) days;

c. A petition is filed for an order of relief under the Federal Bankruptcy Code or for an order or decree of insolvency or reorganization or rearrangement under any state or federal law, and is not dismissed within thirty (30) days;

d. Lessee makes a bulk sale of all, or substantially all, of Lessee's merchandise, Fixtures or Personal Property located on the Premises, except in accordance with the provisions of Article 10 IMPROVEMENTS; PERSONAL PROPERTY; FIXTURES or except in connection with a permitted assignment or subletting under this Lease, and fails to replace the merchandise, Fixtures or Personal Property with similar items of equal or greater value and utility within three (3) days. If a court of competent jurisdiction determines that any of the foregoing events is not a default under this Lease, and a trustee is appointed to take possession (or if Lessee remains a debtor in possession), and the trustee or Lessee transfers Lessee's interest under this Lease, then County shall receive, as Additional Rent, the difference, if any, between the rent (or other consideration) paid in connection with the transfer, minus the Rent payable by Lessee under this Lease. Any assignee pursuant to the provisions of any bankruptcy law shall be deemed without further act to have assumed all of the obligations of the Lessee under this Lease arising on or after the date of the assignment. Any assignee shall upon demand execute and deliver to County an instrument confirming the assumption.

19.2 Request for Information. Within ten (10) days after County's request, Lessee shall provide County and any mortgagee or proposed mortgagee specified by County, any financial, legal and business information concerning any of the events described in this article.

ARTICLE 20
DAMAGE OR DESTRUCTION

20.1 Damage and Restoration. If, at any time during the Term, all or any part of the Premises and Improvements are damaged or destroyed by fire, other casualty, damage or action of the elements ("Casualty"), Lessee shall, at Lessee's sole expense, repair, restore and reconstruct the Premises and Improvements using substantially the Plans (defined in EXHIBIT "F" WORK LETTER AGREEMENT), or as subsequently modified pursuant to this Lease, as existed immediately prior to the Casualty and to substantially the same condition that existed immediately prior to the Casualty, subject to any changes made to comply with then applicable Laws and with any upgrades or improvements that Lessee may propose as Optional Improvements. This article shall not apply to cosmetic damage or alterations.

20.2 Restoration. If any repair, restoration or reconstruction of the Premises and Improvements commences pursuant to this article, all work performed by Lessee shall be constructed in a good and workmanlike manner according to and in conformance with all Laws and the requirements of this Lease applicable to the construction of the Required Improvements and Optional Improvements.

20.3 No Rental Abatement. Lessee shall not be entitled to any rent abatement, allowance, reduction, or suspension of Contract Rent or Additional Rent because part or all of the Premises and Improvements become untenantable as a result of the partial or total damage or destruction of the Premises and Improvements, and Lessee's obligation to pay Contract Rent and Additional Rent under this Lease, and Lessee's obligation to keep and perform all other covenants and agreements on its part to be kept and performed under this Lease, shall not be decreased or affected in any way by any destruction of or damage to the Premises and Improvements.

20.4 Application of Insurance Proceeds. If following the occurrence of the Casualty, Lessee is obligated to or otherwise elects to repair, restore and reconstruct the Premises and Improvements pursuant to this article, then all proceeds from the insurance required to be maintained by Lessee on the Premises and the Improvements shall be applied to fully repair, restore, and reconstruct the Premises and Improvements, and any excess proceeds shall be paid to Lessee and any deficit in necessary funds plus the amount of any deductible shall be paid by Lessee. If the insurance proceeds are insufficient to pay all costs to fully repair, restore and reconstruct the Premises and Improvements, Lessee shall pay the deficiency and shall proceed to complete the repair, restoration and reconstruction of the Premises and Improvements and pay the cost of completing the repair, restoration and reconstruction. Subject to the provisions of ARTICLE 8 MECHANICS' LIENS of this Lease, any balance of the insurance proceeds remaining over and above the cost of the restoration shall be paid to Lessee.

20.5 Exclusive Remedies. Notwithstanding any destruction or damage to the Premises and Improvements, Lessee shall not be released from any of its obligations under this Lease, except to the extent and upon the conditions expressly stated in this article. County and Lessee expressly waive the provisions of State of California Civil Code Sections 1932(2) and 1933(4) with respect to any damage or destruction of the Premises and Improvements and agree that their rights shall be exclusively governed by the provisions of this article.

20.6 Exception to Restoration. Subject to Section 3.4.2 Restoration of Premises of this Lease and notwithstanding any other provision of this Lease to the contrary, Lessee may, at its option, elect to terminate this Lease if the Casualty occurs during the final _____ (___) years of the Term and the cost of the work to restore the Premises Improvements exceeds _____ percent (___)% of the then replacement value of the damaged or destroyed Premises

and Improvements. If Lessee elects to terminate this Lease, Lessee shall (i) notify County in writing of its election within sixty (60) days after the occurrence of the damage or destruction and provide evidence that the _____ percent (____%) threshold has been satisfied, (ii) perform Restoration of the Premises, (iii) deliver or cause to be delivered to County County's share of the proceeds of all casualty insurance required to be carried by this Lease, (iv) deliver possession of the Premises to County and quitclaim all right, title, and interest in and to the Premises, and (v) cause to be discharged all liens and encumbrances on the Premises resulting from any act or omission of Lessee. Lessee shall not be entitled to recover any sums from County, including but not limited to any lost profit, business opportunity or administrative or legal expenses as a result of terminating the Lease pursuant to this section.

ARTICLE 21
EMINENT DOMAIN

21.1 Condemnation. If all of the Premises is taken under eminent domain proceedings by a party other than County, or, if less than all of the Premises is taken under an eminent domain proceeding and in the opinion of County's Lease Administrator the portion of the Premises taken substantially impairs the ability of Lessee to use the remainder of the Premises for the purposes permitted by this Lease, then either County or Lessee may terminate this Lease as of the date the condemning authority takes possession of the Premises by delivery of written notice of the election within twenty (20) days after the party has been notified of the taking or, in the absence of written notice, within twenty (20) days after the condemning authority has taken possession of the Premises.

21.2 Continuation of Lease After Condemnation. If a partial taking of the Premises occurs and this Lease is not terminated by County or Lessee, this Lease shall remain in full force and effect as to any portion of the Premises remaining, and:

a. This Lease will no longer be in effect as of the date of possession for the portion of the Premises taken by the public entity;

b. Prepaid Construction Rent or Rent will be allocated in proportion to the relationship that the compensation paid to Lessee and County by the public entity for the portion of the Premises taken, including any amount paid to Lessee for damages to the remainder of the Premises, bears to the value of the Premises as a whole as of the date possession of the portion of the Premises taken by the public entity; and

c. Construction Rent or Rent shall be reduced in proportion to the relationship that the compensation paid to Lessee and County by the public entity for the portion of the Premises taken, including any amount paid to Lessee for damages to the remainder of the

Premises, bears to the value of the Premises as a whole as of the date possession of the portion of the Premises taken by the public entity; and

d. At its sole expense, Lessee shall restore the remaining portion of the Premises as required to create a reasonably sound architectural (or economically feasible) unit substantially suitable for the purposes for which they were used immediately before the taking, using good workmanship and new first class materials, in accordance with the requirements of Article 10 IMPROVEMENTS; PERSONAL PROPERTY; FIXTURES of this Lease.

21.3 Lessee's Award. In connection with any taking of the Premises, Lessee may prosecute its own claim by separate proceedings against the condemning authority for damages legally due to Lessee (such as the loss of Fixtures that Lessee was entitled to remove and moving expenses) only so long as Lessee's award does not diminish or otherwise adversely affect County's award resulting from the taking.

21.4 Allocation of Condemnation Award for a Total Taking of the Premises. All awards for the total taking of the Premises or proceeds from the sale of the Premises made under the threat of the exercise of the power of eminent domain shall be the property of County, whether made as compensation for diminution of value of the leasehold estate, for the taking of the fee, or as severance damage; provided, however, that Lessee shall be entitled to any award for (i) the value of Lessee-constructed Improvements minus depreciation by that percentage per year which is derived by dividing 100 years by the length of the initial Term, and (ii) loss of or damage to Lessee's Fixtures, and removable Personal Property. Notwithstanding the foregoing, any amount of condemnation compensation due to Lessee pursuant to this Lease shall go first, to County to satisfy (i) County's attorneys' fees, appraisal fees, and other costs incurred in prosecuting the claim for the award, (ii) County's lost rent and the value of the reversion as of the date of possession by the public entity taking the Premises, and (iii) any financial obligations of Lessee to County pursuant to the provisions of this Lease, and second, to any creditors of Lessee to satisfy the remaining balance of any balance due to a creditor from any County-approved loan encumbering the Premises.

