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Attention: Sam S. Balisy, Esq.

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TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND
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PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

LEASE AGREEMENT

by and between

INLAND VALLEY DEVELOPMENT AGENCY,
as Lessor

and

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT,
as Lessee

Dated as of _____, 2021

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EXHIBIT A DEFINITIONS

EXHIBIT B LEGAL DESCRIPTION OF SITE

EXHIBIT C RENTAL PAYMENTS

EXHIBIT D MEMORANDUM OF LEASE COMMENCEMENT AND TERMINATION DATE

EXHIBIT E WORK LETTER

EXHIBIT F PREVAILING WAGE REQUIREMENTS

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”), is made and entered into as of the ____ day of _____, 2021, by and between **INLAND VALLEY DEVELOPMENT AGENCY**, a joint exercise of powers agency established pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “JPA Act”) and that certain Amended Joint Exercise of Powers Agreement (Inland Valley Development Agency), dated as of February 12, 1990, by and among the City of San Bernardino, the City of Colton, the City of Loma Linda and the County of San Bernardino, as amended (with its successors and assigns, hereinafter referred to as the “Lessor”), and the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**, a fire protection district created pursuant to the Fire Protection District Law of 1987 (Part 2.7 of Division 12 of the California Health and Safety Code) governed *ex officio* by the San Bernardino County Board of Supervisors (with its successors and assigns, hereinafter referred to as the “Lessee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in Exhibit A hereto.

WITNESSETH:

WHEREAS, the Lessee acknowledges that the leasing, operation and maintenance of facilities to accommodate the Lessee’s governmental functions is properly the Lessee’s burden;

WHEREAS, the Lessee desires to lease a building and accompanying parking facilities to house various functions of the Lessee;

WHEREAS, the Lessor owns the real property located at 1111 East Mill Street, Building 2, San Bernardino, California 92408, which consists of an approximately 4.86 acre parcel of land and an approximately 79,834 square foot building, located at the southwest corner of Mill Street and Tippecanoe Avenue;

WHEREAS, the Lessee desires to lease the Premises to serve as the Lessee’s headquarters and the Lessor agrees to cause the design, development, construction, improvement, equipping and furnishing of the Premises and to lease the Premises to the Lessee pursuant to the terms of this Lease Agreement;

WHEREAS, as consideration for the Lessee’s use and possession of the Premises, the Lessee agrees to make certain Rental Payments consisting of Base Rent payments, Supplemental Rent payments and Additional Rent payments to the Lessor, or an assignee thereof, during the term of this Lease Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Lease Agreement.

NOW THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises contained in this Lease Agreement, the Lessor and the Lessee agree as follows:

Section 1. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants to the Lessor as follows:

(a) ***Due Organization and Existence.*** The Lessee is a special district established pursuant to San Bernardino County Local Agency Formation Commission Resolution No. 2986/2989, adopted on January 16, 2008, and is duly organized and validly operating as such under the Constitution and laws of the State.

(b) ***Authorization, Enforceability.*** The Constitution and laws of the State authorize the Lessee to enter into this Lease Agreement and to carry out its obligations under this Lease Agreement, and the Lessee has duly authorized the execution and delivery of this Lease Agreement. This Lease Agreement constitutes a legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally or limitations on legal remedies against governmental entities such as the Lessee in the State.

(c) ***No Violations.*** None of the execution and delivery of this Lease Agreement or the fulfillment of or compliance with the terms and conditions hereof conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee, which conflict, breach, default, creation or imposition would have a material adverse effect on the Lessee's ability to perform its obligations hereunder.

(d) ***Execution and Delivery.*** The Lessee has taken all actions required to authorize and execute this Lease Agreement in accordance with the Constitution and laws of the State and all acts, conditions and things required by the Constitution and statutes of the State to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery by the Lessee of this Lease Agreement, do exist, have happened and have been performed in due time, form and manner as required by law.

(e) ***Binding Effect.*** Assuming due authorization, execution and delivery by the Lessor, this Lease Agreement constitutes the legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms, subject, as to enforceability, to applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(f) **No Default.** The Lessee is not, in any material respect, in violation of any applicable law or administrative regulation of the State or of the United States of America, relating, in each case, to the issuance of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject.

(g) **Litigation.** There is no action, suit or proceeding against, or to the knowledge of the Lessee threatened against or affecting, the Lessee before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could materially adversely affect the financial condition of the Lessee or which in any manner draws into question the validity or enforceability of this Lease Agreement.

(h) **Legislation.** No legislation has been enacted which would materially adversely affect or prohibit (i) the execution and delivery of this Lease Agreement, or (ii) the performance by the Lessee of its obligations under this Lease Agreement.

(i) **Hazardous Materials.** The Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of Hazardous Materials on the Premises.

Section 2. Representations, Covenants and Warranties of the Lessor. The Lessor represents, covenants and warrants to the Lessee as follows:

(a) **Due Organization and Existence; Authorization, Enforceability.** The Lessor is a joint exercise of powers agency, existing and in good standing under and by virtue of the laws of the State, and has the full power to enter into this Lease Agreement and to enter into the transactions contemplated by and to carry out its obligations under this Lease Agreement; is possessed of full power to own and hold real and personal property, and to lease the same; and the Lessor has duly authorized the execution and delivery of this Lease Agreement. This Lease Agreement constitutes a legal, valid and binding obligation of the Lessor, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(b) **No Violations.** None of the execution and delivery of this Lease Agreement or the fulfillment of or compliance with the terms and conditions hereof, conflicts with or results in a breach of the terms, conditions or provisions of the Act or provisions of any restriction or any agreement or instrument to which the Lessor is now a party or by which the Lessor is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessor, which conflict, breach, default, creation or imposition would have a material adverse effect on the Lessor's ability to perform its obligations hereunder.

(c) ***Execution and Delivery.*** The Lessor has taken all actions required to authorize and execute this Lease Agreement in accordance with the Act and other laws of the State and all acts, conditions and things required by the Act and other laws of the State to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery by the Lessor of this Lease Agreement, do exist, have happened and have been performed in due time, form and manner as required by the Act and by other laws of the State.

(d) ***Zoning Laws and Regulations.*** The facilities that comprise the Premises, when fully completed, will comply with all applicable building and zoning laws and regulations, the use of such facilities will not violate any zoning, building or other ordinance, regulation, law, restrictive covenant or agreement applicable thereto, and the Lessor will promptly apply for or cause to be applied for, and secure or cause to be secured, any necessary land use approvals pertaining to such facilities. The Premises will be subject to an aviation easement, substantially in the form attached hereto as Exhibit G. The Lessee's proposed office use of the Premises ensures airport land use compatibility in compliance with the State of California Department of Aeronautics and Federal Aviation Administration requirements.

(e) ***Permits and Licenses.*** All building permits and other permits, certificates, licenses and authorizations, if any, required or necessary for completion of the Premises and for the use of the facilities that comprise the Premises for their intended uses have been obtained or will be obtained in a timely manner, and all such permits, certificates, licenses and other authorizations shall be valid and effective on the Lease Commencement Date. On and after the Lease Commencement Date, the Lessor shall, at the written direction and expense of the Lessee, exercise any right the Lessor has, contractual or otherwise, to cause compliance with all conditions and requirements necessary to preserve such permits, certificates, licenses and other authorizations.

(f) ***Utility Services.*** All utility services (including water, gas, electric, telephone, broadband and storm and sanitary sewer facilities) necessary for the operation of the facilities that comprise the Premises for their intended purposes are available, or will be made available, to such facilities, and the Lessor has procured or will use all commercially reasonable efforts to procure and exercise any right, contractual or otherwise, to cause to be procured from the appropriate governmental and quasi-governmental authorities, all necessary connection and discharge arrangements for the supply of water, gas, electricity and other utilities and for sewage and waste disposal.

