

ENTITLEMENT AND OPTION AGREEMENT

BETWEEN

SAN BERNARDINO COUNTY

AND

**Majestic Realty Co.,
a California corporation**

ENTITLEMENT AND OPTION AGREEMENT

THIS ENTITLEMENT AND OPTION AGREEMENT (the "Agreement"), dated as of _____, 20__ ("Effective Date"), is made by and between SAN BERNARDINO COUNTY ("County"), and MAJESTIC REALTY CO., a California corporation ("Developer") with reference to the following:

RECITALS:

A. County owns approximately 57.2 acres of land located at the southeast corner of Remington Avenue and Flight Avenue, City of Chino, County of San Bernardino, State of California (the "Total County Land"). In the fall of 2020, County publicly solicited proposals ("RFQ/RFP") to ground lease an approximately 46.2 acre portion of the Total County Land for development, as more particularly set forth on Exhibit "A" attached hereto (collectively, the "Development Land").

B. County selected Developer's response to the RFQ/RFP, which proposed using a participating ground lease ("Participating Ground Lease" or "PGL") structure to develop a light industrial building and other related improvements on the Development Land ("Development Project"). A depiction of the Development Project is shown on a portion of Exhibit "B" attached hereto.

C. County has agreed to grant Developer the right, to study, design and entitle the Development Project and to enter into a Participating Ground Lease for the Development Land under the terms and conditions set forth in this Agreement, including the right to finance, construct, lease and manage the Development Project pursuant to the terms of the PGL, which is attached as Exhibit "C" to this Agreement (the "PGL Form").

D. The remainder of the Total County Land, comprising approximately 11 acres, which is not part of the Development Land, is designated as the Runway Protection Zone for Chino Airport ("RPZ Area"). A depiction of the RPZ Area is shown on a portion of Exhibit "B" to this Agreement.

E. Developer desires to construct Off-Site Improvements (as defined in Paragraph 1.X of the PGL) related to the Development Project within the RPZ Area and seeks an easement from the County within the RPZ Area, subject to the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the above Recitals, the agreements, covenants and conditions set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Developer (collectively, the "Parties," or individually, a "Party") agree as follows:

AGREEMENT:

1. **Right and Option to Enter into Ground Lease; Consideration for Grant of Option; Option Term.**

1.1 County hereby grants to Developer the right and option (the “Option”) to enter into a Participating Ground Lease for the Development Land in accordance with the terms and conditions of this Agreement until 5:00 p.m. (Pacific Time) on the date that is twenty four (24) months after the Effective Date (the “Initial Expiration Date”), subject to extension in accordance with Section 1.2 below. In consideration of the Option granted above, Developer has agreed to pay County the sum of Ten Dollars (\$10.00), and to deposit the amount described in Section 2 below. The period during which the Option may be exercised by Developer is referred to in this Agreement as the “Option Term.”

1.2 Notwithstanding the foregoing, Developer shall have the option to extend the Initial Expiration Date for a period of one hundred and eighty (180) days (“Extension Option”). In order to exercise the Extension Option, at any time before the Initial Expiration Date, Developer shall (i) notify County in writing of Developer’s election to exercise the Extension Option, and (ii) deposit with Escrow Holder the additional sum of Two Hundred Fifty Thousand Dollars (\$250,000) (“Extension Deposit”). The Extension Deposit shall not be refundable to Developer for any reason other than a Full Refund Matter (as defined below). Notwithstanding anything herein to the contrary, if Developer elects to enter into the PGL, then, upon the PGL Closing, Escrow Holder shall deliver the Extension Deposit (if applicable) to County and County shall apply the Extension Deposit in accordance with the provisions of Section 2.3 below.

1.3 For avoidance of doubt, the Option is only applicable to the Development Land, which does not include nor shall it be deemed to include the RPZ Area or any portion thereof. County shall grant the easements requested by Developer within the RPZ Area for Developer’s desired Off-Site Improvements thereon in connection with the development of the Development Land if (i) after submission or application for approval (e.g., under Section 163 of the FAA Reauthorization Act of 2018 or otherwise, as applicable) to the Federal Aviation Administration (“FAA”), the California Department of Transportation, Division of Aeronautics (“Caltrans”), and any other relevant governmental authorities, as applicable, the FAA, Caltrans, and any other relevant governmental authorities, as applicable, approve said easements and Off-Site Improvements (or other written indication of concurrence in the absence of a formal written approval) and (ii) the desired Off-Site Improvements or desired easement area within the RPZ Area do not have a materially adverse impact to Chino Airport nor shall County be required to make any material modifications, alterations, or changes to the operations, infrastructure, improvements, and/or any other aspect of Chino Airport (e.g., shorten the existing runway or shorten the painted portion of the existing runway) or to comply with any other material requirements as a condition of receiving such approvals from the FAA, Caltrans, and any other relevant governmental authorities, as applicable (collectively, “No-Impact RPZ Approvals”).

2. **Escrow; Deposits**

2.1 Within three (3) business days after the Effective Date, a copy of this Agreement executed by County and Developer shall be deposited in an escrow (“Escrow”) with Chicago Title Insurance Company, 23929 Valencia Blvd., Suite #304, Valencia, California 91355 (Attn:

Maggie G. Watson, Sr. Vice President; Maggie.Watson@ctt.com; (661) 753-5701), as escrow holder (“Escrow Holder”), and shall serve as the escrow instructions, together with such further instructions, if any, as the parties shall provide by written agreement. The parties agree to execute such standard printed form escrow instructions as Escrow Holder may reasonably require to clarify its duties hereunder, provided that such additional instructions do not impose any additional obligations on the parties. Such additional instructions shall not modify the provisions of this Agreement unless otherwise expressly agreed to in writing by the parties, and any inconsistency between the provisions of such additional instructions and the provisions of this Agreement shall be resolved in favor of this Agreement. Escrow Holder shall promptly give Developer and County written notice of its acceptance of this Agreement and of the date on which Escrow has opened.

2.2 If Escrow Holder is unable to effectuate the PGL Closing (as defined below) in compliance with this Agreement, Escrow Holder shall hold the Escrow open and effectuate the PGL Closing as soon as it is able to do so in compliance with this Agreement unless Escrow Holder receives a written demand to terminate Escrow from either Developer or County, whereupon Escrow Holder shall send a copy of such demand to the other Party. If the other Party does not object in writing to the termination of Escrow within five (5) business days after the delivery of such demand to such Party, then Escrow Holder shall terminate Escrow and return all of the documents and funds then held by Escrow Holder to the Party who deposited the same, except the Deposit held by Escrow Holder shall be delivered in accordance with the provisions of Section 2.3 below. If the other Party objects in writing to the termination of Escrow within such five (5) business day period, then Escrow Holder shall not terminate Escrow but shall hold such documents and funds then held by Escrow Holder until Escrow Holder shall have received instructions signed by both Parties with respect to such funds and documents. At any time after one Party makes written demand for the termination of Escrow and the other Party objects thereto, Escrow Holder may deposit all documents and funds then held by Escrow Holder in a court of competent jurisdiction pursuant to an action for interpleader. Developer and County agree to provide to the other Party a copy of any notice of termination of the Escrow on the same date on which such notice is provided to Escrow Holder. The rights and obligations of Escrow Holder under this Section 2.2 shall not affect the rights and obligations of the Parties under this Agreement.

2.3 Within ten (10) business days after the Effective Date, Developer must deposit with Escrow Holder (as defined below) the sum of One Million Dollars (\$1,000,000) (the “Deposit”). The Deposit shall remain refundable to Developer for a period of ninety (90) days after the Effective Date. Accordingly, if at any time on or before the date that is ninety (90) days after the Effective Date, Developer notifies County and/or Escrow Holder that Developer elects to terminate this Agreement, then Escrow Holder shall immediately, without any further instructions from County or Developer, return the Deposit to Developer. If the No-Impact RPZ Approvals are not received for Developer’s desired Off-Site Improvements within the RPZ Area, then Developer shall have the right to terminate this Agreement or proceed to continue with this Agreement; provided, however, that if Developer elects to terminate this Agreement, then Developer shall first give County thirty (30) days’ prior written notice and during said thirty (30) day period Developer and County shall enter into good faith negotiations but without obligation of either party to address the impact to the Development Project of the Developer’s inability to receive the No-Impact RPZ Approvals, provided that said thirty (30) day period shall in no event extend the Option Term. If Developer does not notify County and/or Escrow Holder on or

before the date that is ninety (90) days after the Effective Date that Developer elects to terminate this Agreement, and if Developer does not thereafter elect to enter into the PGL for a reason other than a Full Refund Matter (as defined below), then Escrow Holder shall deliver (a) Two Hundred Fifty Thousand Dollars (\$250,000) out of the Deposit to County, and (b) the balance of the Deposit and the Extension Deposit (if applicable) to Developer. If Developer elects not to enter into the PGL due to a Full Refund Matter, then Escrow Holder shall promptly deliver the Extension Deposit (if applicable) and the entire Deposit to Developer. If Developer elects to enter into a PGL, then, upon the PGL Closing, Escrow Holder shall deliver the Extension Deposit (if applicable) and the Deposit to County, which shall apply the Extension Deposit (if applicable) and the Deposit as follows: (i) Seven Hundred and Fifty Thousand Dollars (\$750,000) (or \$1,000,000, if the Extension Deposit has been delivered to County) shall be applied against the installments of rent payable to County first coming due under the PGL until fully applied (as more particularly described in Section 10.H. of the PGL), and (ii) the remaining Two Hundred Fifty Thousand Dollars (\$250,000) shall be held by County as a security deposit under the PGL in accordance with the provisions of Section 8 of the PGL. As used herein, the term "Full Refund Matter" means (i) any breach of, or default under, this Agreement by County, provided that, notwithstanding anything to the contrary in this Agreement but subject to County's obligations under Section 5.3 below, in no event shall the Developer's inability to receive No-Impact RPZ Approvals for Off-Site Improvements within the RPZ Area be or be deemed a County breach or default under this Agreement. or (ii) any material adverse condition or circumstance (including, without limitation, (A) any material adverse condition or circumstance resulting from condemnation, moratorium or environmental contamination or (B) failure by Developer to obtain the No-Impact RPZ Approvals) of or with respect to the Development Land or the ability to develop the Development Project as or when contemplated by this Agreement or (iii) a determination by Developer that it will incur costs with respect to the Development Project because the Development Project is subject to (A) California Public Contract Code Sections 22000 through 22045 regarding bidding procedures and Labor Code Sections 1720.2 and 1779 et seq. regarding prevailing wage, and/or (B) the Williamson Act, Government Code Section 51200, et. seq.

2.4 Escrow Holder shall invest the Deposit in an interest-bearing money-market account in a federally insured financial institution selected by Developer. Interest on the Deposit deposited in Escrow shall accrue for the benefit of Developer and shall be released to Developer upon Developer's unilateral demand therefor.

2.5 The cost of the Escrow shall be borne equally by County and Developer.

3. Right to Enter Development Land

3.1 During the Option Term, Developer and any agents and contractors of Developer will have the right to enter upon the Development Land pursuant to the certain "Right of Entry Agreement" dated April 5, 2021 between County and Developer, a copy of which is attached hereto as Exhibit "D" ("Right of Entry Agreement"). Section 3 of the Right of Entry Agreement is hereby amended so that the Entry Period (as defined in the Right of Entry Agreement) shall end upon the first to occur of (i) the expiration or sooner termination of this Agreement, or (ii) the commencement of the term of the Participating Ground Lease.

4. Approval of Title

4.1 Developer (with County's cooperation, as reasonably requested) will obtain current title commitment ("Title Commitment") pertaining to the Development Land, together with copies of all recorded instruments listed as exceptions in Title Commitment. As soon as reasonably practicable after obtaining the Title Commitment, Developer (with County's cooperation, as reasonably requested) will obtain an ALTA/ANSPS Land Title Survey for the Development Land showing the location of all existing easements or similar encumbrances listed as exceptions in the applicable Title Commitment. Notwithstanding anything to the contrary in this Agreement, Developer is solely responsible (but not obligated) for the removal, at Developer's sole cost and expense, of any and all exceptions to title or encumbrances that are set forth on Exhibit "F" attached hereto and adversely affect title or are otherwise impediments to Developer's proposed development (as reasonably determined by Developer), including but not limited to, and only to the extent set forth on Exhibit "F", a land conservation contract or deed of restrictive covenant affecting the Development Property pursuant to the Williamson Act, Government Code Section 51200, et. seq., and are not Approved Title Exceptions (defined below), provided that the costs incurred by Developer for such removal will constitute Pre-Development Costs. Notwithstanding anything herein to the contrary, from and after the Effective Date, County shall not record or permit any party (other than title matters recorded by Developer) to record on the Property any encumbrances, liens, or any other exceptions to title without Developer's prior written consent, which consent Developer may withhold in its sole and absolute discretion, and County shall promptly remove from title, at its sole cost and expense, any such encumbrances, liens, or any other exceptions to title that are recorded on the Property after the Effective Date, provided that if the County is required by applicable law to record a land conservation contract, covenant agreement for deed restriction, or related encumbrances to comply with the Williamson Act, such recording shall not be removed by the County nor be deemed a County default or breach under this Agreement, and provided further that the costs incurred by Developer in connection with the removal of such recorded documents will constitute a Pre-Development Cost or a Project Cost (as defined in the PGL) if the parties have entered into the PGL. As used in this Agreement the term "Approved Title Exceptions" means (i) exceptions to title created or caused by Developer or agreed to in writing by Developer, (ii) exceptions in the nature of easements granted to governmental agencies or quasi-governmental agencies for the purpose of providing utilities or drainage to any part of the Development Land or abutting properties and the locations of such utilities have been approved in writing by Developer and do not unreasonably interfere with the proposed use or development of the applicable portion of the Development Land; and (iii) exceptions to the title approved in writing by Developer. Prior to the PGL Closing, Developer will not be entitled to encumber with a monetary lien any portion of the Development Land; provided, however, Ground Lessee may create such an encumbrance on its leasehold interest in the Development Land that is subject to the PGL concurrently with or after the PGL Closing.

4.2 County agrees to cooperate, at no out of pocket cost to County, with Developer as and when reasonably requested by Developer to relocate, terminate, or modify any easement or other encumbrance burdening any portion of the Development Land that Developer reasonably determines may have a materially adverse effect on Developer's proposed Development Project. Any costs incurred by Developer in connection with such relocation, termination, or modification will be a Pre-Development Cost (as defined in Section 8.1).

5. Entitlements

5.1 The Parties acknowledge that, in order for the Development Project to be developed, it will be necessary to design and engineer the Development Project, perform studies and generate reports relating to the impacts therefrom, and make applications to the City of Chino and any other appropriate governmental authorities to (i) obtain any applicable governmental approvals, permits, and authorizations, including, without limitation, site plan approval, conditional use permit, vesting tentative parcel map, and building permits, and (ii) comply with the California Environmental Quality Act (“CEQA”) (collectively, the “Entitlements”). Accordingly, Developer will engage the services of professional and technical consultants and otherwise incur such costs and expenses as Developer determines are reasonably necessary or advisable for obtaining such Entitlements. Notwithstanding anything to the contrary in this Agreement, Developer is solely responsible for obtaining, at Developer’s sole cost and expense, any and all Entitlements for the Development Project, provided that all such costs incurred by Developer in obtaining the Entitlements will constitute Pre-Development Costs.

5.2 All applications for Entitlements and other consents and documentation for the Development Project that Developer submits will be consistent with the depiction of the Development Project reflected in Exhibit “B” attached hereto, with the understanding that Entitlements and/or Developer’s due diligence may require certain modifications to said exhibit. All Entitlements will be obtained in the name of the Ground Lessee or Developer.

5.3 County (solely in its capacity as the record owner of the Development Land) will, at no out of pocket cost to County, promptly execute any and all applications, consents and/or documentation, and will otherwise reasonably cooperate as necessary or desirable, to permit Developer to process and obtain the required Entitlements or as otherwise reasonably requested by Developer. By way of example, but without limitation, if Developer elects to record a Parcel Map or consolidate existing parcels comprising the Development Land, County will promptly execute any and all documents needed to create the desired parcel configuration. With respect to the No-Impact RPZ Approvals and the desired Off-Site Improvements within the RPZ Area, the County shall, at no material out of pocket cost to County (unless Developer agrees to reimburse County for said material out of pocket costs, in Developer’s sole and absolute discretion; provided, however, that if Developer elects to reimburse County, then such reimbursed costs shall constitute Pre-Development Costs), cooperate with the Developer’s efforts to obtain No-Impact RPZ Approvals.

5.4 Developer will keep County reasonably informed as to the status of all applications for Entitlements.

6. Exercise of Option

6.1 At any time following Developer’s obtaining applicable required or desired Entitlements, Developer or Ground Lessee may notify County that it desires to exercise the Option granted by this Agreement and complete a PGL Closing (as defined in Section 7.1 below) for leasing the Development Land in accordance with Section 7.1 below.

6.2 Developer is entitled to create a separate legal entity to act as the ground lessee under the PGL provided such separate legal entity is an Affiliate (as defined in Section 6.3

below) of Developer. The entity entering into the PGL, be it the Developer or Developer's Affiliate, will be the "Ground Lessee" under the PGL and for purposes of this Agreement.

6.3 The term "Affiliate(s)" as used in this Agreement means, with respect to Developer:

(a) the members, managers, partners, directors, officers, or employees of Developer; or

(b) any other individual or entity which owns, directly or indirectly, at least thirty percent (30%) of the interest in the capital, profits or voting rights of Developer; or

(c) any other entity in which Developer owns, directly or indirectly (but not a security interest in), a capital, profits or voting interest in at least thirty percent (30%); or

(d) any other entity which, in common with Developer, is owned, directly or indirectly, by another individual or entity holding at least thirty percent (30%) of the interest in the capital, profits, or voting rights of Developer and such other entity.

7. PGL Closing.

7.1 Closing on the execution and delivery of a PGL ("PGL Closing") will be held within thirty (30) days after Developer exercises the Option as provided in Section 6.1 above. At the PGL Closing:

(a) County will execute, and Developer will cause Ground Lessee to execute, a Participating Ground Lease using the PGL Form attached hereto as Exhibit "C" and complete the PGL Closing as described in this Section 7.1.

(b) County will execute and Developer will cause Ground Lessee to execute a Memorandum of Participating Ground Lease Agreement (in the form attached as an exhibit to the PGL Form), in recordable form, which will be delivered by Ground Lessee to Title Company for recordation with the official records of San Bernardino County, California.

(c) In connection with the PGL Closing, and as a condition thereto in favor of Developer, Developer will obtain a leasehold policy of title insurance issued by Chicago Title Insurance Company or other national title underwriter of Developer's choice (the "Title Company") insuring Ground Lessee's leasehold interest in the Development Land, subject only to the exceptions to title approved by Developer in accordance with the procedures set forth in Section 4 above and containing such endorsements as Developer requires. The costs for such policy of title insurance will be paid for by Developer or Ground Lessee, and treated as a Pre-Development Cost.

(d) County will execute, and Developer will cause Ground Lessee to promptly execute, any and all further customary instructions or documents which may be reasonably required to facilitate the PGL Closing within the time period provided. County's obligations under this Section 7.1(d) will include, but not be limited to, the execution and delivery of an estoppel certificate in favor of Ground Lessee's lender or

prospective lender, so long as the terms of such estoppel certificate are commercially reasonable.

(e) Escrow Holder shall deliver the Extension Deposit (if applicable) and the Deposit to County promptly after Title Company issues the title insurance policy described in Section 7.1(c), which Deposit shall be held by County in accordance with the PGL.

8. Payment of Pre-Development Costs.

8.1 Subject to reimbursement as provided in this Agreement, Developer will pay the cost of Developer's due diligence, design, engineering and entitlement activities, including all reports, surveys and studies as Developer determines are necessary or advisable to obtain the Entitlements, and performing all other pre-development activities it elects to take pursuant to this Agreement, including any such costs that were incurred before the Effective Date (e.g., for the burrowing owl and tree surveys). All costs incurred by Developer as described in the preceding sentence, are collectively referred to as the "Pre-Development Costs."

8.2 All Pre-Development Costs paid by Developer shall constitute Pre-Development Costs under the PGL. Any Pre-Development Costs paid by Developer will be reimbursed by County to Developer in the event of a material breach by County of this Agreement, which breach (following any notice and cure period therefor) diminishes or deprives Developer of the right to development of any or all of the Development Land as contemplated hereby. Notwithstanding the above, Developer will be entitled to pursue equitable relief and all other remedies available in the event of such a material breach.

9. Fees Paid to and Costs Incurred by Affiliates

9.1 Developer may retain and pay costs to an Affiliate of Developer for the design/engineering of the Development Project and pursuit of the Entitlements and the No-Impact RPZ Approvals in compliance with applicable laws and regulations regarding, including but not limited to the California Public Contract Code Sections 22000 through 22045 regarding bidding procedures and Labor Code Sections 1720.2 and 1779 et seq. regarding prevailing wages, in which case such costs shall constitute Pre-Development Costs, provided the amounts are not materially in excess of amounts charged by an unaffiliated entity for comparable goods and services. Subject to applicable laws and regulations, County hereby acknowledges and agrees that Developer may use any properly licensed contractor including, if applicable, Commerce Construction Co., L.P., a California limited partnership, which is an Affiliate of Developer, for some or all of the design, planning and other applicable activity contemplated by this Agreement. Commerce Construction Co.'s fee structure (as of the Effective Date), as shown on the schedule attached as an exhibit to the PGL Form, is hereby approved by County.

9.2 For a period of one (1) year after County is notified in writing of such costs, County will have the right to audit such costs paid by Developer to Affiliates, including obtaining access to Developer's books and records relating to same, to determine the accuracy of such costs. Such audit shall be performed by an independent Certified Public Accountant, but not pursuant to a contingency agreement or other arrangement where its compensation is dependent on the outcome of the audit. County agrees to maintain all such information in

confidence and will not disclose it to any third party except to financial and legal advisors who need to review such information in the course of providing advice to County (and such parties will also be obligated to maintain such information in confidence), except as may be required by applicable law, or legal process (such as subpoena).

10. Hazardous Materials; Real Property Taxes.

10.1 In the event that Hazardous Materials (as defined in Section 27 below) are discovered on any portion of the Development Land in quantities or concentrations that exceed applicable regulatory cleanup standards, Developer may (i) remediate the contamination and the costs of such work will be treated as a Pre-Development Cost by Developer, (ii) request County to undertake such remediation at its sole cost, or (iii) advise County that such portion of the Development Land is no longer to be considered part of the Development Land, and County will execute and deliver an appropriate amendment to this Agreement excluding the same, if so requested by Developer. In the event Developer requests County to undertake such remediation at its sole cost, County may (i) agree in writing to remediate the contamination at its own cost, or (ii) terminate this Agreement and the parties shall have no further obligations to each other hereunder. Once the Development Land, as the same may be changed pursuant to the preceding sentence, becomes the subject of a PGL, responsibility for any Hazardous Materials located at, on, or under such portion of the Development Land will be governed by the terms of the applicable PGL and not by the terms of this Section 10.1.

10.2 Upon execution of the PGL, construction of the Development Project and commencement of payment of participating ground rent, the Ground Lessee under such PGL will be responsible for payment of all real property taxes, including possessory interest taxes, payable on account of the Development Land, improvements thereon and building lease(s) attributable to the remaining term of the PGL. The payment of such costs by the Ground Lessee under the PGL will be a Project Cost (as defined in the PGL).

11. Assignment.

11.1 Developer will not assign its rights or delegate its duties hereunder in whole or in part, except with the prior written consent of County, unless otherwise allowed in this Agreement. Except as provided below in this Section 11.1, any assignment by Developer without County's consent is void. Notwithstanding the above, if the proposed assignee is: (a) an Affiliate of Developer, (b) acquiring its interest due to estate or financial planning, death, divorce or judicial order, (c) acquiring thirty percent (30%) or more of the assets or beneficial ownership of Majestic Realty Co. or an Affiliate, or (d) acquiring some or all of Edward P. Roski, Jr.'s beneficial ownership interest in Majestic Realty Co. or an Affiliate, no prior written consent of County is required. Moreover, any new legal entity which may be created by Developer to act as Ground Lessee for the Development Land pursuant to Section 6.2 above will not be considered an assignment hereunder.

11.2 County will not assign its rights or delegate its duties hereunder in whole or in part.

12. CCRs.

12.1 Developer will be entitled, but not obligated, to prepare covenants, conditions, easements, and restrictions (the “CCRs”) for maintenance of the infrastructure, regulation of the development and use of all or part of the Development Land that is the subject of a PGL, or to meet the requirements of governmental authorities having jurisdiction over development activities at such portions of the Development Land. Any such CCRs may be recorded on title by Developer or Ground Lessee, but will expire upon the date of the expiration, as may be extended, or earlier termination of the PGL entered into pursuant to this Agreement, unless otherwise agreed by County. Notwithstanding the above, any such CCRs will remain in full force and effect to the extent reasonably necessary to ensure access to and maintenance of facilities common to both the land subject to a PGL and applicable land not subject to a PGL.

13. County Delays; County’s Designated Representative; Force Majeure.

13.1 If Developer or Ground Lessee is prevented or delayed from exercising its rights or performing its obligations hereunder by acts of County, or failure to act by County in making approvals or other required actions hereunder, any time for Developer’s or Ground Lessee’s performance specified in this Agreement will be delayed by an amount of time equal to days of time delay caused by County.

13.2 The term “Designated Representative” whenever used in this Agreement, means County’s designated representative, as appointed by County’s governing board in writing. The initial Designated Representative is the Chief Executive Officer and/or Director of Real Estate Services Department. Promptly following any change to or resignation of the Designated Representative, County will provide to Developer satisfactory written evidence of the appointment of County’s new Designated Representative. The Designated Representative will communicate any and all consent, approval, agreement or disapproval under this Agreement that County is entitled or obligated to make, and Developer will be entitled to rely on any such consent, approval, agreement or disapproval communicated by the Designated Representative as the consent, approval, agreement or disapproval of County.

13.3 Neither County nor Developer will be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations hereunder while and to the extent that such failure is due to strike, boycott, labor dispute, embargo, shortage of materials, act of God, act of the public enemy, governmental regulation or delay, act of governmental authority (including any moratorium imposed by such authority or inability to obtain necessary permits, approvals, No-Impact RPZ Approvals, and Entitlements from any such authority), unusual weather condition, flood, pandemic, riot, rebellion, terrorist act, or sabotage, or any other event or circumstance beyond Developer’s or County’s reasonable control (each a “Force Majeure”). During the pendency of a Force Majeure and for a period of thirty (30) days thereafter, the running of the Option Term and performance obligations of Developer and County in this Agreement shall be tolled. Notwithstanding the above, the performance by County of its obligations under this Agreement will be neither excused nor delayed by reason of any circumstances within County’s reasonable control or over which it has jurisdiction. Notwithstanding the above, the performance by Developer of its obligations under this Agreement will be neither excused nor delayed by reason of any circumstances within Developer’s reasonable control. The terms of this Section 13.3 apply with equal force to all

applicable provisions, whether or not such provisions expressly refer to a Force Majeure or the terms of this Section 13.3.

14. Commissions.

14.1 The Parties hereby acknowledge that no real estate commission will be payable in connection with execution of this Agreement, the exercise of the Option and/or the entry into of the PGL.

14.2 County represents and warrants to Developer that it has had no dealing with any third party that could form the basis of any claim for a sales or brokerage commission or finder's fee by reason of any listing or other agreement with County with respect to the execution of this Agreement, the exercise of the Option and/or the entry into of the PGL. County hereby indemnifies and agrees to defend and hold harmless Developer from any claim resulting from the inaccuracy or falsity of the above representation and warranty.

14.3 Developer represents and warrants to County that it has had no dealing with any third party that could form the basis of any claim for a sales or brokerage commission or finder's fee by reason of any listing or other agreement with Developer with respect to the execution of this Agreement, the exercise of the Option and/or the entry into of the PGL. Developer hereby indemnifies and agrees to defend and hold harmless County from any claim resulting from the inaccuracy or falsity of the above representation and warranty.

14.4 County acknowledges that Developer and its Affiliates, and Ground Lessee and its employees or affiliates may be licensed real estate brokers, but are acting on their own behalf, and neither represent or owe any duty to the County. Developer acknowledges that certain County representative and employees may be licensed real estate brokers, but are acting on their own behalf, and neither represent or owe any duty to Developer.

15. Condemnation of Development Land.

15.1 In the event that, prior to the PGL Closing, any portion of the Development Land is taken for any public or quasi-public purpose by exercise of power of the right of appropriation, condemnation or eminent domain, deeded in lieu of such taking or sold to prevent such taking, the compensation actually paid to and received by County in connection with such condemnation will be utilized to repay the Pre-Development Costs, if any, made by Developer. County may not be the condemning authority.

15.2 Prior to the PGL Closing, Developer will not assert any separate right or claim against the taking authority for any compensation by reason of such taking, unless the proceeds of such taking are not sufficient to repay Pre-Development Costs pursuant to Section 15.1 above. The provisions of this Section 15 do not govern the rights of the Parties in the case of a taking of any Development Land after the PGL Closing, and in any such case the applicable provisions of the PGL shall govern and control.

16. California Law to Apply.

16.1 This Agreement is governed by the laws of the State of California and any question arising hereunder is to be construed or determined according to such laws, without regard to its principles of conflicts or choice of law.

17. Disputes; Specific Performance.

17.1 Any state law actions or proceedings arising under, growing out of, or in any way related to this Agreement will be instituted and prosecuted only in courts located in San Bernardino County, California, and each Party hereto expressly waives any right to cause any such actions or proceedings to be instituted or prosecuted elsewhere. Questions of federal law may be instituted and prosecuted only in the United States District Court for the Central District of California—Eastern Division (Riverside).

17.2 The Parties understand that the performance required under this Agreement is unique and for that reason, among others, County and Developer, or either of them, may be irreparably damaged if this Agreement is not specifically enforced. Accordingly, in the event of any controversy concerning this Agreement, the Parties' rights under this Agreement may be enforceable in a court of equity by a decree of specific performance or by injunction if monetary damages are not an adequate remedy. Such remedies and all other rights and remedies set forth in this Agreement are cumulative and not exclusive and are in addition to any and all other remedies which the Parties may have hereunder at law or in equity.

18. Attorneys' Fees.

18.1 If action is brought by either party against the other party with respect to any alleged or actual breach or any disputes arising under this Agreement, then each party hereto shall be responsible for its own legal fees, costs and expenses. This subsection shall not apply to those costs and attorneys' fees directly arising from any third party legal action against a party hereto and payable under "Section 20. Indemnification."

19. Integration.

19.1 This Agreement (including the exhibits attached hereto) contains the entire and integrated agreement and understanding between the Parties with respect to the Development Land. There are no oral understandings, terms or conditions, and neither Party has relied upon any representations, express or implied, not contained in this Agreement. All prior understandings, terms, or conditions are deemed merged into this Agreement. Both Parties have participated in the negotiation of this Agreement and the terms of this Agreement will not be construed in favor of any Party.

19.2 This Agreement may not be changed orally, but only by agreement in writing and signed by the Party against whom enforcement of any waiver, change, modification, or discharge is sought.