ARTICLE 22
SALE OR MORTGAGE BY COUNTY

22.1 Sale or Mortgage. County may at any time, without the consent of Lessee, sell, purchase, exchange, transfer, assign, lease, encumber or convey County's interest in whole or in part, in this Lease, the Premises, the realty underlying the Premises and/or any portion of or interest in the realty or improvements on the Premises (collectively, "Sale").

22.2 Release on Sale. Upon the completion of a Sale, County shall be released from

all liability toward Lessee and Lessee's successors and assigns arising from this Lease because of any act, occurrence or omission of County occurring after the Sale.

ARTICLE 23
SUBORDINATION; ATTORNMENT

23.1 Subordination. Without the necessity of any other document being executed and delivered by Lessee, this Lease is and shall be junior, subject and subordinate to any existing or future permits or approvals issued by the United States of America or any local, State of California or federal agency affecting the control or operation of the Premises. Lessee shall be bound by the terms and provisions of any permits or approvals. This Lease is and shall also be subject, subordinate and junior to all ground leases, mortgages, deeds of trust and other security instruments of any kind now covering the Premises, or any portion of the Premises.

23.2 Attornment. If any proceedings are brought for foreclosure, or if the exercise of the power of sale under any mortgage or deed of trust made by County covering the Premises occurs, Lessee shall attorn to the purchaser upon any foreclosure or sale of the Premises and recognize the purchaser as landlord under this Lease.

ARTICLE 24
COUNTY'S RIGHT OF ACCESS

24.1 County's Right to Enter Premises. County, its agents, employees, and contractors may enter the Premises at any time in response to an emergency, and at reasonable hours to:

a. Inspect the Premises; or

b. Exhibit the Premises to prospective purchasers or Lessees; or

c. Determine whether Lessee is complying with its obligations under this Lease (including its obligations with respect to compliance with Hazardous Materials Laws); or

d. Post notices of non-responsibility or similar notices; or

f. Make repairs to any adjoining County space or utility services; or

h. Make repairs, alterations, or improvements to any other portion of the Premises; or

i. Exercise its rights in the Tunnel Easement and Reservation Area pursuant to Section 2.3 Easements and Reservations and EXHIBIT "B" TUNNEL EASEMENT AND RESERVATION AREA of this Agreement. All work will be done as promptly as reasonably possible and in a manner that causes as little interference to Lessee as reasonably possible.

k. Perform any work in the Premises that County may deem necessary in connection with the expansion, reduction, remodeling, protection or renovation of any County-constructed or owned facilities on or off of the Premises.

All work performed by County will be done as promptly as reasonably possible and in a manner that causes as little interference to Lessee as reasonably possible. Nothing in this Lease shall imply any duty on the part of County to do any work which, under any provision of this Lease, Lessee may be required to do, nor shall County's performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do the work. If County exercises any of its rights under this Lease, Lessee shall not be entitled to any compensation, damages or abatement of Rent or Additional Rent from County for any resulting injury or inconvenience.

24.2 Lessee's Waiver of Damages Claims. Lessee waives any claim of injury or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Premises and Improvements, or any other loss caused by County's entry onto the Premises. If necessary, Lessee shall provide County with keys to unlock all of the doors in the Premises (excluding Lessee's vaults, safes, and similar areas designated in writing by Lessee in advance). County will have the right to use any means that County may deem proper to open doors in the Premises and to the Premises in an emergency. County's entry onto the Premises by any means shall not be considered to be a forcible or unlawful entry into the Premises or a detainer of the Premises or an eviction, actual or constructive, of Lessee from the Premises, or any part of the Premises, nor shall County's entry onto the Premises entitle Lessee to damages or an abatement of Construction Period Rent, Rent or Additional Rent or other charges that this Lease requires Lessee to pay. Notwithstanding any provision of this Lease to the contrary, should County's entry on the Premises temporarily interfere with the use of any or all of the Premises by Lessee, County's Lease Administrator, in its sole discretion, may temporarily reduce the Construction Period Rent or Rent in proportion to the interference with Lessee's use of the Premises. Nothing in this Section shall apply to any actions in eminent domain, which shall be governed solely by Article 21 EMINENT DOMAIN of this Lease.

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ARTICLE 25
QUIET ENJOYMENT

Upon Lessee's paying Contract Rent or Additional Rent and performing its other obligations under this Lease, Lessee shall peacefully and quietly have, hold and enjoy the Premises throughout the Term, without hindrance, ejection or molestation by County, or any person lawfully claiming through or under County.

ARTICLE 26
NOTICES

26.1 Notices. All notices, demands, requests or other communication required or permitted to be given or served under this Lease ("Notice" or "Notices") shall be in writing, and (i) delivered in person to an officer or authorized representative of the other party, (ii) sent by United States Postal Service, certified or registered mail, postage prepaid, (iii) sent by courier delivery service, or (iv) delivered by facsimile, with the original document subsequently delivered by United States Postal Service First Class Mail to the other party at the addresses specified in Article 1 of this Lease. Mailed Notices shall be deemed to have been given, delivered and received three (3) business days after the date the Notice is posted by the United States Postal Service. All other Notices shall be deemed given, delivered and received upon actual receipt. Either party may, by written notice delivered pursuant to this section, at any time designate a different address to which Notices shall be sent.

26.2 Default Notices. Notwithstanding anything to the contrary in this Lease, any Notice County is required or authorized to deliver to Lessee in order to advise Lessee of alleged violations of Lessee's covenants under this Lease must be in writing but shall be deemed to have been duly given or served upon Lessee by County attempting to deliver at the Premises during normal business hours a copy of the Notice to Lessee or its managing employee and by County mailing a copy of the Notice to Lessee in the manner specified in Section 26.1 of this Lease.

ARTICLE 27
AFFIRMATIVE ACTION PROGRAM FOR VENDORS

Lessee shall comply with the Affirmative Action Program for Vendors pertaining to employment of disabled persons, as set forth in Article IIIK (commencing at Section 84) of the San Diego County Administrative Code, which is incorporated into this Lease by this reference. Lessee is informed that the County's Affirmative Action Program for Vendors provides that its requirements shall not apply to any lessee who has a regular, paid workforce of less than fifteen

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(15) employees. A copy of this Affirmative Action Program will be furnished to Lessee by the County's Lease Administrator upon Lessee's request.

ARTICLE 28
WAIVER OF RELOCATION ASSISTANCE BENEFITS

28.1 Relocation Assistance Benefits. Lessee is informed and acknowledges the following and shall include in all residential and non-residential subleases a similar waiver:

a. By entering into this Lease and becoming a tenant of County, Lessee may become entitled to receipt of "relocation assistance benefits" ("Relocation Benefits") pursuant to the Federal Uniform Relocation Assistance Act (42 U.S.C. §4601 et seq.) and/or the California Relocation Assistance Law (Cal. Gov. Code §7270 et seq.) (collectively, the "Relocation Statutes"), should County at some time make use of the Premises in such a way as to "displace" Lessee from the Premises. Pursuant to the Relocation Statutes, County may then become obligated to make payments to Lessee even where the displacement of Lessee does not otherwise constitute a breach or default by County of its obligations pursuant to this Lease.

b. Under the Relocation Statutes in effect as of the Commencement Date of this Lease, Relocation Benefits may include payment to a "displaced person" of (i) the actual and reasonable expense of moving himself or herself and a family, business, or farm operation, including Personal Property, (ii) the actual direct loss of reestablishing a business or farm operation, but not to exceed ten thousand dollars ($10,000), or (iii) payment in lieu of moving expenses of not less than one thousand dollars ($1,000) or more than twenty thousand dollars ($20,000).

28.2 Lessee's Waiver and Release of Relocation Benefits. In consideration of County's agreement to enter into this Lease, Lessee waives any and all rights it may now have, or may subsequently obtain, to Relocation Benefits arising out of the County's assertion or exercise of its contractual rights to terminate this Lease pursuant to its terms, whether or not the rights are contested by Lessee or any other entity, and releases County from any liability for payment of Relocation Benefits. Lessee does not waive its rights to Relocation Benefits to the extent that Lessee's entitlement to Relocation Benefits may arise out of any condemnation or pre-condemnation actions taken by the County or any other public agency with respect to the Premises. Lessee shall in the future execute any further documentation of the release and waiver provided by this article as reasonably required by County.

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ARTICLE 29
GENERAL PROVISIONS

29.1 Authority. Lessee represents and warrants that it has full power and authority to execute and fully perform its obligations under this Lease pursuant to its governing instruments, without the need for any further action, and that the person(s) executing this Lease on behalf of Lessee are the duly designated agents of Lessee and are authorized to act on behalf of Lessee.