(g) ***Easements.*** The Lessor has acquired or will acquire all easements, rights of way and other rights in, to, over and under such property as may be reasonably necessary for ingress and egress to the facilities that comprise the Premises, for proper operation and utilization of such facilities and for utilities required to serve such facilities.

(h) ***Environmental Laws.*** The use of the Premises, as they are proposed to be operated by the Lessee, shall comply with all applicable zoning, development, pollution control, water conservation, environmental, and other laws, regulations, rules and

ordinances of the federal government and the State and their respective agencies in effect as of the Lease Commencement Date.

(i) ***Hazardous Materials Laws.***

(i) As of the Lease Commencement Date, the Premises shall comply in all material respects with all applicable Hazardous Materials Laws.

(ii) Neither the Lessor nor the Premises is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Hazardous Materials Laws or to respond to a release of any Hazardous Materials into the environment.

(iii) The Lessor does not have any material contingent liability with respect to the Premises in connection with any release of any Hazardous Materials into the environment in violation of Hazardous Materials Laws.

(iv) Except as described in writing delivered to the Lessee, including, without limitation, the Environmental Reports delivered to the Lessee and attached hereto as Exhibit H, (i) neither the Lessor nor, to the knowledge of the Lessor, any other Person, has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, under or at the Premises or any part thereof in violation of applicable Hazardous Materials Laws, (ii) no part of the Premises previously contained and does not contain any underground storage tanks other than in compliance with all applicable Hazardous Materials Laws, and (iii) no part of the Premises has ever been used by the Lessor or, to the knowledge of the Lessor, by any other Person, as a temporary or permanent storage or disposal site for any Hazardous Materials in violation of applicable Hazardous Materials Laws.

(v) As of the Lease Commencement Date, the Lessor has complied in all material respects with all Hazardous Materials Laws applicable to the Premises.

(j) ***Covenants with Respect to the Site.*** The legal description of the Site is true and correct as set forth in Exhibit B to this Lease Agreement.

Section 3. Lease of Premises; Completion of Premises.

(a) ***Lease of Premises.*** The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, and upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, the Premises.

(b) ***Completion of Premises.*** The Lessor covenants and agrees to complete and deliver the Premises in accordance with and in the manner set forth in the Work Letter, substantially in the form set forth in Exhibit E attached hereto and incorporated herein by reference upon execution thereof. The Lessee covenants and agrees to deliver a

Certificate of Acceptance to the Lessor and the Trustee upon Substantial Completion of the Tenant Improvements in accordance with Section 8.1 of the Work Letter (as each such term is defined in the Work Letter). In the event the Lessor fails to achieve Substantial Completion of the Tenant Improvements and the Furniture, Fixtures and Equipment by the Substantial Completion Deadline (as defined in the Work Letter) and the Lessee incurs any cost to complete the Tenant Improvements in accordance with the Work Letter or the Lessor fails to pay to the Lessee any liquidated damages specified in Section 10.1.1 of the Work Letter, the Lessee shall be entitled to offset any such amounts against the Supplemental Rent payments component of Rental Payments due to the Lessor until the Lessee shall have recovered all of such costs and/or liquidated damages.

(c) ***Quiet Possession.*** The Lessee shall have quiet possession of the Premises for the Lease Term subject to all the provisions in this Lease Agreement. So long as the Lessee is not in default under this Lease Agreement, if any mortgage or deed of trust on the fee interest in the real property portion of the Premises is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease Agreement shall nevertheless remain in full force and effect and the Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to the Lessor, attorn to and become the Lessee of the successor in interest to the Lessor.

Section 4. Lease Term. The Lease Term begins on the Lease Commencement Date and shall terminate on the Lease Termination Date, or at such time as the Premises, or so much thereof as to render the remainder of the Premises unusable, shall be taken by eminent domain as provided in Section 8 hereof. If the Rental Payments hereunder are abated at any time during the Lease Term as a result of an abatement as provided in Section 8 hereof, such that on the Lease Termination Date (other than a Lease Termination Date as a result of a default by the Lessee), all of the Rental Payments shall not be fully paid, or provision therefor made in accordance with the terms hereof, then in each such event, the Lease Termination Date shall not occur and the Lease Term shall be automatically extended for a period of time equal to the time period from and after the date that Rental Payments are abated under this Lease Agreement to the date that the Lessee resumes payments of the Rental Payments due hereunder until the date upon which all Rental Payments shall be fully paid, or provision therefor made, except that the Lease Term shall in no event be extended more than 10 years beyond the Lease Termination Date specified in paragraph (a) of the definition thereof.

Section 5. Transfer of Title. Upon the termination of the Lease Term as provided in Section 4 hereof, all right, title and interest of the Lessor in the Premises shall terminate and shall be transferred directly to and vested in the Lessee or, at the option of the Lessee, to any assignee or nominee of the Lessee of whom Lessor is notified in writing, in accordance with the provisions of this Lease Agreement. In furtherance of the foregoing, and concurrently with any payment required by the Lessee under this Lease Agreement to terminate the Lease Term, the Lessor shall execute and deliver a form of termination agreement, grant or quitclaim deed with respect to the real property comprising part of the Premises and a bill of sale with respect to all personal property comprising part of the Premises, each in form and substance sufficient to transfer the Lessor's right, title and interest in the Premises to the Lessee. From and after the recordation of the termination agreement, grant or quitclaim deed in the Official Records of San

Bernardino County and the effectiveness of the bill of sale, the Lessor shall be fully released from all obligations under this Lease Agreement but for those which expressly survive the expiration of the Lease Term. The Lessee covenants and agrees to pay all costs in connection with the transfer of title to the Premises as contemplated herein including, the cost of title insurance, any transfer or recordation fees, escrow fees, and all other reasonable and customary costs and expenses of the Lessor and the Trustee.

Section 6. Rental Payments. This Lease Agreement is a triple net lease and the Lessee hereby agrees that, except as otherwise specifically provided in this Lease Agreement, the Rental Payments are an absolute net return to the Lessor, free and clear of any expenses, charges or set-offs whatsoever.

(a) ***Rental Payments.*** The Lessee hereby agrees, subject to the provisions of Section 8 hereof, to pay Base Rent payments and Supplemental Rent payments, each after receipt of invoice therefor, in the amounts as set forth in Exhibit C hereto, for the use and possession of the Premises during the Lease Term. The Base Rent payments and Supplemental Rent payments shall be payable in monthly installments and due in advance on the first day of each and every month commencing on the first day of the month immediate succeeding the month in which the Lease Commencement Date occurs and continuing thereafter throughout the Lease Term, without prior demand, offset or deduction. If any date on which Base Rent payments and Supplemental Rent payments is originally due under this Lease Agreement is not a Business Day, then such payment shall be due and payable on the next succeeding Business Day. On and after the date that interest on the Bonds is determined to be taxable solely as a result of the breach by the Lessee of its covenants in Section 7(g) hereof, the interest component of the Base Rent payments shall be calculated using the Taxable Rate.

(b) ***Additional Rent.*** In addition to the payments set forth in subsection (a) of this Section, commencing on the Lease Commencement Date and continuing thereafter throughout the Lease Term, the Lessee hereby agrees, subject to the provisions of Section 8 hereof, to pay as Additional Rent payments for the use and possession of the Premises:

- (i) Operating Costs;
- (ii) Utility Costs (to be paid to utility);
- (iii) Taxes (not to include property transfer taxes resulting from the transfer of the Site from the Lessor to the Assignee);
- (iv) Insurance Premiums;
- (v) Indemnification Claims;
- (vi) Bond Related Charges; and
- (vii) All other necessary costs and expenses required to operate and maintain the Premises in accordance with this Lease Agreement.