20. Indemnification.

20.1 County shall indemnify, defend and hold harmless Developer and its successors and assigns from and against any and all claims, costs, damages, liabilities and expenses whatsoever (including without limitation, attorneys' fees) arising out of or in connection with any failure or breach of any of County's warranties, representations or covenants set forth in this Agreement.

20.2 Developer shall indemnify, defend and hold harmless County and its successors and assigns from and against any and all claims, costs, damages, liabilities and expenses whatsoever (including without limitation, attorneys' fees) arising out of or in connection with any failure or breach of any of Developer's warranties, representations or covenants set forth in this Agreement.

21. Notices.

21.1 Any notice or communication (collectively "Notices") to be given under the terms of this Agreement will be in writing and will be personally delivered, or delivery by nationally recognized commercial courier, or by registered or certified mail, return receipt requested.

21.2 Notices must be addressed as follows:

County: San Bernardino County
385 N. Arrowhead Avenue
San Bernardino, CA 92415
Attention: Real Estate Services Department

Developer: Majestic Realty Co.
13191 Crossroads Parkway North, 6th Floor
City of Industry, California 91746
Attn: Ed Konjoyan and Trent Wylde

21.3 All such Notices are deemed to have been given: (i) if personally delivered, upon receipt, (ii) if by registered or certified mail, upon the date indicated on the return receipt, and (iii) if by courier service, upon the date delivered as shown by the records of the courier. The Parties may, from time to time, change their address for delivery of notice by sending notice of its new address to the other Party in accordance with the terms of this Section 21.

22. Approvals.

22.1 It is understood and agreed all provisions of this Agreement which require approval by, or the consent of, County will receive timely response and such approvals or consents will not be unreasonably withheld, conditioned or delayed. If County fails to respond in writing to Developer's request for approval or consent (by either approving or disapproving or granting or withholding consent, as applicable, with such response sent in accordance with the

provisions of Section 21 above) within twenty (20) days (or such other longer period as may be set forth in this Agreement with respect to a particular request), the approval or consent will be deemed given without any further action on the part of either Party.

22.2 Any dispute between County and Developer arising from County's refusal to grant any approval or consent (or unreasonably conditioning or delaying the same), except as to matters that are within County's sole discretion, will be resolved using all diligence and good faith negotiations in accordance with the following procedure. Any disapproval of an item or matter by County (other than matters that are subject to County's sole discretion) will describe with specificity the disapproved items, actions, elements or other provisions and will state the reasons for such disapproval or requesting clarification thereof ("Disputed Items"). Developer will respond within fourteen (14) days with either a modification or verification of the Disputed Items or clarification of such Disputed Items, as the case may be. If the Parties cannot agree upon the elements requiring such approval or consent or upon the interpretation of the intent thereof, a neutral third-party arbitrator will be selected by County to arbitrate the Disputed Items. If, however, Developer does not accept the arbitrator selected by County, Developer will be allowed to select a second neutral third-party arbitrator, provided Developer makes such selection within fourteen (14) days following Developer's receipt of County's notice of its selected arbitrator. The two selected arbitrators will then select a third neutral third-party arbitrator and the three together will arbitrate the Disputed Items. All such arbitrator(s) must be members in good standing of the California Bar and have at least ten (10) years' experience in commercial real estate and development law. The arbitration will be conducted in Los Angeles County, California, and the arbitrator(s) will apply the law of the State of California. The Parties will cause the arbitrator(s) to make a determination within fourteen (14) days following submittal. The Parties agree that each Party will bear its own costs and expenses incurred for its selected arbitrator, attorney's fees, and preparation and presentation costs for the arbitration process. The Parties will share the cost of any third party arbitrator and the administrative costs of the arbitration. No Party to the arbitration has the right to vacate, modify or correct the results of the arbitration or pursue an appeal of the arbitration except as otherwise allowed by the laws of the State of California.

23. Right to Cure.

If either Party fails to perform any obligation hereof in a timely fashion, such default will not cause the termination of this Agreement unless such failure to perform continues beyond the expiration of following cure periods (or such other cure period expressly provided in this Agreement):

(a) The breaching Party fails to perform monetary obligations required by this Agreement when the same are due and the continuance of such failure for a period of fifteen (15) days after written notice thereof is received by the breaching Party from the other Party;

(b) The breaching Party fails to fulfill any of the other non-monetary terms, covenants, or conditions set forth in this Agreement if such failure continues for a period of more than thirty (30) days after written notice thereof from the other Party, except if the fulfillment of the obligation requires activity over a period of time, and the breaching Party has commenced in good faith to perform whatever may be required for fulfillment

within the specified thirty (30)-day period and continues such performance without interruption and with diligence, then the breaching Party will no longer be in breach.

With respect to any executed PGL, the cure provisions of such PGL will control, notwithstanding any conflict between such provisions and the provisions of this Section 23.

24. Miscellaneous.

24.1 Time is of the essence in each and every term, condition, obligation and provision of this Agreement.

24.2 This Agreement is to be construed as a whole and in accordance with its fair meaning and not strictly for or against either Party. The captions of this Agreement are for the convenience of the Parties only and are not intended to describe or define the provisions in the portions of the Agreement to which they pertain.

24.3 All periods of time referred to in this Agreement include all Saturdays, Sundays and state or national 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 with respect to this Agreement falls on a Saturday, Sunday or state or federal holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

24.4 The unenforceability, invalidity, or illegality of any provision of this Agreement will not render the other provisions hereof unenforceable, invalid or illegal. If any such unenforceable, invalid, or illegal provision jeopardizes the continued effectiveness of this Agreement (as determined by the final, non-appealable decision of a court of competent jurisdiction), County and Developer will negotiate in good faith to modify the terms of such provision to the extent necessary to comply with the requirements of the applicable law. If the Parties are unable to agree on such modified terms within ninety (90) days following such judicial determination, the matter will be resolved by resort to arbitration using the procedures set forth in Section 22.2 above. The waiver or failure to enforce any provision of this Agreement will not operate as a waiver of any future breach of any such provision or any other provision hereof.

24.5 The warranties, covenants and obligations of each of the Parties under the provisions of this Agreement, including the PGL, if the Option is timely exercised, to the extent the same have not been fully performed and excepting those covenants and obligations which have been extinguished by the expiration of a specified period of time, will survive the exercise of the Option and entry into of the PGL.

24.6 The Parties hereby agree that a memorandum of this Agreement (the "Memorandum of Entitlement and Option Agreement") in the form attached hereto as Exhibit "E" evidencing the granting of an Option to ground lease the Development Land is to be recorded upon execution of this Agreement. This Agreement itself, including without limitation the PGL Form attached as an exhibit hereto, may not be recorded by either Party.

24.7 The Recitals and each exhibit attached hereto are hereby incorporated by reference into this Agreement.

24.8 This Agreement may be executed in multiple counterparts, each of which is to be deemed an original and together will constitute one and the same agreement. Either Party may deliver its signature to the other via facsimile or electronic transmission (such as in the form of a PDF), and any signature so delivered will be binding on the delivering Party.

24.9 Each Party will bear its own attorneys' fees in connection with the drafting and negotiation of this Agreement.

24.10 Developer agrees to obtain the written approval of County or its Designated Representative of any press release or other publicly disseminated notice or statement Developer may propose relating to this Agreement, prior to publication. Similarly, County agrees to obtain the written approval of Developer of any press release or other publicly disseminated notice or statement County may propose relating to this Agreement, prior to publication.

24.11 Notwithstanding any language to the contrary in this Agreement, if any litigation is filed by a third party against one or more of City of Chino, County, Developer or Ground Lessee seeking to (i) challenge the Entitlements, the No-Impact RPZ Approvals, and/or this Agreement, or (ii) otherwise prevent the development of the Development Land (as reasonably determined by Developer) (the "Development Litigation"), then during the pendency of such Development Litigation (whether at trial or on appeal) and for a period of thirty (30) days thereafter, the running of the Option Term and performance obligations of Developer and County in this Agreement shall be tolled. If any Development Litigation, once finally resolved (and if appealed, such appeal has been finally prosecuted and decided without the ability for further appeals), results in (a) the court determining that this Agreement (including the attached PGL), or any material provisions, is invalid, or (b) the court rewriting of any of the material economic terms of this Agreement (including the attached PGL) (collectively, the "Judicial Determination"), then Developer, within thirty (30) days following such a Judicial Determination, may terminate this Agreement by providing written notice to County of such termination.

25. County's Representations and Warranties; Additional Covenants

25.1 The representations and warranties of County to Developer set forth below in this Section 25.1 (and any other representations and warranties of County to Developer contained in this Agreement) are agreed to constitute a material part of the consideration hereunder. It is further agreed that Developer is relying on them in entering into this Agreement, and that they are true and accurate as of the date of this Agreement (and are to be given again by County at the PGL Closing), and that they will survive the expiration or earlier termination of the Option and the PGL Closing. Except as separately disclosed by County to Developer in writing prior to the Effective Date, County hereby represents and warrants as follows:

(a) County's execution, delivery, and performance of this Agreement is not in violation of any applicable laws (including, without limitation, local land use ordinances).

(b) The person(s) executing this Agreement on behalf of County have the full right and authority to bind County. County has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder.

(c) There are no consents, waivers, authorizations or approvals from any third party necessary to be obtained by County in order to execute this Agreement or to carry out the transactions contemplated by this Agreement (including all exhibits attached hereto).

(d) The execution and delivery of this Agreement (including all exhibits attached hereto) and the performance hereof by County will not conflict with, or result in a breach of, any of the terms, conditions, provisions of, or constitute a default (or constitute an event which, with the giving of notice or the passage of time, or both, would constitute a default) under any instrument or agreement to which County is a party or by which County is bound.

(e) County is not a party to any pending action, suit, proceeding or investigation, at law or equity or otherwise arising from or related to the Development Land or to the past or present activities of County relating to the Development Land.

(f) There are no pending or threatened condemnation proceedings affecting all or any portion of the Development Land.

(g) Fee simple title to the Development Land is currently vested in County subject to all exceptions to title or encumbrances that are set forth on Exhibit "F" attached hereto, and while this Agreement is in effect County will not encumber or take any other action affecting title to the Development Land or take, or omit to take, any action which is otherwise in violation of the rights granted Developer in this Agreement, except as may be expressly authorized by this Agreement.

(h) County has no actual knowledge of any Hazardous Materials upon or within the Development Land in violation of applicable law (with the possible exception of the Chino Plume and/or the Archibald Plume), and County has provided Developer with true and correct copies of all documents, reports, studies, correspondence and other information in County's possession and actually known to County (without any due diligence or inquiry) to be material to the condition of the Development Land. Developer acknowledges that County is a public entity and all of its records (with limited exceptions) are subject to public records requests.

(i) To County's knowledge, the Development Land is not in violation of any federal, state or local law, statute ordinance, rule or regulation.

(j) There are no, leases or other agreements (whether oral or written) affecting or relating to the rights of any party with respect to the possession, use or occupation of the Development or any portion thereof which will be in effect after the PGL Closing.

25.2 In addition to County's other covenants set forth in this Agreement, County further covenants as follows:

(a) County shall deliver exclusive possession of the Development Land to Developer upon the PGL Closing.

(b) County shall maintain the Development Land from the Effective Date until the PGL Closing in its present condition. County shall pay all costs and expenses related to the Development Land in the ordinary course of business. County shall not make any alterations to, or enter into any agreement affecting, the Development Land which would survive the PGL Closing without the prior written consent of Developer, which consent may be withheld in Developer's sole and absolute discretion.

(c) County shall not permit the execution or recordation of any agreement or instrument whereby the Development Land or any interest therein is transferred, hypothecated or encumbered.

(d) County shall not enter into any lease, license, easement, deed restriction or other agreement that will be binding on the Development Land following the PGL Closing or on Ground Lessee.

(e) County shall not solicit proposals or enter into any discussions or contractual arrangements with any third party which could undermine or otherwise adversely impact Developer's rights hereunder.

26. Developer's Representations and Warranties

26.1 The representations and warranties of Developer to County set forth below in this Section 26 (and any other representations and warranties of Developer to County contained in this Agreement) are agreed to constitute a material part of the consideration hereunder. It is further agreed that County is relying on them in entering into this Agreement, and that they are true and accurate as of the date of this Agreement (and is to be given again by Developer, with appropriate exceptions to reflect factual changes occurring after the date hereof, at and as of the PGL Closing), and that they will survive the expiration or earlier termination of the Option and the PGL Closing. Developer hereby represents and warrants as follows:

(a) The person(s) executing this Agreement on behalf of Developer have the full right and authority to bind Developer. Developer has full power, capacity, authority and legal right to execute and deliver this Agreement and to perform all of its obligations hereunder.

(b) There are no consents, waivers, authorizations or approvals from any third party necessary to be obtained by Developer in order to execute this Agreement or to carry out the transactions contemplated by this Agreement (including all exhibits attached hereto).

(c) The execution and delivery of this Agreement (including all exhibits attached hereto) and the performance hereof by Developer will not conflict with, or result in a breach of, any of the terms, conditions, provisions of, or constitute a default (or constitute an event which, with the giving of notice or the passage of time, or both, would constitute a default) under any instrument or agreement to which Developer is a party or by which Developer is bound.

27. Index

27.1 Capitalized terms used in this Agreement (and not otherwise defined above) have the meanings set forth in this Section 27.1 or elsewhere as listed in this Section 27.1.

“Affiliate(s)”: has the meaning set forth in Section 6.3.

“Agreement”: has the meaning set forth in the preamble.

“Approved Title Exceptions”: has the meaning set forth in Section 4.1.

“CCRs”: has the meaning set forth in Section 12.1.

“Development Project”: has the meaning set forth in Recital B.

“County”: has the meaning set forth in the preamble.

“Deposit”: has the meaning set forth in Section 2.3.

“Designated Representative”: has the meaning set forth in Section 13.2.

“Developer”: has the meaning set forth in the preamble.

“Development Land”: has the meaning set forth in Recital A.

“Development Litigation”: has the meaning set forth in Section 24.11.

“Development Project”: has the meaning set forth in Recital B.

“Disputed Items”: has the meaning set forth in Section 22.2.

“Effective Date”: has the meaning set forth in the preamble.

“Entitlements”: has the meaning set forth in Section 5.1.

“Escrow”: has the meaning set forth in Section 2.1.

“Escrow Holder”: has the meaning set forth in Section 2.1.

“Extension Deposit”: has the meaning set forth in Section 1.2.

“Extension Option”: has the meaning set forth in Section 1.2.

“Force Majeure”: has the meaning set forth in Section 13.3.

“Full Refund Matter”: has the meaning set forth in Section 2.3.

“Ground Lessee”: has the meaning set forth in Section 6.2.

“Hazardous Materials”: the term “Hazardous Material,” whenever used in this Agreement, means the definitions of hazardous substance, hazardous waste, hazardous material, toxic substance, regulated substance or solid waste as defined within the following:

COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 U.S.C. Section 9601 et seq.);

RESOURCE CONSERVATION AND RECOVERY ACT (42 U.S.C. Section 6901 et seq.);

HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. Section 5101 et seq.) and all present or future regulations promulgated thereto;

DEPARTMENT OF TRANSPORTATION HAZARDOUS MATERIALS TABLE (49 C.F.R. Part 172) and amendments thereto;

ENVIRONMENTAL PROTECTION AGENCY (40 C.F.R. Part 300 and amendments thereto—including Appendices thereto); and

all substances, materials and wastes that are, or that become, regulated under, or that are classified as, listed as, identified as or otherwise defined as hazardous or toxic under any environmental law, whether such laws are Federal, State or local, and petroleum and its breakdown products.

“Initial Expiration Date”: has the meaning set forth in Section 1.1.

“Judicial Determination”: has the meaning set forth in Section 24.11.

“Memorandum of Entitlement and Option Agreement”: has the meaning set forth in Section 24.6.

“Notices”: has the meaning set forth in Section 21.1.

“Option”: has the meaning set forth in Section 1.1.

“Option Term”: has the meaning set forth in Section 1.1.

“Participating Ground Lease” or “PGL”: has the meaning set forth in Recital B.

“Parties” or “Party”: has the meaning set forth in the Recitals.

“PGL Closing”: has the meaning set forth in Section 7.1.

“Pre-Development Costs”: has the meaning set forth in Section 8.1.

“RFQ/RFP”: has the meaning set forth in Recital B.

“Right of Entry Agreement”: has the meaning set forth in Section 3.1.

“RPZ Area”: has the meaning set forth in Recital D.

“Title Commitment”: has the meaning set forth in Section 4.1.

“Title Company”: has the meaning set forth in Section 7.1(c).

[Intentionally left blank – signature page to follow]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the date set forth above.

COUNTY:

SAN BERNARDINO COUNTY

By: 
Name: Curt Hagman
Title: Chairman, Board of Supervisors

Attest: _____
Name: _____
Title: _____

DEVELOPER:

MAJESTIC REALTY CO.,
a California corporation

By: 
Name: EDWARD P. ROSKI, JR
Title: President and Chairman of the Board

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD LYNN MONELLI Clerk of the Board of Supervisors of the County of San Bernardino

By 



LIST OF EXHIBITS

- Exhibit A - Development Land
- Exhibit B - Depiction of Development Project & RPZ Area
- Exhibit C - Form of Participating Ground Lease
- Exhibit D - Right of Entry Agreement
- Exhibit E - Memorandum of Entitlement and Option Agreement
- Exhibit F - Title Exceptions to the Development Land

EXHIBIT A

DESCRIPTION AND DEPICTION OF DEVELOPMENT LAND

(Page 1 of 2)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CHINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 2, 3, 4, 13, 14 AND 15 OF SECTION 28 TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO MAP OF SUBDIVISION OF PART OF RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF RECORDED IN BOOK 6, PAGE 15 OF MAPS, RECORDS OF SAID COUNTY.

TOGETHER WITH ALL THAT PORTION OF VACATED BAKER AVENUE, AS SAME WAS VACATED BY RESOLUTION OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 27, 1961 IN BOOK 5337, PAGE 359 OF OFFICIAL RECORDS, WHICH WOULD PASS BY OPERATION OF LAW.

EXCEPTING THEREFROM ANY PORTION OF THE RUNWAY PROTECTION ZONE (RPZ) FOR RUNWAY 8R-26L, OF CHINO AIRPORT, LYING WITHIN SECTION 20, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRAPEZOIDAL PARCEL WITH ITS WESTERLY BASE BEING 500.00 FEET IN LENGTH, AND ITS EASTERLY BASE BEING 1010.00 FEET IN LENGTH. A LINE SEGMENT RUNNING EAST TO WEST AT THE MIDPOINTS OF SAID BASES HAS AN OVERALL LENGTH OF 1700.00 FEET. SAID LINE SEGMENT IS COINCIDENT WITH AND A PROLOGNATION OF THE PHYSICAL CENTERLINE FOR SAID RUNWAY 8R-26L, HAVING A BEARING OF N89°19'41"E. SAID WESTERLY AND EASTERLY BASE LINES ARE PERPENDICULAR, MEASURED AT RIGHT ANGLES, TO THE SAID 1700.00 FOOT LINE SEGMENT. THE WESTERLY BASE OF SAID TRAPEZOIDAL PARCEL IS COINCIDENT WITH THE MOST EASTERLY TERMINUS OF THE RUNWAY BLAST PAD FOR SAID RUNWAY 8R-26L. SAID EXCEPTION PARCEL AFFECTS APPROXIMATELY 11.0 ACRES OF SAID LOTS.

SAID PARCEL CONSISTS OF 46.2 ACRES, MORE OR LESS..

DESCRIPTION AND DEPICTION OF DEVELOPMENT LAND
(Page 2 of 2)

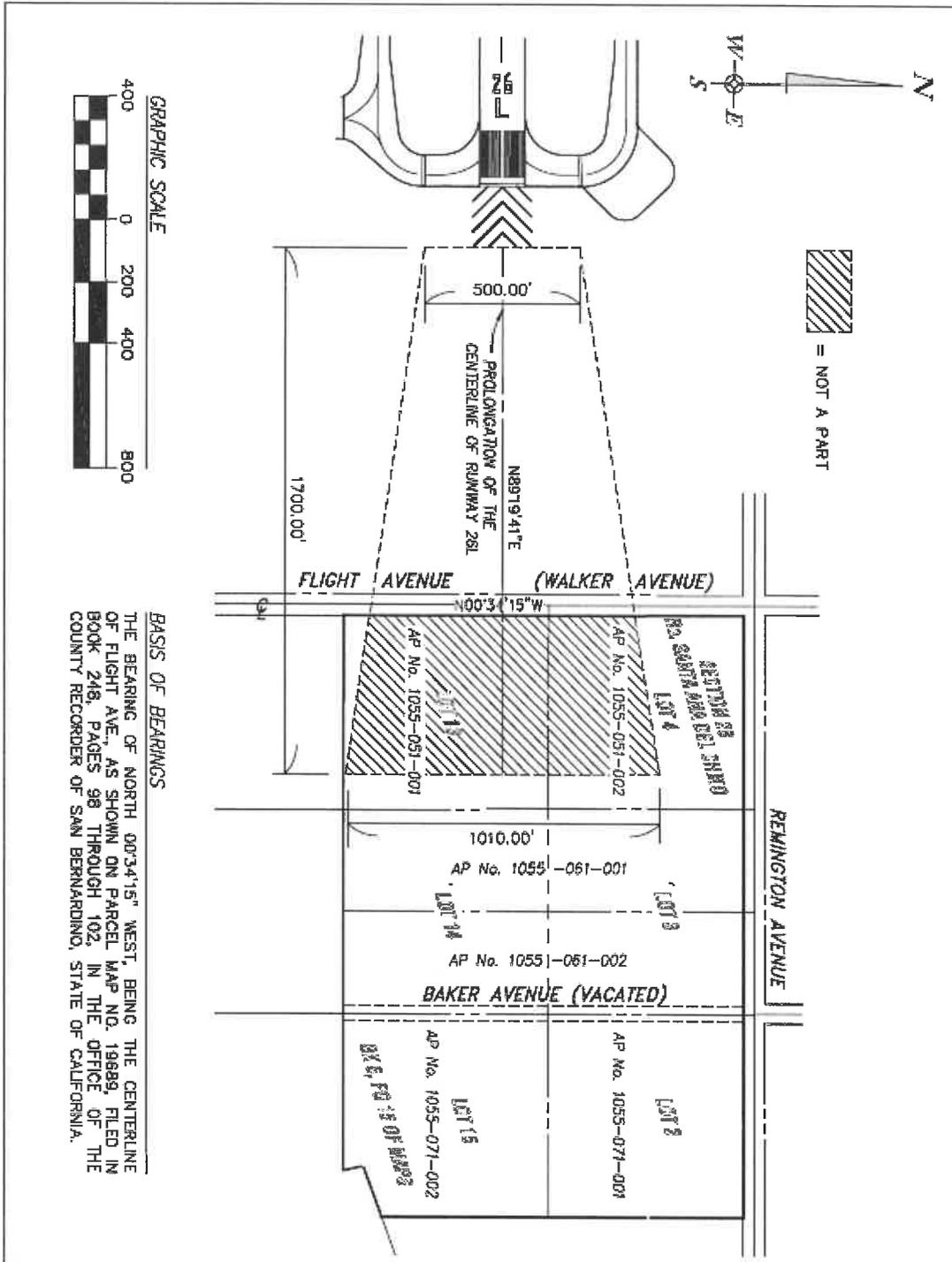


EXHIBIT B

DEPICTION OF DEVELOPMENT PROJECT & RPZ AREA

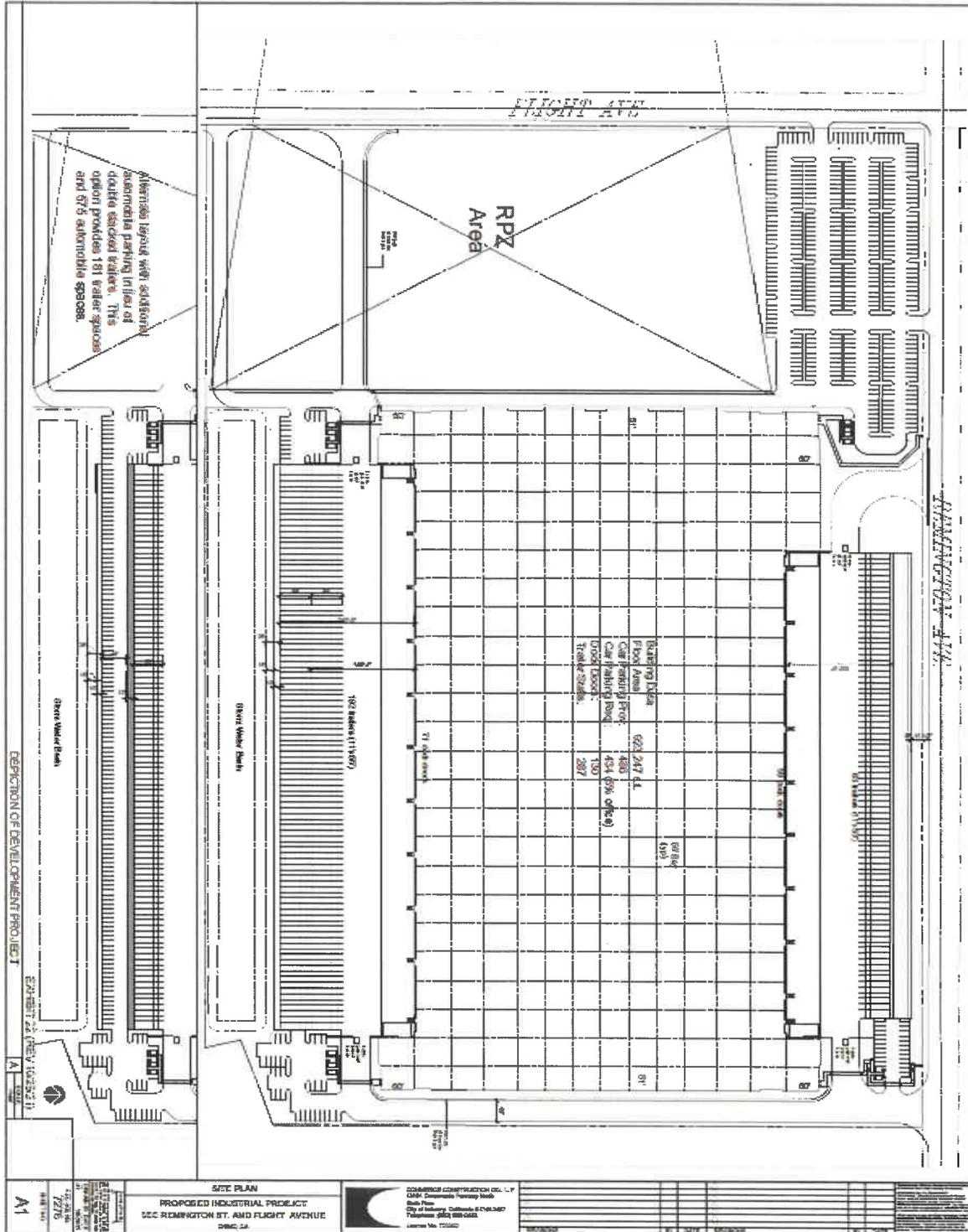


EXHIBIT C

FORM OF PARTICIPATING GROUND LEASE

[See Attached]

<u>LEASE COVERING PREMISES LOCATED AT:</u> 46.2± Acres Vacant Land, SEC of Remington Avenue and Flight Avenue, Chino, California	<u>DEVELOPMENT GROUND LEASE</u>
<u>LESSOR:</u> SAN BERNARDINO COUNTY	<u>LESSEE:</u> _____

THIS LEASE AGREEMENT (hereinafter referred to as “AGREEMENT” or “LEASE”), entered into on this _____ day of _____, 20__, is made by and between San Bernardino County hereinafter referred to as “County”, and _____, LLC, a _____, hereinafter referred to as “Lessee”.

RECITALS:

WHEREAS, County has under its ownership, control and possession certain property located at the southeast corner of Remington Avenue and Flight Avenue, in the City of Chino, County of San Bernardino, California 91708; and

WHEREAS, County and an affiliate of Lessee are parties to that certain Entitlement and Option Agreement (“Option Agreement”) dated _____, 20__ covering the Premises. Such affiliate or Lessee has exercised the option to lease the Premises set forth in the Option Agreement, and County and Lessee therefore desire to enter into this Lease in accordance with the Option Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for good and valuable consideration, County and Lessee hereby agree as follows:

WITNESETH:

1. DEFINITIONS.

In addition to the terms defined elsewhere in this Agreement, the following terms as used throughout this Agreement shall have the following meanings:

A. “Annual Operating Budget” shall have the meaning set forth in Section 11.B below.

B. “Approved Construction Budget” means any written budget prepared by Lessee for the Construction Phase and approved by County pursuant to the procedure set forth in the Work Letter (defined below).

C. “Asset Management Fee” means an annual fee Lessee shall pay the County in connection with its administration of this Lease, the amount of which is set forth in Section 10.B below.

D. "Capital Replacement Reserve" means a reserve to be maintained by Lessee as part of the Project Costs to be used for the repair, modification or replacement of the Facilities, as set forth in the Annual Operating Budgets approved by County, as more particularly addressed in Section 11.C and Section 12.C below.

E. "CC&Rs," whenever used herein, means any covenants, conditions, easements and restrictions developed by Lessee for the Premises with County's approval, which may include, but not be limited to, specific guidelines for use of the Premises.

F. "City" means the City of Chino, California.

G. "Commence Construction" (or similar phrase) means commencing construction of the work that is the subject of the Construction Phase by Lessee causing its construction contractor to obtain occupancy and control of the area and to begin actual site development and construction thereon. Notwithstanding any other term of this Lease, no provision, covenant or condition of this Lease shall prohibit Lessee from contracting with or otherwise engaging either its affiliated general contractor, Commerce Construction Co. L.P. ("Commerce Construction"), or third parties, independent contractors, and/or subcontractors to assist Lessee in constructing the Facilities as required or permitted under the terms of this Lease and to assist Lessee in furnishing services on the Premises. If Lessee engages Commerce Construction to construct the Facilities, the contractor's fee payable to Commerce Construction shall not exceed five percent (5%) of the hard or direct costs of such work, which fee shall be inclusive of contractor's overhead, without County's prior written approval.

H. "Commencement Date" means the date that the Term of this Lease commences under the terms of Section 2 below.

I. "Construction Phase" means the planning, development and construction of the Facilities, as represented by Building Permit Plans approved by City. Substantial Completion of the Construction Phase is to be determined as provided in Section 10.A (1) below. As of the date of this Lease, there is one (1) Construction Phase contemplated for the Premises. Notwithstanding the above, the "Construction Phase" may also include the construction of the Off-Site Improvements (if applicable) but excludes any specific Tenant improvements.

J. "County" means San Bernardino County.

K. "Debt Service" means Lessee's payment of principal, interest and any other sum due and owing (monthly or otherwise) pursuant to the terms and conditions of any Leasehold Mortgage for construction, interim and/or permanent financing of the Facilities and Off-Site Improvements (if applicable), but excluding any penalties, late charges, default interest and other amounts (except principal and interest) payable solely as a result of a breach or default under such Leasehold Mortgage, unless such breach or default is caused in part by the acts or omissions of County.