29.2 Brokers. Lessee warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation and/or execution of this Lease. If any broker other than the brokers acknowledged in writing by County make claim for monies owed, Lessee shall indemnify, defend and hold County harmless from the claim.

29.3 Captions. The captions, headings and table of contents appearing in this Lease are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Lease.

29.4 County Approval. Except where stated in this Lease to the contrary, the phrases "County's approval" and "County's written approval" or similar phrases shall mean approval of County's Lease Administrator or a designee.

29.5 Business Days. The term "business days" as used in this Lease means any calendar day other than a Saturday, Sunday or official County holiday.

29.6 Cumulative Remedies. If a default under this Lease occurs, each party's remedies shall be limited to those remedies set forth in this Lease. The remedies under this Lease are cumulative and not exclusive of any other remedies under this Lease to which the non-defaulting party may be entitled.

29.7 Exhibits. All exhibits referred to in this Lease are attached to this Lease and incorporated into this Lease by reference.

29.8 Entire Agreement. This Lease, together with all addenda, exhibits and riders attached to this Lease, constitutes the entire agreement between County and Lessee with respect to the subject matter of this Lease, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded

29.9 Estoppel Certificate. Lessee shall at any time during the term of this Lease, within five (5) business days of written notice from County, execute and deliver to County a statement in writing certifying that this Lease is unmodified and in full force and effect or, if

modified, stating the nature of the modification. Lessee's statement shall include other details requested by County, such as the date to which Contract Rent, Additional Rent and other charges are paid, the current ownership and name of Lessee, Lessee's knowledge concerning any outstanding defaults with respect to County's obligations under this Lease and the nature of any defaults. Lessee's statement may be relied upon conclusively by any prospective purchaser or encumbrancer of the Premises. Lessee's failure to deliver the statement within five (5) business days of written notice from County shall be conclusively deemed to mean that this Lease is in full force and effect, except to the extent any modification has been represented by County, and that there are no uncured defaults in the County's performance under this Lease, and that not more than one (1) month of Contract Rent or Additional Rent has been paid in advance.

29.10 Force Majeure. If County or Lessee is prevented or delayed from performing any act or discharging any obligation under this Lease, except for the payment of Construction Period Rent, Rent or Additional Rent by Lessee, because of any and all causes beyond either party's reasonable control, including unusual delays in deliveries, abnormal adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, civil commotion and fire or other casualty, legal actions attacking the validity of this Lease or the Lessee's occupancy of the Premises, or any other casualties beyond the reasonable control of either party except casualties resulting from Lessee's negligent operation or maintenance of the Premises ("Force Majeure"), performance of the act shall be excused for the period of the delay, and the period for performance of the act shall be extended for a period equivalent to the period of the delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability by Lessee.

29.11 Governing Law. This Lease shall be governed, construed and enforced in accordance with the laws of the State of California.

29.12 Interpretation. The language of this Lease shall be construed simply according to its plain meaning and shall not be construed for or against either party.

29.13 Joint and Several Liability. If more than one person or entity executes this Lease as Lessee, each of them is jointly and severally liable for all of the obligations of Lessee under this Lease.

29.14 Lessee's Lease Administration. Lessee confirms that Lessee's Lease Administrator has been given full operational responsibility for compliance with the terms of this Lease. Lessee shall provide County with a written schedule of its normal hours of business operation on the Premises, and Lessee's Lease Administrator or a representative designated by Lessee shall be (i) available to County on a twenty-four (24) hour a day, seven (7) days a week, basis, and (ii) present on the Premises during Lessee's normal business hours, to resolve

problems or answer questions pertaining to this Lease and Lessee's operations on the Premises.

29.15 Liquidated Damages. Any payments by Lessee to County under this Lease described as liquidated damages represent the parties' reasonable estimate of County's actual damages under the described circumstances, the actual damages being uncertain and difficult to ascertain in light of the impossibility of foreseeing the state of the leasing market at the time of the various deadlines set forth in this Lease. .

29.16 Modification. The provisions of this Lease may not be modified, except by a written instrument signed by County and Lessee.

29.17 Partial Invalidity. If any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected by the determination. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

29.18 Payments. Except as may otherwise be expressly stated in this Lease, each payment required to be made by Lessee shall be in addition to, and not a substitute for, other payments to be made by Lessee under this Lease.

29.19 Successors and Assigns. This Lease shall be binding on an inure to the benefit of County and Lessee and their successors and assigns, except as may otherwise be provided in this Lease.

29.20 Time of Essence. Time is of the essence of each and every provision of this Lease.

29.21 Waiver. No provision of this Lease or the breach of any provision of this Lease shall be deemed waived, except by written consent of the party against whom the waiver is claimed. The waiver by County of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of the term, covenant or condition of any subsequent breach of the term, covenant or condition, or of any other term, covenant or condition contained in this Lease. County's subsequent acceptance of partial Contract Rent or Additional Rent or performance by Lessee shall not be deemed to be an accord and satisfaction or a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of County to a forfeiture of this Lease by reason of the breach, regardless of County's knowledge of the preceding breach at the time of County's acceptance. The failure on the part of County to require exact or full and complete compliance with any of the covenants, conditions of agreements of this Lease shall not be construed as in any manner changing or waiving the terms of this Lease or as estopping County from enforcing in full the provisions of this Lease. No custom or practice which may arise between County and Lessee in the course of administering

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this Lease shall be construed to waive, estop or in any way lessen County's right to insist upon the full performance of, or compliance with, any term, covenant or condition of this Lease by Lessee, or construed to inhibit or prevent County's exercise of its rights with respect to any default, dereliction or breach of this Lease by Lessee.

29.22 Memorandum of Lease. Within thirty (30) days after the Commencement Date of this Lease, Lessee shall have the right, but not the obligation, to cause a "Memorandum of Lease" in the form attached to this Lease as EXHIBIT "I" MEMORANDUM OF LEASE to be recorded in the Official Records of the San Diego County Recorder. If Lessee exercises this right, County shall execute the Memorandum of Lease in recordable form.

THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.
THE SIGNATURE PAGE FOLLOWS.

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SIGNATURES

County and Lessee have duly executed this Lease as of the day and year first above written.

Lessee:

_____
_____

By: _____
Title: _____

County:

County of San Diego,
a political subdivision of the State of California

By: _____
Marko Medved, P. E., CEM, Director
Department of General Services

Approved as to form and legality:

By: _____

Deputy County Counsel

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EXHIBIT "A"
DESCRIPTION OF PREMISES
Location Map

[Add location map]

EXHIBIT "A"
DESCRIPTION OF PREMISES
Site Map

[Add site map]

EXHIBIT "A"
DESCRIPTION OF PREMISES
Site Plan

[Add site plan]

EXHIBIT "A"
DESCRIPTION OF PREMISES
Legal Description

[Add legal description]

EXHIBIT "A"
DESCRIPTION OF PREMISES
Tunnel Easement

[Add tunnel easement]

EXHIBIT "B"

TUNNEL EASEMENT AND RESERVATION AREA

Begins on next page

[Add tunnel easement]
[Add description of tunnel reservation area]

EXHIBIT "C"
INSURANCE REQUIREMENTS - PRE-CONSTRUCTION PERIOD

INSURANCE REQUIREMENTS FOR LESSEE

Without limiting Lessee's indemnification obligations to County under this Lease, Lessee shall provide and maintain during the Pre-Construction Period of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's use of the Premises identified in the Lease. The cost of the insurance shall be borne entirely by the Lessee.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.

B. Comprehensive Automobile Liability

C. Statutory Workers Compensation, as required by State of California and Employer's Liability Insurance.

2. Minimum Limits of Insurance

Lessee shall maintain limits no less than:

A. Commercial General Liability insuring Lessee against liability for bodily injury, personal injury and property damage arising out of or in connection with Lessee's performance of work or entry onto the Premises of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) general aggregate.

B. Comprehensive Automobile Liability covering all owned, non-owned and hired vehicles for bodily injury and property damage of not less than one million dollars ($1,000,000) each accident.

C. Statutory Workers' Compensation, as required by State of California and Employer's Liability at one million dollars ($1,000,000) each accident for bodily injury or disease.

3. Deductibles and Self-Insured Retention's

Any liability deductible or self-insured retention must be declared to and approved by the

County Risk Management.

4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement. Any general liability policy provided by Lessee shall contain an additional insured endorsement applying coverage to the County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

B. Primary Insurance Endorsement. For any claims related to this Lease, the Lessee's insurance coverage shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation. Notice of cancellation shall be in accordance with policy provisions.