(c) ***Delinquent Rental Payments.*** Should the Lessee fail to pay any part of the Rental Payments herein within 15 days from the due date thereof, the Lessee shall upon the Lessor's written request, pay interest on such delinquent Rental Payment from the date said Rental Payment was due until paid at the Default Rate.

(d) ***Consideration.*** The Lessee and the Lessor have agreed and determined that the Rental Payments due under this Lease Agreement in each Lease Year represent fair consideration for the beneficial use and possession, and the continued quiet use and enjoyment, of the Premises by the Lessee for and during such Lease Year. In making such determination, consideration has been given to the value of the Premises, other obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Premises and the benefits therefrom which will accrue to the Lessee and the general public by reason of the Lessee's use and possession of the Premises.

(e) ***Covenant to Budget and Annually Appropriate.*** The Lessee hereby covenants to take such action as may be necessary to include all Rental Payments due and payable hereunder in its annual budget and to make the necessary annual appropriations for all such Rental Payments. The covenants on the part of the Lessee herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the Lessee to carry out and perform the covenants and agreements on the part of the Lessee contained in this Lease Agreement. The obligation of the Lessee to make Rental Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. The obligation of the Lessee to make Rental Payments does not constitute indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(f) ***No Withholding, Setoff or Counterclaim.*** The Lessee's obligation to make Rental Payments in the amounts and on the terms and conditions specified hereunder shall be absolute and unconditional without any right of setoff or counterclaim, subject only to the provisions of Sections 8 and 10 hereof.

(g) ***Payments of Base Rent, Supplemental Rent and Bond Related Charges.*** The Lessor and the Lessee agree that Base Rent payments, Supplemental Rent payments and Bond Related Charges shall be paid by the Lessee directly to the Trustee for application by the Trustee pursuant to the Indenture. Upon payment by the Lessee of the Base Rent payments, Supplemental Rent payments and Bond Related Charges to the Trustee, the Lessee's obligations with respect to such payments shall be deemed to be satisfied under this Lease Agreement.

Section 7. Use of Premises.

(a) ***Limitations on Use of Premises.***

(i) The Lessee shall use the Premises as its headquarters facility or for any other governmental purpose of the Lessee without restriction as to the days or hours of any such use.

(ii) Subject to subsection (g) of this Section and applicable laws, rules and regulations and any recorded restrictions or matters then affecting the Premises, the Lessee may use the Premises for any other lawful purposes as the Lessee may desire. Not later than sixty (60) days prior to the change in use of the Premises, the Lessee shall notify the Lessor of such proposed change in use with sufficient information related to the change in use. Prior to the effective date of the Lessee's change in use under this subsection (a)(ii), the Lessee shall deliver or cause to be delivered to the Lessor and the Trustee a Favorable Opinion of Bond Counsel with respect to such change in use. All costs incurred by the Lessor, the Trustee and the Lessee in connection with any change in use permitted hereunder shall be paid by the Lessee prior to or concurrently with the effective date of such change in use including, without limitation, costs, fees and expenses (including reasonable attorneys' fees) in obtaining a Favorable Opinion of Bond Counsel.

(b) ***Conduct of Operations.*** The Lessee covenants to conduct its operations in such a manner as to keep the sidewalks, driveways, and passageways on or adjacent to the Premises, and the entrance and stairs to the Premises, clean and free of dirt, debris, obstacles, graffiti, and any substance or condition which would endanger persons using the sidewalks, driveways, or passageways.

(c) ***Chemicals, Nuisance and Hazardous Materials.*** The Lessee covenants not to injure, overload the capacity of the Building, or deface the Premises, nor permit on the Premises any inflammable fluids or chemicals (other than fluids and chemicals customarily used for cleaning purposes and in connection with the Lessee's operation) or any nuisance or emission therefrom of any objectionable noise or odor, nor permit any use of the Premises which is improper, offensive, contrary to law or ordinance, or liable to invalidate (or increase the premiums for) any insurance on the Premises or its contents above what would normally apply in light of the intended uses of the Premises or liable to render necessary any alterations or additions to the Premises. Unless otherwise permitted by law and by virtue of the Lessee's intended use of the Premises, the Lessee shall not permit to be released on the Premises any Hazardous Materials.

(d) ***Safe and Sanitary Condition.*** The Lessee covenants to keep or cause to keep the Premises in a safe and sanitary condition and to comply with and to keep the Premises in compliance with, all legal and insurance requirements now or hereafter existing and as required by the use and possession of the Premises by the Lessee.

(e) ***Misuse of Premises.*** The Lessee shall not itself use or permit any other person to use the Premises, or any portion thereof, for any purposes which may materially damage or harm the Premises or any improvements on, or the image or attractiveness thereof, or for any improper or offensive use or purpose, or in any manner which shall constitute material waste, nuisance or public annoyance. The Lessee shall comply with, and use its best efforts to cause all persons using or occupying any part of the Premises to

comply in all material respects with, all public laws, ordinances and regulations from time to time applicable thereto and to operations thereon. The Lessee covenants and agrees that on and after the Lease Commencement Date, the Lessee shall thereafter continuously and uninterruptedly use, occupy and do business in the whole of the Premises.

(f) ***Employees, Agents, Invitees and Visitors.*** The Lessee covenants not to permit any employees, agents, subtenants, invitees, or visitors of the Lessee to violate in any material respect any covenant or obligation of the Lessee hereunder.

(g) ***Tax Covenant.*** The Lessee hereby covenants and agrees not to make any use of the Premises which would cause the Bonds to be “federally guaranteed” under Section 149(b) of the Code or “private activity bonds” as described in Section 141 of the Code or to take or omit to take any action which would result in the interest on the Bonds being included in gross income of the owners thereof for federal income tax purposes. Other than this Lease Agreement, no other governmental obligations of the Lessee are being sold, entered into or issued at substantially the same time and sold pursuant to a common plan of financing which will be paid out of (or have substantially the same claim to be paid out of) substantially the same source of funds as the Rental Payments. The Lessee does not expect that the Premises will be purchased and subsequently sold or otherwise disposed of before the last scheduled Base Rent payment due under this Lease Agreement. The Lessee has not created or established, and the Lessee does not expect that there will be created or established, any sinking fund, pledged fund or similar fund, including, without limitation, any arrangement under which money, securities or obligations are pledged directly or indirectly to secure the payment of the Base Rent payments. In the event that interest with respect to the Bonds is determined to be includable in gross income of the owners thereof solely as a result of a breach by the Lessee of the covenants in this subsection, the Lessee shall be solely responsible for the payment of any penalty or settlement amount and the costs incurred by the Lessor, the Authority and the Trustee in connection with such review and determination. The Lessee shall have the right to participate in the discussions and settlement negotiations relating to the determination that the interest on the Bonds is taxable due solely to a breach by the Lessee of the covenants in this subsection. The Lessee covenants and agrees to provide access to the Premises and any information necessary to evaluate the Lessee’s compliance with the covenants contained in this Section. The Lessee covenants and agrees to execute and deliver a tax certificate concurrently with the execution and delivery of the Bonds in form and substance reasonably satisfactory to the Lessee in order to permit bond counsel in connection with the initial issuance of the Bonds to opine that the interest on the Bonds is excluded from gross income for federal income tax purposes. The Lessor and the Lessee hereby agree that the Lessee shall have no responsibility for the determination that interest on the Bonds is taxable other than due to the actions or inactions of the Lessee as set forth in this Lease Agreement and the Lessee’s tax certificate referenced above.