L. "Easement Area" means that portion of the RPZ Area for which (1) Lessee (and its Sublessees, as the case may be) will require continuous 24 hours a day/7 days a week access to

construct, maintain, repair, replace and utilize the Off-Site Improvements (e.g., utilities, roads, landscaping, lighting, etc.) and (2) Lessee has received No-Impact RPZ Approvals for Off-Site Improvements thereon.

M. “Environmental Laws” means any one or all of the laws and/or regulations of the U.S. Environmental Protection Agency or any other federal, state or local agencies regulating Hazardous Material, including, but not limited to the following as the same are amended from time to time:

COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 U.S.C. Section 9601 et seq.)

RESOURCE CONSERVATION AND RECOVERY ACT (42 U.S.C. Section 6901 et seq.)

TOXIC SUBSTANCES CONTROL ACT, as amended (15 U.S.C. Section 2601 et seq.)

SAFE DRINKING WATER ACT (42 U.S.C. Section 300h et seq.)

CLEAN WATER ACT (33 U.S.C. Section 1251 et seq.)

CLEAN AIR ACT (42 U.S.C. Section 7401 et seq.)

and the regulations promulgated thereunder and any other laws, regulations and ordinances (whether enacted by the Federal, State or local government) now in effect or hereinafter enacted that deal with the regulation or protection of the environment (including, but not limited to, the ambient air procedures and records detailing chlorofluorocarbons [CFC]), ambient air, ground water, surface water and land use, including sub-strata land.

N. “Equity Contribution” means any funds provided by Lessee (or any other party deemed to be a Lessee pursuant to Section 32 below) in accordance with the provisions of Section 10.C below.

O. “Facilities” means the building and site improvements physically constructed by Lessee (or any Sublessee or Tenant) on the Premises in accordance with the terms and conditions of this Agreement. Facilities shall include, without limitation: that portion of the storm water drainage system to be located on the Premises to address the storm water originating on the Premises, which shall be designed so that all storm water shall exit the Premises at the point designated on the approved storm water management plan (the “Premises Storm Water Drainage System”). County and Lessee agree that any required off-site storm water drainage system (if applicable) shall be constructed as a part of the Construction Phase.

P. “Fixed Ground Rent” means the annual rental described in Section 10.A below.

Q. “Hazardous Material” means the definitions of hazardous substance, hazardous material, toxic substance, regulated substance or solid waste as defined within the following:

COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT (42 U.S.C. Section 9601 et seq.)

RESOURCE CONSERVATION AND RECOVERY ACT (42 U.S.C. Section 6901 et seq.)

HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. Section 1801 et seq.) and all present or future regulations promulgated thereto.

DEPARTMENT OF TRANSPORTATION TABLE (49 C.F.R. Section 172.101) and amendments thereto

ENVIRONMENTAL PROTECTION AGENCY (40 C.F.R. Part 302 and amendments thereto)

All substances, materials and wastes that are, or that become, regulated under, or that are classified as hazardous or toxic under any Environmental Laws, whether such laws are Federal, State or local.

R. "Leasehold Mortgagee" means any lender of Lessee holding the beneficial interest in any Leasehold Mortgage, provided that such Leasehold Mortgagee is a bank, savings and loan, insurance company, pension trust, real estate investment trust, mortgage company, or other institutional lender, with assets in excess of \$500,000,000.00 and is unaffiliated with Lessee.

S. "Leasehold Mortgage" means any mortgage or deed of trust which is in favor of a Leasehold Mortgagee and encumbers Lessee's interest in this Agreement, the leasehold estate in the Premises created hereunder and/or the Facilities from time to time located on the Premises, and which has been incurred for, and the proceeds of which are used for, the purpose of financing the construction of the Facilities and the payment of other Project Costs or refinancing an existing Leasehold Mortgage, subject to the terms of this Agreement. The proceeds of any refinancing, to the extent not used to pay off the Leasehold Mortgage being refinanced, shall be used for the purpose of: (i) repairing, constructing or reconstructing the Facilities or held in reserve for such purposes; (ii) the payment of other Project Costs; (iii) the payment of Rent, or Asset Management Fee; (iv) the repayment of Equity Contributions and interest thereon; or (v) such other purposes and in such priority as County and Lessee may, in writing, agree. No Leasehold Mortgage shall encumber any interest in any real property other than Lessee's leasehold interest in the Premises under this Agreement and the Facilities.

T. "Maintenance and Operations Expense" means any expense for the management, maintenance, operation, administration and repair or replacement of the Premises, the Facilities, and the Off-Site Improvements (if applicable) not otherwise performed or reimbursed by Sublessees or Tenants, including, but not limited to, repair, maintenance or replacement of the plumbing, heating, ventilating and air conditioning systems, electrical systems, lighting facilities, security and fire protection systems, utility installations, fixtures, walls, foundations, roof, ceilings, floors, structural systems, doors, glass, skylights, landscaping and irrigating systems, driveways, parking lots, fences, retaining walls, perimeter wall, Premises Storm Water Drainage System, Off-Site Improvements (if applicable), signs, sidewalks, and the cost of all janitorial service, trash disposal, water, gas, electricity, and other utilities, together with any taxes thereon. In connection

with its routine maintenance of any off-site drainage facilities (if applicable) that constitute part of the Off-Site Improvements (if applicable), Lessee acknowledges that such work will include any repair of damage caused by rodentia.

U. “Management Fee” means the payment, as a Maintenance and Operations Expense, to Lessee or any property manager it selects for the administration, bookkeeping, accounting and management of the Premises and the Facilities (inclusive of salaries and benefits payable to any on-site personnel). Such Management Fee shall be two percent (2%) of Total Revenue received by Lessee from Tenants and Sublessees each month during the Term of this Agreement. The Management Fee shall be paid to Lessee or its property manager on a monthly or other basis selected by Lessee, as funds are available from Total Revenue to pay the Management Fee, before any payments of Rent or repayment of Equity Contributions, but not before Debt Service, Asset Management Fee or Fixed Ground Rent, and Capital Replacement Reserves.

V. “Net Revenue” means for each calendar year, or portion thereof, during the Term of this Lease, the amount of cash available after deducting from Total Revenue for such year (or portion thereof), in the following order of priority: (a) Debt Service for the calendar year (or portion thereof); (b) Asset Management Fee, and Management Fee for the calendar year (or portion thereof); (c) all other Project Costs (other than the Asset Management Fee and Management Fee) incurred during such calendar year (or portion thereof), including funds applied to reasonable reserves for future Maintenance and Operations Expense and the Capital Replacement Reserve, pursuant to an approved Annual Operating Budget, reserve funds to raze the Facilities at the end of the Term, and any reserve funds required by any Leasehold Mortgagee, for such calendar year (or portion thereof), and (d) the repayment of Equity Contributions and interest thereon. All such calculations shall be pursuant to cash basis accounting principles consistently applied, and shall be presented in a format similar to the sample monthly Net Revenue calculation statement attached as Exhibit “D” to this Lease.

W. “No-Impact RPZ Approvals” means the approval (or other written indication of concurrence in the absence of a formal written approval) by the Federal Aviation Administration (“FAA”) the California Department of Transportation, Division of Aeronautics (“Caltrans”), and any other relevant governmental authorities, as applicable, for the Off-Site Improvements within the RPZ Area after submission or application for approval (e.g., under Section 163 of the FAA Reauthorization Act of 2018 or otherwise, as applicable) to the FAA, Caltrans, and any other relevant governmental authorities, as applicable, that will have no material and adverse impact to Chino Airport and shall not require the County to make any material modifications, alterations, or changes to the operations, infrastructure, improvements, and/or any other aspect of Chino Airport (e.g., shorten the existing runway or shorten the painted portion of the existing runway) or to comply with any other material requirements as a condition of the Lessee receiving such approvals from the FAA, Caltrans, and any other relevant governmental authorities, as applicable.

X. “Off-Site Improvements” means all improvements constructed by Lessee outside the Premises in the Easement Area that Lessee determines are necessary or desirable for the development, occupancy and/or use of the Premises, subject to Lessee’s receipt of No-Impact RPZ Approvals, to the extent required. The Off-Site Improvements may include roads, driveways, landscaping, lighting, storm water facilities, or other improvements. Once constructed, Lessee shall be obligated to maintain and repair the Off-Site Improvements; provided, however, that if

County property is benefited thereby or if Lessee is required to perform more than routine maintenance of the Off-Site Improvements because of the acts or omissions of any occupant or user of such other benefitted County property, County shall cause such other occupant or user to promptly pay or reimburse Lessee for its equitable share of such costs incurred by Lessee, and provided further that if Lessee is not promptly reimbursed the amount of such unreimbursed amounts shall be deducted from County's share of Net Revenue.

Y. "Premises" initially means that area of land situated in the southeast corner of Remington Avenue and Flight Avenue containing approximately 46.2 acres of undeveloped land in the City of Chino, County of San Bernardino, California, comprising those parcels depicted and described on Exhibit "A". With respect to this Lease, the legal description of the Premises will be attached to the Memoranda of Lease described in Section 62 below. As used in this Agreement, "Entitlements" means all land use and other entitlements or approvals that Lessee has deemed necessary or convenient for its development, occupancy and/or use of the Premises, including without limitation review under the California Environmental Quality Act ("CEQA").

Z. "Project Cost" means all necessary costs incurred by Lessee (excluding Rent and Fixed Ground Rent) prior to or after the date hereof related to the entitling, creating legal lots for the Premises and the Easement Area (if applicable), designing, constructing, leasing, financing or maintaining/operating/managing the Premises or the Facilities, and Off-Site Improvements (if applicable) constructed by Lessee. Except as otherwise provided in this Lease, Project Cost shall include (without duplication), but not be limited to, the following: (a) all architectural and engineering expense, (b) all plan check fees, permit fees, school fees, drainage fees and all other governmental, and utility fees, licenses and permit cost, (c) all costs to entitle the Premises and Facilities, including environmental impact reports, traffic studies, biological studies and all other reports and studies required by governmental agencies, railroads or utility companies, and also all mitigations and impact fees, (d) all costs with respect to creating legal lots for the Premises, and the Easement Area, if applicable, (including, without limitation, costs relating to lot line adjustment(s), parcel merger(s) and/or a new parcel map) or to prepare and implement any CC&Rs, (e) all costs incurred by Lessee in constructing the Facilities or other permitted improvements on the Premises and/or the Easement Area (if applicable), (f) Capital Replacement Reserves and all other capital improvement expenses, (g) all Maintenance and Operations Expense, (h) all Management Fees, (i) except as provided in Section 27 below, all costs incurred for uninsured losses, earthquake, flood or other casualty, or repairs or replacements to the Premises and the Facilities or other improvements and the unreimbursed portion of any insured losses, (j) except as otherwise expressly provided in Section 35 below, all costs of complying with Environmental Laws, (k) all insurance premiums for insurance required hereunder and property taxes and assessments, and all income taxes payable on account of interest payable to Lessee on any interest-bearing bank account that holds security deposits, reserves or other funds associated with this Agreement, (l) all leasing commissions and all other marketing and advertising expense, (m) Asset Management Fee, (n) all loan fees, points, appraisal fees and other costs associated with any Leasehold Mortgages, (o) all Debt Service on Leasehold Mortgages, (p) the cost of title commitments and policies, and (q) all other expenses related to the use, maintenance, leasing, financing and operation of the Premises, the Facilities, and/or the Off-Site Improvements (if applicable). Project Costs shall only include costs, expenses and other amounts to the extent the same are reasonable and competitive in amount and actually expended. Without limiting the preceding sentence, any costs, expenses or other amounts specified in an Approved Construction

Budget, under an Annual Operating Budget, or otherwise approved in writing by County, shall be deemed a reasonable and competitive amount. Further, Project Cost shall not include (X) any cost, expense or other amount which is included within any other cost, expense or amount which is permitted by this Lease to be deducted from Total Revenue in calculating Net Revenue, the intention of the parties being that no cost, expense or other amount which is so permitted to be deducted from Total Revenue will be deducted therefrom more than once and (Y) any default interest (including any default interest paid pursuant to Section 10.F. below), penalties, fees, or other additional costs to the extent incurred as a result of Lessee's default under this Lease or any third party contract (after the expiration of all applicable notice and cure periods thereunder) provided that such default is caused by Lessee's gross negligence or willful misconduct (but excluding any costs and expenses [1] arising out of or in connection with California Public Contract Code Sections 22000 through 22045 regarding bidding procedures and Labor Code Sections 1720.2 and 1779 et seq. regarding prevailing wage, and/or the Williamson Act, Government Code Section 51200, et. seq including, without limitation, any all penalties and fees associated therewith) and/or [2] that would have been incurred or paid regardless of the applicable Lessee default). For the sake of clarity with regard to clause [1] in the immediately preceding sentence, all costs and expenses arising out of or in connection with California Public Contract Code Sections 22000 through 22045 regarding bidding procedures and Labor Code Sections 1720.2 and 1779 et seq. regarding prevailing wage, and/or the Williamson Act, Government Code Section 51200, et. seq including, without limitation, any all penalties and fees associated therewith, shall be a Project Cost. By way of an example only with regard to clause [2] in the immediately preceding sentence, if Lessee intentionally fails to timely pay a \$100 invoice from an utility company servicing the Premises and, as a result, the utility company assesses a 5% late fee, then Lessee shall be solely responsible for the payment of the 5% late fee (but not the initial \$100, which will be paid as a Project Cost).

AA. "Project Schedule" means the schedule for development and construction of the Facilities and Off-Site Improvements (if applicable) as reasonably agreed to by County and Lessee from time-to-time.

BB. "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of any Hazardous Material in violation of Environmental Laws.

CC. "RPZ Area" means the approximately 11 acres of real property located adjacent to the Premises, which is owned by the County and designated as the Runway Protection Zone for Chino Airport, as described and depicted in Exhibit "C" hereto.

DD. "Rent" means County's share of Net Revenue, as described in Section 10.D below.

EE. "Sublease" means the documents signed by a Sublessee or Tenant of Lessee for the leasing of a portion of the Premises or space in the Facilities.

FF. "Sublessee" or "Tenant" means any individual, corporation, limited liability company, trust, business, firm or other entity that leases or otherwise occupies or uses all or any portion of the Premises or the Facilities under a lease, rental agreement or other arrangement with Lessee.

GG. "Total Revenue" means the total amount of all rents, charges, fees, credits, and/or other income derived or received, directly or indirectly, by Lessee from the use, operation and/or leasing of all or part of the Premises or the Facilities, including, without limitation, all rents, charges, fees and/or other income and amounts received from Sublessees or Tenants of all or any part of the Premises or the Facilities during each full or partial calendar year during the Term of this Agreement and the net proceeds received by Lessee as a result of a Total Taking, Partial Taking or Temporary Taking (all as defined in Section 34.A below). For the avoidance of doubt, except as may otherwise be set forth in a Sublease, reserves and security deposits paid by Sublessees or Tenants do not constitute, and shall not be included in the calculation of, Total Revenue. "Total Revenue" may also include excess net proceeds of a loan pursuant to Section 32.A(ii) below.

HH. "Work Letter" means the Work Letter attached as Exhibit "B" to this Lease.

2. TERM.

The term ("Term") of this Lease will commence upon the full execution of this Lease by County and Lessee, and will expire at the end of the sixty-fifth (65th) calendar year following such commencement date, subject to extension as provided below. Lessee shall have two (2) options to extend the Term of this Lease at the same Rent and otherwise on the same terms and conditions set forth in this Lease for periods of seventeen (17) years each (each an "Option Term"). In order to exercise each such option, Lessee shall give County not less than one hundred eighty (180) days' notice, in writing, prior to the expiration of the original Term (in the case of the first option to extend) or the expiration of the first Option Term (in the case of the second option to extend). Notwithstanding the above, the Term of this Lease shall be tolled while a lawsuit, referendum, moratorium, or initiative is pending that challenges or involves the Entitlements for the Premises, the development, occupancy and/or use of the Premises, or the County's authority to enter into this Agreement; provided, however, that if the Term of this Lease is tolled pursuant to this sentence, then the length of the second Option Term shall be reduced by the equal number of days that the entire Term of this Lease is tolled. For the sake of clarity, County and Lessee acknowledge and agree that in no event shall the entire Term of this Lease exceed 99 years.

3. HOLDING OVER.

Any holding over after the expiration of the Term or any extension thereof, with the written consent of County expressed or implied, shall be deemed a tenancy only from month-to-month and terminable by either party upon thirty (30) days' prior written notice, and all other terms and conditions of this Lease shall continue in full force and effect; provided, however, that the rent payable by Lessee to County during such holdover tenancy shall be ninety percent (90%) of the Net Revenue, payable monthly in arrears. Holdover rent is immediately due and payable on the first day of the month following the expiration of the Term, payable each month in arrears. Holdover rent shall be due and payable to County whether or not an actual invoice is sent by County or received by Lessee. Lessee shall pay, as a Project Cost, water, electric, gas and other utility charges and any other charges payable in connection with Lessee's use of Premises during the holdover period.

4. LEASE OF PREMISES.

County does hereby lease to Lessee, and Lessee hereby hires and leases from County, in its current “as-is” condition, the Premises.

5. USE OF PREMISES.

A. Upon performance of the agreements, provisions and conditions contained in this Lease, Lessee will have the use of the Premises for the development of the Premises and construction and operation of the Facilities in substantial conformance with the Building Permit Plans (as defined in the Work Letter) as approved by City and studied pursuant to CEQA prior to execution hereof and for any other business activities related thereto, and for warehouse, industrial, office and any other use permitted by applicable zoning regulations and for no other purposes, unless approved in writing by County.

B. Lessee acknowledges that the Rent payable to County under this Lease is directly dependent upon the generation by Lessee of Net Revenue, and that the failure by Lessee to use commercially reasonable efforts to maximize Net Revenue will have a direct and adverse effect upon County’s and Lessee’s economic return under this Lease. Therefore, as a material inducement to County to enter into this Lease, Lessee agrees that, pursuant to the terms of this Lease, it will at all times construct, manage, lease and operate all Facilities in a manner and through the use of commercially reasonable efforts so as to maximize Net Revenue throughout the Term of this Lease.

C. Lessee will use commercially reasonable efforts to develop the Premises and construct the Facilities in substantial conformance with the Final Plans, subject to the approval by City, pursuant to CEQA and approval by County (to the extent provided in the Work Letter), and the implementing plans and specifications prepared by Lessee in accordance with applicable governmental statutes, ordinances, rules and regulations, including those of City and San Bernardino County.

D. In its development of the Premises, Lessee shall rely solely on the water supplied by City or other governmental or quasi-governmental authority and acknowledges that its leasing of the Premises from County does not include any water rights.

6. COMPLIANCE WITH LAWS.

Lessee shall, at its sole cost and expense (but as a Project Cost), comply with all of the requirements of all municipal, state, and federal authorities now in force, or which may be in force pertaining to the Premises and the use thereof according to Section 5 above including, without limitation, all rules and regulations promulgated by the Federal Aviation Administration that are applicable to development and operation of the Premises.

7. RIGHT TO ENTER.

Subject to Section 37 below and the rights of any Sublessees, during continuance in force of this Lease, there shall be and is hereby expressly reserved to County and to any of its agencies, contractors, agents, employees, representatives or licensees (collectively the “County Party”), the

right during regular business hours, or at any time in the case of an emergency, to temporarily enter upon the Premises for survey, inspection, or any other lawful County purposes; provided, however, that in no event shall County or any County Party perform any invasive or destructive tests at the Premises unless approved in advance in writing by Lessee, in Lessee's reasonable discretion. Notwithstanding anything herein to the contrary, in no event shall County nor any County Party exercise their rights under this Section 7 in a manner that will materially interfere or interrupt Lessee's or any Sublessees' business operations, use or occupation of the Premises. Further, County shall promptly repair and restore, at its sole cost, any damage caused by County or any County Party while exercising their rights under this Section 7. County shall use its best efforts to provide at least forty-eight (48) hours prior notice, unless in an emergency situation, of such entry and to allow accompaniment of Lessee's authorized representative. In case of any entry onto or inspection of leased premises occupied by a Sublessee or Tenant, County agrees to comply with such Sublessee's or Tenant's reasonable security protocols. So long as County and each member of the County Party complies with the terms and conditions of this Section 7, no such entry upon the Premises by or on behalf of County will cause or constitute a termination of this Lease nor be deemed to constitute an interference with the possession thereof nor constitute a revocation of or interference with any of Lessee's rights in respect thereof for exclusive use of the Premises. The rights of entry for inspection and other purposes as contemplated by the parties to this Lease, pursuant to this Section 7, are for the sole benefit of the parties. No benefit to any third party is contemplated or intended.

8. SECURITY DEPOSIT.

A. County is currently holding the sum of Two Hundred Fifty Thousand Dollars (\$250,000) (the "Security Deposit") as security for the performance by Lessee of all covenants, conditions and terms to be performed by Lessee under this Lease. County may apply all or part of the Security Deposit to any unpaid Rent or other charges due from Lessee or to cure any other defaults of Lessee after the expiration of all applicable notice and cure periods. County shall be required to keep the Security Deposit separate from its other accounts and County shall invest the Security Deposit in an interest-bearing account in a federally insured financial institution. Interest on the Security Deposit shall accrue for the benefit of Lessee. Subject to Section 8.B. below, upon termination or expiration of this Lease, County shall refund or credit to Lessee (or Lessee's successor) that portion of the Security Deposit which has not been (i) previously credited to Lessee pursuant to Section 8.B below or (ii) applied by County to any unpaid Rent or other charges due from Lessee or to cure any other defaults of Lessee after the expiration of all applicable notice and cure periods.

B. Notwithstanding anything in this Section 8 to the contrary, so long as no uncured monetary default by Lessee exists under this Lease as of the applicable Reduction Date (defined below), Lessee shall be entitled to the following reductions (each, a "Reduction Amount") of the Security Deposit on the following dates (each, a "Reduction Date"), subject to and in accordance with the terms of this paragraph: (i) on the first (1st) day of the sixty first (61st) month of the initial Term, a Reduction Amount equal to 50% of the Security Deposit then currently held by County, and (ii) on the first (1st) day of the one hundred twenty first (121st) month of the initial Term, a Reduction Amount equal to the total Security Deposit then held by County. The applicable Reduction Amount shall be paid to Lessee on each applicable Reduction Date.

9. MINERAL RIGHTS.

Lessee agrees not to interfere, in any way, with the interests of any person or persons that may presently, or in the future, hold oil, gas, or other mineral interests upon or under the Premises; nor shall Lessee, in any way, interfere with the rights of ingress and egress of said interest holders. Notwithstanding the foregoing, said mineral interest holders (including County or any grantee of County) (i) shall not have any surface access rights on the Premises, (ii) shall not undermine any portion of the Premises that could make the Facilities built thereon unstable or subject to collapse, (iii) shall not interfere in any way with the quiet enjoyment of the Premises and Facilities by Lessee and its Sublessees, Tenants, or their respective employees, agents, contractors and invitees, and (iv) shall not have the right to enter upon or disturb the first 500 feet below the surface of the Premises in the exercise of rights to its mineral interests or to extract the same.

10. RENT AND EQUITY CONTRIBUTIONS.

Rents due under this Agreement and Equity Contributions for the development, construction and operation of the Facilities will be as follows:

A. Fixed Ground Rent.

(1) Should the work for the Construction Phase not be commenced or Substantially Completed for any reason within Lessee's reasonable control within fifteen (15) months after the deadlines for such commencement or completion, as set forth in the Project Schedule as reasonably agreed to by County and Lessee from time-to-time, the annual rent under this Lease may at the election of County revert to a fixed ground rent ("Fixed Ground Rent") equal to five percent (5%) of unimproved and unentitled land value of the entire Premises as determined by appraisal, with monthly installment payments of Fixed Ground Rent commencing upon receipt by Lessee of written notice of County's election, which shall be no earlier than the first (1st) day of the sixteenth (16th) month after the applicable deadlines set forth in the Project Schedule (each a "FGR Date"). The Fixed Ground Rent for the Premises shall continue to be paid until Substantial Completion of the Facilities planned for the Construction Phase, at which time Lessee's obligation to pay Fixed Ground Rent will terminate and the Rent will be determined and payable as provided in Section 10.D. below. Notwithstanding any language to the contrary in this Agreement, so long as Lessee is paying the Fixed Ground Rent, Lessee shall not be in material breach of this Agreement for failure to Substantially Complete the subject Facilities. As used in this Lease, "Substantial Completion" or "Substantially Complete" (or similar phrase) means the required Off-Site Improvements (if applicable) or the building shell (and the on-site improvements related to such building) have been completed pursuant to the Building Permit Plans (as defined in the Work Letter), with the exception of any "punch list" items (those items that can be completed by Lessee within sixty (60) days thereafter, but will not delay the subsequent construction of specific improvements for a Sublessee, as determined by the architect of record, County and/or City or upon issuance of a temporary or permanent certificate of occupancy (or its equivalent) by City, whichever first occurs.

(2) Once Lessee's obligation to pay Fixed Ground Rent for the Construction Phase has commenced and is continuing, the amount of Fixed Ground Rent payable shall

increase on January 15 every fifth year by ten percent (10%). For example, the first increase shall result in total Fixed Ground Rent payable equal to five and one half percent (5.5%) of the appraised land value.

(3) If the Facilities for the Construction Phase are not Substantially Completed within five (5) years following the applicable FGR Date, then County or Lessee may terminate this Lease. Notwithstanding any language in this Lease to the contrary, County shall give ninety (90) days prior written notice to Lessee and all affected Leasehold Mortgagees of its intent to terminate as provided above, which shall provide them an opportunity to Substantially Complete the work of the Construction Phase prior to the end of such 90-day period; moreover, County agrees to not exercise its right to terminate until any affected Leasehold Mortgagee has been given its right to cure or foreclose as set forth in Section 32 below. Upon such termination, neither party shall have any further obligations to the other under this Lease, other than those obligations that have accrued prior to the date of such termination or those that expressly survive such termination.

(4) Lessee at its sole cost (which will be treated as a Project Cost) shall engage an independent MAI appraiser who shall determine the “as-is” per square foot fair market value of the applicable undeveloped land within the Premises as of the FGR Date for the purpose of determining the amount of Fixed Ground Rent. Lessee shall promptly notify County of the appraiser retained. The appraisal report provided by Lessee’s appraiser shall be delivered to County no later than sixty (60) days following the applicable FGR Date. If County disagrees with Lessee’s appraisal, County may order an appraisal by a different independent MAI appraiser, which appraisal report shall be delivered to Lessee not later than ninety (90) days after receipt of Lessee’s appraisal report. Lessee shall pay the cost of County’s appraisal as a deposit to County, the cost of which will be treated as a Project Cost. The failure of County to deliver County’s appraisal report within ninety (90) days shall result in the presumption that County accepts Lessee’s appraisal. If Lessee’s appraisal and County’s appraisal differ by ten percent (10%) or less, then the average of Lessee’s appraisal and County’s appraisal shall constitute the average per square foot land value of the applicable undeveloped portion of the Premises. If County’s appraisal differs from Lessee’s appraisal by more than ten percent (10%), the appraisers preparing Lessee’s appraisal and County’s appraisal, shall, within fourteen (14) days after delivery of County’s appraisal, select a third independent MAI appraiser to make a third appraisal to be submitted to County and Lessee not later than sixty (60) days after the selection of the third appraiser. If the third appraisal (i) matches either Lessee’s appraisal or County’s appraisal or (ii) falls anywhere in between County’s appraisal and Lessee’s appraisal, then the per square foot land value specified in the third appraisal shall be the final determination of land value per square foot. If the third appraisal does not match County’s appraisal or Lessee’s appraisal or fall between them, then the land value per square foot shall constitute the average of (i) the third appraisal and (ii) whichever of County’s appraisal or Lessee’s appraisal as shall have been closer in amount to the third appraisal. The fees and costs of the third appraiser shall be paid by Lessee as a Project Cost.

(5) The portion of Total Revenue remaining after payment by Lessee of Debt Service and all Project Costs (except Rent) associated with the operation, financing, maintenance and leasing of the Premises and the Facilities, during each calendar year of

the Term of this Agreement shall be applied to Fixed Ground Rent prior to any repayment of Lessee's Equity Contributions.

(6) Notwithstanding any language in this Lease to the contrary, Lessee may elect to terminate this Lease at any time following County's election to collect Fixed Ground Rent from Lessee, by providing County with written notice of such election. Upon such termination, neither party shall have any further obligations to the other under this Lease other than those obligations that have accrued prior to the date of Lessee's receipt of notice of County's election to collect Fixed Ground Rent or those that expressly survive the expiration or earlier termination of this Lease.

B. Asset Management Fee. Lessee shall pay an annual Asset Management Fee to County in the initial amount of \$10,000 for County's internal costs of administering this Lease. This Asset Management Fee will be payable to County and sent with Lessee's applicable rent payment. The Asset Management Fee shall be paid annually in advance, commencing the first January 15 after the City issues the building permit for the Construction Phase for the Premises, and on or before January 15 of each year thereafter. After said first January 15, the Asset Management Fee shall increase annually on each January 15 thereafter by two percent (2%).

C. Equity Contributions.

(1) The parties anticipate that prior to, during and after expiration or termination of the Term, there will be times where Total Revenue either does not exist (during pre-development or periods of vacancy) or is insufficient to cover expenses and capital expenditures related to the development and operation of the Premises, including without limitation the cost of Entitlement, Project Costs, leasing commissions, tenant improvements and other out of pocket expenses. When, in these shortfall instances, Lessee covers such expenditures out of its funds, all such funds expended by Lessee in connection with the development and operation of the Premises shall be deemed an Equity Contribution subject to repayment pursuant to the terms and conditions of this Agreement. The parties also anticipate that from time to time during the Term of this Agreement, Lessee will obtain debt financing for the development of the Premises and the Facilities and other Project Costs in accordance with the terms and conditions of Section 32 below. Any funds required for the completion of the Construction Phase, in excess of the debt financing obtained by Lessee, shall be provided by Lessee as an Equity Contribution. Within thirty (30) days after making such payment, Lessee shall notify County of such payments paid by Lessee if they exceed the amount of Equity Contributions identified in the Approved Construction Budget for the Construction Phase, and such notice shall explain in detail why the actual amount of the Equity Contributions exceeded the budgeted amounts. County shall have approval rights over the final accounting of the Equity Contribution for the Construction Phase pursuant to Section 10.C.(4) below.

(2) Any additional capital required for the operation or maintenance of the Premises and the Facilities or other Project Costs following the completion of the Construction Phase and any capital required to repay all or any portion of any Leasehold Mortgages thereon, not otherwise available from Total Revenue and debt financing, shall be contributed one hundred percent (100%) by Lessee. Within thirty (30) days of Lessee

contributing funds under this Section, Lessee must provide County a statement with information and evidence, in reasonable detail, substantiating the amount and reasons for such additional capital. To the extent of any Equity Contribution provided by Lessee in excess of the amount set forth in the applicable Annual Operating Budget previously approved by County, County shall have the right to approve or disapprove such excess Equity Contribution in writing within fifteen (15) days following written notice by Lessee to County of such excess Equity Contribution, and if disapproved, County must specify the reasons for such disapproval in its written disapproval notice. If County fails to either approve or disapprove the excess Equity Contribution in writing within said fifteen (15) day period, then County shall be deemed to have approved such excess Equity Contribution.