General Provisions

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

6. Evidence of Insurance

Prior to the Commencement Date of this Lease, Lessee shall furnish the County with certificates of insurance and amendatory endorsements effecting coverage required by this Lease. Renewal certificates and amendatory endorsements shall be furnished to County within thirty (30) days of the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance.

7. Failure to Obtain or Maintain Insurance; County's Remedies

Lessee's failure to provide insurance specified or failure to furnish certificates of insurance and amendatory endorsements or failure to make premium payments required by the insurance, shall constitute a material breach of this Lease and County may, at its option, terminate this Lease for any such default by Lessee.

8. No Limitations of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of the insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

9. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required by this Lease and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

10. Self-Insurance

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Lease under a plan of self-insurance. Lessee shall only be permitted to utilize self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under this Lease.

11. Contractor or Subcontractor Insurance

Lessee shall require that any and all contractors and subcontractors hired by Lessee to perform work or activities on the Premises, are insured in accordance with this Lease. If any contractor's or subcontractor's coverage does not comply with the foregoing provisions, Lessee shall defend and indemnify the County from any damage, loss, cost or expense, including attorney fees, incurred by County as a result of Contractor's/Subcontractor's failure to maintain required coverage.

12. Waiver of Subrogation

Lessee and County waive all rights to recover against each other or against the officers,

directors, shareholders, partners, employees, agents or invitees of each other from any Claims (as described in ARTICLE 13 EXCULPATION, INDEMNIFICATION AND INSURANCE of this Lease) against either of them and from any damages to the extent that the proceeds received from any insurance carried by either County or Lessee, other than proceeds from any program of self-insurance, covers any Claim or damage. Included in any policy or policies of insurance provided by Lessee shall be a standard waiver of rights of subrogation against County by the insurance company issuing the policy or policies.

EXHIBIT "D"
INSURANCE REQUIREMENTS - CONSTRUCTION PERIOD

INSURANCE REQUIREMENTS FOR LESSEE

Without limiting Lessee's indemnification obligations under this Lease, Lessee shall provide at its sole expense and maintain during the term of the Construction Phase of Lease, or as may be further required herein, the insurance specified in this Article 1. Lessee's insurance shall protect Lessee against claims which may arise out of or result from Lessee's construction operations under the Lease and for activities which Lessee may be legally liable, whether such operations are performed by Lessee or by a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

A. Commercial General Liability, Occurrence form, Insurance Services Office form CG0001.

B. Automobile Liability covering all owned, non owned and hired auto, Insurance Services Office form CA0001.

Policy shall contain a Pollution Coverage Endorsement (MCS-90B) or Pollution Liability-Broadened Coverage for Covered Autos-Business Auto, Motor Carrier and Truckers Coverage Forms, Form # CA9948 0902 for any vehicle if transporting hazardous materials.

C. Workers' Compensation, as required by State of California and Employer's Liability Insurance.

D. Professional Errors and Omissions Liability required if Lessee provides or engages any type of professional services including but not limited to engineers, architects and project or construction management.

E. Pollution Legal Liability Insurance

F. Builder's Risk or an installation floater covering all new construction and materials which are the subject of this Lease.

2. Minimum Limits of Insurance

The insurance required shall be written for not less than limits of liability specified in this Lease or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of final payment and termination of any coverage required to be maintained after final payment. Lessee may use a combination of primary

and excess insurance policies which provide coverage as broad as ('follow form" over) the underlying primary policies, to satisfy the insurance provisions. As a requirement of this lease, any available insurance proceeds in excess of the specified minimum limits and coverage stated below, shall also be available to the County of San Diego. The indemnity provisions shall apply to the full amount of damages and are not limited by the minimum limits stated below.

Lessee shall maintain limits no less than:

A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability, Independent Contractors Liability, Broad Form Property Damage, and Explosion, Collapse and Underground Damage (XCU): $5,000,000 per occurrence for bodily injury and property damage. Products and Completed Operations with limits of not less than $5,000,000 per occurrence to be maintained for three years following Acceptance of work by the County. The General Aggregate limit shall be $10,000,000 and shall be a Project Specific Aggregate.

B. Automobile Liability: $1,000,000 each accident for bodily injury and property damage.

C. Employer's Liability: $1,000,000 each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of County of San Diego.

D. Professional Errors and Omissions Liability: $5,000,000 per claim with an aggregate limit of not less than $10,000,000. Any self retained limit shall not be greater than $1,000,000 per occurrence/event without County Risk Management approval. If policy contains one or more aggregate limits, a minimum of 50% of any such aggregate limit must remain available at all times; if over 50% of any such aggregate limit has been paid or reserved, County will require additional coverage to be purchased by Lessee to restore the required limits. This coverage shall be maintained for a minimum of three years following termination or completion of Lessee's work pursuant to the Lease.

E. Pollution Legal Liability Insurance: $2,000,000 per claim with an aggregate limit of not less than $4,000,000. Any self-retained limit shall not be greater than $50,000 per occurrence/event without County Risk Management approval. Coverage shall include contractual liability coverage. If policy contains one or more aggregate limits, a minimum of 50% of any such aggregate limit must remain available at all times; if over 50% of any such aggregate limit has been paid or reserved, County will require additional coverage to be purchased by Contractor to restore the required limits. This coverage shall be maintained for a minimum of three years following termination of completion of Contractor's work pursuant to the Contract.

F. Builder's Risk: All risk or special form perils including theft of building materials (and including earthquake and flood, unless waived by the County) covering completed value of project with no coinsurance penalty. Coverage shall be in an amount of no less than the full replacement value of the property at the time of loss. Coverage shall be provided on the work and materials which is the subject of this Lease, whether in process or manufacture or finished, including "in transit" coverage to the final agreed upon destination of delivery and including loading and unloading operations.

3. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by County Risk Management. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers; or the Lessee shall provide a financial guarantee satisfactory to the County guaranteeing payment of losses and related investigations, claim administration and defense expenses.

4. Other Insurance Provisions

The general liability, automobile liability, professional liability and builder's risk policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement [Does not apply to professional liability] Any General Liability policy provided by Lessee shall contain an additional insured endorsement applying coverage to the County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

i. An Additional Insured endorsement, as broad as ISO Form CG2010 11 85 or equivalent form(s) including Ongoing and Completed Operations, shall be attached to the Certificate of Insurance in order to be valid.

B. Primary Insurance Endorsement

For any claims related to this project, the Lessee's insurance coverage, including any excess liability policies, shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, its officers, employees, or

volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation

Notice of Cancellation shall be provided in accordance with policy provisions.

D. Severability of Interest Clause

General Liability and Auto Liability policies will contain a clause that coverage applies separately to each insured, except with respect to the limits of liability, and that an act or omission by one of the named insureds shall not reduce or avoid coverage to the other named insureds.

E. Loss Payee Clause

Builder's Risk policy shall name County of San Diego as loss payee as its interests may appear. Loss, if any, shall be adjustable with and payable to the County as trustee for all entities having an insurable interest, except in such cases as may require payment of all or a proportion of such insurance to be made to a mortgagee as its interest may appear.

General Provisions

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

6. Evidence of Insurance

Prior to commencement of the Lease, but in no event later than the effective date of the Lease, Lessee shall furnish the County with certificate(s) of insurance and amendatory endorsements effecting coverage required by this clause. Renewal certificates and amendatory endorsements shall be furnished to County within thirty days of the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance. Insurance documents shall be issued and sent to the name and address listed under the "notices" section of this Lease.

7. Failure to Obtain or Maintain Insurance; County's Remedies

Lessee's failure to provide insurance specified or failure to deliver certificates of insurance and amendatory endorsements, or failure to make premium payments required by such insurance, shall constitute a material breach of the Lease, and County may, at its option, terminate the Lease for any such default by Lessee.

8. No Limitation of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of said insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

9. No Recourse

The insurer shall have no recourse against County for payment of any premium or for assessments under any insurance policy maintained in connection with this Lease.

10. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required herein and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

11. Self-Insurance

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in the Lease under a plan of self-insurance. Lessee shall only be permitted to utilize such self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under the Agreement.

12. Claims Made Coverage

If coverage is written on a "claims made" basis, the Certificate of Insurance shall clearly so state. In addition to the coverage requirements specified above, such policy shall provide that:

A. The policy retroactive date coincides with or precedes Lessee's commencement of work under the Lease (including subsequent policies purchased as renewals or replacements).

B. Lessee will make every effort to maintain similar insurance during the required extended period of coverage following expiration of the Lease, including the requirement of adding all additional insureds.

C. If insurance is terminated for any reason, Lessee shall purchase an extended reporting provision of at least two years to report claims arising in connection with the Lease.