(h) ***Weight Limitations.*** The Lessee shall not exceed the weight limitations for the Premises prescribed by the plans and specifications provided by the Lessor and shall locate safes and other heavy equipment or items in the Premises so as to distribute

weight in a manner suitable for the Premises. All damages to the Premises caused by the installation or removal of any property of the Lessee, or done by a Lessee's property while on the Premises shall be repaired at the expense of the Lessee.

(i) ***Theft or Loss.*** Except for any theft or loss caused by the Lessor or the Lessor's employees, agents, contractors or consultants or by the Lessor's wrongful misconduct or negligence or the wrongful misconduct or negligence of the Lessor's employees, agents, contractors or consultants, the Lessor will not be responsible for personal property, money or jewelry lost or stolen from the Premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.

Section 8. Abatement. During any period in which, by reason of material damage, destruction, title defect, or condemnation, there is substantial interference with the use and possession by the Lessee of any portion of the Premises, Rental Payments due hereunder with respect to the Premises shall be abated to the extent that the total fair rental value of the portion of the Premises in respect of which there is no substantial interference is less than the remaining scheduled Rental Payments, in which case the Rental Payments shall be abated only by an amount equal to the difference. Such abatement shall continue for the period commencing with the date of such damage, destruction, title defect or condemnation and end with the restoration of the Premises or portion thereof to tenantable condition or correction of title defect or substantial completion of the work of repair or replacement of the portions of the Premises so damaged, destroyed, defective or condemned. For purposes of determining the annual fair rental value available to pay Rental Payments, annual fair rental value of the Premises shall first be allocated to Base Rent payments payable under this Lease Agreement.

Any abatement of Rental Payments pursuant to this Section shall not be considered an Event of Default as defined in Section 13 hereof, but shall result in the extension of the Lease Term by a period equal to the period of abatement for which Rental Payments have not been paid in full (but in no event later than 10 years after the Lease Termination Date), and Rental Payments for such extension period shall be equal to the unpaid Rental Payments during the period of abatement but without interest thereon. The Lessee waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate this Lease Agreement by virtue of any such interference and this Lease Agreement shall continue in full force and effect.

In the event that Rental Payments are abated, in whole or in part, pursuant to this Section due to damage, destruction, title defect or condemnation of any part of the Premises and the Lessee is unable to repair, replace or rebuild the Premises from the proceeds of insurance, if any, the Lessee agrees to apply for and to use its best efforts to obtain any appropriate State and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Premises.

The Lessee hereby acknowledges and agrees that during any period of abatement with respect to all or any part of the Premises, the Lessee shall use the proceeds of rental interruption insurance to make Rental Payments.

Section 9. Lessee's Fixtures. The Lessee and any sublessee may at any time and from time to time in its sole discretion, and at its sole expense, install or permit to be installed, additional items of equipment or other personal property in or upon the Building in addition to the Furniture, Fixtures and Equipment which are initially installed by the Lessor as part of the Premises, provided such installation does not affect the building systems or structural portions of the Premises. All such additional equipment or other personal property shall remain the sole property of the Lessee. The Lessor agrees that the Lessee may remove, at its own expense, at any time during the Lease Term, any or all of such equipment or other personal property of the Lessee; provided, however, that the Lessee shall, at its own expense, repair any damage to the Building caused by such removal.

Section 10. Warranty.

(a) The Lessor warrants that the entire Premises shall be free of defects and all building systems shall be fully operational in accordance with manufacturers' specifications for a period of one year from the Lease Commencement Date (the "Warranty Period"). If a defective item or component of the Premises requires repair or replacement within the Warranty Period, the Lessor shall, at its sole cost and expense, repair or replace such defective item or component. The Lessor agrees to obligate any general or subcontractor hired by the Lessor to warranties and guarantees of workmanship imposed by state law or state agency at the time of contracting, including, without limitation, written manufacturer's warranty for the heating, ventilation and air conditioning system. Following the Warranty Period, the Lessor shall assign or cause to be assigned to the Lessee any warranty and guarantee of any contract or subcontract for the construction, installation, equipping and furnishing of the Premises. Notwithstanding anything herein to the contrary, in the event the Lessor fails to perform its obligations pursuant to this subsection (a), the Lessee may, following prior written notice to the Lessor specifying the nature of such failure, withhold amounts due the Lessor as Supplemental Rent payments, and apply such withheld amounts as an offset to any costs incurred by the Lessee or its representative in undertaking the obligations imposed on the Lessor pursuant to this subsection (a). All amounts received by the Lessor or the Lessee from the enforcement of any warranty or guaranty shall be applied to the repair or replacement of the defective item or component.

(b) In the event that any portion of the Premises shall require repair or replacement during the Warranty Period, the Lessee shall deliver written notice to the Lessor specifying in detail the required repair or replacement. In the event the Lessor should fail, neglect or refuse to seek and diligently pursue any permits required or otherwise to commence the repair or replacement of any damaged or defective portion of the Premises within thirty (30) days after written notice has been delivered to the Lessor by the Lessee, the Lessee shall provide written notice to the Trustee of the Lessor's failure to seek and diligently pursue any permits required or otherwise to commence such repair and replacement. Within ten (10) Business Days of the receipt of such written notice, the Trustee shall notify the Lessee of the actions to be taken by or at the direction of the Trustee to seek and diligently pursue any permits required or otherwise to commence such repair and replacement. In the event the Trustee is unable to seek and diligently pursue any permits required or otherwise to commence such repair and

replacement, the Lessee shall have the right to undertake the repair and replacement of the defective item or component of the Premises and to deduct the cost of such repair or replacement from the Supplemental Rent payments due to the Lessor.

(c) In the event that during the Warranty Period any damaged or defective component of the Premises results in an emergency, upon the Lessor's failure, neglect or refusal to seek and diligently pursue any permits required to commence the repair or replacement of any such damaged or defective portion of the Premises, or fail, neglect or refuse to pursue said repair or replacement work with reasonable diligence to completion, within 24 hours or such longer period of time as may be reasonable under the circumstances, after notice has been delivered by the Lessee, the Lessee, at its sole election, may repair or replace such damaged or defective component of the Premises and deduct the cost of such repair or replacement from the Supplemental Rent payments due to the Lessor.

(d) The term "commence" means that the Lessor shall show reasonably satisfactory progress in performing the work or, if required, in procuring any required permits and entering into contracts in pursuance of doing the work. An "emergency" means (a) a situation creating an immediate risk to life, health or safety or (b) the Premises or a portion thereof being rendered unusable because of a utility disruption, including, without limitation, the HVAC system, water, electricity or sewer lines or more than one elevator in the Building being inoperable.

(e) In the event that during the Warranty Period the Lessee undertakes the repair or replacement of a defective component of the Premises following the Lessor's failure or refusal to complete such repair or replacement, the Lessee shall provide the Lessor and the Trustee with a detailed accounting of the costs of such repair and replacement within forty-five (45) days of the completion of the repair and replacement. The Lessee shall, to the extent permitted by law, defend, indemnify and hold the Lessor harmless from any and all claims, damages, judgments, suits, causes of action or liabilities in connection with the Lessee's exercise of its rights to repair or replace a defective component of the Premises pursuant to this Section.

(f) The Lessor agrees to indemnify, defend and hold harmless the Lessee, and its members, officers, employees and agents from and against any and all liability, claims, loss, damages or expenses (including disbursements costs and reasonable legal fees), arising during the Warranty Period by reason of bodily injury, death, personal injury, property damage or claims for damages of any nature whatsoever, arising solely from or resulting solely from the Lessor's construction, installation, equipping and furnishing of the Premises.