(3) In the event of default by Lessee under a Leasehold Mortgage and the subsequent foreclosure and sale of the leasehold interest to another party, or in the event of a deed in lieu of foreclosure, the total unpaid balance of the Leasehold Mortgage at the date of the foreclosure sale or recording of the deed in lieu of foreclosure shall be considered an Equity Contribution of the Leasehold Mortgagee or Purchaser (defined below) at foreclosure, as the case may be, as of the date of such foreclosure sale or the date of recording the deed in lieu of foreclosure, as applicable. In such event, the defaulting Lessee shall forfeit its Equity Contributions and not be entitled to any further portion of Net Revenues to repay its forfeited Equity Contributions.

(4) Within ninety (90) days following City's issuance of a certificate of occupancy for the Construction Phase, Lessee shall provide County with a final accounting of the actual Project Costs for the Construction Phase, which shall include a final accounting of the Equity Contribution for the Construction Phase (the "Project Costs Statement"). Upon County's approval of the Project Costs Statement, including the approved Equity Contribution under Section 10.C(1) above, the amount of the Equity Contributions shall be fixed for that Construction Phase, subject to additional Equity Contributions that may be required from time to time, as provided in Section 10.C(1) above. County must approve or disapprove the Project Costs Statement in writing within fifteen (15) days following submittal by Lessee, and if disapproved, County must specify the reasons for such disapproval in its written disapproval notice. If County fails to either approve or disapprove the Project Cost Statement in writing within said fifteen (15) day period, then County shall be deemed to have approved the Project Cost Statement.

(5) The Total Revenue remaining after payment by Lessee of Debt Service, Fixed Ground Rent, Asset Management Fee, and all Project Costs during each calendar year of the Term of this Agreement will be paid to Lessee to pay down Lessee's Equity Contributions until such time as all Equity Contributions are repaid in full together with interest thereon. All Equity Contributions made in accordance with the provisions of this Section 10.C shall bear simple interest at an annual rate equal to the greater of five percent (5%) above the discount rate quoted by the Federal Reserve Bank of San Francisco as of the date of contribution or eight and one-half percent (8.5%). Equity Contributions made pursuant to Sections 10.C(1) and 10.C(3) above shall be paid before the Equity Contributions made pursuant to Section 10.C(2) above.

(6) The parties hereto will acknowledge the date(s) any Equity Contributions are paid in full by written notice from Lessee and acknowledgment by County.

(7) If the Lease is terminated due to a Lessee default pursuant to Section 28.C below, then any Equity Contributions pertaining to the costs of (a) the Entitlements, (b) Off-Site Improvements (if applicable) and on-site infrastructure costs benefitting the Premises, such as the costs of grading, utilities, drainage, and roads, and (c) Lessee's Post-Termination Duties (as defined in Section 27.B. below), remaining unpaid upon expiration or earlier termination of this Lease (collectively, the "Unpaid Equity Contributions") shall not be owed by County to Lessee. If the Lease is terminated due to a County default pursuant to Section 29.C below, then any Unpaid Equity Contributions shall be promptly paid by County to Lessee. If the Lease is terminated and such termination is not the result of a default by either Lessee or County, then one-half of any Unpaid Equity Contributions shall be promptly paid by County to Lessee.

(8) If, at any time following the obtaining of any Leasehold Mortgage for interim or permanent financing to replace a construction loan for the Construction Phase or in the absence of any Leasehold Mortgage, the amount of Lessee's Equity Contribution exceeds twenty percent (20%) of the total amount of the Project Costs Statement, County may require Lessee to seek a commercial loan in an effort to increase the secured debt financing and reduce such Equity Contribution to as small a percentage as practicable of the total amount of the Project Costs Statement. Lessee's obligation to obtain any such commercial loan is subject to Lessee being able to obtain such new secured debt financing on commercially reasonable terms acceptable to Lessee.

D. Rent. Subject to Section 10.H. below, Fifty percent (50%) of all Net Revenue, if any, during each calendar year, and first and last partial calendar year if any, during the Term of this Lease shall be paid to County as Rent for the Premises. Rent shall be paid to County in monthly installments on or before the twenty-fifth (25th) day following the end of each calendar month. Such payments shall be accompanied by a written statement setting forth in detail the sources and amount of Total Revenue received for the preceding month and allowable deductions for the Net Revenue calculation. A check for County's fifty percent (50%) share of Net Revenue will be submitted with such statement. Except as otherwise provided in this Agreement, all Rent shall be paid without deduction, offset or abatement. Should there be insufficient monthly cash flow to support a Rent payment, Lessee shall submit to County a monthly written statement setting forth in detail the sources and amount of Total Revenue received for the preceding month and allowable deductions for the Net Revenue calculation.

E. Rent Payments. Lessee will make all payments (except the Asset Management Fee) to County at the following address or to such other place as County may direct Lessee in writing:

Lessee's method of payment to County shall display the County lease identifier, if any, which is shown on page one of this Agreement.

F. Default Interest. In addition to, and without limiting, any other right or remedy which County may have under this Agreement or at law or in equity, in the event any required payment is not made by Lessee to County as required and remains unpaid for a period of thirty (30) days or more past the due date, County will be entitled to receive, and Lessee will pay to County, simple interest on all such amounts at an annual rate equal to the greater of five percent (5%) above the discount rate quoted by the Federal Reserve Bank of San Francisco or eight and one-half percent (8.5%), until paid in full.

G. Annual Accounting and Rent Statement. On or before April 30 annually during the Term of this Agreement and within one hundred twenty (120) days after the expiration of the Term of this Agreement, Lessee will provide County with a statement showing in detail the sources and amount of Total Revenue received for the entire preceding calendar year (or the first and last partial calendar year, if applicable), the appropriate uses of or deductions from such Total Revenue during the subject period, such as Debt Service, repayments of Equity Contributions, Project Costs incurred, etc. (consistent with Section 1.Y above), and all distributions of Net Revenue (if any) during such period, substantially in the form of that attached as Exhibit "F" to this Lease (the "Annual Accounting and Rent Statement"). One component of the Annual Accounting and Rent Statement shall be an accounting of the Equity Contributions made during the subject period (and all payments made on account of the Equity Contributions), including beginning balance, repayments and contributions, interest and interest rate, and ending balances. The Annual Accounting and Rent Statement shall be prepared and certified by Lessee's accountants in accordance with cash basis accounting principles consistently applied and shall contain a written certification of such accountants that the Total Revenue and Net Revenue calculations and distribution of Rent (if any) has been made in accordance with the provisions of this Agreement. The Annual Accounting and Rent Statement shall be accompanied by a certification executed by the Chief Financial Officer of Lessee (or of Lessee's Manager, Administrative Member or Agent thereof) certifying that the information contained in the Annual Accounting and Rent Statement is true and correct to the best knowledge of the signing officer and that such information is the same as that used as of the date of signing for all internal and reporting purposes of Lessee. Should the Annual Accounting and Rent Statement show that the amount of Rent paid County during the subject calendar year was less than that which was due, the Annual Accounting and Rent Statement shall be accompanied by Lessee's payment of the additional amount to County. Should the Annual Accounting and Rent Statement show that the amount of Rent paid County during the subject calendar year was more than that which was due, after review and verification by County, a credit will be issued to be applied against future monthly installments of Rent. At County's written request, the Annual Accounting and Rent Statement shall include supporting documentation.

H. Rent Credit. Lessee has prepaid to County, as Rent, the sum of [_____]¹ (the "Rent Credit Amount"). The Rent Credit Amount shall be credited against the Rent first coming due under this Lease and continue to be credited against the subsequent Rent immediately coming due under this Lease until all of the Rent Credit Amount has been credited to the Rent due

¹ \$750,000 OR \$1,000,000 BASED ON WHETHER EXTENSION DEPOSIT IS PAID UNDER THE OPTION AGREEMENT.

under this Lease. Lessee shall retain as its sole property all Net Revenue generated until the Rent Credit Amount is fully applied. For the sake of clarity and as an example only, if the Rent Credit Amount is \$750,000, and the Rent first coming due under this Lease is \$500,000, then in lieu of Lessee paying said \$500,000 to County, (i) County shall draw down the sum of \$500,000 from the Rent Credit Amount and credit it against said Rent, and thereafter the remaining Rent Credit Amount shall equal \$250,000 and (ii) notwithstanding any provision of Section 10.D to the contrary, Lessee shall retain as its sole property all Net Revenue generated to achieve such \$500,000 in Rent.

11. RECORDS; ANNUAL OPERATING BUDGETS.

A. Records. Throughout the Term of this Lease, Lessee shall keep and maintain, in accordance with cash basis accounting principles consistently applied, accurate and complete books, records and accounts of Total Revenue, Project Costs, Equity Contribution balances, and all other items constituting deductions for purposes of calculating Net Revenue.

B. Annual Operating Budgets. On or before November 15 annually during the Term of this Agreement, Lessee shall provide County with an annual operating budget (the "Annual Operating Budget") for the next calendar year, which shall identify (as applicable) all anticipated Total Revenue, Debt Service, Project Costs (including, without limitation, any necessary or advisable update of the annual Capital Replacement Reserve amount), Fixed Ground Rent, Equity Contributions and Net Revenue. The Annual Operating Budget shall be substantially in the form of the sample budget attached as Exhibit "G" to this Lease. County shall approve or disapprove the proposed Annual Operating Budget within forty five (45) days following submittal by Lessee. If County disapproves of any cost item within the Annual Operating Budget it shall specifically identify the reasons for such disapproval. If the Annual Operating Budget is not approved before January 1 of the applicable year, then Lessee shall continue to operate and conduct its business at the Premises during the new year in accordance with the prior year's Annual Operating Budget (but excluding any capital improvement or replacement items completed during such prior year) until the Annual Operating Budget for the new year is approved; provided, however, if there are capital improvement or replacement items identified in a Study (defined below), then such items will be deemed approved without County's approval of the entire Annual Operating Budget. When the applicable Annual Operating Budget is approved, such approval shall be retroactive to January 1 of the then current year. Notwithstanding the above, if Lessee identifies an unanticipated expense that is not included in an approved or pending Annual Operating Budget, and Lessee desires to begin reserving for such expense, Lessee may request in writing County's approval of the same and such reserve item, once approved by County, shall be deemed included within the approved Annual Operating Budget for the year in which the expenditure is to be made.

C. Capital Reserve Study. Every fifth (5th) year after the completion of the Construction Phase for the Premises, Lessee shall hire an independent outside consultant to prepare a capital reserve study (the "Study") for the Facilities. The cost of the Study shall be a Project Cost. This Study shall include an inspection of the Facilities to determine what capital improvements will require replacement so as to maintain the Facilities in good working condition and repair with a neat and clean, attractive appearance, throughout the Term of this Lease. The results of such Study shall be reviewed and approved by County within sixty (60) days, and shall become the basis (in addition to any requirements of a Leasehold Mortgagee) for determining what

amount should be contributed to and maintained in the Capital Replacement Reserve in subsequent Annual Operating Budgets. If disapproved by County, such written notice of disapproval shall state the specific reasons for such disapproval. Notwithstanding the above, if Lessee identifies a previously unanticipated capital improvement or replacement expense that is not included in the most recent Study or not required by a Leasehold Mortgagee or not otherwise included in the approved Annual Operating Budget, and Lessee desires to begin reserving for such expense, Lessee may request in writing County's approval of the same and such reserve item, once approved by County, shall be deemed included within the approved Annual Operating Budget for the year(s) in which the reserve fund is to be accumulated.

D. Inspection. Within ten (10) days following written request by County, Lessee agrees to provide for inspection and copying by County or its designated representatives, at Lessee's place of business where such records are stored such books, records, and accounts pertaining to the development and operation of the Premises for the then current and three (3) immediately preceding calendar years. Such inspection shall take place Monday through Friday, 9:00 AM to 5:00 PM, holidays excluded.

E. Audit. County shall, following the prior written notice and during the time and at the place specified in Section 11.D above, have the right to cause an audit of Lessee's operation of the Premises and of Total Revenue and all items constituting deductions for purposes of calculating Net Revenue, for the then current or three (3) immediately preceding calendar years. If such audit discloses that the calculation of Net Revenue previously provided to County by Lessee is understated (either intentionally or unintentionally) by a greater margin than five percent (5%) of Total Revenue for the period of review, then Lessee will immediately pay to County the cost of such audit; otherwise the cost of the audit will be paid by County. In all events, Lessee shall pay to County the additional payments shown to be payable to County by Lessee plus simple interest thereon as set forth in Section 10.F above, from the date such payment should have been made to County plus 10% of the understated Rent. Such payment plus interest shall be a Project Cost.

12. IMPROVEMENTS, MAINTENANCE AND REPAIR.

A. No County Obligation; Exterior Alterations. During the Term of this Lease, County shall have no responsibility or obligation for any maintenance, repair or replacement of the Facilities or Premises, or for the development and construction of the Facilities. If Lessee desires to make material alterations to the exterior of the Facilities after the Construction Phase, then Lessee shall submit Lessee's proposal for said material alterations to County and such material alterations shall be subject to County's approval. County shall give its approval or disapproval (giving detailed reasons in case of disapproval) for Lessee's proposed material alterations within fifteen (15) days after Lessee's submission of the same. If County fails to either approve or disapprove Lessee's proposed material alterations within said fifteen (15) day period, then County shall be deemed to have approved Lessee's proposed material alterations. For the purposes of this Section 12.A., "material alterations" shall not include: (i) repainting of the building substantially the same color or in a color palate widely used in the vicinity of the Premises, (ii) repair and replacement of landscaping and hardscape with like material, (iii) installing equipment or constructing improvements required by a Tenant, including without limitation signage (subject to County's approval of the signage content pursuant to Section 18 below), so long as all required

permits and approvals from the City of Chino are secured, (iv) any alterations required by code or any governmental or quasi-governmental authority having jurisdiction, or (v) any alterations that are not visible from the immediately adjacent public right of way.

B. Maintaining the Premises. Throughout the Term of this Agreement, Lessee shall maintain, or cause to be maintained, as a Maintenance and Operations Expense, the Premises, the Facilities and the Off-Site Improvements (if applicable) in a safe and sanitary condition in compliance with the sanitation laws and regulations of any governmental or quasi-governmental authority having jurisdiction, and in good condition and repair (including the making of any necessary replacements, both structural and nonstructural), ordinary wear and tear excepted, and in accordance with (i) all applicable laws, rules, regulations and orders of all federal, state, county, municipal, and other governmental agencies and bodies having jurisdiction, and (ii) the directives of all insurance companies insuring all or any part of the Premises or the Facilities or both. Lessee's obligations under this Section 12.B shall include, but not be limited to, all structural and nonstructural portions of the Premises and the Facilities located thereon, all heating, ventilating and air conditioning systems, underground private utilities, perimeter wall, the Premises Storm Water Drainage System (described in Section 1.O above), parking lots, driveways, driving lanes, sidewalks, walkways, common areas and landscaped areas. Prior to making any alterations, modifications or additions to any of the Facilities in excess of \$150,000.00, Lessee shall first obtain approvals from County, as provided in the Work Letter, and obtain any insurance as required under the Work Letter.

C. Capital Replacement Reserve. Lessee shall also, or cause its property manager or Leasehold Mortgagee to, commencing no later than the first month following the first anniversary of the completion of the Construction Phase (as such completion is evidenced by the issuance of a certificate of occupancy by City) set aside a Capital Replacement Reserve, which may be funded in whole or in part by payments received from Tenants. The Capital Replacement Reserve shall be deposited into an interest-bearing bank account. Except as expressly provided in this Section 12.C or elsewhere in this Lease, funds in the Capital Replacement Reserve shall be used only for capital replacements to the Facilities and the fixtures and equipment located in the Facilities which are normally capitalized under generally accepted accounting principles for this type of property, including without limitation, the roof, parking lots and private driveways, and office areas, or as otherwise identified in a Study. As capital replacements of the Facilities become necessary, the Capital Replacement Reserve shall be the first source of payment therefor. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve Lessee of the obligation to undertake necessary capital replacements as a part of the Project Costs and to continue to maintain the Premises in the manner prescribed in Section 12.B above. Lessee shall submit to County, concurrently with its submission of the proposed Annual Operating Budget, an accounting of the Capital Replacement Reserve. Based on such annual accounting, any amounts in the Capital Replacement Reserve in excess of the reserve amounts required by the Leasehold Mortgagee, by the most recent Study, and by the current Annual Operating Budget shall be included in Total Revenue. The parties acknowledge and agree that any amounts remaining in the Capital Replacement Reserve upon the expiration of the Term (or the earlier termination thereof) in excess of the amount recommended by the most recent Study shall be included in Total Revenue (and the amount of the Capital Replacement Reserve then currently held by Lessee, up to the amount recommended by the most recent Study shall be delivered to County), unless the building is to be razed pursuant to Section 27.B or Section 31.D below, in which case any money in the

Capital Replacement Reserve may be used for such purpose, and any excess amounts (following payment of the costs of such razing) shall be included in Total Revenue for purposes of the final accounting and distribution of Net Revenue to County and Lessee.

D. Failure to Maintain. If Lessee shall fail to perform any of its obligations under this Section 12, County may, but shall not be obligated to, give Lessee written notice specifying such failure in reasonable detail. If Lessee does not remedy such failure or does not commence to remedy such failure within thirty (30) days following receipt of such notice and thereafter diligently pursue such remedy to completion, County may, but shall not be obligated to, remedy such failure. If County remedies any such failure, all resulting reasonable costs and expenses incurred by County shall be paid to County by Lessee within ten (10) days following written demand, which shall be accompanied by copies of receipts for all such expenses incurred. The amount paid shall be treated as a Project Cost.

13. ASSIGNMENT.

A. Lessee will not assign this Agreement or its rights or duties hereunder or any estate created hereunder, in whole or in part, until after substantial completion of all the Facilities.

B. Lessee will not assign this Agreement or its rights or duties hereunder or any estate created hereunder, in whole or in part, except with the prior written approval of County, which approval will not be withheld unreasonably or delayed; provided, that it shall be reasonable for County to withhold its approval if a partial assignment is proposed, or if the assignee presented is not a proper and fit person or entity with financial resources, character, reputation, and demonstrated business experience and acumen sufficient in County's reasonable business judgment to be capable of performing the obligations hereunder which are the subject of the assignment. Further, any such assignment will be specifically subject to all provisions of this Lease. Any assignment without the prior written approval of County is void. County must approve or disapprove the proposed assignment within thirty (30) days following submittal by Lessee. If County gives written notice of its disapproval, such notice shall state the specific reasons for such disapproval.

C. Any voluntary or involuntary transfer of fifty percent (50%) or more of Lessee's or any permitted successor's or assign's voting common stock, or the transfer of fifty percent (50%) or more of the partnership or membership interest, or the acquisition or transfer of fifty percent (50%) or more of Lessee's ownership, or the transfer of substantially all of the assets of Lessee or any such successor or assign will be deemed an assignment requiring the prior written approval of County; however any transfers by partners or members of Lessee or shareholders of partners or members of Lessee to each other or for estate purposes or upon death will not be considered an assignment hereunder or, for the avoidance of doubt, counted toward the fifty percent (50%) thresholds described herein.

D. As a condition precedent to any assignment requiring County's prior approval, Lessee shall provide County reasonable prior written notice of the proposed assignment with such appropriate documentation and other information as County shall reasonably request in order for County to make its decision to grant or withhold approval. If the prior written approval of County is given to any such assignment, the proposed assignee shall, in recordable form, expressly assume

either (i) all of the terms, covenants and conditions of this Lease which are the subject of the assignment; or (ii) the terms, covenants and conditions of this Lease which are the subject of the assignment and which first arise on and after the date of the assignment. Any assignment will release Lessee from its obligations under this Lease, except that if the provisions of clause (ii) of the preceding sentence apply, the assignment will not release Lessee from its obligations under this Lease arising from events occurring prior to the effective date of the assignment (but shall release Lessee from all obligations arising after the effective date of the assignment).

E. Notwithstanding any language to the contrary in this Lease, the above provisions of this Section 13 relating to assignment shall not be applicable to a Leasehold Mortgage hypothecating or encumbering Lessee's interest in this Lease and the leasehold estate created thereby and the Facilities located on the Premises, and further shall not be applicable to any sale by judicial foreclosure or pursuant to a power of sale by any Leasehold Mortgagee or to a transfer in lieu of such sale to the Leasehold Mortgagee (or any affiliate, parent or subsidiary of such Leasehold Mortgagee that acquires title to Lessee's interest in this Lease and the leasehold estate created thereby and the Facilities as a result of a transfer in lieu of such sale).

F. Notwithstanding anything in this Agreement to the contrary, the sale or other transfer of this Lease or some or all of the beneficial ownership interests in Lessee shall not be deemed an assignment of Lessee's rights under or estate created by this Agreement requiring County's prior consent or approval if made in connection with a larger transaction involving the sale or other transfer of some or all of Edward P. Roski, Jr.'s beneficial ownership interests in Majestic Realty Co. or its affiliates (whether held directly or indirectly through trusts or limited partnerships or otherwise), or the sale or other transfer of at least thirty percent (30%) of the assets of or beneficial ownership interest in Majestic Realty Co. or its affiliates, but County shall be provided written notice of any such sale or other transfer within thirty (30) days following its effective date.

14. SUBLEASING.

A. Lessee will not sublease, sublet or rent to, or permit any persons, firms or corporations to occupy any part of the Premises or the Facilities without having complied with the following:

(1) Lessee may enter into subleases with Sublessees or Tenants on terms and conditions that are satisfactory to Lessee, at fair market rental rates or higher (as reasonably determined by Lessee), provided such subleases are on standard sublease forms that have been approved by County. County must approve or disapprove in writing any sublease forms within sixty (60) days following submittal by Lessee. If County disapproves, such notice shall state the specific reasons for such disapproval. Any sublease form that includes the following terms and conditions shall be deemed approved by County:

(a) There shall be no prepayment of rent in excess of one (1) month, unless approved by any Leasehold Mortgagee.

(b) Sublessee shall be required to maintain insurance as required under Sections 25.B(2) and (3) below and naming County as an additional insured to Sublessee's liability policies.

(c) If Sublessee is allowed to make any alterations or improvements to the Facilities, Sublessee shall be required to maintain the additional insurance (such as so-called "Builder's Risk" insurance) required in the Work Letter by a party performing such work, to the extent not provided by Lessee.

(d) Sublessee's obligations with respect to Hazardous Materials will be consistent with those of Lessee under this Lease, including the requirement that Sublessee indemnifies County for any failure of Sublessee to comply with such obligations.

(e) Sublessee shall agree to attorn to County pursuant to Section 15 below.

(f) The Sublease shall specifically provide for Lessee's (in its capacity as sublessor) remedies pursuant to California Civil Code Sections 1951.2 and 1951.4 without modifications detrimental to Lessee.

(g) Sublessee will be required to send County copies of any notice of material breach or default under the Sublease that Sublessee delivers to Lessee.

(h) The term of any Sublease shall not extend beyond the expiration of the Term of this Lease without the prior written approval of County.

(i) The Sublease shall contain provisions comparable to those set forth in Sections 21, 23, 24, and 46 below.

(2) Lessee may negotiate changes to such approved forms which are typically given to Sublessees or Tenants in similar transactions without the consent of County; however, if substantive changes or exceptions are made to the standard forms of sublease arrangements which are not typically given to Sublessees or Tenants in similar transactions and which affect any of the provisions of the Sublease described in Section 14.A(1)(a) through (h) above, then Lessee must first obtain the written approval of County, which approval will not be unreasonably withheld. County must approve or disapprove any such requested change within five (5) business days following submittal by Lessee. If County gives written notice of its disapproval, such notice shall state the specific reasons for such disapproval.

(3) All Subleases must be for purposes as permitted in Section 5 above, and shall expressly provide that they are subject and subordinate to all provisions of this Lease.

(4) Except pursuant to Subleases as provided in this Section 14, Lessee shall not suffer or permit the use or occupancy of all or any portion of the Premises by any person or entity, without the prior approval of County, which shall not be unreasonably withheld, conditioned, or delayed.

(5) Business interruption insurance or rental abatement insurance (as the case may be) shall be maintained (if available) by Lessee providing for the payment of at least twelve (12) months' rent, taxes, insurance and maintenance expenses payable by Sublessees or Tenants under its Sublease.

(6) If applicable, Lessee shall identify in the Sublease any personal property of Lessee that was acquired by Lessee as a Project Cost that is located at the subleased premises.

B. If requested in writing by County, Lessee will provide County with a copy of any rules, regulations or other standards of operation developed by Lessee and distributed to Sublessees and Tenants.

C. In the event that a Sublease of a portion of the Premises constitutes a change of ownership for property tax purposes, it is the desire of the parties that such change in ownership and reappraisal of the subleased property be limited to the particular portion of the Premises which is the subject of such Sublease and not be deemed a change of ownership for assessment purposes for any remaining portion of the Premises.

D. If Lessee obtains any security deposits under any Sublease, all such funds shall be kept in a separate deposit account (and not comingled with any other accounts of Lessee) and shall be used only for the purposes set forth in the applicable Sublease governing the use of such deposit. Any such security deposits may only be included in Total Revenue with County's prior approval.

15. ATTORNTMENT.

All Subleases entered into by Lessee will be subject to all terms and conditions of this Agreement. If this Lease terminates for any reason, all Sublessees will recognize County as the successor to Lessee under their respective Subleases, and will render performance thereunder to County as if the Sublease were executed directly between County and the Sublessees; provided, however, County agrees that so long as a Sublessee has entered into an approved form sublease and is not in default under its Sublease, County agrees to be bound by all of the terms and conditions of each such Sublease. All Subleases entered into by Lessee will contain the following provision:

If the underlying Lease and the leasehold estate of Lessee thereunder is terminated for any reason, Sublessee will attorn to County and recognize County as lessor under this Sublease; provided, however, County agrees that so long as Sublessee has entered into an approved form sublease and the Sublessee is not in default under the Sublease, County agrees to be bound by all the terms and conditions of this Sublease.

In the event this Lease is terminated for any reason, all Sublessees will be liable to County for their payment of rents and fees and will be subject to all the provisions and terms contained in their Subleases.

16. BINDING.

Subject to the provisions of this Lease, the terms of this Lease and provisions, covenants and conditions contained herein shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

17. CONTROL OF PERSONNEL.

Lessee will, in and about the Premises, exercise reasonable control over the conduct, demeanor and appearance of its employees, agents and representatives and the conduct of its contractors and suppliers. The provisions of this Section 17 shall in no way limit the liability of Lessee with respect to the negligence, acts or omissions of its employees, agents, representatives, contractors and suppliers, nor shall such provisions limit any obligations of indemnity on the part of Lessee under this Agreement.

18. SIGNS.

All signs shall be subject to sign criteria required by the City of Chino, including without limitation, placement, size, and color, provided however, all content of any signs shall be subject to the County's approval. County must approve or disapprove the content of any such signs in writing within thirty (30) days following submittal by Lessee, and if disapproved, County must specify the reasons for such disapproval in its notice.

19. INTENTIONALLY OMITTED.

20. INTENTION OF PARTIES.

This Lease is intended solely for the benefit of County and Lessee and is not intended to benefit, either directly or indirectly, any third party or member(s) of the public at large. Any work done or inspection of the Premises by County is solely for the benefit of County and Lessee.

21. LIENS.

Subject to the right to contest set forth in Section 22 below, Lessee will cause to be removed any and all delinquent tax liens. Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee and shall indemnify, hold harmless and defend County from such liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Lessee or Contractors of Lessee. Notice is hereby given that County shall not be liable for any work or materials furnished to Lessee on credit and no mechanic's or other lien for any such work or materials shall attach to or affect County's interest in the Premises based on any work or materials supplied to Lessee or anybody claiming through Lessee. Lessee shall within thirty (30) days after being furnished notice of filing of any such lien, take action, whether by bonding or otherwise, as will remove or satisfy any such lien. County shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that County deems proper for its protection, and the protection of the Premises from liens. The cost of bonding against or discharging any liens relating to construction or installation of the Facilities shall be a Project Cost unless Lessee was at fault for

failing to timely pay the person filing the lien, then such costs shall be at Lessee's sole cost and expense, and not a Project Cost.

22. TAXES AND ASSESSMENTS.

It is understood that this Lease may create a possessory interest subject to property taxation and Lessee may be subject to the payment of property taxes levied on such interest. Throughout the Term of this Agreement, Lessee shall pay before delinquency, as a Project Cost, all real and personal property taxes and assessments, including, without limitation, all city, county, school district and other taxes and general and special assessments, levied upon or assessed against the Premises, any Facilities now or hereafter located thereon, the leasehold estate, any personal property of Lessee located on or in the Premises or any Facilities, or arising in respect of the occupancy, use or possession of the Premises or the Facilities located thereon and which are assessed or become due during the Term of this Agreement. Lessee shall have the right to contest the validity of any tax or assessment by appropriate proceedings timely instituted and diligently prosecuted. County, if requested by Lessee, shall cooperate with Lessee in any such proceedings; provided, that all costs and expenses (including attorneys' fees and costs) incurred by County solely in its role as lessor hereunder in connection therewith shall be paid by Lessee as a Project Cost. Lessee shall not be responsible for any of County's franchise, inheritance, income, succession, transfer or other tax levied on County's rights in and to the Premises or County's right to receive income from the Premises or under this Agreement, if applicable. Lessee will keep current municipal, state or local licenses or permits required for the conduct of its business.

23. EXCULPATION.

This Lease is made upon the express condition that the County is to be free from all liability and claims for damages by reason of any injury to any person or persons, including Lessee, or property of any kind whatsoever and to whomsoever belonging, including Lessee, from any cause or causes whatsoever while in, upon, or in any way connected with the Premises during the Term of this Lease or any occupancy hereunder, except those arising out of any gross negligence or willful misconduct of County or its employees, agents, contractors and invitees. Consistent with Section 25 below, Lessee further agrees to provide necessary Workers Compensation insurance for all employees of Lessee upon the Premises at Lessee's own cost and expense (but treated as a Project Cost).

24. DEBT LIABILITY DISCLAIMER AND INDEMNITY.

The County is not liable for any debts, liabilities, settlements, liens or any other obligations of Lessee or its heirs, successors or assigns. Except to the extent caused by County's default under this Lease and/or County Indemnitees' gross negligence or willful misconduct, Lessee agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers (collectively, "County Indemnitees") from any and all claims or damages associated with any contract, tort, action or inaction, error in judgment, act of negligence, intentional tort, mistakes, or other acts taken or not taken by Lessee, its employees, agents, servants, invitees, guests or anyone acting in concert with or on behalf of Lessee (other than County and its agencies, departments and divisions or their respective employees, agents, contractors and invitees). The County has no obligation to defend or undertake

the defense on behalf of Lessee or its heirs, successors or assigns with respect to any of the liabilities disclaimed above. In the event of a lawsuit or proceeding arising or resulting from any of the liabilities disclaimed above in which a conflict exists between the interests of County and the interests of Lessee, Lessee shall retain counsel selected by the County, defend the County and its agencies, departments and divisions from any claims, actions, lawsuits, administrative proceedings or damages associated with any contract, tort, action or inaction, error in judgment, act of negligence, intentional tort, mistakes, or other acts taken or not taken by Lessee, its employees, agents, servants, invitees, guests, or anyone acting in concert with or on behalf of Lessee; provided, however, that Lessee shall defend the County and its agencies, departments, and divisions with Lessee's counsel if a conflict does not exist.