D. The policy allows for reporting of circumstances or incidents that might give rise to future claims.

13. Subcontractors' Insurance

Lessee shall require that any and all subcontractors hired by Lessee are insured in accordance with this Lease and shall name the County of San Diego the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively as additional insureds. Such Additional Insured endorsement shall be attached to the certificate of insurance in order to be valid and on a form as broad as ISO Form CG2010 11 85 or equivalent form(s) including ongoing operations and Completed Operations. If any subontractor's coverage does not comply with the foregoing provisions, lessee shall defend and indemnify the County from any damage, loss, cost, or expense, including attorneys' fees, incurred by County as a result of subcontractor's failure to maintain required coverage. In addition to the foregoing, Lessee shall require that any and all subcontractors performing any excavation of the Project have Explosion, Collapse and Underground Damage Liability (XCU) Insurance and coverage in the amount of $2,000,000 per occurrence.

14. Waiver of Subrogation

The insurer shall waive all rights of recovery or subrogation against County, its agents, officers and employees which might arise by reason of any payment under the policies. Lessee hereby waives all rights to recovery against County, its agents, officers and employees, on account of loss or damage occasioned to Lessee or others under Lessee's control to the extent such loss or damage is insured under any insurance policies which may be in force at the time of the loss or damage. Included in any policy or policies of insurance provided by Lessee shall be a standard waiver of rights of subrogation against County by the insurance company issuing said policy or policies. This provision does not apply to Professional Liability coverage.

EXHIBIT "E"
INSURANCE REQUIREMENTS - OPERATIONS PERIOD

INSURANCE REQUIREMENTS FOR LESSEE

Without limiting Lessee's indemnification obligations to County under this Lease, Lessee shall provide and maintain during the Operations Period of this Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Lessee's operation and use of the Premises and Improvements identified in the Lease. The cost of the insurance shall be borne entirely by the Lessee.

1. Minimum Scope of Insurance

Coverage shall be at least as broad as:

A. Commercial General Liability, Occurrence form, Insurance Services Office Form CG0001.

B. Workers Compensation, as required by State of California and Employer's Liability Insurance.

C. Property Insurance against all risk or special form perils, including Replacement Cost coverage, without deduction for depreciation, for Lessee's merchandise, fixtures owned by Lessee, any items identified in this Lease as Improvements to the Premises constructed and owned by Lessee, and the personal property of Lessee, its agents and employees.

D. Rental Income Replacement

2. Minimum Limits of Insurance

Lessee shall maintain limits no less than:

A. Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability and Independent Contractors: One million dollars ($1,000,000) per occurrence for bodily injury, personal injury and property damage. The General Aggregate limit shall be two million dollars ($2,000,000) and shall be a Per Location Aggregate. Fire Damage Limit (Any One Fire) three hundred thousand dollars ($300,000) and Medical Expense Limit (Any One Person) five thousand dollars ($5,000).

B. Employers Liability: One million dollars ($1,000,000) each accident for bodily injury or disease. Coverage shall include a waiver of subrogation endorsement in favor of County of San Diego.

C. Property: Full replacement cost with no coinsurance penalty provision.

D. Rental Income Replacement assuring County of receiving the minimum monthly rent from the time the Premises and Improvements are damaged or destroyed with a minimum period of coverage of one (1) year.

3. Deductibles and Self-Insured Retention's

Any liability deductible or self-insured retention must be declared to and approved by the County Risk Management. The property insurance deductible shall not exceed five thousand dollars ($5,000) per occurrence and shall be borne by Lessee.

4. Other Insurance Provisions

The general liability and automobile liability policies are to contain, or be endorsed to contain the following provisions:

A. Additional Insured Endorsement. Any general liability policy provided by Lessee shall contain an additional insured endorsement applying coverage to the County of San Diego, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively.

B. Primary Insurance Endorsement. For any claims related to this Lease, the Lessee's insurance coverage shall be primary insurance as respects the County, the members of the Board of Supervisors of the County and the officers, agents, employees and volunteers of the County, individually and collectively. Any insurance or self-insurance maintained by the County, the members of the Board of Supervisors of the County, its officers, officials, employees, or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

C. Notice of Cancellation. Notice of cancellation shall be in accordance with policy provisions.

General Provisions

5. Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by County Risk Management.

6. Evidence of Insurance

Prior to the commencement of the Operations Period of this Lease, Lessee shall furnish the County with certificates of insurance and amendatory endorsements effecting coverage required by this Lease. Renewal certificates and amendatory endorsements shall be furnished to County within thirty (30) days of the expiration of the term of any required policy. Lessee shall permit County at all reasonable times to inspect any required policies of insurance.

7. Failure to Obtain or Maintain Insurance; County's Remedies

Lessee's failure to provide insurance specified or failure to furnish certificates of insurance and amendatory endorsements or failure to make premium payments required by the insurance, shall constitute a material breach of this Lease and County may, at its option, terminate this Lease for any such default by Lessee.

8. No Limitations of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Lessee, and any approval of the insurance by the County are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Lessee pursuant to the Lease, including, but not limited to, the provisions concerning indemnification.

9. Review of Coverage

County retains the right at any time to review the coverage, form and amount of insurance required by this Lease and may require Lessee to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

10. Self-Insurance

Lessee may, with the prior written consent of County Risk Management, fulfill some or all of the insurance requirements contained in this Lease under a plan of self-insurance. Lessee shall only be permitted to utilize self-insurance if in the opinion of County Risk Management, Lessee's (i) net worth, and (ii) reserves for payment of claims of liability against Lessee, are sufficient to adequately compensate for the lack of other insurance coverage required by this Lease. Lessee's utilization of self-insurance shall not in any way limit liabilities assumed by Lessee under this Lease.

11. Sub-Lessees' Insurance Requirements

If Commercial Sublessee or Sub-sublessee
Lessee shall require any commercial sublessee and any commercial sub-sublessee, of all or any portion of the Premises and Improvements to provide minimum insurance coverage described in this Lease prior to occupancy.

If Residential Sublessee or Sub-sublessee
Without limiting sublessee's and any sub-sublessee's indemnification, sublessee shall provide and maintain, during the term of their lease, at their sole expense, insurance at least in the amounts and form specified below.

A. Liability Insurance. Lessee shall procure Personal Liability insurance including incidental Workers' Compensation coverage applying to the use and occupancy of the Premises and Improvements, or any part of the Premises and Improvements, or any areas adjacent to the Premises and Improvements, and in an amount not less than one hundred thousand dollars ($100,000).

B. All Risk Insurance. A standard fire policy including all-risk or special form perils, providing Replacement Cost Coverage, without deduction for depreciation for (i) Lessee's personal property, (ii) fixtures owned by Lessee, and (iii) any items identified in this Lease as improvements to the Premises constructed and owned by Lessee. The deductible for the required fire insurance policy shall not exceed one thousand dollars ($1,000) per occurrence and shall be borne by Lessee.

12. Waiver of Subrogation

Lessee and County waive all rights to recover against each other or against any other tenant or occupant of the building, or against the officers, directors, shareholders, partners, employees, agents or invitees of each other or of any other occupant or tenant of the building, from any Claims (as described in ARTICLE 13 EXCULPATION, INDEMNIFICATION AND INSURANCE of this Lease) against either of them and from any damages to the fixtures, personal property, Lessee's improvements, and alterations of either County or Lessee in or on the Premises and Improvements, to the extent that the proceeds received from any insurance carried by either County or Lessee, other than proceeds from any program of self-insurance, covers any Claim or damage. Included in any policy or policies of insurance provided by Lessee shall be a standard waiver of rights of subrogation against County by the insurance company issuing the policy or policies.

EXHIBIT "F"
WORK LETTER AGREEMENT

This Work Letter Agreement ("Agreement") states the agreement of County and Lessee regarding the construction of the Required Improvements by Lessee.

1. REQUIRED IMPROVEMENTS. Lessee shall complete, at Lessee's expense, the Required Improvements to the Premises referenced in Section 10.1 of this Lease and as set forth in this Agreement and the DDA. The Requirement Improvement shall consist of the entitlement, development, design, construction and operation of _____ and the Inmate Tunnel (defined in the DDA). The County's review, direction or approval throughout the design and construction process of the Required Improvements shall not diminish, modify or alter the duties, responsibilities and obligations of the Lessee as specified in this Lease, nor shall it impose any financial obligation or other liability upon the County.

2. PLANS AND SPECIFICATIONS.

(a) Final Plans. Lessee shall deliver to County's Lease Administrator plans and specifications ("Plans") prepared by Lessee's architect (i) for those Required Improvements consisting of construction of _____, within _____ (___) days prior to scheduled commencement of construction, and (ii) for any Optional Improvements proposed by Lessee during the course of construction of the Required Improvements.