Section 11. Assignment by Lessor.

(a) The Lessor and the Lessee agree that the Lessor will assign and transfer the Lessor's right, title and interest in and to this Lease Agreement to the Assignee pursuant to the Assignment and Assumption Agreement. The Lessee agrees to accept the performance of the Lessor's obligations under this Lease Agreement by the Assignee.

On and after the assignment referenced in this subsection (a), the Assignee shall be deemed the Lessor hereunder and all references to the Lessor shall be references to the Assignee.

(b) In addition to the assignment permitted by subsection (a) above, the Lessor may assign, transfer, mortgage, hypothecate or encumber the Lessor's right, title and interest in and to this Lease Agreement and the Premises, but excluding its duties and obligations hereunder to cause the construction, installation, furnishing and equipping of the Premises), and the Lessor may execute any and all instruments providing for the payment of Rental Payments directly to an assignee or transferee. The Lessee hereby consents to the assignment of the Lease Agreement (including the right to receive Rental Payments) by the Lessor to the Trustee. Any subsequent assignment of the Lessor's right, title and interest in and to this Lease Agreement shall require the written consent of the Lessee.

Section 12. Lessor's Access. Upon the delivery of reasonable prior notice, the Lessee agrees to permit the Lessor or the Lessor's authorized employees or agents access to the Premises at all reasonable times for the purpose of inspection or for making necessary repairs pursuant to Section 10 hereof.

Section 13. Events of Default. The following shall be "Events of Default" under this Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease Agreement, with respect to the Premises, any one or more of the following events:

(a) failure by the Lessee to pay any Rental Payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of 10 days; provided, that failure to deposit any Rental Payments abated pursuant to Section 8 shall not constitute an Event of Default;

(b) failure by the Lessee to observe and perform any covenant, condition or agreement in this Lease Agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Lessor shall not unreasonably withhold its consent to an extension of such time if the Lessor receives a certificate from an authorized representative of the Lessee to the effect that corrective action is being instituted by the Lessee within the applicable period and is being diligently pursued to correct the default;

(c) an Event of Bankruptcy shall have occurred;

(d) any statement, representation or warranty made by the Lessee in or pursuant to this Lease Agreement or its execution, delivery or performance proves to have been false, incorrect, misleading, or breached in any material respect on the date made, and is continuing for a period of thirty (30) days after written notice specifying such misrepresentation or breach and requesting that it be remedied has been given to the

Lessee by the Lessor; provided, however, that the Lessor and the Lessee may agree that action by the Lessee to cure such failure may be extended beyond such thirty-day period;

(e) this Lease Agreement or any material provision of this Lease Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the Lessee or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the Lessee, or the Lessee shall renounce the same or deny that it has any further liability hereunder; or

(f) dissolution, termination of existence or insolvency of the Lessee.

Section 14. Remedies on Default. Upon the happening of any Event of Default, the Lessor may exercise those remedies granted to it pursuant to law or hereunder, subject to the terms of this Lease Agreement. The Lessor, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(a) to terminate this Lease Agreement in the manner hereinafter provided, notwithstanding any retaking of possession or re-letting of the Premises as hereinafter provided for in clause (b), and to retake possession of the Premises. In the event of such termination, the Lessee agrees to surrender immediately possession of the Premises, without let or hindrance, and to pay the Lessor all damages recoverable at law that the Lessor may incur by reason of default by the Lessee, including, without limitation, any reasonable costs, loss or damage whatsoever arising out of, in connection with, or incident to any such retaking possession of the Premises. Neither notice to pay rent nor to deliver up possession of the Premises given pursuant to law nor any proceeding in unlawful detainer, or otherwise, brought by the Lessor for the purpose of obtaining possession of the Premises nor the appointment of a receiver upon initiative of the Lessor to protect the Lessor's interest under this Lease Agreement shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the Lessee shall be or become effective by operation of law or acts of the parties hereto, unless and until the Lessor shall have given written notice to the Lessee of the election on the part of the Lessor to terminate this Lease Agreement; or

(b) without terminating this Lease Agreement, (i) to collect each installment of Rental Payments as it becomes due and enforce any other term or provision hereof to be kept or performed by the Lessee, and/or (ii) to exercise any and all rights to retake possession of the Premises as provided by law. In the event the Lessor does not elect to terminate this Lease Agreement in the manner provided for in subsection (a) above, the Lessee shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the Lessee and to pay the Rental Payments to the end of the Lease Term or, in the event that the Premises is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or any deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of Rental Payments hereunder, notwithstanding any retaking of possession of the Premises by the Lessor or suit in

unlawful detainer, or otherwise, brought by the Lessor for the purpose of obtaining possession of the Premises.

Should the Lessor elect to retake possession of the Premises as herein provided, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee to re-let the Premises, or any items thereof, from time to time, either in the Lessor's name or otherwise, upon such terms and conditions and for such use and period as the Lessor may deem advisable and the Lessee hereby indemnifies and agrees to save harmless the Lessor from any reasonable costs, loss or damage whatsoever arising out of, in connection with, or incident to any retaking of possession of and re-letting of the Premises by the Lessor or its duly authorized agents in accordance with the provisions herein contained. The Lessee agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Lessor to re-let the Premises in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Lessor in effecting such re-letting shall constitute a surrender or termination of this Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that on the contrary, in the event of such default by the Lessee, the right to terminate this Lease Agreement shall vest in the Lessor to be effected in the sole and exclusive manner provided for in subsection (a). The Lessee further waives the right to Rental Payments obtained by the Lessor in excess of the Rental Payments herein specified and hereby conveys and releases such excess to the Lessor as compensation to the Lessor for its services in re-letting the Premises or any items thereof.

Notwithstanding anything herein to the contrary, future Rental Payments due hereunder shall not be accelerated and become immediately due and payable upon a default by the Lessee hereunder. The Lessor shall be required to sue for each Rental Payment as each such Rental Payment becomes due under this Lease Agreement.

(c) In addition to the other remedies set forth in this Section, upon the occurrence of an Event of Default as described in this Section, the Lessor shall be entitled to proceed to protect and enforce the rights vested in the Lessor by this Lease Agreement or by law. The provisions of this Lease Agreement and the duties of the Lessee shall be enforceable by the Lessor by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Lessor shall have the right to bring the following actions:

(i) By action or suit in equity to require the Lessee to account as the trustee of an express trust.

(ii) By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Lessor.

(iii) By mandamus or other suit, action or proceeding at law or in equity to enforce the Lessor's rights against the Lessee and to compel the Lessee to perform and carry out its duties and obligations under the law and its covenants and agreements with the Lessee as provided herein.

Each and all of the remedies given to the Lessor hereunder or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege hereunder shall not impair the right of the Lessor to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. If any statute or rule of law validly shall limit the remedies given to the Lessor hereunder, the Lessor nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Lessor shall prevail in any action brought to enforce any of the terms and provisions of this Lease Agreement, the Lessee agrees to pay for the reasonable attorney's fees and costs of suit incurred by the Lessor in attempting to enforce any of the remedies available to the Lessor hereunder.

Section 15. Default by the Lessor. (a) If the Lessor shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Lessor; or (b) if there is an Event of Bankruptcy with respect to the Lessor prior to the Lease Commencement Date, the Lessor shall be deemed to be in default hereunder and, it shall be lawful for the Lessee to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement.