25. INSURANCE DURING LEASE TERM.

Lessee shall furnish to County a certificate of insurance issued to County as the certificate holder and evidencing the insurance as follows:

A. General Requirements.

(1) It is agreed that County shall not be liable for the payment of any premiums or assessments on the required insurance coverage.

(2) Failure to Maintain Insurance – If Lessee fails or refuses to provide a copy of the renewal insurance certificates within twenty-five (25) days following written request by County to Lessee and any Leasehold Mortgagee, or if Lessee otherwise fails or refuses to procure or maintain insurance as required by this Lease, County shall have the right, at County's election, to procure and maintain such insurance for its own benefit. The premiums paid by County shall be due and payable from Lessee to County within ten (10) days following the date of notice to Lessee that such premiums were paid by County. County shall give prompt written notice of the payment of such premiums, stating the amounts paid and the names of the insurer(s) and insured(s). The lapse or cancellation of any policy of insurance required herein, in whole or in part for the benefit of County, without proper replacement coverage shall be a default. No cure of such default can be accomplished unless a new or renewed policy is issued which specifically provides the required coverage to County for any liability arising during the lapsed or previously uncovered period.

(3) Application of Proceeds – The proceeds of any property insurance required to be maintained by the provisions of this Section 25 shall be payable to Lessee and shall be used to restore the Premises and Facilities as required by Section 27 below, except to the extent otherwise required in any Leasehold Mortgage.

(4) Coverage Term – The required insurance coverage needs to be in force during the Term of this Lease. If insurance expires during the Term of this Lease, a new certificate must be received by County prior to the expiration of the insurance. Any new insurance must comply with the requirements of this Lease. In the event Lessee fails to keep in effect at all times the required insurance coverage, County may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event, subject

to the notice and cure provisions of this Lease. Notwithstanding anything in this Lease to the contrary, County shall give ninety (90) days prior written notice of its intent to terminate to Lessee and all Leasehold Mortgagees of the subject portion of the Premises; moreover, County agrees to not exercise its right to terminate as to any such portion of the Premises until the holder of any Leasehold Mortgage encumbering such portion of the Premises has been given its rights to cure or foreclose as set forth in Section 32 below.

(5) Policy Cancellation or Termination & Notice of Non-Renewal – Insurance certificates shall contain a provision stating coverage will not be cancelled for lack of premium payment without thirty (30) days prior written notice to County.

(6) Deductible – Lessee is responsible for any deductible or self-insured retention contained within its insurance program, but any such payment by Lessee is a Project Cost.

(7) Primary Clause – Any liability insurance required of Lessee in this Lease shall be primary, and not excess or contributory, to any other insurance carried by County, with respect to Lessee’s negligence.

(8) Insurance Carrier Required Rating – All insurance companies must carry an AM Best Company Financial Strength Rating of at least “A-” and a Financial Size Category of not less than “VI.” If Lessee is self-insured for a portion or all of the insurance obligations required of it under this Lease, a certificate of self-insurance is required. County reserves the right to review Lessee’s financial information and may require a letter of credit if Lessee is self-insured.

(9) Endorsements – Any required endorsements requested by County must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.

(10) Inadequate Insurance – Inadequate or lack of insurance does not negate Lessee’s obligations under this Lease.

(11) Umbrella or Blanket Coverage – If any of the insurance required of Lessee in this Lease is provided through use of umbrella or blanket coverage, allowable Project Costs shall only include a proportionate share of the premium due for this location for such insurance.

B. Specific Insurance Requirements.

(1) Commercial Property Insurance – During the Term of this Lease, at its own expense (but treated as a Project Cost), Lessee shall maintain “Causes of Loss—Special Form” commercial property insurance (or equivalent) in an amount not less than one hundred percent (100%) of replacement value covering the Facilities. The proceeds thereof shall be used to repair or rebuild any such property or improvement damaged or destroyed by a peril covered by such policy, except as may be otherwise required by any Leasehold Mortgage; provided, however, that such proceeds may be used for any other purpose upon

written approval of County, which shall not be unreasonably withheld, conditioned or delayed.

(2) Commercial General Liability Insurance and Automobile Liability Insurance – Lessee shall obtain and maintain commercial general liability insurance with limits not less than \$10,000,000 per occurrence for bodily injury and property damage combined. The policy shall include coverage for liabilities arising out of premises, mobile equipment, products and completed operations, broad form property damage, explosions, collapse and underground hazards, independent contractors, personal and advertising injury, and liability assumed under an insured contract. This insurance shall apply to each insured against whom claims are made or suit is brought subject to Lessee's limit of liability. These limits may be satisfied through the use of one primary policy or by combining limits of primary and excess or umbrella liability policies. All such policies must contain an endorsement naming San Bernardino County, its officers, agents, and employees as additional insureds with respect to claims arising from Lessee's use of the Premises. Lessee shall obtain and maintain automobile liability insurance with limits not less than \$2,000,000 per occurrence.

(3) Workers Compensation and Employers Liability – Lessee shall display evidence of and maintain statutory worker's compensation and employer's liability coverage for all its employees engaged in the performance of this Lease. Employer's liability limits of \$1,000,000 are required.

(4) Optional Earthquake Insurance -- If required by the Leasehold Mortgagee, Lessee shall obtain and maintain earthquake coverage for the Facilities with limits, exclusions and deductible amounts satisfactory to the Leasehold Mortgagee. In the event there is no Leasehold Mortgagee, and if as determined by an independent study performed by qualified engineering professionals, the probable maximum loss exceeds what would otherwise be allowed by a Leasehold Mortgagee, then at County's option, Lessee shall obtain and maintain earthquake coverage for the Facilities with limits, exclusions and deductible amounts that would otherwise be satisfactory to a Leasehold Mortgagee.

26. SUBROGATION WAIVED.

With respect to any property insurance policy issued to Lessee with respect to the Premises, Proposed Improvements, or Facilities, Lessee shall request its property damage insurance carrier to waive its subrogation rights against County and upon such waiver, Lessee releases County from liability for any loss or damage covered by such property insurance.

27. DAMAGE AND DESTRUCTION.

A. In the event that any Facilities located on the Premises are damaged or destroyed, and the net proceeds of insurance are sufficient to cover Lessee's estimated cost of rebuilding (or if Lessee failed to maintain insurance it is required to maintain under this Agreement and the proceeds of such insurance, had it been maintained, would have been sufficient to cover Lessee's estimated cost of rebuilding), Lessee shall repair and rebuild the Facilities, and this Agreement shall continue in full force and effect, and Lessee shall commence and continue such repair or

rebuilding with reasonable diligence and shall complete such repair and rebuilding within a reasonable time after the same is commenced; provided, however, that any delay in the completion of the such repairs resulting from fire or other casualty, strikes, shortages of material or labor, governmental laws, rules and regulations, the elements or matters beyond the reasonable control of Lessee, shall extend such reasonable time within which Lessee may complete such repairs or rebuilding by the period of such delay. Subject to the terms of any Leasehold Mortgage, the net proceeds of any insurance, to the extent that such proceeds are received by County or any Leasehold Mortgagee, less any expenses of recovery thereof (including reasonable attorneys' fees), shall be made available to Lessee to be applied to the cost and expense of repair or rebuilding the damage or destruction insured against, subject to reasonable conditions and payable on receipt of the usual architect's certificates respecting the progress of the work, but County or any Leasehold Mortgagee holding such insurance proceeds may withhold an amount reasonably necessary to ensure completion of such repairs or rebuilding (not to exceed ten percent (10%) of such proceeds) until completion and the expiration of the period within which mechanics' or materialmen's liens may be filed and until receipt of satisfactory evidence that no such liens exist or have been satisfied or otherwise removed.

B. In the event Lessee maintains the insurance it is required to maintain under this Agreement and the proceeds of insurance are not sufficient to cover Lessee's estimated cost of rebuilding, or in the event the damage or destruction occurs during the last ten (10) years of the Term, Lessee will have the option to terminate this Agreement, subject to the rights of any Leasehold Mortgagee, which option will be exercisable by written notice to County within forty-five (45) days after the occurrence of such event. Lessee will have such option to terminate this Agreement. In the event Lessee elects to terminate this Agreement based upon such damage, destruction, or substantial loss, Lessee will be responsible (as a Project Cost) for the demolition and razing of the aboveground Facilities or (also as a Project Cost) for payment to County of funds necessary for County or any succeeding Lessee to perform such work (collectively, "Lessee's Post-Termination Duties"). The obligation to perform Lessee's Post-Termination Duties shall survive the termination of this Lease. Upon such termination, neither party shall have any further obligations to the other under this Lease other than those obligations that have accrued prior to the date of such termination or those that expressly survive the expiration or earlier termination of this Lease. To the extent available, Lessee shall first use insurance proceeds to discharge Lessee's Post-Termination Duties before using the Capital Replacement Reserve and the razing reserve fund established pursuant to Section 31.D. Any funds remaining in the Capital Replacement Reserve (or in the razing reserve fund established pursuant to Section 31.D below) after discharge of Lessee's Post-Termination Duties shall be included in Total Revenue for purposes of the final accounting and distribution of Net Revenue to County and Lessee.

C. In connection with the performance of Lessee's Post-Termination Duties, County agrees that: (1) Lessee need not remove any underground Facilities nor any Off-Site Improvements (if applicable), and need not restore the Premises to the pre-development grade; (2) subject to County's prior written approval, Lessee may leave on-site the demolished building materials or sell such materials, the proceeds of which may be used to offset the cost of Lessee's Post-Termination Duties.

28. DEFAULT BY LESSEE.

A. Default. Lessee will be considered in default under this Lease in the event of any one or more of the following occurrences:

(1) Lessee fails to pay the Rent or any other money payments required by this Agreement when the same are due and the continuance of such failure for a period of thirty (30) days after written notice thereof from County to Lessee or Lessee fails to maintain any insurance required to be maintained by it under this Agreement and such failure continues for a period of thirty (30) days after written notice thereof from County to Lessee.

(2) Lessee fails to perform any other material covenant contained in this Agreement and such failure continues for a period of sixty (60) days after written notice thereof from County to Lessee; provided, however, that if a material nonmonetary default cannot be cured with reasonable diligence within such sixty (60) day period, then County shall not have the right to terminate this Agreement or pursue any other remedy against Lessee, as long as Lessee commences the curing of such default within such sixty (60) day period and continuously proceeds with the curing of such default to completion with reasonable diligence, with allowance for delays due to the action or failure to act of governmental authorities, strikes, acts of God or other matters beyond the reasonable control of Lessee (except Lessee's inability to fulfill its financial obligations). Notwithstanding anything herein to the contrary, County shall give ninety (90) days prior written notice to all Leasehold Mortgagees of its intent to terminate this Lease; moreover, County agrees to not exercise its right to terminate this Lease until all holder(s) of a Leasehold Mortgage encumbering have been given their rights to cure or foreclose as set forth in Section 32 below.

(3) Lessee voluntarily abandons the Premises and does not cure such abandonment within sixty (60) days following written notice from County to Lessee.

B. Cure. Lessee will be considered in default of this Lease if Lessee fails to fulfill any of the terms, covenants, or conditions set forth in this Lease following receipt of written notice and the expiration of the applicable cure period set forth in Section 28.A above.

C. Termination for Default By Lessee. If default is made by Lessee as described in Section 28.A above and such default is not cured as provided in Sections 28.A and 28.B above, County shall provide Lessee and all Leasehold Mortgagee(s) with an additional written notice thereof, and if such failure to cure continues for an additional period of sixty (60) days, County shall be entitled to pursue any and all rights and remedies which it may have under this Lease or at law or in equity, including, without limitation, the right to terminate this Lease and the remedies provided under California Civil Code Sections 1951.2 or 1951.4. All of such rights and remedies shall be cumulative and not alternative. Notwithstanding anything herein to the contrary, County shall give ninety (90) days prior written notice to all Leasehold Mortgagees of its intent to terminate this Lease; moreover, County agrees to not exercise its right to terminate until all holder(s) of a Leasehold Mortgage encumbering this Lease has been given their rights to cure or foreclose as set forth in Section 32 below. If County elects to terminate this Agreement, it will in

no way prejudice the right of action for payment of any rental arrearages owed by Lessee as of the effective date of such termination.

29. DEFAULT BY COUNTY.

A. Default. County will be considered in default of this Lease if County fails to fulfill any of the material terms, covenants or conditions set forth in this Lease if such failure shall continue for a period of more than sixty (60) days after delivery by Lessee of a written notice of such default.

B. Cure. If the default cannot be cured with reasonable diligence within such sixty (60) day period, then Lessee shall not have the right to terminate this Agreement or pursue any other remedy against County, as long as County commences the curing of such default within such sixty (60) day period and thereafter proceeds with the curing of such default to completion with reasonable diligence, with allowance for delays due to the action or failure to act of governmental authorities (other than obligations specifically required of County in this Lease), strikes, acts of God or other matters beyond the reasonable control of County.

C. Remedies. If default is made by County as described in Section 29.A above, and is not cured as provided in Section 29.B above, Lessee shall provide County with an additional written notice thereof and if such failure to cure continues for an additional period of sixty (60) days, Lessee shall be entitled to pursue any and all rights and remedies which it may have under this Lease or at law or in equity, including, without limitation, the right to terminate this Lease. All of such rights and remedies shall be cumulative and not alternative. Upon such termination, neither party shall have any further obligations to the other under this Lease other than those obligations that have accrued prior to the date of such termination or those that expressly survive the expiration or earlier termination of this Lease.

30. WAIVERS AND ACCEPTANCE OF FEES.

A. No waiver of default by either party hereto of any of the terms, covenants or conditions hereof to be performed, kept or observed will be construed to be or act as a waiver of any subsequent default of any of the terms, covenants, conditions herein contained to be performed, kept and observed.

B. No acceptance of fees or other money payments in whole or in part for any period or periods during or after default of any of the terms, conditions or covenants to be performed, kept or observed by Lessee will be deemed a waiver on the part of County of any right or remedy which it may have under this Agreement or at law or in equity.

C. No acceptance of fees or other money payments in whole or in part for any period or periods during or after default of any of the terms, conditions or covenants to be performed, kept or observed by County will be deemed a waiver on the part of Lessee of any right or remedy which it may have under this Agreement or at law or in equity.

31. SURRENDER AT END OF TERM.

A. Subject to the rights of a Sublessee provided in Section 15 above, Lessee covenants that at the termination of this Lease, howsoever caused, it will quit and surrender Lessee's right, title and interest in the Premises and Facilities in a safe, sanitary and good condition and repair, excepting reasonable wear and tear, unless (i) County elects to have the Facilities razed, as provided in Section 31.D below, or (ii) the Facilities are razed pursuant to Section 27.B above. Notwithstanding the above, County and Lessee acknowledge and agree that given the age of the Facilities at the end of the Term they may have reached the end of their useful life and that nothing in this Section 31 shall obligate Lessee to make any capital improvements or expend any funds not fully reserved for pursuant to a Study.

B. Except as otherwise expressly provided in this Lease, all Facilities located on the Premises at the expiration or earlier termination of the Term of this Agreement, howsoever caused, shall, without payment or compensation of any kind to Lessee, then become County's property, in fee simple, free and clear of all claims, liens and encumbrances imposed by or against Lessee, any Leasehold Mortgagee, any Sublessee or Tenant, or any other third party claiming by or through Lessee (collectively, the "Prohibited Encumbrances"). Upon termination of this Agreement howsoever caused, Lessee shall remove from the Premises, within fifteen (15) days following the date of such termination, all office equipment, trade fixtures and personal property (collectively "Lessee's Personal Property") belonging to Lessee located in any management office maintained by Lessee on the Premises, provided Lessee repairs any damage caused by such removal. All of Lessee's Personal Property that is not removed by Lessee within thirty (30) days following the termination of this Agreement, shall become the property of County; provided, however, that if County has required Lessee to raze the Facilities pursuant to Section 31.D below, Lessee shall have up to ninety (90) days to remove Lessee's Personal Property.

C. Without limiting the provisions of this Section 31, Lessee agrees that upon the expiration or earlier termination of this Agreement, howsoever caused, it will execute, acknowledge and deliver to County, within thirty (30) days after written demand from County, all such documents and instruments as shall be reasonably necessary to evidence and confirm the transfer of ownership of the Facilities from Lessee to County, in the condition provided in Section 31.A above. Lessee shall perform its obligations set forth in the preceding sentence without any further consideration required from County to Lessee, any Sublessee or Tenant or third party, and Lessee shall defend and hold County harmless from all liability arising from any claims arising from the existence of any Prohibited Encumbrances. Concurrently with its delivery of the above documents and instruments, Lessee shall also deliver to County copies of all documents reasonably required for the operation of the Facilities, including, without limitation, copies of all Subleases and service contracts.

D. Notwithstanding anything contained in this Lease to the contrary, County may elect to cause Lessee to raze and remove all or a portion of any Facilities located on the Premises constructed thereon by Lessee, or anyone operating through Lessee, which work shall be completed within ninety (90) days after the expiration of this Lease, provided that County gives Lessee written notice of such election at least five (5) years prior to the expiration of this Lease. The cost of such work shall be a Project Cost and sufficient reserve funds (separate from and in addition to the Capital Replacement Reserve) may be accrued by Lessee (beginning as early as ten

(10) years prior to expiration of this Lease) as a Project Cost. Also, consistent with the terms of Section 12.C above, any unused funds from the Capital Replacement Reserve may be applied to such razing costs. If a separate reserve fund is established to cover the costs of such razing, any excess amounts (following payment of the costs of such razing) shall be included in Total Revenue for purposes of the final accounting and distribution of Net Revenue to County and Lessee.

32. FINANCING.

A. Provided Lessee is not in material default under this Lease, and subject to the terms of this Lease, Lessee will have the right, with prior written notice to County, but without County's consent unless expressly required hereunder, to hypothecate Lessee's interest in all or part of this Lease, the Premises and the Facilities through one or more Leasehold Mortgages. Any Leasehold Mortgage for construction financing of the Construction Phase, may not be for a loan less than eighty percent (80%) or more than one hundred percent (100%) of the Approved Construction Budget for the Construction Phase without County's approval. Any Leasehold Mortgage for interim or permanent financing to replace a construction loan for the Construction Phase may not exceed a loan to value ratio of greater than one hundred percent (100%) or less than fifty percent (50%) without County's approval. Any Leasehold Mortgage which is a refinancing of a permanent financing loan may only be made without County's approval if either (i) it results in a lower total payment (including all costs and fees of originating such loan) to the Leasehold Mortgagee as compared to the remaining amount owed on the existing loan being refinanced, or (ii) Lessee includes the excess net proceeds of such loan in Total Revenue. Any other Leasehold Mortgage shall require County's approval. The loan term for any Leasehold Mortgage may not extend beyond the Term of this Lease without the prior written approval of County. Unless otherwise expressly provided in this Agreement, any Leasehold Mortgage allowed hereunder may contain such terms and conditions as are acceptable to Lessee and Lessee will have the right, without the consent or approval of County, at any time during the Term hereof to execute and deliver to any or all of its Leasehold Mortgagees any documents which will operate as collateral security for any loan or loans made, even if such document or documents result in a form or type of conveyance or assignment of the leasehold interest demised hereunder. It is hereby agreed that Lessee or any such Leasehold Mortgagees will have the right to immediately record such document or document(s) with an appropriate public official or officials. Lessee agrees that copies of all such recorded documents of conveyance or assignment as provided in this Section 32 will be provided to County forthwith. County agrees to cooperate in executing any documents reasonably requested of County by Lessee or the Leasehold Mortgagee in connection with any such Leasehold Mortgage transaction; PROVIDED, HOWEVER, UNDER NO CIRCUMSTANCES SHALL COUNTY BE OBLIGATED TO SUBORDINATE ITS FEE INTEREST IN THE PREMISES TO ANY LEASEHOLD MORTGAGE, AND, NOTWITHSTANDING ANY TERM OR PROVISION OF ANY SUCH LEASEHOLD MORTGAGE OR THIS LEASE TO THE CONTRARY, UNDER NO CIRCUMSTANCES SHALL ANY SUCH LEASEHOLD MORTGAGE CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF COUNTY NOR SHALL COUNTY BE LIABLE IN ANY WAY FOR THE PAYMENT OF ANY PORTION OF THE INDEBTEDNESS EVIDENCED BY SUCH LEASEHOLD MORTGAGE OR FOR THE PAYMENT OR PERFORMANCE OF ANY OTHER OBLIGATION THEREUNDER OR SECURED THEREBY.

B. County will deliver to any such Leasehold Mortgagee written notice of any default of Lessee under the terms of this Lease and such notice will specify the nature of the default. Before terminating this Lease, County will allow such Leasehold Mortgagee to cure or commence to cure any default of Lessee in accordance with the provisions of this Agreement. The time period to cure any default of Lessee will commence when such notice is delivered to Leasehold Mortgagee and Leasehold Mortgagee shall have the same lengths of time to cure the specified default as are permitted Lessee in Section 28 above. In the event Lessee fails to timely cure a default after receipt of written notice and expiration of any applicable cure period, County agrees to provide any Leasehold Mortgagee with a second written notice and provide such Leasehold Mortgagee with an additional thirty (30)-day cure period. County will not have the right to exercise any remedies under this Lease so long as a Leasehold Mortgagee is diligently prosecuting to complete a cure of any default pursuant to Section 28 above. If such default is of a nature which is incapable of being cured by Leasehold Mortgagee because the Leasehold Mortgagee is not the holder of Lessee's interest in this Lease and in the Premises, County agrees not to exercise its remedies arising from such default for one hundred eighty (180) days (or so longer period as may be required to complete the foreclosure and become the holder of Lessee's interest in this Lease and in the Premises) after such additional thirty (30)-day period if (i) Leasehold Mortgagee notifies County in writing within such additional thirty (30)-day cure period that Leasehold Mortgagee intends to foreclose its Leasehold Mortgage and Leasehold Mortgagee commences and diligently pursues such foreclosure; and (ii) Leasehold Mortgagee makes all payments due by Lessee under this Lease through the date of foreclosure, to the extent the amount of such payments can be reasonably determined by the Leasehold Mortgagee.

C. Any default by Lessee in the payment of money as required under the terms of this Lease may be cured by the Leasehold Mortgagee in accordance with the terms of Sections 28 and 32.B hereof, and County will accept any such payment or cure from such Leasehold Mortgagee during the term of the Leasehold Mortgage.

D. If any default has been cured by a Leasehold Mortgagee or Assignee (defined herein below), County agrees that upon completion of any foreclosure proceedings or sale under the deed of trust or other security instrument securing the loan, or upon delivery of a deed in lieu of foreclosure, the: (a) Leasehold Mortgagee; (b) purchaser ("Purchaser") at such sale; or (c) any successor or assign ("Assignee") of any Purchaser or Leasehold Mortgagee subsequent to the Leasehold Mortgagee's acquisition of the leasehold estate by such sale or deed in lieu of foreclosure pursuant to a sale, which Assignee is approved by County pursuant to Section 13 above, will be recognized by County as the lessee under the terms of this Lease for all purposes for the remaining Term hereof. The leasehold interest of the Leasehold Mortgagee, Purchaser or Assignee will not be adversely affected or terminated by reason of any nonmonetary default occurring prior to the completion of such proceedings or sale, provided such default has been promptly remedied, or if such default requires possession to cure, provided such Leasehold Mortgagee, Purchaser or Assignee promptly commences and diligently and continuously prosecutes such cure upon taking possession of the Premises.

E. Notwithstanding any language to the contrary in this Agreement, in the event this Agreement is terminated for any reason prior to the end of the term (it being the intent that this Agreement will remain in full force and effect if Leasehold Mortgagee performs), County shall enter into a new lease (the "New Lease") with a Leasehold Mortgagee holding a first priority

interest covering the Premises, or its assignee, provided that any such party (i) requests such New Lease by written notice to County within sixty (60) days after termination, and (ii) cures all prior defaults of Lessee under this Agreement that are capable of being cured by Leasehold Mortgagee. The New Lease shall be for the remainder of the Term, effective at the date of such termination, at the same rent and on the same covenants, agreements, conditions, provisions, restrictions and limitations contained in this Agreement. The New Lease shall have the same title priority as this Agreement and shall be subject only to the exceptions to title having priority over this Agreement or such additional exceptions to which such Leasehold Mortgagee has consented in writing. In the event County and such Leasehold Mortgagee enter into any such New Lease, title to all the Facilities located upon the Premises as of the date of such New Lease shall automatically vest in such Leasehold Mortgagee. If requested by such Leasehold Mortgagee, County agrees to execute and deliver to Leasehold Mortgagee within ten (10) days after written request, a quitclaim deed in recordable form conveying title to such Facilities to such Leasehold Mortgagee. County also agrees to assign to such Leasehold Mortgagee all Subleases with Tenants which attorned to County upon the termination of this Agreement.

F. A Leasehold Mortgagee will not become personally liable under the terms and obligations of this Lease unless and until it assumes the obligations and is recognized by County as lessee under this Lease and will be liable only so long as such Leasehold Mortgagee maintains ownership of the leasehold interest or estate and recourse to such Leasehold Mortgagee shall be limited solely to Leasehold Mortgagee's interest in the Premises and Facilities.

G. The bankruptcy or insolvency of Lessee will not operate or permit County to terminate this Lease as long as all Rent or other monetary payments required to be paid by Lessee continue to be paid and other required obligations are performed in accordance with the terms of this Lease.

H. Every Leasehold Mortgage shall contain a provision requiring that copies of all notices of default by Lessee thereunder must be sent to County. In the event of any default by Lessee under any Leasehold Mortgage, County reserves the right to make any payments due to the Leasehold Mortgagee before the Leasehold Mortgagee resorts to any foreclosure or sale proceedings under its deed of trust or other security instrument.

I. Any Leasehold Mortgagee shall have the right to participate in any settlement or adjustment of losses under insurance policies maintained by Lessee under this Lease. Such Leasehold Mortgagee shall be named as a loss payee or additional insured, as applicable, in accordance with any loan documents executed by Lessee, under the insurance policies required under this Lease. Lessee shall use commercially reasonable efforts to obtain provisions in Leasehold Mortgages providing that any proceeds of insurance shall first be used for the purposes provided for in this Lease before any portion thereof is applied to repay any indebtedness under such Leasehold Mortgage.

J. So long as any Leasehold Mortgage is in effect, there shall be no merger of the leasehold estate created by this Agreement into the fee simple estate in the Premises without the prior written consent of the Leasehold Mortgagee.

K. County shall consider amending this Agreement from time to time to add any provision which may reasonably be requested in writing by any Leasehold Mortgagee or prospective Leasehold Mortgagee for the purpose of implementing the mortgagee protection provisions contained in this Agreement and allowing such Leasehold Mortgagee or prospective Leasehold Mortgagee reasonable means to protect or preserve the lien of its security documents and the value of its security. If any such requested amendment is acceptable to County, County agrees to execute and deliver (and to acknowledge if necessary for recording purposes) any agreement necessary to effect any such amendment. Notwithstanding the foregoing, no such amendment shall in any way affect or change the Term of this Agreement or the Rent (or Fixed Ground Rent, if applicable) or other amounts payable to County under this Agreement, encumber the fee interest of County in the Premises, or otherwise in any respect adversely affect any rights of County under this Agreement.

33. ESTOPPEL CERTIFICATE.

County shall, from time to time, upon not less than thirty (30) days prior written request by Lessee or a Leasehold Mortgagee, execute, acknowledge and deliver to Lessee or a Leasehold Mortgagee a statement in writing, certifying to any Leasehold Mortgagee, prospective Leasehold Mortgagee or to an independent third party designated by Lessee that this Lease is unmodified and in full force and effect and that County has no knowledge of any uncured defaults of Lessee under this Lease (or, if there have been any modifications that the same are in full force and effect as modified and stating the modifications and, if there are any defaults, setting them forth in reasonable detail), the Commencement Date of the Term, and the dates to which the rent and other charges under this Lease have been paid. County shall consider requests for additional statements (“Supplemental Statements”) in such writing, provided that County shall not be obligated to undertake any investigations or expend any funds in providing any Supplemental Statements. Any such statement delivered pursuant to this clause of this Lease may be relied upon by the recipient.

34. EMINENT DOMAIN.

A. In the event of any acquisition of or damage to all or any part of the Premises or any interest therein by eminent domain, whether by condemnation proceeding or transfer in avoidance of an exercise of the power of eminent domain or otherwise during the Term of this Lease, the rights and obligations of the parties with respect to such appropriation shall be as provided in this Section 34. As used herein:

(1) “Taking” shall mean any taking or damage, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance in lieu of an exercise of eminent domain or while condemnation proceedings are pending. The taking shall be deemed to take place on the earlier of (i) the date actual physical possession is taken by the condemnor or (ii) the date on which the title passes to the condemnor.

(2) “Total Taking” shall mean the taking of fee title to all of the Premises or so much of the Premises that the portions of the Premises not so taken are, in the reasonable judgment of Lessee, not reasonably suited for the uses of the Premises that have been

previously made by Lessee. A Temporary Taking, defined below, may be treated as a Total Taking if it meets the test set forth above.

(3) "Partial Taking" shall mean any taking of fee title that is not a Total Taking.

(4) "Temporary Taking" shall mean the taking for temporary use of all or any portion of the Premises for a period ending on or before the expiration of the Term.

(5) "Award" shall mean all compensation paid for the taking whether pursuant to a judgment or by agreement or otherwise.

(6) "Notice of Intended Taking" shall mean any notice or notification on which a reasonably prudent person would rely and which such person would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal and shall include without limitation the service of a condemnation summons and complaint on either County or Lessee or the receipt by either County or Lessee from a condemning agency or entity of a written notice of intent to take containing a description or map of the taking reasonably defining the extent thereof.

B. Upon receipt of any of the following by either party hereto, such party shall promptly deliver a copy thereof, endorsed with the date received, to the other and any Leasehold Mortgagee which has given its name and address to such party for such purpose.

(1) Notice of Intended Taking;

(2) Service of any legal process relating to the condemnation of all or any part of the Premises;

(3) Notice in connection with any proceedings or negotiations with respect to any such condemnation; and

(4) Notice of intent or willingness to make or negotiate a private purchase, sale or other transfer in lieu of condemnation.

C. County, Lessee and any Leasehold Mortgagee that would be affected by such taking shall each have the right to represent its respective interest in each proceeding or negotiation with respect to any taking or intended taking and to make full proof of its claims. No consensual agreements, settlement, sale or transfer to or with the condemning authority shall be made without the prior written consent of County, Lessee and Leasehold Mortgagee, which consent shall not be unreasonably withheld. Each of the parties hereto agrees to execute and deliver to the other any instruments that may be required to effectuate or facilitate any of the provisions of this Section 34 where such execution or delivery will not adversely affect the right of such party to receive just compensation for any loss sustained in such negotiation or proceeding.

D. In the event of a Total Taking, this Lease and all interests, rights, liabilities and obligations of the parties hereunder shall terminate as of the date of Taking, except for liabilities and obligations arising out of events occurring prior to the date of termination.

E. In the event of a Taking of fee title to less than all of the Premises which Lessee reasonably believes to be a Total Taking, Lessee may, by written notice to County approved by all Leasehold Mortgagees, within one hundred twenty (120) days after Lessee receives Notice of Intended Taking thereof, elect to treat such taking as a Total Taking. If Lessee fails to make such timely election, such Taking shall be deemed to be a Partial Taking for all intents and purposes.