The Plans shall include, as applicable, the following:

- Site layout
- Building design and architectural treatment
- Exterior elevations
- Signage
- Landscaping
- Any access for parking serving the Required Improvements that uses the parking structure located on the County-owned property adjoining the Premises
- Use of an air rights area over the pedestrian access located at the southwest corner of the County-owned parking structure
- Use of an air rights area over vehicle ingress-egress lanes on Kettner Boulevard for the parking structure located on County-owned property adjoining the Premises

County's Lease Administrator shall have the right to approve the Plans and all material changes to the Plans, which approval shall not be unreasonably withheld. County's Lease

Administrator shall approve or disapprove the Plans and any modifications to the Plans within _____ (___) business days after receipt. If County's Lease Administrator disapproves the Plans, County and Lessee shall promptly meet and resolve any dispute. "Final Plans" as used in this Lease means the Plans as approved by County's Lease Administrator and Lessee.

(b) Working Drawings. Lessee shall prepare working drawings ("Working Drawings") for the Required Improvements, at Lessee's expense, in conformance with the Final Plans. Lessee shall submit the Working Drawings to County's Lease Administrator within _____ (___) days after the County's Lease Administrator's approval of the Final Plans. County's Lease Administrator shall have the right to approve the Working Drawings and all material changes to the Working Drawings, but County's Lease Administrator shall not unreasonably disapprove the Working Drawings if they are consistent with the Final Plans. County's Lease Administrator shall approve or disapprove the Working Drawings within _____ (___) days after receipt.

3. PRE-CONSTRUCTION REQUIREMENTS.

(a) Building Permit. Within ten (10) days following County's Lease Administrator's approval of the Working Drawings for the Required Improvements, Lessee shall submit and diligently process an application for building permits with the permitting authority for the City of San Diego. Lessee shall obtain, at Lessee's expense, all other governmental permits required to complete the Required Improvements and shall comply with all conditions of the permits and with all other applicable governmental laws, regulations and requirements.

(b) Bonds. Prior to the commencement of construction of any of the Required Improvements, Lessee shall obtain or cause its contractor ("Contractor") to obtain payment and performance bonds ("Bonds") covering the faithful performance of the contract for the construction of the Required Improvements and the payment of all obligations arising under the contract. The Bonds shall be on forms approved by County and shall be issued by a surety satisfactory to County. The surety shall have a current A.M. Best rating of A-5, or better, and shall be currently licensed to transact its insurance business in the State of California. The Bonds shall (i) name County as a primary co-obligee, (ii) name Contractor as principal, and (iii) assure full and satisfactory completion of the Required Improvements by the expiration of the Construction Period. The Bonds shall also guarantee that (i) all materials and workmanship supplied and/or installed as part of the Improvements shall be free from original or developed defects, and (ii) any original or developed defects or failures which appear in the Required Improvements within one (1) year after installation shall be repaired and/or replaced with all due diligence, at no cost to Lessee or County. The Bonds shall be maintained in full force and effect by Lessee during the construction and installation of the Required Improvements and for a period of one year after completion of the Required Improvements. Lessee shall ensure that the surety company familiarizes itself with all of the terms and conditions of this Lease and shall require

the surety company to waive (i) notification of any modifications or alterations of the Final Plans or Working Drawings (including any extension of the Construction Period), and (ii) its rights under the provisions of State of California Civil Code Section 2819. The cost of the Bonds shall be paid by Lessee.

[NOTE: If a guaranty of payment and performance is used is used delete the above subsection and replace with the following]

(b) Guaranty of Payment and Performance. Concurrently with the execution of this Lease, Lessee shall execute as "Guarantor" and deliver to County a "Guaranty of Payment and Performance" in the form attached as EXHIBIT "J" GUARANTY OF PAYMENT AND PERFORMANCE. The Guaranty of Payment and Performance is used in lieu of a performance bond and shall remain in effect until a certificate of occupancy or the equivalent is issued with respect to the Required Improvements.

(c) Insurance. From commencement of construction of the Required Improvements, Lessee shall maintain, or cause to be maintained, public liability, workers' compensation and property damage insurance in the form and amounts specified in this Lease, and shall also maintain, during the course of and until completion of construction of the Required Improvements, Builder's Risk Insurance in an amount equal to the expected value of the Required Improvements when construction is completed. Prior to commencement of construction, Lessee shall provide written evidence to County of the insurance coverage.

(d) Contract for Construction. County reserves the right to approve Contractor, but County's approval shall not be unreasonably withheld. County's right to approve Contractor shall not give rise to an obligation on County's part to assume Lessee's obligations and rights under the contract if Lessee defaults under this Lease. The Contractor shall be bondable and shall meet all licensing and insurance requirements of the State of California. The items set forth below shall be incorporated as "Special Conditions" into the contract between Lessee and its contractor (with a copy of the contract to be furnished County for County's reasonable approval prior to the commencement by Lessee of the Required Improvements):

(1) Prior to start of the Required Improvements, Contractor shall provide County with a construction schedule in "bar graph" form indicating the completion dates of all phases of the Required Improvements.

(2) Contractor shall be responsible for the repair, replacement or cleanup of any damage done by Contractor to others' property.

(3) Contractor shall contain its storage of materials and its operations within the Premises and other space as Contractor may be assigned by Lessee or County. Should Contractor be assigned space outside of the Premises, Contractor shall move to the other space as

directed by County from time to time to avoid interference or delays with any other County operations.

(4) All trash and surplus construction materials shall be stored within the Premises and shall be promptly removed from the Premises at the sole cost of the Contractor.

(5) Contractor shall provide temporary utilities, portable toilet facilities and potable drinking water as required for its work within the Premises.

(6) Contractor shall notify the County's Lease Administrator of any planned work to be performed on weekends or other than regular job hours.

(7) Contractor shall be responsible for compliance with all applicable codes and regulations of duly constituted authorities having jurisdiction insofar as the performance of the work and completed improvements are concerned for all work performed by Contractor, and all applicable safety regulations, and Contractor shall save and hold County harmless for the work as provided in this Lease.

(8) Contractor or subcontractors shall not post signs on any part of the Premises without the prior approval of County, which may be withheld, conditioned or revoked at County's sole discretion.

(9) Contractor or subcontractors shall not impede ingress or egress serving the parking structure on the County-owned property adjoining the Premises without County's prior written approval, which may be conditioned or withheld at County's sole discretion.

4. COMMENCEMENT OF WORK. As used in this Lease, the "commencement" of work on the Requirements Improvements shall be deemed to have occurred upon fulfillment by Lessee, and acceptance by County, of all of the requirements set forth in Sections 2 and 3 of this Agreement.

5. PERFORMANCE OF WORK.

(a) Diligent Construction. Lessee shall cause Contractor to diligently commence and complete the actual construction of the Required Improvements (i) in a good and workmanlike manner by well-trained, adequately supervised workers; (ii) in strict compliance with the Final Plans and approved Working Drawings (except for insubstantial deviations which do not interfere with the utility or use of the Required Improvements); (iii) in strict compliance with all governmental and quasi-governmental rules, regulations, laws and building codes (including safety requirements), and all requirements of the insurers of Lessee, County and Contractor and lenders; and (iv) in a manner free from all design, material and workmanship defects.

(b) Change Orders. County's Lease Administrator shall have the right to approve all material change orders made by Lessee to the Final Plans or Working Drawings, but approval shall not be unreasonably withheld or delayed. "Material changes" shall include, but not limited to, any change in the (i) site layout; (ii) building configuration, (iii) size or square footage; (iv) the parking configuration; (v) the exterior appearance of any building, (vi) the Parking Structure and (vii) the improvements contemplated in Lessee's response to the Request for Proposals attached as EXHIBIT "G" LESSEE'S RESPONSE TO REQUEST FOR PROPOSALS.

(c) County's Rules, Requirements. Lessee shall comply with any reasonable rules and regulations County may establish regarding Lessee's construction work in order to avoid interference or delays with other work, to protect the property of County and other tenants, and to enhance the safety of the site.

(d) County's Right to Enter. County shall have the right during construction of the Required Improvements to enter the Premises for the purpose of inspecting construction progress. County will use its best efforts to minimize interference with Lessee's construction of the Improvements and will give prior reasonable notice to Lessee and Contractor of County's desire to enter the Premises.

(f) Mechanic's Liens. Lessee shall cause the Required Improvements to be constructed free of any vendor's, mechanics' or workers' or other liens, as further provided in ARTICLE 8 MECHANICS LIENS' of this Lease.