The Lessor shall not be in default in the performance of any obligation required to be performed under this Lease Agreement unless the Lessor has failed to perform such obligation within thirty (30) days (except in the case of an emergency pursuant to Section 10(c) hereof) after the receipt of written notice of default from the Lessee specifying in detail the Lessor's failure to perform. Concurrently with the delivery of written notice to the Lessor, the Lessee shall delivery a copy of such written notice to the Trustee. The Lessor shall not be deemed to be in default under this Lease Agreement if (i) the Lessor performs and meets the obligation within the thirty (30) day period after notice of default is given, or (ii) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but the Lessor reasonably commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

In the event that the Lessor shall have failed to cure or diligently pursue the cure of a default hereunder, the Lessor and the Lessee hereby agree that the Trustee shall have the right, but not the obligation, to cure such default under this Lease Agreement, and the Lessee shall accept such performance by the Trustee as if the same had been made by the Lessor, subject to all of the terms and conditions of this Lease Agreement. In the event the Trustee elects to cure such default, it shall give the Lessee written notice within ten (10) Business Days after the expiration of the period that the Lessor is required to cure such default of its election to cure such default and shall commence such cure and diligently proceed to cure the default. Any contractor retained by the Trustee to perform any obligation of the Lessor shall be subject to the reasonable approval of the Lessee.

If the Lessor shall have failed to cure or diligently pursue the cure of a default hereunder and the Trustee shall not have assumed the obligations of the Lessor hereunder, the Lessee may, at its election, undertake the cure of such default and deduct the cost of the same from the Rental

Payments due under this Lease Agreement. The Lessee shall provide the Lessor and the Trustee with a written statement and accompanying invoices detailing the cost of curing such default.

Section 16. Assignment; Subletting. During the Lease Term, the Lessee shall, subject to the provisions of Section 7(g) hereof and the further provisions of this Section, have the right to assign this Lease Agreement or sublease the Premises to the State, any political subdivision of the State, any municipal corporation or any agency of the State so long as the Premises are used in the same manner as provided in Section 7(a) hereof; provided that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Lessor hereunder; (b) no such assignment, transfer or sublease shall relieve the Lessee of any of its obligations hereunder; (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the Lessee contained in any other section hereof; (d) any such assignment, transfer or sublease shall by its terms expressly provide that the fair rental value of the Premises for all purposes shall be first allocated to this Lease Agreement, as the same may be amended from time to time before or after any such assignment, transfer or sublease; and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which allows re-entry upon the Premises unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Lease Agreement which shall in all instances be prior to and superior to any such assignment, transfer or sublease. Except as expressly provided in this Section, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The Lessee shall reimburse the Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 17. Alterations. Neither the Lessor nor the Lessee shall make any structural, mechanical, electrical or plumbing alterations which may materially affect the Premises' primary systems without the prior written consent of the other party, which consent shall not be unreasonably withheld. Any party seeking to make structural alterations to the Premises shall furnish the other party with detailed plans and specifications relating to such structural alterations concurrently with such written request. The party from whom such consent is sought shall reject such request within forty-five (45) days of the receipt of the request; and each party shall make efforts to respond in a timely manner. A structural alteration shall be any modification to the Premises which results in a change in the structural integrity of the Premises or alters the gross square footage of the Building.

Section 18. Insurance Maintained by Lessor.

(a) Upon the execution and delivery of this Lease Agreement and during the period of construction, installation, equipping and furnishing of the Premises, to the date of the final completion of the Premises, as certified by the Tenant Improvements Architect, the Lessor shall provide, or cause to be provided, the following forms and amounts of insurance. Such insurance shall be primary to and not contributing with any other insurance maintained by the Lessee, and, except for workers' compensation insurance, shall name the Lessee and the Trustee as additional insureds, and the Trustee as loss payee, and shall include:

(i) Builders Special Form Causes of Loss insurance, but excluding earthquake, flood, terrorism and mold coverage, covering the entire work, against loss or damage. Insurance shall be in an amount for the replacement value of the Premises, breach of warranty, explosion, collapse and underground hazards with a deductible limit not exceeding \$25,000;

(ii) commercial comprehensive general liability and automobile liability insurance against claims arising in, on or about the Premises, including in, on or about the sidewalks or premises adjacent to the Premises, providing coverage limits not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate; and

(iii) a program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State and which specifically covers all persons providing services on behalf of the Lessor and all risks to such persons under this Lease Agreement.

(b) Proceeds of any insurance maintained pursuant to subsection (a)(i) of this Section shall be deposited with the Trustee and applied to repair or replace the portion of the Premises damaged.

(c) On and after date of the final completion of the Premises, as certified by the Tenant Improvements Architect, and through the termination of this Lease Agreement, the Lessor shall provide, or cause to be provided, the following forms and amounts of insurance. Such insurance shall be primary to and not contributing with any other insurance maintained by the Lessee, and shall name the Lessee and the Trustee as additional insureds, and shall include, but not be limited to:

(i) commercial comprehensive general liability and automobile liability insurance against claims arising in, on or about the Premises, including in, on or about the sidewalks or premises adjacent to the Premises, providing coverage limits not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate; and

(ii) a program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the Labor Code of the State and which specifically covers all persons providing services on behalf of the Lessor and all risks to such persons under this Lease Agreement.

(d) All of the insurance policies required hereunder shall be issued by corporate insurers licensed to do business in the State and rated "A" or better by A.M. Best Company.

Section 19. Insurance Maintained by Lessee.

(a) On and after the Lease Commencement Date, the Lessee shall provide, or cause to be provided during the Lease Term, the following forms and amounts of insurance. Such insurance shall be primary to and not contributing with any other

insurance maintained by the Lessor, and shall name the Lessor and the Trustee as additional insureds, and shall include, but not be limited to:

(i) a policy or policies of property insurance against loss or damage to the Premises known as special form insurance, including, but not limited to, fire and extended coverage (in an amount not less than the full replacement cost of the Premises, without deductions for depreciation, and including all fixtures and personal property, and endorsements for any non-conforming uses), and flood (if the Premises are located in a flood zone), in amounts and with deductible amounts customary for the Lessee's operations. Such insurance shall be maintained with respect to the Premises at any time in an amount not less than the aggregate principal component of Base Rent payments and the Supplemental Rent payments due under this Lease Agreement;

(ii) commercial general liability coverage against claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the Premises. Such insurance shall afford protection with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the Lessee's risk management officer or an independent insurance consultant retained by the Lessee for that purpose;

(iii) rental interruption insurance from a provider rated at least "A" by A.M. Best & Company to cover loss, total or partial, of the use of the Premises as a result of any of the hazards covered by the insurance required pursuant to clause (a) above in an amount not less than the product of two times the maximum amount of Rental Payments scheduled to be paid during any Lease Year, the proceeds of which shall be applied to the payment of Rental Payments during the period in which, as a result of the damage or destruction to the Premises that resulted in the receipt of such proceeds, there is substantial interference with the Lessee's right to the use or occupancy of the Premises; provided, however, that the Lessee's obligations under this subsection may not be satisfied by self-insurance;

(iv) workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Workers' Compensation Insurance and Safety Act now in force in California, or any act hereafter enacted as an amendment or supplement thereto;

(v) boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on the Premises in an amount not less than \$2,000,000 per accident;

(b) The Lessee's obligations under Sections 19(a)(i), (ii), (iv), and (v) may be satisfied by the Lessee's participation in an insurance pooling arrangement or by self-insurance.