F. Any taking determined to be a Total Taking in accordance with this Section shall be treated as a Total Taking if (i) Lessee delivers possession of the Premises to County within one hundred twenty (120) days after Lessee shall have delivered written notice to County electing to treat such taking as a Total Taking and (ii) Lessee has complied with all of the provisions hereof relating to the apportionment of the awards.

G. In a Total Taking, all sums, including damages and interest, awarded for the fee or the leasehold or both shall be distributed in the following order of priority:

(1) First, to Leasehold Mortgagees to the extent of the then balance due on all Leasehold Mortgages;

(2) Second, if County is not the condemning authority, to County an amount equal to the then present value of the reversionary interest of County in the real property underlying the Premises at the expiration of this Lease;

(3) Third, subject to Section 1.EE above, the balance of the Award to Lessee.

All sums awarded for the leasehold or the fee shall (i) be delivered to County and Lessee (or to Leasehold Mortgagee), respectively, if such award has been apportioned between County and Lessee by such condemning authority, or (ii) deposited promptly with Leasehold Mortgagee (or in the event that there is no Leasehold Mortgage of record, with an escrow agent selected by Lessee in the reasonable exercise of its discretion), if only a single award is made, and distributed and disbursed as set forth above. Sums being held by the escrow agent pending disbursement shall be deposited in a federally insured interest bearing account and, upon distribution, each party having a right to any of the sums being disbursed shall be entitled to receive the interest attributable to its share of such sums.

H. In the event of a Partial Taking, this Lease shall remain in full force and effect as to the portion of the Premises remaining, and there shall be no adjustment to any Rent or other amounts payable to County hereunder, except to the extent of a reduction in Net Revenue resulting from such Partial Taking. In the event of a Partial Taking, all sums, including damages and interest, awarded for the fee or the leasehold or both shall be distributed in the following order of priority:

(1) First, to Lessee an amount equal to the cost of making all repairs and restorations to any Facilities on the Premises affected by such taking to the extent necessary to restore the same to a complete architectural and economically viable or functioning units (to the extent permitted, however, taking into consideration the amount of land remaining after such taking or purchase);

(2) Second, to any Leasehold Mortgagee to the extent that the security of its Leasehold Mortgage has been impaired as a result of the Partial Taking or as required by its loan documents, whichever is greater;

(3) Third, if County is not the condemning authority, to County an amount equal to the then present value of the reversionary interest of County in the real property underlying the Premises at the expiration of this Lease in that portion of the real property underlying the Premises that is taken in such Partial Taking;

(4) Fourth, subject to Section 1.EE above, the balance of the Award to Lessee.

All sums awarded for the leasehold or the fee shall (i) be delivered to County and Lessee (or to Leasehold Mortgagee), respectively, if such award has been apportioned between County and Lessee by such condemning authority, or (ii) deposited promptly with Leasehold Mortgagee (or in the event that there is no Leasehold Mortgage of record, with an escrow agent selected by Lessee in the reasonable exercise of its discretion), if only a single award is made, and distributed and disbursed as set forth above. Sums being held by the escrow agent pending disbursement shall be deposited in a federally insured interest bearing account and, upon disbursement, each party having a right to any of the sums being disbursed shall be entitled to receive the interest attributable to its share of such sums.

I. In the event of a Temporary Taking, this Lease shall remain in full force and effect, neither the rents reserved hereunder nor the Term hereof shall be reduced or affected in any way, and, subject to Section 1.EE above, Lessee shall be entitled to any award for the use or estate taken, subject to the requirements of any Leasehold Mortgagee.

J. Unless the respective values are determined by the court in the eminent domain proceeding, the values of the interests for which County and Lessee are entitled to compensation in the event of a Total or Partial Taking shall be determined by the mutual written agreement of County and Lessee. If County and Lessee are unable to agree on the value of such interests within thirty (30) days after the deposit of the sums awarded with the escrow agent or Leasehold Mortgagee, as applicable, then within thirty (30) days after the expiration of that period, each such party shall submit its good faith estimate of the value of such interests as of the date of the taking. If the higher of such estimates is not more than one hundred five percent (105%) of the lower of such estimates, the value shall be the average of the submitted estimates. If otherwise, then within ten (10) days the question shall be submitted to arbitration pursuant to the rules of the American Arbitration Association.

35. ENVIRONMENTAL.

A. Policy.

(1) Subject to Section 35.C. below, Lessee agrees to comply with all applicable federal, state, and local regulations pertaining to Hazardous Materials use, storage, and disposal on the Premises. Lessee shall indemnify and hold harmless County and its agents and representatives for any violation of Environmental Laws caused by Lessee or Lessee's representatives acting within the scope of their authority expressly granted to them by Lessee (which Lessee's representatives shall include any employees, agents, contractors,

vendors, tenant, subtenant, guests or invitees of Lessee). Furthermore, subject to Section 35.C below, Lessee shall reimburse County for any and all costs related to investigation, clean up, and/or fines incurred by County for environmental regulation non-compliance by Lessee or Lessee's representative with respect to the Premises.

(2) If Lessee is required to prepare a "Business Plan," as specified by Health and Safety Code Section 25500 et seq., or a Hazardous Waste Contingency Plan, as specified in 22 CCR 66264.51 et seq., then a copy of the plan shall be submitted first to County.

(3) If Lessee or Lessee's representative generates any regulated Hazardous Material on the Premises, Lessee agrees to dispose of such wastes in accordance with all applicable federal, state, and local regulations. Copies of all hazardous waste manifests or disposal certificates shall be submitted to County.

(4) Storage of Hazardous Material shall comply with 22 CCR 66264 et al., and all applicable fire regulations. Lessee shall not apply to become a "permitted" hazardous waste storage facility without written permission from County.

(5) County or its representatives reserves the right to inspect all areas which are leased or rented by Lessee, for the purpose of verifying environmental compliance, subject to the terms of Section 7 above.

(6) At the written request of County, Lessee shall provide copies of Material Safety Data Sheets (MSDS) for all Hazardous Materials used by Lessee or its Sublessees and Tenants on the Premises.

(7) Any violation in federal, state, or local Environmental Laws with respect to the Premises that are reasonably deemed material by County will be grounds for termination of Lease in accordance with applicable sections herein; provided, however, that any such right of termination is subject to the terms of Sections 28 and 32 above. Subject to the terms of this Section 35, the termination of Lease by either party or evacuation of the Premises by Lessee shall not relieve Lessee of environmental or Hazardous Materials related liabilities incurred by County during Lessee's occupancy or incurred as a result of Lessee's or Lessee's representatives' actions prior to such termination.

B. Violation of Environmental Laws.

During the Term of this Lease, Lessee will not cause or permit any Hazardous Material to be used, generated, manufactured, produced, stored, brought upon, or released on, under or about the Premises, or transported to and from the Premises, by Lessee, its Sublessees and Tenants, or their respective agents, employees, contractors, or invitees in violation of the Environmental Laws.

(1) Lessee, at County's reasonable request, as a Project Cost, will conduct such testing and analysis as necessary to ascertain whether Lessee is using the Premises in compliance with Environmental Laws. Any such tests will be conducted by qualified

independent experts chosen by Lessee and subject to County's reasonable written approval. Copies of such reports from any such testing will be provided to County.

(2) Lessee will promptly provide to County copies of all notices, reports, claims, demands or actions concerning any release or threatened release of Hazardous Materials.

C. Contamination Of Premises.

(1) **Lessee Obligations.** If the illegal use or presence of any Hazardous Material on, under or about the Premises (but expressly excluding any Hazardous Material [x] existing on, under or about the Premises prior to the date this Lease is entered into (except to the extent that the existing condition is exacerbated [as opposed to mere discovery] by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, in which case Lessee shall only be responsible for said exacerbated condition), [y] migrating on, under or about the Premises after the date this Lease is entered into and not caused by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, or [z] brought onto the Premises by County, its agents, employees, contractors or invitees during the Term) by Lessee results in any contamination of the Premises in violation of Environmental Laws, Lessee will promptly take all actions as are necessary to remediate the Premises to the extent required by applicable Environmental Laws and to bring the Premises into compliance with all applicable Environmental Laws. If any such contamination is a result of the gross negligence of Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, or if Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, knowingly and intentionally contaminates the Premises, all costs incurred to bring the Premises into compliance with Environmental Laws shall be at Lessee's sole cost and expense and not as a Project Cost. Subject to the application of all amounts recovered by Lessee pursuant to Section 35.C(3) below, if any such contamination is a result of the actions of (a) Lessee, its agents, employees or contractors that were negligent (but not grossly negligent or knowingly and intentional), and (b) third parties (unless County is responsible for the same under Section 35.C.(2) below , all costs incurred to bring the Premises into compliance with Environmental Laws shall be a Project Cost. To the extent that Lessee is responsible at its cost to remediate the Premises to the extent required by applicable Environmental Laws and to bring the Premises into compliance with all applicable Environmental Laws and such costs are not Project Costs , then Lessee shall have the right to retain all amounts recovered by Lessee from any Sublessees, Tenants, and third parties with respect to said remediation and compliance work.

(2) **County Obligations.** County will be solely responsible for (a) any environmental condition existing on or about the Premises on or prior to the date the Lease is entered into (except to the extent that the existing condition is exacerbated [as opposed to mere discovery] by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, in which case Lessee shall only be responsible for said exacerbated condition), or (b) any environmental conditions caused by

County, its agents, employees, contractors or invitees on or after the date this Lease is entered into, including without limitation the plume emanating from the Chino Airport, or (c) any Hazardous Material migrating on, under or about the Premises during the Term of this Lease not caused by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee. County will promptly take all actions, at its cost and expense, as are necessary to remediate the Premises to the extent required by applicable Environmental Laws and to bring the Premises into compliance with all applicable Environmental Laws. To the extent that County is responsible at its cost to remediate the Premises to the extent required by applicable Environmental Laws and to bring the Premises into compliance with all applicable Environmental Laws, then County shall have the right to retain all amounts recovered by County from any third parties with respect to said remediation and compliance work.

(3) **Sublessee and Tenant Obligations.** If the illegal use of any Hazardous Material on, under or about the Premises by Sublessees and Tenants, their respective agents, employees, contractors, or invitees results in any contamination of the Premises in violation of Environmental Laws, Lessee will promptly take all actions, as a Project Cost (or cause its Sublessee or Tenant to take such actions), as are necessary to remediate the Premises to the extent required by applicable Environmental Laws and to bring the Premises into compliance with all applicable Environmental Laws. All costs incurred by Lessee to bring the Premises into such compliance with Environmental Laws in connection with any contamination caused a Sublessee, Tenant, or their respective agents, employees, contractors, or invitees shall be a Project Cost, including Lessee's reasonable costs of recovery. All amounts recovered (whether by way of settlement of a claim, judgment, indemnity or otherwise) by Lessee from any such Sublessee, Tenant or their respective agents, employees, contractors, or invitees in connection with the foregoing matters (and not previously reimbursed to Lessee) shall first be used to repay Lessee for all such remediation and recovery costs incurred by Lessee and the remaining recovered amount shall be included in Total Revenue for the full or partial calendar year of the Term of this Lease in which it is recovered, or if recovered following the expiration or termination of the Term of this Agreement (and Lessee has continued to pursue such recovery after the termination of this Lease), such recovery shall first be used to repay Lessee for all such remediation and recovery costs incurred (provided such costs have not been previously reimbursed to Lessee), and then fifty percent (50%) of the balance of such recovery shall be promptly paid over to County, with the remaining fifty percent (50%) of the balance being retained by Lessee.

(4) If reasonably requested in writing by County (but not more often than once in any 10-year period), Lessee shall pay, as a Project Cost, the sum of Thirty Five Thousand Dollars (\$35,000.00), as may be adjusted over time for inflation, in premium for a policy of pollution legal liability insurance (or its equivalent) with respect to the Premises. If such insurance is not available for such premium amount, then Lessee shall not have any such obligation, and in no event shall Lessee be obligated to provide such coverage for any period beyond the Term of this Lease. The inflation-based adjustment referenced above in this Section 35.C.(4) shall be as follows: The premium amount shall be increased in accordance with the increase in the United States Department of Labor, Bureau of Labor

Statistics, Consumer Price Index for All Urban consumers (all items for the geographical Statistical Area in which the Premises are located on the basis of 1982-1984=100).

D. Compliance With All Governmental Authorities.

During the Term of this Lease and subject to the terms of this Section 35.D, Lessee will promptly make all submissions required of Lessee and comply with all requirements of the appropriate governmental authority under all Environmental Laws. From the date this Lease is entered into, County will promptly make all submissions required of County to, and comply with, all requirements of the appropriate governmental authority under all Environmental Laws.

(1) **Lessee Obligations.** Should any governmental agency having authority over such matters determine that a site characterization, site assessment, and/or cleanup plan be prepared or that a cleanup should be undertaken because of any spills or discharges of hazardous materials at the Premises caused by Lessee, its agents, employees or contractors which occur during the Term of this Agreement, then Lessee shall prepare and submit the required plans, and carry out the approved plans. If any such spills or discharges are a result of the gross negligence of Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, knowingly and intentionally spilled or discharged hazardous materials at the Premises, all costs incurred to prepare and submit the required plans and carry out the approved plans shall be at Lessee's cost and expense and not as a Project Cost. If any such contamination is a result of the actions of (a) Lessee, its agents, employees or contractors that were negligent (but not grossly negligent or knowingly and intentional), and (b) third parties (unless County is responsible for the same under Section 35.C(2) above), all costs incurred to bring the Premises into compliance with Environmental Laws shall be a Project Cost.

(2) **Reciprocal Indemnities.** Lessee hereby agrees to indemnify, defend and hold County harmless from all costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal or restoration work required by any Federal, State or local governmental agency or political subdivision because of an environmental condition on, under or about the Premises caused by Lessee or Lessee's representatives acting within the scope of their authority expressly granted to them by Lessee (which Lessee's representatives shall include any employees, agents, contractors, vendors, tenant, subtenant, guests or invitees of Lessee). County hereby agrees to indemnify Lessee from all costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal or restoration work required by any Federal, State or local governmental agency or political subdivision because of an environmental condition (x) existing on, under or about the Premises prior to the date this Lease is entered into (except to the extent that the existing condition is exacerbated [as opposed to mere discovery] by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, in which case Lessee shall only be responsible for said exacerbated condition), (y) migrating on, under or about the Premises after the date this Lease is entered into and not caused by Lessee, its agents, employees or contractors acting within the scope of their authority expressly granted to them by Lessee, or (z) brought onto the Premises by County, its agents, employees, contractors or invitees during the Term.

(3) **Sublessee and Tenant Obligations.** Should any governmental agency having authority over such matters determine that a site characterization, site assessment, and/or cleanup plan be prepared or that a cleanup should be undertaken because of any spills or discharges of hazardous materials at the Premises by Sublessees and Tenants, and their respective agents, employees, contractors or invitees which occur during the Term of this Lease, then Lessee shall (as a Project Cost) prepare and submit the required plans, and carry out the approved plans. Lessee will promptly provide all information requested by County to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or to respond to any claim of liability by third parties which is related to such environmental contamination. All amounts recovered (whether by way of settlement of a claim, judgment, indemnity or otherwise) by Lessee from any such Sublessee, Tenant, agent, employee, contractor, servant or invitee in connection with the foregoing matters (and not previously reimbursed to Lessee) shall first be used to repay Lessee for all such remediation and recovery costs incurred by Lessee and the remaining recovered amount shall be included in Total Revenue for the full or partial calendar year of the Term of this Lease in which it is recovered, or if recovered following the expiration or termination of the Term of this Agreement (and Lessee has continued to pursue such recovery after the termination of this Lease), such recovery shall first be used to repay Lessee for all such remediation and recovery costs incurred (provided such costs have not been previously reimbursed to Lessee), and then fifty percent (50%) of the balance of such recovery shall be promptly paid over to County, with the remaining fifty percent (50%) of the balance being retained by Lessee.

E. Survival. All of Lessee's and County's obligations under this Section 35 shall survive any termination of this Lease.

36. FORCE MAJEURE.

Neither County, Lessee or any Leasehold Mortgagee will be deemed to be in breach of this Lease by reason of failure to perform any of its obligations hereunder if, while and to the extent that such failure is due to strikes, boycotts, imposition of a stay or injunction, labor disputes, embargoes, shortages of materials, acts of God, acts of the public enemy, unusual weather conditions, floods, riots, rebellion or sabotage, plague, epidemic, pandemic, outbreak of infectious disease or other public health crisis, or waiting periods for obtaining governmental permits or approvals (collectively or individually, a "Force Majeure"). However, the provisions of this Section 36 will not excuse any failure by either party to pay monies owed to the other party (including, in case of Lessee, Rent) under the provisions, covenants or agreements contained in this Agreement, or to pay monies owed to any other person. No express reference in this Lease to a Force Majeure event shall create any inference that the terms of this Section 36 do not apply with equal force in the absence of such an express reference.

37. QUIET ENJOYMENT.

Subject only to any encumbrances of record as of the date of this Lease and the terms of this Lease, County agrees that on payment of the Rents and fees and performance of the covenants, conditions and agreements on the part of Lessee to be performed hereunder, Lessee and its Tenants

and Sublessees (and their respective employees, agents, contractors and invitees) shall have the right to peaceably occupy and enjoy the Premises.

38. NOTICES.

All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered (including by means of professional messenger service) or sent by overnight courier, or sent by registered or certified mail, postage prepaid or return receipt requested to the addresses set forth below. All such notices or other communications shall be deemed received upon the earlier of (1) if personally delivered or sent by overnight courier, the date of delivery to the address of the person to receive such notice or (2) if mailed as provided above, on the date of receipt or rejection, when received by the other party if received Monday through Friday between 6:00 a.m. and 5:00 p.m. Pacific Time, so long as such day is not a state or federal holiday and otherwise on the next day provided that if the next day is Saturday, Sunday, or a state or federal holiday, such notice shall be effective on the following business day.

To Lessee:

_____, LLC
c/o Majestic Realty Co.
13191 Crossroads Parkway North
City of Industry, California 91746
Attn: Ed Konjoyan

To County:

and

Notice of change of address shall be given by written notice in the manner described in this Section 38. Lessee is obligated to notice all County offices listed above. Failure to provide notice to all County offices will be deemed to constitute a lack of notice.

39. HEADINGS, TITLES OR CAPTIONS.

Section headings, titles or captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or extent of any provision of this Lease.

40. INVALID PROVISIONS.

It is expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition or provision will in no way affect any other covenant, condition or provision herein contained; provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either County or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provisions of this Agreement.

41. STATE OF CALIFORNIA LAW.

This Lease will be interpreted under and governed by the internal laws of the State of California, without regard to principles of conflicts of law.

42. INTENTIONALLY OMITTED.

43. UTILITIES.

To the extent not paid by Sublessees, Lessee shall, as a Project Cost, make arrangements for and pay for all water, gas, heat, light, power, telephone service, trash disposal and other utilities and services supplied to the Premises and the Facilities located thereon, together with any taxes thereon.

44. OWNERSHIP OF IMPROVEMENTS.

Except as provided herein, from the date of this Lease and continuing through expiration or termination all Facilities constructed on the Premises by Lessee shall be vested in and owned by Lessee. At the expiration or termination of this Lease, all Facilities constructed on the Premises by Lessee and all Lessee's Personal Property and fixtures at the Premises acquired as a Project Cost shall vest in and be owned by County, and Lessee shall deliver all Facilities to County in the condition required by Section 27 or Section 31 above.

Assuming County has not elected to have Lessee raze the Facilities at the expiration of the Term of this Lease, in the event the Facilities are not delivered to County in the condition required by Section 31 above, County shall give notice to Lessee that it intends to perform the necessary maintenance and repairs if Lessee does not do so within ninety (90) days. Alternatively, Lessee, within such 90-day period may submit evidence as to why the condition it left the Facilities was in compliance with this Agreement. If Lessee and County agree on the required maintenance and repairs and Lessee chooses to let County perform the same, Lessee shall be liable to and shall reimburse County for fifty percent (50%) of the costs of any such expenditures made in excess of the amount in the Capital Replacement Reserve and the reserve maintained to raze the Facilities.

If requested by Lessee, any Leasehold Mortgagee or title insurance company, County agrees to execute and deliver to Lessee within thirty (30) days after request therefor, a quit-claim deed in recordable form conveying or confirming title in Lessee to all Facilities and any and all fixtures located at the Premises, and a quit-claim bill of sale conveying or confirming title in Lessee to any and all Lessee's Personal Property at the Premises. All such Facilities constructed and fixtures installed upon the Premises by Lessee are and shall remain real property and may not be severed from this Lease or the leasehold estate created hereby.

45. LEASING COMMISSIONS.

In the event Lessee retains the services of Majestic Realty Co. or any affiliate of Lessee to sublease the Premises and the Facilities, the leasing commissions paid to Majestic Realty Co. or any such affiliate, as a Project Cost, shall not exceed the scheduled commissions for similar services charged by the major brokerage companies operating in the County of San Bernardino, California.

46. COVENANTS FOR NON-DISCRIMINATION.

A. In the performance of this Lease, Lessee shall not discriminate, harass, or allow harassment against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability (including HIV and AIDS), mental disability, medical condition, age (over 40), marital status, sex, sexual orientation, or use of family care leave. Lessee shall insure that the evaluation and treatment of its employees and applicants for employment are free from such discrimination and harassment. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

B. Lessee shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Lease by reference and made a part hereof as if set forth in full. Lessee shall give written notice of its obligations under this clause to any labor organizations with which they have a collective bargaining or other agreement. Further, Lessee shall post in conspicuous places available to employees and applicants for employment, notices to be provided by County setting forth the provisions of this Fair Employment Practices Section. (Government Code, Section 12920-12994).

47. LOSSES.

County will not be responsible for loss or damage to Lessee's Personal Property.

48. INTENTIONALLY OMITTED.

49. INTENTIONALLY OMITTED.

50. SIGNATORY AUTHORITY.

If Lessee is a public, private or non-profit corporation or partnership or limited liability company each individual executing this Lease on behalf of the entity represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of such entity in accordance with a duly adopted resolution of the governing body of such entity or in accordance with the bylaws or operating agreement of such entity and that this Lease is binding upon such entity in accordance with its terms. Lessee shall, within thirty (30) days after full execution of this Lease deliver to County a copy of the minutes of the Board of Directors or other governing body or a certified copy of the resolution of the Board of Directors or other governing body of the entity ratifying the execution of this Lease.

51. NO PARTNERSHIP.

Lessee and any and all agents and employees of Lessee shall act in an independent capacity and not as officers or employees of County. Nothing herein contained shall be construed as constituting the parties herein as partners.

52. TIME.

Time is of the essence of each and all of the provisions, covenants and conditions of this Lease.

53. PROTECTION OF PREMISES.

Lessee is not permitted to dump refuse in or around any area of the Premises, and Lessee shall not commit or suffer to be committed any waste or nuisance upon the Premises. Lessee may cut and remove trees consistent with its construction on the Premises pursuant to such plans and consistent with reasonable landscaping maintenance standards.

54. COUNTY AVAILABILITY.

County and Lessee shall each have a person readily available either on or offsite at all times when the facility is in use who has authority to make any and all decisions on behalf of County and Lessee in the event of an emergency that immediately jeopardizes life or health.

55. INTENTIONALLY OMITTED.

56. APPROVALS.

SUBJECT TO ALL APPLICABLE LAWS NOW EXISTING OR LATER ENACTED, COUNTY'S EXECUTION OF THIS AGREEMENT CONSTITUTES AN IRREVOCABLE DELEGATION BY THE COUNTY BOARD OF SUPERVISORS TO THE CEO AND/OR DIRECTOR OF COUNTY REAL ESTATE SERVICES DEPARTMENT OF ALL REQUISITE POWER AND AUTHORITY TO APPROVE ANY ADMINISTRATIVE MATTERS PERTAINING TO THIS LEASE WHICH REQUIRE THE COUNTY'S APPROVAL UNDER

THIS AGREEMENT AND TO EXECUTE ANY DOCUMENTS REQUIRED TO BE EXECUTED BY COUNTY UNDER THIS AGREEMENT WITHOUT THE NEED FOR ANY FURTHER APPROVAL OR AUTHORIZATION BY THE BOARD OF SUPERVISORS WITH RESPECT TO THE COUNTY'S ADMINISTRATIVE FUNCTIONS, INCLUDING MATTERS SUCH AS THE EXECUTION OF AN ESTOPPEL CERTIFICATE BUT EXCLUDING MATTERS SUCH AS THE GRANTING OF EASEMENTS AND OTHER NON-ADMINISTRATIVE MATTERS RELATED TO THIS AGREEMENT. It is understood and agreed that all provisions of this Agreement that require approval by the County will receive timely responses and such approvals will not be unreasonably withheld, conditioned or delayed, unless otherwise specified. Unless another time limit is otherwise specified in this Agreement, any approval or disapproval must be given within twenty (20) days. If disapproved, County will inform Lessee in writing of its disapproval and state the reasons for such disapproval. County and Lessee agree to negotiate in good faith to resolve any conflicting issues that may arise from County's disapproval. If County fails to timely respond to Lessee's written request for an approval (or Lessee disagrees with County's written or stated reasons to withhold such an approval), then Lessee may notify County in writing that if County fails to respond (or reach a resolution with Lessee) within fourteen (14) days of County's receipt of such second request, Lessee may pursue a resolution by the procedures set forth below, if County agrees to participate in the use of such alternative dispute resolution procedures.

If the parties cannot agree upon the item or matter that was disapproved, a neutral third party with at least ten (10) years' experience in real estate developments similar to those constructed or proposed to be constructed on the Premises will be selected by County to arbitrate the disputed issue. If, however, Lessee does not accept the neutral third party selected by County, Lessee will be allowed to select a second neutral party with similar experience. The two selected parties will then select a third neutral party with at least ten (10) years' experience in real estate developments similar to those constructed or proposed to be constructed on the Premises, and such third arbitrator shall arbitrate the disputed issue. County and Lessee agree to be bound by the decision reached by the arbitrator. County and Lessee will cause the arbitrator to make a determination within fourteen (14) days following submittal. County and Lessee agree that each party will bear its own costs and expenses incurred for attorneys' fees, and preparation and presentation costs for the arbitration process, but they shall share the cost of any third arbitrator. Notwithstanding the foregoing, in the event of an emergency, Lessee may take immediate, commercially reasonable action to prevent loss, injury or damage to persons or property or to preserve the Premises and the Facilities without the prior approval of County and any costs reasonably incurred in connection therewith shall be a Project Cost.

If County does not agree to participate in the alternative dispute resolution procedures described above in this Section 56, then Lessee may pursue any other remedy available at law or in equity.

57. SMOKING RESTRICTIONS.

Smoking in or upon the Premises shall be restricted as required under generally applicable State of California law. To the extent so required, Lessee shall clearly post signs at all entrances, exits, and other conspicuous locations notifying occupants that smoking is prohibited within a building and within twenty (20) feet from any entrance thereto. The signs shall be in bold print and legible from a distance of twenty-five (25) feet away.

58. LEGAL FEES.

If action is brought by either party against the other party with respect to any alleged or actual breach or any disputes arising under this Agreement, then each party hereto shall be responsible for its own legal fees, costs and expenses.

59. ENTIRE AGREEMENT.

This Lease, together with its exhibits, which are incorporated herein by this reference, contains all the agreements of the parties hereto with respect to the subject matter of this Agreement and supersedes any prior negotiations. There have been no representations by County or understandings made between County or Lessee other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties hereto. Notwithstanding any provision of this Section 59 to the contrary, provisions of the Option Agreement that expressly survive the PGL Closing (as defined in the Option Agreement) shall remain in full force and effect.

60. SEVERABILITY.

If any provision, covenant or condition of this Lease or any application thereof, to any extent, is found invalid, void, or unenforceable by a court of competent jurisdiction, the remainder of this Lease will not be affected thereby, and will be valid and enforceable to the fullest extent permitted by law.

61. CUMULATIVE REMEDIES.

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

62. RECORDATION.

This Lease shall not be recorded; provided, however, a Memorandum of Ground Lease (attached hereto as Exhibit "H") may be recorded at the request of either County or Lessee. If Lessee is the party recording the Memorandum of Lease it shall, upon expiration or earlier termination of this Lease and at its sole cost and expense, record a quit-claim deed in favor of County with respect to the Premises.

63. BINDING.

The terms of this Lease and provisions, covenants and conditions contained herein shall apply to and shall bind and inure to the benefit of the heirs, representatives, assigns and successors in interest of the parties hereto.

64. COOPERATION; EASEMENTS; GOVERNMENTAL APPROVALS; CC&Rs.

Subject to the other terms and conditions of this Agreement, at any time, and from time to time during the Term of this Agreement, County agrees, at no material out of pocket cost to County (unless Lessee agrees to reimburse County for said material out of pocket costs, in Lessee's sole

and absolute discretion; provided, however, that if Lessee elects to reimburse County, then such reimbursed costs shall be deemed to be a Project Cost), to, as promptly as possible, upon written request of Lessee, execute and deliver such instruments, applications, documents and other similar items as may be appropriate, necessary, or required to secure the Entitlements and to develop, lease, operate and manage the Premises including, but not limited to, the obtaining of governmental approvals, permits, authorizations, consents, zoning changes, conditional uses, variances, parcel maps, lot line adjustments, parcel mergers, vacations, dedications or the like, or for the purpose of providing adequate utility services to the Premises, or permitting Lessee to construct the Facilities or other improvements on the Premises or make any alteration or addition to the Facilities. Without limiting the generality of the preceding sentence, subject to Lessee receipt of No-Impact RPZ Approvals, to the extent required, for the Off-Site Improvements on the Easement Area, County shall, concurrently with the execution and delivery of this Lease, execute and deliver to Lessee (1) an easement encumbering the Easement Area for the Off-Site Improvements for the benefit of the Premises, and (2) a memorandum of easement to be recorded against the Premises. As may be required by the Entitlements, (A) County shall grant or vacate the requisite frontage or other right of way, and (B) record against the Premises certain CC&Rs which may include provisions for access, improvement and maintenance of the Off-Site Improvements (if applicable). Any such CC&Rs are subject to the prior written approval of all Leasehold Mortgagees. Lessee shall subordinate its interests in this Lease to such CC&Rs, and any Leasehold Mortgagee shall also subordinate the lien of its Leasehold Mortgage to such CC&Rs. Notwithstanding anything to the contrary in this Lease, in no event shall the Lessee's inability to receive No-Impact RPZ Approvals for Off-Site Improvements within the RPZ Area be or be deemed a County breach or default under this Lease.

[Intentionally left blank—signature page to follow]

IN WITNESS WHEREOF, County and Lessee have executed this Agreement the day and year first above written.

County:

SAN BERNARDINO COUNTY

By: _____
Name: _____
Title: _____

Date Executed: _____

Lessee:

_____, LLC, a
Delaware limited liability company

By: MAJESTIC REALTY CO., a California
corporation, Manager's Agent

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Date Executed: _____

EXHIBIT "A"

LEGAL DESCRIPTION AND DEPICTION OF PREMISES

(To be updated once applicable lot line adjustment(s), parcel merger(s) and/or new parcel map is/are finalized)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CHINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 2, 3, 4, 13, 14 AND 15 OF SECTION 28 TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO MAP OF SUBDIVISION OF PART OF RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF RECORDED IN BOOK 6, PAGE 15 OF MAPS, RECORDS OF SAID COUNTY.