(g) As-Built Drawings. Within sixty (60) days following completion of the Required Improvements, Lessee shall furnish County with one (1) complete set of reproducible plans and two (2) sets of prints of "As-Built" plans showing the construction of the Required Improvements in place. Lessee shall also furnish County with a magnetic tape, disk or other storage device containing the "As-Built" plans in a form usable by County, to County's satisfaction, on County's computer aided mapping and design ("CAD") equipment. CAD files are also to be converted to Acrobat Reader (*.pdf format), which shall be included on the disk, CD ROM or external storage device.

(h) Reports. Lessee shall deliver to County, within ten (10) business days after Lessee's receipt, copies of all studies, reports and similar information, including all supplements, addenda and updates of the information, regarding the physical condition of the Premises (e.g., soils, geotechnical, hydrological, and environmental reports, studies, assessments and tests) obtained by Lessee.

6. COMPLETION OF REQUIRED IMPROVEMENTS. As used in this Lease, the completion of the Required Improvements shall mean Lessee's submission to County's Lease Administrator of all of the following documents:

(a) The original Certificate of Occupancy for the Required Improvements, as issued by the City of San Diego;

(b) A certified copy of a Notice of Completion, recorded by Lessee;

(c) A complete list of the names, addresses, telephone numbers and contract amount for all contractors, subcontractors, vendors and/or suppliers providing materials and/or labor for the Required Improvements;

(d) Copies of all invoices from the Contractor, its subcontractors, vendors and/or suppliers of labor and/or materials for the Required Improvements, which Lessee has paid;

(e) Copies of all mechanics' lien releases or other lien releases on account of the Required Improvements, which are notarized, unconditional and in a form approved by County;

(f) Copies of all building permits, indicating inspection and approval by the issuer of the permits; and

(g) An architect's or engineer's certification that the Required Improvements have been constructed in accordance with the Final Plans and are one hundred percent (100.0%) complete in accordance with this Lease.

EXHIBIT "G"
LESSEE'S RESPONSE TO REQUEST FOR PROPOSALS

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EXHIBIT "H"
FORM OF NON-DISTURBANCE AND
ATTORNMENT AGREEMENT FOR SUBLEASES

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NONDISTURBANCE AND ATTORNMENT AGREEMENT

This nondisturbance and attornment agreement ("Agreement") is made and entered into as of _____by and between _____ ("Lessor"), _____ ("Lessee"), and the County of San Diego, a political subdivision of the State of California ("County"), with reference to the following facts:

RECITALS

A. Lessor leases from the County land located San Diego, California known as _____ ("Master Leasehold") pursuant to a long term ground lease known as County of San Diego Contract Number _____ ("Master Lease").

B. The Master Lease requires Lessor to develop and construct upon the Master Leasehold certain improvements ("Improvements"). Portions of the Improvements may be subleased by non-residential tenants of Lessor. The Improvements are depicted on the site plan attached to this Agreement as EXHIBIT "A" DESCRIPTION OF IMPROVEMENTS.

C. Lessee desires to lease from Lessor a portion of the Improvements ("Premises") pursuant to the lease agreement attached to this Agreement as EXHIBIT "B" LEASE AGREEMENT.

D. County, Lessor and Lessee desire to enter into this Agreement in order to clarify their respective rights and obligations in the event the Master Lease should ever be terminated and the County regains direct control of the Master Leasehold.

In consideration of the above recitals and the mutual promises contained in this Agreement, County, Lessor and Lessee agree as follows:

1. Non-Disturbance. County consents to the Lease and agrees that in the event that the Master Lease is terminated or expires for any reason, as long as Lessee is not in default of its obligations under the Lease beyond all available cure periods after required notice given, Lessee shall peaceably and quietly have, hold and enjoy the Premises leased pursuant to the Lease and the rights under the Lease shall not be terminated or disturbed for the full term of the Lease (provided the term of the Lease does not extend beyond the term of the Master Lease if the Master Lease would not have been terminated) in accordance with the terms, covenants, conditions, and provisions of the Lease subject to any limitations imposed by Section 2 below on the scope of the County's attornment.

2. Attornment. Lessee agrees that in the event the Master Lease is terminated, Lessee shall attorn to County as its lessor, and that the attornment shall be effective and self-

operative without the execution of any other instruments on the part of either Lessee or County upon the receipt by Lessee of notice of County's termination of the Master Lease, and the Lease shall thereafter continue in accordance with its terms between Lessee as lessee and County as lessor, and County agrees to recognize Lessee's rights under the Lease and not disturb the possession and rights of Lessee, provided however that:

(a) County shall not be liable for any act or omission of Lessor.

(b) County shall not be subject to any offsets or defenses that Lessee may have against Lessor.

(c) County shall not be bound by any prepayment of rent, operating expenses, common area maintenance fees, deposits or rental security, or any other sums deposited with Lessor under the Lease, unless the sum is actually received by County. Notwithstanding the foregoing, Lessee shall have no obligation to pay to County any prepaid rent received by Lessor prior to the termination of the Master Lease.

(d) County shall not be liable for any representations or warranties given or made by Lessor.

(e) The Lease shall not be amended or modified without the prior written consent of County, and County shall not be bound by any modification or amendment of the Lease made without the written consent of County.

(f) County shall not be obligated to cure any default of Lessor under the Lease or Master Lease or to complete the construction of the Improvements. Lessee shall not be obligated to cure any default of Lessor under either the Lease or Master Lease, nor shall Lessee be responsible for any liability attributable to Lessor arising prior to or after Lessee's attornment to the County as its lessor.

(g) Lessee agrees to execute any additional agreements reasonably requested by the County to document the attornment.

(h) Lessee shall not be liable for any act or omission of Lessor.

(i) Lessee shall not be liable for any representations or warranties given or made by Lessor.

(j) Lessee shall not be subject to any offsets or defenses that County may have against Lessor.

(k) Notwithstanding anything to the contrary, Lessee shall not be under any

obligation to pay rent to the County until Lessee receives written notice from the County that it has succeeded to the interest of Lessor under the Lease. From and after receipt of the written notice, the payment by Lessee to County of rentals and other payments then due or thereafter becoming due to the Lessor under the Lease shall constitute full performance of all obligations with respect to rent payments.

(l) County hereby covenants and agrees to provide Lessee written notice of any termination of the Master Lease.

(m) County hereby covenants and agrees to provide Lessee written notice of any notices of defaults that County sends to Lessor under the Master Lease.

(n) County hereby covenants and agrees to provide Lessee written notice of any assignment of the Master Lease.

(o) County hereby covenants and agrees to provide Lessee at least forty-eight (48) hours prior notice before County enters the Premises and the purpose for County's entry onto the Premises, except in the event of an emergency.

3. Termination of Lease. If the Lease is terminated or expires for any reason, all rights and obligations of the parties pursuant to this Agreement, except with regard to any obligations or liabilities owed to County or Lessee before the termination, shall terminate without further recourse.

4. Quiet Enjoyment. County warrants and covenants to Lessor and Lessee that it is vested with good and marketable fee title to the Premises and that, in the event the Master Lease is terminated, it has the right and lawful authority to enter into the Lease for the term set forth in the Lease (provided the term does not exceed that set forth in the Master Lease). In consideration of the foregoing agreements of Lessee, County agrees that as long as Lessee is not in default of the terms of the Lease beyond all available cure periods with required notice given, County (i) will not join or name Lessee as a party in any proceedings to terminate the Master Lease, (ii) will not disturb Lessee's possession of the Premises under the Lease upon the termination of the Master Lease, (iii) will accept the attornment of Lessee, subject to the limitations contained in this Agreement, and (iv) will assume and perform (but only while in possession or control of the Master Leasehold) all of Lessor's obligations under the Lease, except as otherwise provided in this Agreement.

5. Notices. All notices or other communication required or permitted to be given under this Agreement shall be in writing, and (i) delivered in person to an officer or an authorized representative of the other party, (ii) sent by United States Postal Service registered or certified mail, postage prepaid, or (iii) sent by courier delivery service to the following addresses:

If to County: County of San Diego
Attention: Director, Department of General Services
5560 Overland Avenue
Suite 410
San Diego, California 92123

If to Lessor: _____
_____
_____
_____
_____

If to Lessee: _____
_____
_____
_____
_____

All notices or other communications shall be deemed given, delivered and received upon actual receipt or refusal. The parties to this Agreement may, by written notice delivered pursuant to this section, at any time designate a different address to which notices shall be sent.

6. Mineral Rights. County's exercise of its right for the activities described in Section 2.2 of the Master Lease shall not result in any material impact on Lessee's development or use of, or operation on, the Master Leasehold and the Premises for the purposes permitted under the Master Lease (including, but not limited to, ingress and egress, access, signage and parking).