(c) All policies or certificates of insurance issued by the respective insurers or insurance with the exception of workers' compensation insurance, shall provide that such policies or certificates shall not be canceled or materially changed without at least 30 days' prior written notice to the Lessor. A certificate executed by an Authorized Representative of the Lessee certifying that such policies required or self-insurance permitted by this Section 19 have been obtained and that the requirements of this Section 19 have been fulfilled shall be deposited with the Lessor by the Lessee on the Lease Commencement Date and before each anniversary of the Lease Commencement Date throughout the Lease Term. To the extent to which the Lessee self-insures, the Lessee's risk manager, or an independent insurance consultant, shall certify to the Lessor before the Lease Commencement Date and each anniversary of the Lease Commencement Date throughout the Lease Term, the sufficiency of such self-insurance. Certificates of commercial general liability and workers' compensation insurance shall be furnished by applicable insurers, unless the Lessee chooses to self-insure against such liability (in which case the Lessee shall provide the Lessor evidence of such self-insurance), and, at least 10 days prior to the expiration dates of such policies, if any, evidence of renewals or self-insurance shall be deposited with the Lessor.

(d) All policies or certificates of insurance provided for herein shall name the Lessee as a named insured, and the Lessor and the Trustee and their successors and assigns as additional insureds. All insurance policy claims payments received under Sections 19(a)(i), (iii), (v) and (vi) above shall be deposited with the Lessor and applied pursuant to Section 20 hereof.

(e) All of the insurance policies required hereunder (other than insurance provided pursuant to subsection (b) of this Section) shall be issued by corporate insurers licensed to do business in the State and rated "A" or better by A.M. Best Company.

(f) The replacement value of the Premises shall be reviewed by the Lessee at least every 36 months or more frequently as determined by the Lessee to assure sufficient coverage as required hereby.

Section 20. Insurance Proceeds, Condemnation Awards and Title Insurance.

(a) Proceeds of any policy of insurance, title insurance or condemnation award received by the Lessee in respect of the Premises shall be applied and disbursed as follows:

(i) if the Lessee determines that the damage, title defect or taking giving rise to such proceeds or condemnation award has not materially affected the operation of the Premises and will not result in an abatement of Rental Payments payable by the Lessee under this Lease Agreement, such proceeds shall, at the election of the Lessee, as set forth in a Written Request of the Lessee to the

Lessor, be applied: (A) to prepay Base Rent payments due under this Lease Agreement; or (B) to improve or enhance the Premises;

(ii) if any portion of the Premises has been affected by such damage, title defect or taking, and if the Lessee determines that such title defect or taking will result in an abatement of Rental Payments payable by the Lessee under this Lease Agreement, and the Lessee has not within 90 days of such damage, defect or taking elected to repair or replace the damaged, defective or taken portion of the Premises, then the Lessee shall immediately apply such proceeds or condemnation award to the prepayment of Base Rent payments due under this Lease Agreement; or

(iii) if the Lessee desires to repair or replace the damaged, defective or taken portion of the Premises, and such repair or replacement will take less than 24 months, and sufficient rental interruption insurance proceeds will be available during such repair or replacement to make Rental Payments due under this Lease Agreement and, upon completion, the Premises will have a fair rental value at least equal to the fair rental value of the Premises prior to the damage, defect or taking, the proceeds or condemnation award shall be deposited into an account with the Lessee and used for the purpose of repairing, reconstructing or replacing the Premises. Any proceeds or condemnation award remaining after the repair, reconstruction or replacement of the Premises shall, at the election of the Lessee, as set forth in a Written Request of the Lessee, be applied to: (A) the cost of additional Furniture, Fixtures and Equipment; (B) the cost of other or additional capital improvements constituting part of the Premises; (C) prepay Base Rent due under this Lease Agreement; or (D) any other lawful purpose as approved in an opinion of nationally recognized bond counsel addressed to the Lessor, the Lessee, the Issuer, and the Trustee.

(b) The Lessor shall not be responsible for the sufficiency of any insurance required by this Lease Agreement and shall be fully protected in accepting payment (whether payable to the Trustee or accepted and applied as agent for repairing, reconstructing, or replacing the Premises) on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Lessee.

Section 21. Indemnification. Subject to California law concerning contribution and enforceability of indemnifications, the Lessee shall indemnify the Lessor and its officers, directors, employees, agents and affiliates (together, the “Lessor Indemnified Parties”) against and hold the Lessor Indemnified Parties harmless from any and all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, including attorneys’ fees, arising out of, connected with or resulting from any acts of omission or commission by the Lessee’s employees and agents or claims resulting from incidents or occurrences involving third parties on the Premises, including without limitation, the possession, use or operation of the Premises and further, the Lessee agrees, to the extent allowed by law, to indemnify the Lessor Indemnified Parties against and hold the Lessor Indemnified Parties harmless from and against any and all claims, actions, suits, proceedings, cost, expenses, damages, and liabilities, including attorney’s fees, arising out of, connected with or resulting from the clean-up of any Hazardous Materials

from the Premises attributable to the Lessee or the Lessee's employees, agents, invitees or subcontractors; provided, however, that the Lessee shall not be required to indemnify the Lessor Indemnified Parties in the event that such liability or damages are caused by the gross negligence or willful misconduct of the Lessor Indemnified Parties. The indemnity provided herein shall survive the expiration of the Lease Term.

If any legal action is instituted to enforce or declare a party's rights hereunder, each party, including the prevailing party, must bear its own attorneys' fees and costs. This paragraph shall not apply to those attorneys' fees and costs directly arising from any third party legal action against Lessee, including such attorneys' fees and costs payable under this Section 11 and Section 21.

Section 22. Option to Prepay Base Rent and Supplemental Rent.

(a) The Lessee shall have the exclusive right and option, which shall be irrevocable during the Lease Term, to prepay all or a portion of the Base Rent due under this Lease Agreement, but only if the Lessee is not in default under this Lease Agreement and only in the manner provided in this Section.

(b) The Lessee shall exercise its option to prepay the all or a portion of the Base Rent due under this Lease Agreement by giving notice thereof to the Lessor and the Trustee not later than 60 days prior to the Business Day on which it desires to make such prepayment (the "Prepayment Date").

(c) On or prior to the Prepayment Date, the Lessee shall deposit or cause to be deposited with the Trustee an amount equal to the following:

(i) to the extent the Lessee elects to prepay only a portion of the Base Rent due under this Lease Agreement, (A) the principal component of Base Rent to be prepaid on the Prepayment Date; (B) except as provided below, a prepayment premium (expressed as a percentage of the principal component of Base Rent to be prepaid), if any, due on the Prepayment Date in accordance with the table below and (C) interest accrued on the outstanding principal component of Base Rent to be prepaid on the Prepayment Date. Such deposit shall be in addition to the Base Rent, if any, due on such Prepayment Date.

Prepayment Date	Prepayment Premium
On and after Lease Commencement Date to but excluding first anniversary of Lease Commencement Date	3.00%
On and after first anniversary of Lease Commencement Date to but excluding second anniversary of Lease Commencement Date	2.00%
On and after second anniversary of Lease Commencement Date to but excluding third	1.00%

anniversary of Lease Commencement Date

On and after third anniversary of Lease Commencement Date	0.00%
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Notwithstanding anything herein to the contrary, there shall be no prepayment premium due with respect to any partial prepayment of up to \$9,000,000 of principal component of Base Rent within 90 days of the Lease Commencement Date.

Following a partial prepayment of Base Rent pursuant to this Section, the Lessor and the Lessee shall revise the Base Rent payments schedule to reflect such prepayment and remaining substantially equal annual Base Rent payments.