TOGETHER WITH ALL THAT PORTION OF VACATED BAKER AVENUE, AS SAME WAS VACATED BY RESOLUTION OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 27, 1961 IN BOOK 5337, PAGE 359 OF OFFICIAL RECORDS, WHICH WOULD PASS BY OPERATION OF LAW.

EXCEPTING THEREFROM ANY PORTION OF THE RUNWAY PROTECTION ZONE (RPZ) FOR RUNWAY 8R-26L, OF CHINO AIRPORT, LYING WITHIN SECTION 20, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRAPEZOIDAL PARCEL WITH ITS WESTERLY BASE BEING 500.00 FEET IN LENGTH, AND ITS EASTERLY BASE BEING 1010.00 FEET IN LENGTH. A LINE SEGMENT RUNNING EAST TO WEST AT THE MIDPOINTS OF SAID BASES HAS AN OVERALL LENGTH OF 1700.00 FEET. SAID LINE SEGMENT IS COINCIDENT WITH AND A PROLOGNATION OF THE PHYSICAL CENTERLINE FOR SAID RUNWAY 8R-26L, HAVING A BEARING OF N89°19'41"E. SAID WESTERLY AND EASTERLY BASE LINES ARE PERPENDICULAR, MEASURED AT RIGHT ANGLES, TO THE SAID 1700.00 FOOT LINE SEGMENT. THE WESTERLY BASE OF SAID TRAPEZOIDAL PARCEL IS COINCIDENT WITH THE MOST EASTERLY TERMINUS OF THE RUNWAY BLAST PAD FOR SAID RUNWAY 8R-26L. SAID EXCEPTION PARCEL AFFECTS APPROXIMATELY 11.0 ACRES OF SAID LOTS.

SAID PARCEL CONSISTS OF 46.2 ACRES, MORE OR LESS..

EXHIBIT "A"

LEGAL DESCRIPTION AND DEPICTION OF PREMISES
(Page 1 of 2)

EXHIBIT "A"

LEGAL DESCRIPTION AND DEPICTION OF PREMISES
(Page 2 of 2)

EXHIBIT "B"
FORM OF WORK LETTER
(Attached)

EXHIBIT B
WORK LETTER

This Work Letter sets forth terms and conditions pertaining to the work to be performed by Lessee in connection with the Construction Phase at the Premises. All references in this Work Letter to Articles or Sections of “this Lease” shall mean the relevant portions of the Development Ground Lease to which this Work Letter is attached as Exhibit “B.” All references in this Work Letter to Sections of “this Work Letter” shall mean the relevant portions of this Work Letter. Any undefined capitalized terms used in this Work Letter shall have the meanings ascribed to such terms in this Lease.

1. Proposed Improvements; Alternate Plans; Alternate Scope; Final Plans; Construction Budget; Construction Phase Schedule; Commencement of Construction.

1.1 Proposed Improvements. Lessee intends to construct the improvements as shown on the site plan approved by the City’s Development Review Committee (the “Proposed Improvements”) attached hereto as Attachment 1. If Lessee constructs the Proposed Improvements as shown on said site plan, then Sections 1.2. through 1.4 (inclusive) below shall not apply and be of no further force or effect.

1.2 Alternate Plans. If instead of the Proposed Improvements, Lessee proposes a materially different project scope, then Lessee shall submit to County schematic drawings and written specifications, completed by a licensed architect/registered engineer (the “Alternate Plans”) describing those alternate Facilities and Off-Site Improvements (if applicable) to be completed by Lessee as part of the Construction Phase that is the subject of this Work Letter. The scope of such Alternate Plans is sometimes referred to herein as the “Alternate Scope.” The Alternate Plans shall include, as applicable, survey dimensions, building lines, column lines, perimeter walls, openings and clearances, clear heights, exterior elevations, as well as adjacent grades and docks. Such Alternate Plans shall also include landscaping plans, parking plans, utility plans, plans for any Off-Site Improvements (if applicable) known to be required by any government agency to obtain Relevant Building Permits for the Construction Phase, but may or may not include plans for specific tenant improvements. Such Alternate Plans, as well as any other plans Lessee provides to County pursuant to this Work Letter shall be in PDF format, or such other format as may be reasonably required by County, and shall include notations of colors and materials, where appropriate.

1.3 [Intentionally Omitted].

1.4 County’s Approval of Alternate Plans. If Lessee submits Alternate Plans to County pursuant to Section 1.1 above, then within forty-five (45) days following such submission, County shall approve the Alternate Plans or disapprove and require Lessee to modify the Alternate Plans as County may deem reasonable. If any such items are disapproved, County shall provide Lessee with the specific reasons for such disapproval. If Lessee submits Alternate Plans to County pursuant to Section 1.2 above, and should County thereafter disapprove of the Alternate Plans and require modifications to the Alternate Plans, Lessee shall resubmit the modified Alternate Plans to County and within thirty (30) days following County’s receipt of Lessee’s modified Alternate

Plans County shall either approve such Alternate Plans or disapprove (which shall state the specific reasons for such disapproval) and require further modification to the Alternate Plans for the reasons noted above, and so on, until such Alternate Plans are approved by County.

1.5 Preparation of Final Plans. Lessee shall provide County with the final plans for the Proposed Improvements in form and substance sufficient for submission to City for City's plan check and approval and for submission to all other relevant governmental agencies (collectively, the "Relevant Authorities") for receipt of the necessary building permits, licenses, and other grants of authority or approval (collectively, the "Relevant Building Permits") that may be required for construction of the Proposed Improvements (the "Final Plans").

1.6 Obtaining Relevant Building Permits. Lessee at its own cost and expense but as a Project Cost shall promptly apply to all Relevant Authorities for the Relevant Building Permits, and Lessee shall keep County fully informed of the status of the application(s) for the Relevant Building Permits and of the status of any negotiations with the Relevant Authorities relating to their issuance. If requested in writing by County, County and Lessee shall confer (by telephone) at least weekly to discuss the status of obtaining the Relevant Building Permits until they are obtained. The Final Plans, once approved by the Relevant Authorities in connection with their issuance of the Relevant Building Permits are referred to below as the "Building Permit Plans."

1.7 Proposed Construction Budget. Lessee shall deliver to County a written and detailed construction budget for the Proposed Improvements (the "Proposed Construction Budget"). The Proposed Construction Budget shall show all reasonably anticipated costs (i) related to the design, construction, and financing of the Facilities and Off-Site Improvements (if applicable) for the Construction Phase, and (ii) for the leasing of the leasable space at the Facilities.

1.8 County's Approval of Proposed Construction Budget. Within thirty (30) days following County's receipt of the Proposed Construction Budget, County shall review and approve or disapprove the Proposed Construction Budget. If any portion of the Proposed Construction Budget is disapproved, County shall provide Lessee with the specific reasons for such disapproval. Any Lessee's Development Fee included within the Proposed Construction Budget shall not exceed three percent (3%) of direct construction costs, architectural and engineering costs, and the cost of tenant improvements completed and/or funded by Lessee. Once approved by County, the Proposed Construction Budget shall be referred to below as the "Approved Construction Budget." Notwithstanding the above, County and Lessee acknowledge and agree that Approved Construction Budget is subject to further modifications due to changes in the Final Plans imposed by the Relevant Authorities (including County), which County shall review and approve or disapprove within thirty (30) days following County's receipt of any such modifications. If any portion of the modified Approved Construction Budget is disapproved by County, County shall provide Lessee with the specific reasons for such disapproval.

1.9 Dispute Resolution Procedure for Construction Budget. Lessee shall, within fourteen (14) days following receipt of County's written disapproval, provide County with clarification of the budget elements or with a modified Proposed or Approved Construction Budget, as applicable, that is reasonably satisfactory to County, and County shall have an additional fourteen (14) days within which to approve or disapprove the modified Proposed or

Approved Construction Budget. If any portion of the Proposed or Approved Construction Budget is disapproved, County shall provide Lessee with the specific reasons for such disapproval. County and Lessee agree to negotiate in good faith to resolve any remaining issues that may arise with respect to the Proposed or Approved Construction Budget.

If, however, the parties cannot agree upon the provisions of the Proposed Construction Budget and/or the elements contained in the proposed budget, or, if disputes arise concerning the Approved Construction Budget which the parties are unable to resolve through good faith negotiation, a neutral third party with at least ten (10) years' experience in cost estimating and preparing budgets for real estate developments similar to that constructed or proposed to be constructed on the Premises will be selected by County to arbitrate the disputed budget terms. If, however, Lessee does not accept the neutral third party selected by County, Lessee will be allowed to select a second neutral party with similar experience. The two selected parties will then select a third neutral party with similar experience, and the three arbitrators will then arbitrate the disputed terms. County and Lessee agree to be bound by the decision reached by the selected arbitrator(s) and will cause the arbitrator(s) to make a determination within fourteen (14) days following submittal.

County and Lessee agree that each will bear its own costs and expenses incurred for attorneys' fees and all other preparation and presentation costs for the arbitration process. If only one arbitrator is selected, the parties will equally share the cost of such arbitrator. If three arbitrators are used, each party will bear the cost of the arbitrator selected by it and the parties will equally share the cost of the third arbitrator. Notwithstanding the above, any obligations of County for the costs of arbitration shall be initially paid by Lessee, with Lessee to be reimbursed in full by a credit against Rent or Fixed Ground Rent otherwise payable by Lessee to County under this Lease.

Lessee shall be entitled to expend funds in accordance with the Approved Construction Budget for the Construction Phase. All costs of the Construction Phase shall be a "Project Cost" as defined in this Lease. In the event Lessee is "over-budget" on a particular line item in the Approved Construction Budget, Lessee may reallocate excess funds from one line item to another line item to cover any short falls in any line item. Any expenses not covered by the Approved Construction Budget which increase the total cost of the Construction Phase by more than ten percent (10%) are subject to the reasonable written approval of County. Any Equity Contribution required to cover any such additional Project Cost shall be the responsibility of Lessee.

1.10 Schedule. Upon obtaining the Relevant Building Permits for the Proposed Improvements for the Construction Phase, subject to Section 1.12 below, Lessee shall diligently pursue until completion construction of the Proposed Improvements in a good workmanlike manner consistent with the Building Permit Plans for the Construction Phase as provided in this Work Letter and according to the Project Schedule.

1.11 [Intentionally Omitted.]

1.12 Compliance with Laws. All Proposed Improvements or any alterations to the Facilities shall be constructed by Lessee in accordance with all applicable governmental laws, ordinances, rules and regulations (collectively, "Applicable Law"). Upon completion of the

Proposed Improvements for the Construction Phase, Lessee shall provide “as-built” drawings of the same to County along with Lessee’s certification of the final costs of such work. Such drawings shall be submitted to County in electronic PDF format. Notwithstanding any approvals by County of any plans or specifications of the Facilities or Off-Site Improvements (if applicable), or any inspections thereof by County, County shall not be responsible in any manner whatsoever for any failure of the Facilities or Off-Site Improvements (if applicable) to be in compliance with Applicable Law.

1.13 Construction Commencement. Lessee shall not Commence Construction of the Proposed Improvements until the following have been satisfied: (1) Lessee has received the Relevant Building Permits, including compliance of the same with applicable codes and regulations over which it has jurisdiction, including the California Building Code (Title 24), (2) Lessee or its general contractor has obtained the bonds and insurance described below in this Work Letter, and (3) Lessee issues a Notice to Proceed to Lessee’s general contractor for completion of the proposed work.

Once the above conditions are satisfied, Lessee shall Commence Construction of the Proposed Improvements. In making those improvements, Lessee shall not materially deviate from the Building Permit Plans without obtaining written approval from County. County shall give written approval for such material deviations and amendments of the Building Permit Plans proposed by Lessee unless County determines that such material deviations do not comply with Applicable Law. No material modification, amendment or alterations to Building Permit Plans shall be valid unless it is in writing and signed by the parties hereto.

Lessee’s performance shall be excused and the time periods set forth (i) in this Work Letter (ii) in Section 10.A(1), and (iii) in the Project Schedule shall be tolled for Force Majeure, for delays caused by County, or if a lawsuit, referendum, moratorium, or initiative is pending that challenges or involves the Entitlements (including any Relevant Building Permit) for the Premises, the development, occupancy and/or use of the Premises, or the County’s authority to enter into this Work Letter or the Lease, or Lessee’s performance of its obligations under this Work Letter and/or the Lease; provided, however, that if the Term of this Lease is tolled pursuant to this sentence, then the length of the second Option Term shall be reduced by the equal number of days that the entire Term of this Lease is tolled. For the sake of clarity, County and Lessee acknowledge and agree that in no event shall the entire Term of this Lease exceed 99 years.

1.14 Miscellaneous Construction Provisions. Lessee agrees to comply with any laws, regulations and provisions regarding payment of prevailing wages as may be determined to be applicable to Lessee in connection with its construction of the Proposed Improvements. In the event Lessee contracts for the construction of the Proposed Improvements or any portion thereof, Lessee shall comply with the provisions of the California Public Contract Code 22000 through 22045 regarding bidding procedures and Labor Code Section 1720.2 and 1770 et seq. regarding general prevailing wages (collectively the “Prevailing Wages Laws”); provided, however, that if Lessee is required by a governmental agency or agencies or a court to pay prevailing wages in connection with the Proposed Improvements, then all additional costs and expenses arising from the enforcement of the Prevailing Wages Laws on the Proposed Improvements including, without limitation, all penalties and fees associated therewith shall be a Project Cost.

If requested by Lessee, County shall cooperate with Lessee in identifying one or more suitable temporary off-site staging areas for Lessee's use during the Construction Phase. County shall provide the use of such off-site staging areas at no additional cost to Lessee.

1.15 Bifurcation of Plans, Etc. Lessee may seek to obtain from the Relevant Authorities the Relevant Building Permits pertaining to the applicable stage of the Proposed Improvements, and to Commence Construction of such limited work, without the necessity of obtaining the Relevant Building Permits for the entirety of the Proposed Improvements. In the event the above extends the date of Substantial Completion in the Project Schedule, such Project Schedule shall be revised accordingly with the approval of County and Lessee.

1.16 Unforeseen Utilities. If Lessee or its general contractor discovers any unforeseen utilities or other conditions on the Premises, and/or Easement Area (if applicable), Lessee, as a Project Cost, shall propose a plan for building around, replacing or otherwise addressing such unforeseen utilities or other conditions.

1.17 County's Cooperation. Provided Lessee is not in material breach of any of its obligations hereunder, County shall cooperate with Lessee in obtaining all necessary governmental permits, approvals and authorizations necessary to construct the Proposed Improvements, but County shall not be required to make any contributions or incur any out-of-pocket costs with respect to such cooperation. County's cooperation shall include, without limitation, the execution of any applications or other documents in its capacity as the owner of the Property, as may be required to obtain such permits, approvals and authorizations.

2. Bonds and Insurance.

2.1 Bonds.

Prior to the commencement of any work on the Premises, Lessee or its general contractor shall obtain and submit to County a Performance Bond in an amount equal to one hundred percent (100%) of the construction costs as set forth in the construction contract between Lessee and its general contractor for the subject Construction Phase, whereby a surety binds itself unto San Bernardino County for performance by the general contractor, which is for the general contractor to commence and diligently prosecute construction to completion in accordance with the requirements set out in the Building Permit Plans and to otherwise carry out and comply with all other terms and conditions of this Work Letter. In lieu of such performance bond, Lessee may elect to secure its performance by an alternate plan of security, provided such plan is approved in writing by County. Notwithstanding the above, County shall waive the above bond or alternate security requirement if Lessee provides County with reasonable evidence that Lessee's general contractor possesses the financial ability and experience and reputation to complete the subject work.

Prior to commencement of work on the Premises, Lessee shall obtain or cause to be obtained, at its sole expense, and submit to County a Payment

Bond in the amount of fifty percent (50%) of the cost of construction as set forth in the construction contract between Lessee and its general contractor for the subject Construction Phase, and covering the payment of any and all contractors, subcontractors, material suppliers, services, materials or supplies for or in connection with the construction of the subject improvements. In lieu of such payment bond, Lessee may elect to secure its performance by an alternate plan of security, provided such plan is approved in writing by County. Notwithstanding the above, County shall waive the above bond or alternate security requirement if Lessee provides County with reasonable evidence that Lessee's general contractor possesses the financial ability and experience and reputation to pay the subcontractors and suppliers described above in accordance with the terms of their agreement with such general contractor.

The bonds referred to herein above shall be issued by a surety with a A.M. Best Company Financial Strength Rating of "A-" or better and a Financial Size Category of "VI" or higher, and licensed to do business in the State of California.

The bonds referred to above must be written on payment and performance bond forms generally used for similar projects in the State of California and approved by County. Lessee will require its general contractor to require the attorney-in-fact who executes the required bonds on behalf of the surety to affix thereto a certified and current copy of his or her power of attorney.

2.2 Insurance.

Prior to commencement of any work on the Premises related to the construction of any Proposed Improvements or any equipment installation on or about the Premises, Lessee's general contractor shall procure and maintain (except as otherwise expressly provided below) the following insurance with coverage and limits commercially reasonable in the industry for such construction and installation protecting Lessee and County, as well as the general contractor:

- (a) Commercial General Liability on an "occurrence" basis only.
- (b) Automobile Liability.
- (c) Builder's Risk equal to the maximum contract cost of the Proposed Improvements, if not obtained and maintained by Lessee.
- (d) Lessee's general contractor's liability insurance will be primary as respects County and Lessee, their officers, employees and authorized agents. Any other coverage carried by or available to County, its officers, employees and authorized agents will be excess over the insurance required of Lessee or its general contractor and shall not contribute with it.

(e) Lessee's general contractor will maintain worker's compensation insurance in the amounts and form as required by California law. Certificates evidencing the valid, effective insurance policies will be provided to County.

(f) As required by this Lease, Lessee shall maintain property insurance covering the Facilities from time to time constructed by it upon and within the Premises to the extent of not less than the full replacement value of such improvements from time to time (without deduction for depreciation in the event the Facilities are to be restored).

(g) As required by the Lease, Lessee shall obtain and keep in full force and effect a policy(s) of commercial general liability insurance on an "occurrence" basis only and not "claims made" basis. The coverage must be provided either on an ISO Commercial General Liability form, or equivalent, approved by County. Any exceptions to coverages must be fully disclosed on the required Certificate of Insurance. If a policy form other than the above described form is submitted as evidence of compliance, complete copies of such policy forms will be submitted to County within ten (10) days after written notice to Lessee. Such policies must include, but need not be limited to, coverages for bodily injury, property damage, personal injury, Broad Form property damage, premises and operations, severability of interest, products and completed operations, contractual and independent contractors with no exclusions of coverage for liability resulting from the hazards of explosion, collapse, and underground property damage.

(h) As required by the Lease, Lessee shall obtain Automobile Liability coverage.

(i) All insurance coverage required hereunder shall be in force for the complete term of the construction contract, and evidenced by a current Certificate(s) of Insurance. Such Certificates will include, but will not be limited to, the following:

(1) All Certificates for each insurance policy are to be signed by a person authorized by that insurer and licensed by the State of California. Any required endorsements requested by County must be physically attached to all Certificates of Insurance and not substituted by referring to such coverage on the Certificate of Insurance.

(2) Each insurance company's rating as shown in the latest Best's Key Rating Guide will be fully disclosed and entered on the required Certificates of Insurance. All insurance companies providing coverage must carry an A.M. Best Company Financial Strength Rating of at least "A-" and a Financial Size Category of not

less than "V1." The compliance of the insurance supplied by Lessee (or its general contractor), including the Best's rating of each insurance company providing coverage, with the requirements hereof shall be evaluated by DGS, Office of Risk and Insurance Management.

(3) Lessee (or its general contractor) will furnish renewal Certificates of Insurance for the required insurance during the period of coverage required by this Work Letter. Lessee (or its general contractor) will furnish renewal Certificates of Insurance for the same minimum coverages as required in this Work Letter.

(4) County, its officers and employees shall be covered as additional insureds with respect to liability arising out of the activities by or on behalf of the named insured in connection with this Work Letter. All property insurance policies will contain a waiver of subrogation clause in favor of County.

(5) Each insurance policy supplied by Lessee (or its general contractor) must be endorsed to provide that the amount and type of coverage afforded to County by the terms of this Work Letter will not be suspended, voided, canceled or reduced in coverage or in limits except after thirty (30) days' prior written notice by mail to Lessee, County and any Leasehold Mortgagee (as defined in this Lease). Lessee and its general contractor shall provide County copies of any notice of cancellation or notice of nonrenewal for any insurance required herein, within five (5) days of Lessee's or its general contractor's receipt of any such notice.

(6) Lessee shall be responsible to pay any deductibles as a Project Cost. Any deductible, as it relates to coverage provided under this Work Letter, will be fully disclosed on the applicable Certificate of Insurance. Any deductible provided will be reasonable and customary for the type of risk.

(7) The limits of the commercial general liability insurance coverage shall be not less than five million dollars (\$5,000,000) per occurrence or per accident and ten million dollars (\$10,000,000) in the aggregate. All aggregates must be fully disclosed and the amount entered on the required Certificate of Insurance. The "per occurrence" limits of insurance required herein must be maintained in full, irrespective of any erosion of aggregate. A modification of the aggregation limitation may be permitted if it is deemed necessary and approved by County and Lessee.

(8) If Lessee fails to maintain any of the insurance coverages required herein, then County, after ten (10) days prior notice to

Lessee, may purchase replacement insurance or pay the premiums that are due on existing policies in order that the required coverages may be maintained. Lessee is responsible for any expenses paid by County to maintain such insurance and County may collect the same from Lessee.

(9) The insurance requirements specified herein do not relieve Lessee (or its general contractor) of its responsibility or limit the amount of its liability to County or other persons and Lessee is encouraged to purchase such additional insurance as it deems necessary.

(10) Lessee (or its general contractor) is responsible for and must remedy all damage or loss to any property, including property of County, caused in whole or in part by Lessee or its general contractor, any subcontractor or anyone employed, directed or supervised by Lessee; provided, however, neither Lessee nor any Leasehold Mortgagee shall be liable for any uninsured or underinsured loss relating to the Proposed Improvements or the Facilities, unless such loss is a result of Lessee's failure to obtain the insurance it is required to maintain under this Work Letter, in which event Lessee shall be liable for such loss and such loss shall not be a Project Cost. Lessee is responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with this Work Letter.

(11) Lessee and County agree and acknowledge that any Leasehold Mortgagee shall be named as an additional insured under any liability insurance policy relating to the Premises, Proposed Improvements, Facilities or otherwise required under this Work Letter. Lessee agrees to provide any Leasehold Mortgagee with appropriate Certificates of Insurance relating to all policies, as required by the agreements between Lessee and any Leasehold Mortgagee.

(12) Lessee, at its option, may satisfy its obligations hereunder to insure within the coverage of any so-called blanket or umbrella policy or policies of insurance which it now or hereafter may carry, by appropriate amendment, rider, endorsement or otherwise; provided, however, that the interests of County shall thereupon be as fully protected by such blanket or umbrella policy or policies as they would be if this option to so insure by blanket or umbrella policy were not permitted. Any premium costs for insurance required under this Work Letter or deductibles that are directly paid by Lessee, including the proportionate share of any blanket or umbrella policy premium, shall be a Project Cost.

2.3 Waiver of Subrogation. With respect to any property insurance policy issued to Lessee with respect to the Premises, Proposed Improvements, or Facilities, Lessee shall request its property damage insurance carrier to waive its subrogation rights against County and upon such waiver, Lessee releases County from liability for any loss or damage covered by such property insurance. Notwithstanding anything within this Lease which may state or imply anything to the contrary, Lessee acknowledges and accepts that County does not maintain commercial liability insurance coverage for motor vehicular and/or general liability claims.

3. Miscellaneous.

3.1 Binding Effect. This Work Letter shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, grantees, mortgagees, beneficiaries and under any deeds of trust (to the extent such beneficiary acquires the interest of Lessee under this Lease), administrators and executors.

3.2 Legal Fees. If action is brought by either party against the other party with respect to any alleged or actual breach or any disputes arising under this Work Letter, then each party hereto shall be responsible for its own legal fees, costs and expenses.

3.3 No Partnership. Nothing contained in this Work Letter shall be deemed or construed by the parties hereto, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between Lessee and County.

3.4 Notices. All notices, consents, requests, demands, approvals, waivers and other communications desired or required to be given hereunder (referred to collectively as "notices") shall be in writing and signed by the party so giving the notice, and shall be deemed effectively given or served as of the date hereinafter specified: (i) on the date of personal service upon the person to whom the notice is addressed, or if such person is not available the date such notice is left at the address of the person to whom it is directed; (ii) on the date the notice is received or rejected, provided it is sent prepaid, express or certified mail, return receipt requested; and (iii) on the date the notice is delivered by a courier service (including Federal Express or similar nationally-recognized commercial courier operation) to the address of the person to whom it is directed, provided it is sent prepaid, return receipt requested (if available). The current addresses of the signatories to this Work Letter are set forth below:

If to Lessee: _____, LLC
c/o Majestic Realty Co.
13191 Crossroad Parkway North
City of Industry, California 91746
Attn.: Ed Konjoyan

If to County: _____

Anyone entitled to receive notice hereunder may, from time to time, change its address for receiving notices by giving written notice thereof in the manner outlined above.

3.5 Breach. Any breach by either party under the terms of this Work Letter shall also be a breach under this Lease.

3.6 Counterparts. This Work Letter may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Receipt of facsimile signatures (regardless of the means of transmission) shall be as binding on the parties as an original signature.

[Intentionally left blank—signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Work Letter as of the _____ day
of _____, 20__.

LESSEE:

By: _____

Name: _____

Title: _____

COUNTY:

By: _____

Name: _____

Title: _____

**Attachment 1
to
Work Letter**

Proposed Improvements

[[To be supplied prior to Ground Lease execution in conformance with Entitlements]]

**Attachment 2
to
Work Letter**

Project Schedule

[[To be supplied prior to Ground Lease execution in conformance with Entitlements]]

EXHIBIT "C"

DESCRIPTION AND DEPICTION OF RPZ AREA (Page 1 of 2)

THE PORTION OF THE RUNWAY PROTECTION ZONE (RPZ) FOR RUNWAY 8R-26L, OF CHINO AIRPORT, LYING WITHIN SECTION 20, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS A TRAPEZOIDAL PARCEL WITH ITS WESTERLY BASE BEING 500.00 FEET IN LENGTH, AND ITS EASTERLY BASE BEING 1010.00 FEET IN LENGTH. A LINE SEGMENT RUNNING EAST TO WEST AT THE MIDPOINTS OF SAID BASES HAS AN OVERALL LENGTH OF 1700.00 FEET. SAID LINE SEGMENT IS COINCIDENT WITH AND A PROLOGNATION OF THE PHYSICAL CENTERLINE FOR SAID RUNWAY 8R-26L, HAVING A BEARING OF N89°19'41"E. SAID WESTERLY AND EASTERLY BASE LINES ARE PERPENDICULAR, MEASURED AT RIGHT ANGLES, TO THE SAID 1700.00 FOOT LINE SEGMENT. THE WESTERLY BASE OF SAID TRAPEZOIDAL PARCEL IS COINCIDENT WITH THE MOST EASTERLY TERMINUS OF THE RUNWAY BLAST PAD FOR SAID RUNWAY 8R-26L. SAID EXCEPTION PARCEL AFFECTS APPROXIMATELY 11.0 ACRES OF SAID LOTS.

DESCRIPTION AND DEPICTION OF RPZ AREA (Page 2 of 2)

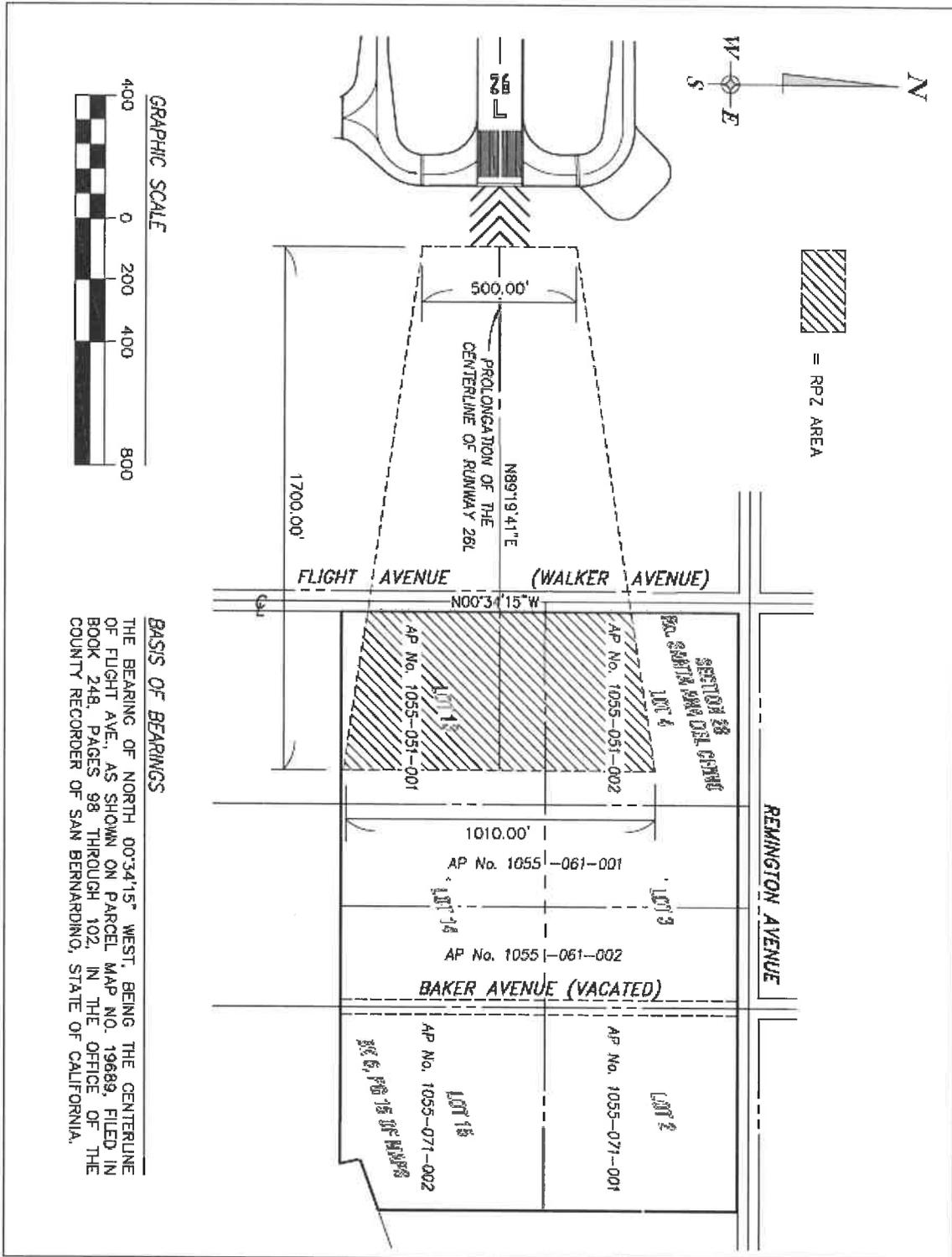


EXHIBIT "D"

FORM OF MONTHLY NET REVENUE CALCULATION STATEMENT

(Attached)

Exhibit "D"

Majestic Realty Co.