7. Easements/Reservations. No right reserved by County in Section 2.3 of the Master Lease shall be exercised as to interfere unreasonably with Lessee's development or use of the Master Leasehold and the Premises, or operations (including access and free flow of customer traffic) or result in the loss of improvements previously constructed by Lessee, or parking and other common areas serving the improvements.

8. County Entry onto Premises. In exercising any County's rights of entry on to the Premises under the Master Lease, County shall not unreasonably interfere with the operation of Lessee on the Master Leasehold and the Premises and any entry shall be conducted in a manner that minimizes disruption to Lessee. Lessee waives any claim of injury to Lessee's business or inconvenience to Lessee's business, interference with Lessee's business, loss of occupancy or quiet enjoyment of the Master Leasehold and the Premises, or any other loss occasioned by entry

onto the Premises.

9. Miscellaneous. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California as applied to contracts entered into between California residents to be performed wholly within California. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. All periods of time referred to in this Agreement shall include Saturdays, Sundays and County holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or County holiday, the act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or County holiday. This Agreement shall be binding upon and shall inure to the benefit of all the parties to this Agreement, their respective beneficiaries, successors and assigns. Each party signing this Agreement on behalf of an entity represents and warrants that he or she has full authority to do so and the signature of no other party is necessary for this Agreement to be effective. Headings at the beginning of each numbered section of the Agreement are solely for the convenience of the parties and are not a part of this Agreement. This Agreement contains all of the agreements of the parties to this Agreement with respect to the matters contained in this Agreement, and no prior agreement or understanding pertaining to any matter shall be effective for any purpose. No provision of this Agreement may be amended or added to this Agreement except by an agreement in writing signed by the parties to this Agreement or their respective successors in interest. If any of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, the provision(s) shall be reformed by the court to the minimum extent possible to render it valid, legal and enforceable (if possible), and the validity, legality and enforceability of the remaining portions of this Agreement shall not in any way be affected or impaired. Time is of the essence under this Agreement and any amendment, modification or revision of this Agreement.

THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK.
THE SIGNATURES ARE ON THE FOLLOWING PAGE.

SIGNATURES

The parties have entered into this Agreement effective as of the date and year first written above.

Lessor:

_____,
_____

By: _____

Its: _____

Lessee:

_____,
_____

By: _____

Its: _____

County:

County of San Diego,
a political subdivision of the State of California

By: _____
_____, Director
Department of General Services

Approved as to form and legality:

By: _____
_____,
Deputy County Counsel

EXHIBIT "A"
DESCRIPTION OF IMPROVEMENTS

EXHIBIT "B"
LEASE AGREEMENT

Begins on Next Page

EXHIBIT "I"
MEMORANDUM OF LEASE

Begins on next page

WHEN RECORDED, PLEASE RETURN THIS INSTRUMENT TO:

_____

Attention: _____

_____

_____

SPACE ABOVE FOR RECORDER'S USE ONLY

MEMORANDUM OF LEASE

APN: _____

The County of San Diego, a political subdivision of the State of California ("County") and _____, a _____, ("Lessee"), entered into a lease ("Lease"), dated _____, _____, for the premises ("Premises") described in SCHEDULE "1" DESCRIPTION OF PREMISES attached to this Memorandum of Lease.

1. Grant. County grants to Lessee a leasehold estate in the Premises in accordance with the terms, covenants and conditions of the Lease.

2. Term. The term of the Lease is (__) years, with a Commencement Date and expiration date as provided in the Lease.

3. Filing. A copy of the Lease is on file with County at the address set forth above.

4. Subordination. County shall be obligated to subordinate the Lease only as provided in the Lease.

5. Summary. This Memorandum of Lease does not include all the terms, covenants and conditions of the Lease. The provisions of this Memorandum of Lease shall not be used in interpreting the terms, covenants and conditions of the Lease and shall not be deemed to modify or otherwise change any of the terms, covenants or conditions of the Lease. In the event of a

conflict between the Lease and this Memorandum of Lease, the terms, covenants and conditions of the Lease shall control.

6. Termination of Lease. Upon the expiration or earlier termination of the Lease, this Memorandum of Lease shall terminate and be of no further force or effect. Lessee shall execute and deliver for recordation, a quitclaim deed in favor of County confirming that Lessee quitclaims all right, title and interest in and to the Premises under the Lease. Lessee shall pay all recording costs.

7. Counterparts. This Memorandum of Lease may be executed in multiple counterparts, each of which shall be deemed an original but all of which, together, shall constitute one and the same instrument.

County and Lessee have executed this Memorandum of Lease as of the ___ day of _____ _____, _____.

"COUNTY"

County of San Diego,
a political subdivision of the State of California

By: _____
Marko Medved P.E., CEM, Director
Department of General Services

"LESSEE"

By: _____

Title: _____

[Add appropriate notary form]

SCHEDULE "1"
DESCRIPTION OF PREMISES

[Add legal description]

EXHIBIT "J"
GUARANTY OF PAYMENT AND PERFORMANCE

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GUARANTY OF PAYMENT AND PERFORMANCE

_____, a _____ ("Guarantor") is executing this guaranty of payment and performance ("Guaranty") to induce the County of San Diego, a political subdivision of the State of California ("County"), to enter into a Lease Agreement ("Lease") with _____, a _____ ("Lessee") respect to certain unimproved real property in San Diego, California.

1. Personal Guaranty of Payment and Performance. Guarantor unconditionally guarantees the timely payment of all sums and the timely performance of all acts required to be paid and performed by Lessee under the Lease until the date that a certificate of occupancy or the equivalent is issued with respect to the Required Improvements (as defined in the Lease). Upon issuance of the certificate of occupancy, this Guaranty shall be null and void.

2. Waiver of Defenses. Guarantor hereby waives: (i) all statutes of limitations as a defense to any action brought against Guarantor by County, to the fullest extent permitted by law; (ii) any defense based upon any legal disability of Lessee or any discharge or limitation of the liability of Lessee to County, whether consensual or arising by operation of law or any bankruptcy, insolvency, or debtor-relief proceeding, or from any other cause; (iii) presentment, demand, protest and notice of any kind; (iv) all rights of subrogation and all rights to enforce any remedy that County may have against Lessee; and (v) all rights to require County, prior to collecting or enforcing this Guaranty, to proceed against Lessee. Subject to the provisions of Section 1 of this Guaranty, Guarantor agrees that in the event of a default by Lessee under the Lease, County may proceed against Guarantor before, after or simultaneously with proceeding against Lessee.

3. Unconditional Obligation. This Guaranty shall not be terminated, effected, or impaired in any manner by reason of the commencement of summary or other proceedings against Lessee or the failure of County to enforce any of its rights against Lessee. Guarantor further covenants and agrees that: (i) subject to the provisions of Section 1 of this Guaranty, Guarantor shall be bound by all the provisions, terms, conditions, restrictions and limitations contained in the Lease to the same degree as though Guarantor had executed the Lease as Lessee; and (ii) this Guaranty shall be absolute and unconditional and shall be in full force and effect (subject to the provisions of Section 1 of this Guaranty) notwithstanding any amendment, renewal, extension, addition, assignment, sublease, transfer or other modification of the Lease, whether or not Guarantor shall have knowledge or have been notified of or agreed or consented to any amendment, renewal, extension, addition, assignment, sublease, transfer or other modification of the Lease. If the Lease is disaffirmed by a trustee in bankruptcy for Lessee, the liability of the undersigned shall not be affected by the disaffirmance, and, subject to the provisions of Section 1 of this Guaranty, Guarantor shall protect County against loss and damage to the same extent as though the Lease continued in full force and effect.

4. Costs and Expenses. Guarantor shall pay County's reasonable costs and expenses, including but not limited to legal fees and disbursements, incurred in any effort to collect or enforce this Guaranty, whether or not any lawsuit is filed. Until paid to County, the sums shall bear interest at the rate of twelve percent (12.0%) per annum or, if the rate is not lawful, the highest rate permitted by law.

5. Miscellaneous. The invalidity or unenforceability of any one or more of the provisions of this Guaranty shall not affect any other provision of this Guaranty. This Guaranty shall be governed by and construed in accordance with the laws of the State of California and may be amended only be a written instrument executed by County and Guarantor. The provisions of this Guaranty shall bind and benefit the legal representatives, successors and assigns of County and Guarantor.

Dated: _____ _____

_____

_____

LEASE AGREEMENT

(Name of Property)

APN: _____

LESSOR: County of San Diego,
a political subdivision of the State of California

LESSEE: _____