PROJECT NAME

Participating Ground Lease

Monthly Net Revenue Calculation Statement

December 31, 20XX

Total Revenue		XXX,XXX
Less: Debt Service		XX,XXX
Asset Management Fee		XX,XXX
Fixed Ground Rent (if applicable)		XX,XXX
Management Fee		XX,XXX
Other Project Costs, including:		XX,XXX
Operating expenses		XX,XXX
Maintenance & Operating Expense Reserve		XX,XXX
Capital Replacement Reserve		XX,XXX
Lessee's Post-Termination Duties Reserve		XX,XXX
Leasehold Mortgage Reserves (if applicable)		XX,XXX
Repayment of Equity Contributions		XX,XXX
Net Revenue		<u>XX,XXX</u>
Distribution:		
Ground Lessor	50%	XX,XXX

EXHIBIT “E”

[RESERVED]

EXHIBIT "F"

ANNUAL ACCOUNTING AND RENT STATEMENT FORM

(Attached)

Exhibit "F"

Majestic Realty Co.

PROJECT NAME

Participating Ground Lease

Annual Accounting and Rent Statement

20XX

Rental income	X,XXX,XXX
Tenant expense reimbursements received	XXX,XXX
Other income	XX,XXX
Prior year prepaid rent	XX,XXX
Current year prepaid rent	<u>(XX,XXX)</u>
Total Revenue	X,XXX,XXX
Debt Service	XXX,XXX
Asset Management Fee	XXX,XXX
Fixed Ground Rent (if applicable)	XXX,XXX
Management Fee	XXX,XXX
Other Project Costs, including:	
Operating expenses	XXX,XXX
Maintenance & Operating Expense Reserves	XXX,XXX
Capital Replacement Reserve	XXX,XXX
Lessee's Post-Termination Duties Reserve	XXX,XXX
Leasehold Mortgage Reserves (if applicable)	XXX,XXX
Repayment of Equity Contributions	XXX,XXX
Less: Ground Lessor's Share of Net Revenue	<u>(XXX,XXX)</u>
Total Deductions	X,XXX,XXX
Net Revenue	<u>XXX,XXX</u>
Amount that should be paid as Ground lease payments - 50%	XX,XXX
Actual amounts paid: Feb 20XX Jan 20XX	<u>XX,XXX</u>
Difference	<u> X</u>
Equity	
Balance of Equity at beginning of year	<u>XXX,XXX</u>
Equity Contributions	XXX,XXX
Repayments of Equity	(XXX,XXX)
Interest on Equity (at rate of ___%)	<u> ,XXX</u>
Balance of Equity at end of year	<u>XXX,XXX</u>

EXHIBIT "G"
ANNUAL OPERATING BUDGET FORM

(Attached)

ANNUAL OPERATING BUDGET

Property Name:
Partner Investment Number:

Property Type: INDUSTRIAL
Budget Year: 20XX

	Jan 20XX	Feb 20XX	Mar 20XX	Apr 20XX	May 20XX	Jun 20XX	Jul 20XX	Aug 20XX	Sep 20XX	Oct 20XX	Nov 20XX	Dec 20XX	Total CY
OPERATING INCOME:													
RENTAL INCOME:													
RENTAL INCOME - CASH	0	0	0	0	0	0	0	0	0	0	0	0	0
RENTAL INCOME - CONCESSIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
RENTAL INCOME - AMORTIZATION	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER PROPERTY INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RENTAL INCOME	0												
REIMBURSEMENT OF EXPENSES BY TENANTS													
CAPITAL REPLACEMENT RESERVES	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUE	0												
OPERATING EXPENSE:													
RECOVERABLE PROPERTY EXPENSE:													
REPAIRS AND MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
UTILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY & LIABILITY INSURANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
REAL ESTATE TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0
MANAGEMENT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL RECOVERABLE	0												
NON-RECOVERABLE PROPERTY EXPENSE:													
REPAIRS AND MAINTENANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
UTILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY & LIABILITY INSURANCE	0	0	0	0	0	0	0	0	0	0	0	0	0
REAL ESTATE TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0
MANAGEMENT FEES	0	0	0	0	0	0	0	0	0	0	0	0	0
ASSET MANAGEMENT FEE PAID TO GROUND LESSOR	0	0	0	0	0	0	0	0	0	0	0	0	0
GROSS RECEIPTS FEE	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL NON-RECOVERABLE	0												
PGL RENT TO GROUND LESSOR	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSE	0												
INCOME FROM OPERATIONS	0												
INTEREST EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
INCOME FROM OPERATIONS AFTER INTEREST	0												
OTHER INCOME/EXPENSE:													
DEPRECIATION EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORTIZATION EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER (INCOME)/EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME	0												
ADJUSTMENT OF NET INCOME TO NET CASH FLOW:													
NON-CASH ADJUSTMENTS TO NET INCOME:													
DEPRECIATION	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORTIZATION	0	0	0	0	0	0	0	0	0	0	0	0	0
ALLOWANCE FOR BAD DEBT	0	0	0	0	0	0	0	0	0	0	0	0	0
NON-CASH ADJUSTMENTS	0												
CHANGES IN OPERATING ASSETS & LIABILITIES:													
CHANGE IN ACCOUNTS RECEIVABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN INTERCOMPANY RECEIVABLES	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN PREPAID COMMISSIONS	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN PREPAID EXPENSE - OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN OTHER ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN CLEARING ACCOUNT	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN ACCOUNTS PAYABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN ACCRUED EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN OTHER LIABILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN SECURITY DEPOSITS PAYABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN INCOME TAXES PAYABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN DEFERRED LIABILITIES	0	0	0	0	0	0	0	0	0	0	0	0	0
CHANGE IN OPERATING ASSETS & LIABILITIES	0												
CAPITALIZED COSTS:													
UNDEVELOPED LAND	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION IN PROGRESS	0	0	0	0	0	0	0	0	0	0	0	0	0
LAND AND LAND IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0	0
TENANT IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER FIXED ASSETS	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZED COSTS	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITALIZED EXPENDITURES	0												
DEBT TRANSACTIONS:													
MORTGAGES PAYABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
CONSTRUCTION LOANS	0	0	0	0	0	0	0	0	0	0	0	0	0
LAND DEVELOPMENT LOANS	0	0	0	0	0	0	0	0	0	0	0	0	0
NOTES PAYABLE OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
PAYMENTS RECEIVED - NOTES RECEIVABLE	0	0	0	0	0	0	0	0	0	0	0	0	0
DEBT TRANSACTIONS	0												
DISTRIBUTIONS AND EQUITY TRANSACTIONS:													
EQUITY CONTRIBUTIONS BY GROUND LESSEE	0	0	0	0	0	0	0	0	0	0	0	0	0
NON - EQUITY DISTRIBUTIONS TO GROUND LESSEE	0	0	0	0	0	0	0	0	0	0	0	0	0
REPMNT OF EQUITY CONTRIBUTIONS TO GR LESSEE	0	0	0	0	0	0	0	0	0	0	0	0	0
DISTRIBUTIONS AND EQUITY TRANS TOTAL	0												
NET INCREASE (DECREASE) IN CASH	0												
CASH BALANCE - BEGINNING OF MONTH	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH BALANCE - END OF MONTH	0												

EXHIBIT "H"

FORM OF MEMORANDUM OF GROUND LEASE

(Attached)

**Recording requested by and
when recorded mail to:**

Majestic Realty Co.
13191 Crossroads Parkway North, 6th Floor
City of Industry, California 91746
Attention: Ed Konjoyan

Assessor's Parcel No. _____

(Space Above Line For Recorder's Use Only)

MEMORANDUM OF GROUND LEASE

THIS MEMORANDUM OF GROUND LEASE (this "Memorandum"), dated as of _____, 20__, is by and between SAN BERNARDINO COUNTY ("County"), and _____, LLC, a Delaware limited liability company ("Lessee").

RECITALS:

A. County is the owner of an approximately 46.2 acres of undeveloped land located at the Southeast corner of Remington Avenue and Flight Avenue in the City of Chino, San Bernardino County, California, and more particularly described on the attached Exhibit "A" (the "Premises").

B. County and Lessee entered into that certain Development Ground Lease, dated _____, 20__ (the "Ground Lease"), whereby County leased to Lessee the Premises.

C. County and Lessee desire to enter into this Memorandum, which is to be recorded in order that third parties may have notice of (i) the leasehold estate of Lessee in the Premises, (ii) the Ground Lease, and (iii) the other matters referred to herein. The undefined capitalized terms used in this Memorandum shall have the same meanings ascribed to such terms in the Ground Lease.

NOW, THEREFORE, County and Lessee, in consideration of the above recitals and other good and valuable consideration, do hereby enter into this Memorandum, as follows:

1. Grant of Lease. County hereby leases the Premises to Lessee, subject to the terms and conditions set forth in the Ground Lease.

2. Term. The term of the Ground Lease shall commence on January 1, 20__, and shall expire on December 31, 20__ (the "Term"), subject to extension as provided below. Lessee shall have two (2) options to extend the Term of the Ground Lease at the same rent and otherwise on

the same terms and conditions set forth in the Ground Lease for periods of seventeen (17) years each (each an "Option Term"). In order to exercise each such option, Lessee shall give County not less than one hundred eighty (180) days' notice, in writing, prior to the expiration of the original Term (in the case of the first option to extend) or the expiration of the first extension of the Term (in the case of the second option to extend). Notwithstanding the above, the Term of the Ground Lease shall be tolled while a lawsuit, referendum, moratorium, or initiative is pending that challenges or involves the Entitlements for the Premises, the development, occupancy and/or use of the Premises, or the County's authority to enter into the Ground Lease; provided, however, that if the Term of the Ground Lease is tolled pursuant to this sentence, then the length of the second Option Term (as defined below) shall be reduced by the equal number of days that the entire Term of the Ground Lease is tolled. For the sake of clarity, County and Lessee acknowledge and agree that in no event shall the entire Term of the Ground Lease exceed 99 years.

3. Incorporation by Reference. All the terms, conditions, provisions, and covenants of the Ground Lease are incorporated in this Memorandum by reference as though written out at length herein. In the event of any inconsistency between the terms and provisions of this instrument and the terms and provisions of the Ground Lease, the terms and provisions of the Ground Lease shall control.

4. Termination of Memorandum. This Memorandum shall automatically terminate, without the necessity of the execution of any further document or instrument, upon the date of the expiration or earlier termination of the Ground Lease. Although this Memorandum shall automatically terminate as set forth in the preceding sentence, Lessee, as required by Section 62 of the Ground Lease, shall execute and acknowledge a quit-claim deed in favor of County.

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

IN WITNESS WHEREOF, the parties hereto have set their hands or caused this Memorandum to be executed on the dates shown below, to be effective as of the day and date first above written.

COUNTY:

SAN BERNARDINO COUNTY

By: _____
Name: _____
Its: _____

LESSEE:

_____, LLC,
a Delaware limited liability company

By: MAJESTIC REALTY CO., a California
corporation, Manager's Agent

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(here insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

Legal Description of Premises

(To be updated once applicable lot line adjustment(s), parcel merger(s) and/or new parcel map is/are finalized)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CHINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 2, 3, 4, 13, 14 AND 15 OF SECTION 28 TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO MAP OF SUBDIVISION OF PART OF RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF RECORDED IN BOOK 6, PAGE 15 OF MAPS, RECORDS OF SAID COUNTY.

TOGETHER WITH ALL THAT PORTION OF VACATED BAKER AVENUE, AS SAME WAS VACATED BY RESOLUTION OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 27, 1961 IN BOOK 5337, PAGE 359 OF OFFICIAL RECORDS, WHICH WOULD PASS BY OPERATION OF LAW.

EXCEPTING THEREFROM ANY PORTION OF THE RUNWAY PROTECTION ZONE (RPZ) FOR RUNWAY 8R-26L, OF CHINO AIRPORT, LYING WITHIN SECTION 20, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRAPEZOIDAL PARCEL WITH ITS WESTERLY BASE BEING 500.00 FEET IN LENGTH, AND ITS EASTERLY BASE BEING 1010.00 FEET IN LENGTH. A LINE SEGMENT RUNNING EAST TO WEST AT THE MIDPOINTS OF SAID BASES HAS AN OVERALL LENGTH OF 1700.00 FEET. SAID LINE SEGMENT IS COINCIDENT WITH AND A PROLOGNATION OF THE PHYSICAL CENTERLINE FOR SAID RUNWAY 8R-26L, HAVING A BEARING OF N89°19'41"E. SAID WESTERLY AND EASTERLY BASE LINES ARE PERPENDICULAR, MEASURED AT RIGHT ANGLES, TO THE SAID 1700.00 FOOT LINE SEGMENT. THE WESTERLY BASE OF SAID TRAPEZOIDAL PARCEL IS COINCIDENT WITH THE MOST EASTERLY TERMINUS OF THE RUNWAY BLAST PAD FOR SAID RUNWAY 8R-26L. SAID EXCEPTION PARCEL AFFECTS APPROXIMATELY 11.0 ACRES OF SAID LOTS.

SAID PARCEL CONSISTS OF 46.2 ACRES, MORE OR LESS..

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EXHIBIT D

RIGHT OF ENTRY AGREEMENT

County of San Bernardino
Real Estate Services Department
385 N. Arrowhead Ave., 3rd Floor
San Bernardino, CA 92415-0180

RIGHT OF ENTRY AGREEMENT

In consideration of the mutual covenants and agreements herein set forth, the County of San Bernardino ("Licensor") and Majestic Realty Co., a California corporation ("Licensee") hereby agree to enter into this Right of Entry Agreement ("Agreement") on the following terms and conditions:

1. Licensor is the owner of certain real property, comprising approximately 57.37 acres of vacant land (APNs 1055-061-01, 1055-061-02, 1055-071-01, 1055-071-02, 1055-051-01 and 1055-051-02, referred to herein as "Licensee Property") located on the southeast corner of Remington Avenue and Flight Avenue in the City of Chino, as more particularly described in Exhibit "1", attached hereto and incorporated herein by reference.
2. Licensor hereby agrees to allow the Licensee and its employees, contractors, vendors, agents, and consultants (collectively, "Licensee Agents") to enter onto Licensor Property, during the period defined in Paragraph 3 below, to perform the scope of work for which is described in Exhibit "2" ("Licensee's Work"), attached hereto and incorporated herein by reference.
3. The term of this Agreement shall begin on the date of the mutual execution and delivery of this Agreement and shall terminate at 5:00 pm on July 31, 2021 ("Entry Period"). Licensor shall have the right to be present during the performance of Licensee's Work (provided that Licensor's failure to appear at a scheduled time shall not preclude Licensee from proceeding with the applicable Licensee's Work). Prior to the expiration of the Entry Period, Licensee shall repair all damage to the Access Area caused by Licensee and Licensee's Agents in the performance of Licensee's Work to as good a condition as existed prior to such damage, reasonable wear and tear excluded, and leave the Access Area free of trash and debris caused by Licensee or Licensee's Agents.
4. Licensee agrees to indemnify, defend (with counsel reasonably approved by Licensor) and hold harmless the Licensor and its authorized officers, employees, agents and volunteers (collectively, "Licensor Parties") from any and all claims, actions, losses, damages, and/or liability arising out of this License from the performance of Licensee's Work, including any claims alleging pollution or contamination resulting from the activities of the Licensee or any Licensee Agent with respect to exercising this License (but excluding the mere discovery of pollution or contamination), except (i) to the extent resulting from the negligence or willful misconduct of Licensor or any other Licensor Party, or (ii) where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees, except that Licensee's indemnification and other obligations under this Section 4 do not apply to the extent of Licensor's or any Licensor Party's gross negligence or willful misconduct. Licensor shall have no liability or obligation whatsoever with respect to any damage to or loss of any equipment or personal property of the Licensee.
5. Insurance Requirements:
 - A. Licensee shall comply and shall ensure that Licensee Agents comply with the insurance requirements set forth below. If Licensee or Licensee Agents use existing coverage to comply

with these requirements and that coverage does not meet the specified requirements of this Agreement, Licensee shall ensure that Licensee Agents shall amend, supplement, or endorse their respective existing coverage to do so. Without in anyway affecting the indemnity herein provided and in addition thereto, Licensee shall secure and maintain and shall ensure that Licensee Agents secure and maintain throughout the Agreement the following types of insurance with limits as shown below.

(1) Workers' Compensation/Employers Liability - A program of Workers' Compensation insurance or a state-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of Licensee and all risks to such persons under this Agreement.

If Licensee has no employees, it may certify or warrant to the Licensor that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the Licensor's Director of Risk Management.

If Licensee is a non-profit corporation, organized under California or Federal law, volunteers for Licensee are required to be covered by Workers' Compensation insurance.

(2) Commercial/General Liability Insurance - The Licensee shall carry General Liability Insurance covering all operations performed by or on behalf of the Licensee providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- (a) Premises operations and mobile equipment.
- (b) Products and completed operations.
- (c) Broad form property damage (including completed operations).
- (d) Explosion, collapse and underground hazards.
- (e) Personal injury
- (f) Contractual liability.
- (g) \$2,000,000 general aggregate limit.

(3) Automobile Liability Insurance - Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the Licensee is transporting one or more non-employee passengers for this Agreement, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If the Licensee owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

(4) Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury, and other liability covered by the primary policy. The coverage shall also apply to automobile liability.

B. Additional Insured - All policies, except for the Workers' Compensation, shall contain endorsements naming the Licensor and its officers, employees, agents and volunteers as

additional insureds with respect to liabilities arising out of this Agreement. The additional insured endorsements shall not limit the scope of coverage for the Licensor to vicarious liability but shall allow coverage for the Licensor to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

C. Waiver of Subrogation Rights – The Licensee shall require the carriers of required coverages to waive all rights of subrogation against the Licensor, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Licensee and Licensee's employees or agents from waiving the right of subrogation prior to a loss or claim. The Licensee hereby waives all rights of subrogation against the Licensor.

D. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the Licensor.

E. Deductibles and Self-Insurance Retention – Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared and evidenced on the Certificate of Insurance delivered to Licensor's Risk Management.

F. Severability of Interests – The Licensee agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured with respect to third party claims.

G. Proof of Coverage – The Licensee shall furnish Certificates of Insurance to the Licensor evidencing the insurance coverage, including endorsements, as required, prior to any entry of the Access Area, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to Licensor, and Licensee shall maintain such insurance from the time the Agreement commences until the expiration or earlier termination of the Agreement.

H. Acceptability of Insurance Carrier – Unless otherwise approved by the Licensor's Department of Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

I. Insurance Review – Insurance requirements are subject to periodic review by the Licensor. The Licensor's Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever the Licensor's Department of Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the Licensor. In addition, the Licensor's Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require higher coverage limits, provided that any such change is commercially reasonable and obtainable for like properties in similar circumstances.

Any such change requiring higher coverage limits must be made by amendment to this Agreement. Licensee agrees to execute any such amendment, or raise any objection, within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of Licensor to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the Licensor.

J. Failure to Procure Insurance. All insurance required must be maintained in force at all times by Licensee. Failure to maintain said insurance, due to expiration, cancellation, etc., shall be cause for the Licensor to give notice to immediately suspend all Licensee's ingress and egress of the Access Area or Licensee Conduit Work. Failure to reinstate said insurance within ten (10) business days of notice by Licensor to do so shall be cause for termination and for forfeiture of this Agreement, and/or Licensor, at its discretion, may procure similar insurance for Licensor's benefit and pay any and all premiums in connection therewith, and all monies so paid by Licensor shall be repaid by Licensee to Licensor upon demand.

K. Licensor shall have no liability for any premiums charged for such coverage(s). The inclusion of Licensor as additional named insured is not intended to and shall not make Licensor a partner or joint venturer with Licensee in Licensee's activities.

L. Licensee agrees to require all parties or subcontractors, or others it hires or contracts with related to this Agreement, including Licensee Agents, to obtain insurance coverages as determined by Licensee in the exercise of its commercially reasonable discretion. Licensee agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided as required herein.

M. All of the indemnity and insurance provisions set forth in Paragraphs 4 and 5 of this Agreement, respectively, are hereby deemed to be material provisions of this Agreement. However, any failure, actual or alleged, on the part of Licensor to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on part of Licensor.

6. Licensee and Licensee Agents must abide by all pertinent laws, rules, and regulations of the United States of America, State of California, County of San Bernardino, or any other duly constituted public authority having jurisdiction for the Licensor Property and Licensee's Work thereon.
7. Licensee acknowledges, and understands that the Licensor Property is provided in "AS IS" condition without any representations or warranties by Licensor.
8. This Agreement is the result of negotiations between the parties hereto. This Agreement is intended by the parties as a final expression of their understanding with respect to the matters herein and is a complete and exclusive statement of the terms and conditions thereof and supersedes all other prior agreement or understanding pertaining to the matters covered in this Agreement.
9. This Agreement shall not be changed, modified, or amended except as agreed in a written amendment to this Agreement executed by the parties.
10. Licensee shall be in default of this Agreement if the Licensee or Licensee Agents fail to perform any of its obligations in this Agreement and does not cure the same within the cure period specified in the immediately succeeding sentence. Any time Licensee is in default and does not remedy such default within five (5) business days after written notice to Licensee, or sooner in the case of an emergency, Licensor may, in its sole discretion, terminate this Agreement immediately upon written notice to Licensee.
11. The Licensee, Licensor, their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Agreement.

12. If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees arising from any third-party legal action against Licensee, including such costs and attorneys' fees payable pursuant to the indemnification set forth in Paragraph 4 of this Agreement.
13. Licensee agrees that it does not have and will not claim at any time any interest or estate of any kind or extent whatsoever in the Licensor Property, by virtue of this Agreement. Notwithstanding any provision of this Agreement to the contrary, in no event shall Licensor or Licensee have any liability under or in connection with this Agreement for consequential, punitive, special, exemplary or similar damages.
14. Licensee shall not have the right to assign or transfer this Agreement or the rights herein to any other person or entity. Any attempt to do so shall be deemed ineffective and shall be deemed a default under this Agreement.
15. Each party executing this Agreement represents and warrants that the individuals executing this Agreement on behalf of such party are duly authorized to execute this Agreement on behalf of their respective entity and that such execution will bind that entity to the terms of this Agreement.
16. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same agreement. For purposes of this Agreement, the parties shall be entitled to sign and transmit an electronic signature of this Agreement (whether by facsimile, PDF or other email transmission), which signature shall be binding on the party whose name is contained therein. Each party providing an electronic signature agrees to execute and deliver to the other party an original signed Agreement upon request. Unless expressly otherwise set forth in an amendment, any subsequent amendments to the Agreement shall be executed by original signatures only.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SAN BERNARDINO

By: 
Name: Terry W. Thompson, Director
Real Estate Services Department

Dated: April 5, 2021

MAJESTIC REALTY CO.,
a California corporation

By: 
Name: Edward P. Roski, Jr.
Title: President and Chairman

Dated: April 1st, 2021

APPROVED AS TO LEGAL FORM:

MICHELLE D. BLAKEMORE, County Counsel

By: 
Name: Robert F. Messinger
Title: Principal Assistant County Counsel

Dated: April 5, 2021

EXHIBIT 1

Licensor Property

Legal Description

Lots 2, 3, 4 and Lots 13, 14, 15 of Section 28, Township 2 South, Range 7 West, San Bernardino Base & Meridian, according to Map of Subdivision of Part of Rancho Santa Ana Del Chino, in the County of San Bernardino, State of California, as per plat map filed recorded in Book 6 of Maps, Page 15, records of said County.

Together with those portions of Baker Avenue, within said lots thereof, abandon by regular meeting of the County of San Bernardino Board of Supervisors on Tuesday, October 13, 1959; said abandonment filed in Book H of Road Deeds, Page 409, in the Office of the San Bernardino County Surveyor.

**APNs 1055-061-01, 1055-061-02, 1055-071-01, 1055-071-02, 1055-051-01 and 1055-051-02
(approximately 57.37 acres)**

EXHIBIT 2

Licensee's Work

1. Property survey, including setting markers for aerial photogrammetry
2. Biologist surveys, for various plants and animals
3. Cultural Resources survey, including historical, archeological and paleontological
4. Geotechnical survey, including borings, to verify soil type and construction suitability
5. Environmental Site Assessment (Phase I, and if needed a Phase II)

EXHIBIT E

MEMORANDUM OF ENTITLEMENT AND OPTION AGREEMENT

PREPARED BY, AND
WHEN RECORDED, MAIL TO:

c/o Majestic Realty Co.
13191 Crossroads Parkway North, 6th Floor
City of Industry, California 91746
Attn: Ed Konjoyan

MEMORANDUM OF ENTITLEMENT AND OPTION AGREEMENT

THIS MEMORANDUM OF ENTITLEMENT AND OPTION AGREEMENT is made as of the ____ day of _____ 202__, by and between SAN BERNARDINO COUNTY, whose address is 385 N. Arrowhead Ave., 3rd Floor, San Bernardino, CA 92415 (“County”), and _____, a _____, whose address is c/o Majestic Realty Co., 13191 Crossroads Parkway North, 6th Floor, City of Industry, California 91746 (“Developer”).

WITNESSETH:

1. County is the owner of certain real property located in San Bernardino County, California, as more particularly described in Exhibit “A” attached hereto and incorporated herein by reference (the “Property”).
2. Pursuant to the terms of that certain Entitlement and Option Agreement, dated _____, 2021, by and between County and Developer, (the “Agreement”), County has granted to Developer the right and option to entitle and lease the Property from County pursuant to a Participating Ground Lease Agreement (“PGL”). Upon exercise of the Option (defined in the Agreement) and execution and delivery of the PGL, Developer may develop, construct and operate light industrial facilities on the Property.
3. The term of the Agreement is twenty four (24) months, subject to possible extension for one hundred eighty (180) days upon satisfaction of certain conditions contained in the Agreement.
4. This Memorandum describes only selected provisions of the Agreement, and reference is made to the full text of the Agreement for the full terms and conditions thereof.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Entitlement and Option Agreement, as of the date first set forth above.

COUNTY:

SAN BERNARDINO COUNTY

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Title: _____

DEVELOPER:

_____,

a _____

By: _____,

a _____

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(here insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

Exhibit A
to
Memorandum of Entitlement and Option Agreement

Legal Description of the Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CHINO, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOTS 2, 3, 4, 13, 14 AND 15 OF SECTION 28 TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE AND MERIDIAN, ACCORDING TO MAP OF SUBDIVISION OF PART OF RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER PLAT THEREOF RECORDED IN BOOK 6, PAGE 15 OF MAPS, RECORDS OF SAID COUNTY.

TOGETHER WITH ALL THAT PORTION OF VACATED BAKER AVENUE, AS SAME WAS VACATED BY RESOLUTION OF THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA, A CERTIFIED COPY OF WHICH WAS RECORDED JANUARY 27, 1961 IN BOOK 5337, PAGE 359 OF OFFICIAL RECORDS, WHICH WOULD PASS BY OPERATION OF LAW.

EXCEPTING THEREFROM ANY PORTION OF THE RUNWAY PROTECTION ZONE (RPZ) FOR RUNWAY 8R-26L, OF CHINO AIRPORT, LYING WITHIN SECTION 20, TOWNSHIP 2 SOUTH, RANGE 7 WEST, SAN BERNARDINO BASE & MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRAPEZOIDAL PARCEL WITH ITS WESTERLY BASE BEING 500.00 FEET IN LENGTH, AND ITS EASTERLY BASE BEING 1010.00 FEET IN LENGTH. A LINE SEGMENT RUNNING EAST TO WEST AT THE MIDPOINTS OF SAID BASES HAS AN OVERALL LENGTH OF 1700.00 FEET. SAID LINE SEGMENT IS COINCIDENT WITH AND A PROLOGNATION OF THE PHYSICAL CENTERLINE FOR SAID RUNWAY 8R-26L, HAVING A BEARING OF N89°19'41"E. SAID WESTERLY AND EASTERLY BASE LINES ARE PERPENDICULAR, MEASURED AT RIGHT ANGLES, TO THE SAID 1700.00 FOOT LINE SEGMENT. THE WESTERLY BASE OF SAID TRAPEZOIDAL PARCEL IS COINCIDENT WITH THE MOST EASTERLY TERMINUS OF THE RUNWAY BLAST PAD FOR SAID RUNWAY 8R-26L. SAID EXCEPTION PARCEL AFFECTS APPROXIMATELY 11.0 ACRES OF SAID LOTS.

SAID PARCEL CONSISTS OF 46.2 ACRES, MORE OR LESS.

EXHIBIT F

TITLE EXCEPTIONS ON THE DEVELOPMENT LAND

EXCEPTIONS

AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:

A. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2021-2022.

B. There were no taxes levied for the fiscal year 2020-2021 as the property was vested in a public entity.

Tax Identification Nos.: 1055-061-01, 02; 1055-061-01, 02 ; and 1055-071-01, 02

C. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

2. Easement(s) in favor of the public over any existing roads lying within said Land.

3. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Southern California Edison Co., a Corporation
Purpose: poles and wires
Recording Date: April 23, 1912
Recording No: in Book 501, Page 149 of Deeds
Affects: Said land more particularly described therein

4. Easement(s) for the purpose(s) shown below and rights incidental thereto as reserved in a document:

Reserved by: Chino Land and Water Company
Purpose: pole lines, pipelines, railroads or tramways
Recording Date: June 30, 1926
Recording No: in Book 118, Page 143 of Official Records
Affects: Said land more particularly described therein

The exact location and extent of said easement is not disclosed of record.

5. This exception has been intentionally deleted.

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as reserved in a document:

Reserved by: County of San Bernardino
Purpose: existing rights of way of any and all public utilities and the right to construct, maintain, operate, replace, remove, renew, enlarge lines of pipe, conduits, cables, wires, poles and any other fixtures for the operation of lines for the distribution of water fuel or power
Recording Date: January 27, 1961
Recording No: in Book 5337, Page 359 of Official Records
Affects: That portion of vacated Baker Avenue

The exact location and extent of said easement is not disclosed of record.

**EXCEPTIONS
(Continued)**

7. Any boundary discrepancies, rights or claims which may exist or arise as disclosed by a Record of Survey Recorded in Book 18, Page 52 of Records of Survey
8. Covenants and restrictions imposed by a Land Conservation Contract executed pursuant to Section 51200 et seq. California Government Code (Williamson Act) authorizing the establishment of agricultural preserves. The use of the land within the preserve may be restricted by the contract to agricultural, recreational, open-space, and other approved compatible uses.
- Dated: February 24, 1972
Executed by: Jim Nyenhuis and Annie Nyenhuis and the County of San Bernardino
Recording Date: February 29, 1972
Recording No: in Book 7873, Page 89 of Official Records
- Affects: Said land more particularly described therein
9. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.
10. Any easements not disclosed by the public records as to matters affecting title to real property, whether or not said easements are visible and apparent.
11. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.
12. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.

The Company will require, for review, a full and complete copy of any unrecorded agreement, contract, license and/or lease, together with all supplements, assignments and amendments thereto, before issuing any policy of title insurance without excepting this item from coverage.

The Company reserves the right to except additional items and/or make additional requirements after reviewing said documents.

PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.

END OF EXCEPTIONS