(ii) to the extent the Lessee elects to prepay all Base Rent due under this Lease Agreement, (A) the outstanding principal component of Base Rent on the Prepayment Date; (B) a prepayment premium (expressed as a percentage of the principal component of Base Rent to be prepaid), if any, due on such Prepayment Date in accordance with the table below; and (C) interest accrued on the outstanding principal component of Base Rent to be prepaid on the Prepayment Date.

Prepayment Date	Prepayment Premium
On and after Lease Commencement Date to but excluding first anniversary of Lease Commencement Date	3.00%
On and after first anniversary of Lease Commencement Date to but excluding second anniversary of Lease Commencement Date	2.00%
On and after second anniversary of Lease Commencement Date to but excluding third anniversary of Lease Commencement Date	1.00%
On and after third anniversary of Lease Commencement Date	0.00%

(d) if the Lessee elects to prepay all Base Rent due under this Lease Agreement, the Lessor and Inland Valley Development Agency shall reasonably cooperate with the Lessee in the prepayment of Supplemental Rent and the amendment of this Lease Agreement as may be necessary to accommodate such prepayment.

(e) The Lessee agrees and covenants to pay all reasonable and customary costs and charges incurred by the Lessor and the Trustee in connection with any prepayment by the Lessee pursuant to this Section 22.

Section 23. Binding on Successors. Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the permitted successors in interest and assigns of the Lessor and the Lessee.

Section 24. General Provisions.

(a) **Waiver.** The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition.

(b) **Headings.** The Section titles in this Lease Agreement are not a part thereof and shall have no effect upon the construction or interpretation of any part hereof.

(c) **Time.** Time is of the essence with regard to all provisions of this Lease Agreement in which performance is a factor.

(d) **Recordation.** Either party may record this Lease Agreement or a memorandum of this Lease Agreement at any time without the prior written consent of the other party; provided, however, that each party shall cooperate with the other in the execution and delivery of a memorandum of this Lease Agreement.

(e) **Prior Agreements.** This Lease Agreement contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease Agreement and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease Agreement may be amended or added to except by an agreement in writing signed by the parties hereto, together with the prior written consent or acknowledgement of the Trustee. This Lease Agreement shall not be effective or binding on any party until fully executed by both parties hereto.

(f) **Force Majeure.** In the event that either the Lessor or the Lessee is delayed or hindered from the performance of any act required hereunder by reason of acts of God, strikes, boycotts, lock-outs, pandemics, labor troubles, inability to procure materials at a reasonable price due to events beyond of the control of the Lessor or the Lessee, as applicable, failure of power, restrictive governmental laws and regulations enacted after the Lease Commencement Date, riots, civil unrest, acts of terrorism, insurrection, war, declaration of a state or national emergency or other reasons of a like nature not the fault of the Lessor or the Lessee, as applicable, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; *provided, however*, that no force majeure event shall excuse the Lessee from making Rental Payments hereunder when due; *provided, further, however*, that force majeure shall not be deemed to exist to the extent that materials and supplies are not available from the Lessor's preferred providers due to strikes, boycotts, lock-outs or labor troubles if such materials and supplies are otherwise available from other reputable suppliers at

comparable costs and the Lessor is permitted to obtain such materials and supplies from such suppliers under this Lease Agreement and any applicable laws, ordinances and regulations.

(g) **Severability.** Any provision of this Lease Agreement which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

(h) **Choice of Law.** This Lease Agreement shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

(i) **Impairment of Title.** The Lessor hereby covenants to notify the Lessee in writing within thirty (30) days of each and every occurrence which may impair the Lessor's title to the Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, and notification of any foreclosure.

(j) **Mediation.** Before filing any litigation or making any administrative claim, the parties agree to engage in nonbinding mediation for a minimum of thirty (30) days. The mediator shall be selected by mutual agreement or, if no agreement can be reached, by the Presiding Judge, San Bernardino Superior Court, upon petition by either party. The mediation shall be conducted at the discretion of the mediator or pursuant to rules adopted by the parties. The mediation shall be conducted in San Bernardino County, California. The cost of mediation shall be borne equally by Lessor and Lessee, and each shall pay one-half of any estimated fees required by the mediator in advance. Before the date of mediation, each side shall provide the mediator and the other party with a statement of its position and copies of all supporting documents. If a subsequent dispute will involve third parties, such as insurers or subcontractors, they shall also be asked to participate in the mediation. No one who has ever had any business, financial, family or social relationship with any party to this Lease shall serve as mediator unless the related party informs the other party of the relationship and the other party consents in writing to the use of that mediator.

(k) **Construction.** In the event the Lessor contracts for the construction of any portion of the Tenant Improvements, the Lessor shall, if applicable, comply with the California Public Contract Code 22000 through 22045 regarding bidding procedures and Labor Code Sections 1720.2 and 1770 et seq. regarding general prevailing wages as set forth in Exhibit F attached hereto and incorporated herein by reference. The Lessor shall indemnify and hold harmless the Lessee and its officers, employees, and agents from any claims, actions, losses, damages and/or liability arising out of the obligations set forth in this subparagraph. The Lessor's indemnity obligations shall survive the expiration of the Lease Term, and shall not be limited by the existence or availability of insurance. The Lessor shall require the Tenant Improvements Contractor to include in all construction contracts recitations or provisions requiring the following:

(i) Labor Code §1700: Provisions requiring all Contractors employed on the Premises to be responsible to pay the prevailing rate of wages as defined in

California Labor Code Sections 1700 et seq. and available on the Department of Industrial Relations websites (but expressly excluding the Davis-Bacon Act and any rules and regulations promulgated thereunder), and to indemnify and hold harmless the Lessee and its officers, employees, and agents and the Trustee from any claims, actions, losses, damages and/or liability arising out of failure to pay proper wages;

(ii) Safety: Provisions for initiating, maintaining and providing supervision of safety precautions and programs in connection with the construction of the Premises; and

(iii) Indemnity: Provisions for indemnifying the Lessee and its officers, employees, and agents from any claims, actions, losses, damages and/or liability arising out of the negligence or willful misconduct of such contractor and its employees and agents.

(iv) Assignment: Provisions for assignment to the Trustee upon an Event of Default under this Lease Agreement for which Lessor has received written notice from the Trustee.

Section 25. Estoppel Certificate. Either party shall at any time upon not less than thirty (30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (a) certifying that this Lease Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease Agreement, as so modified, is in full force and effect) and the date to which the Base Rent payments and other charges are paid in advance, if any, and (b) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (i) that this Lease Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (ii) that there are no uncured defaults in either party's performance, and (iii) that not more than one month's Base Rent and Supplemental Rent have been paid in advance.

Section 26. Miscellaneous Provisions. The Lessee hereby covenants and agrees to provide the Lessor and the Trustee, (a) within 210 days after the close of each fiscal year, a copy of the Lessee's annual financial statements audited by an independent certified public accountant or firm of certified public accountants, (b) within 60 days after the close of each fiscal year, a copy of the Lessee's annual budget for subsequent fiscal year and (c) such additional information relating to the Lessee as the Lessor or the Trustee may reasonably request. The Lessee hereby further covenants and agrees to furnish the Lessor and the Trustee with such customary closing certificates as such parties deem reasonably necessary in connection with this Lease Agreement and the Bonds.

Section 27. Notices. All notices, certificates, requests, demands and other communications provided for hereunder or under this Lease Agreement shall be in writing and

shall be (a) personally delivered; (b) sent by registered United States mail; (c) sent by overnight courier of national reputation; or (d) transmitted by facsimile or other telecommunication, in each case addressed to the party to whom notice is being given at its address as set forth below and, if transmitted by facsimile or other telecommunication, transmitted to that party at its facsimile number or email address as may hereafter be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section; provided that notices by facsimile or email shall be confirmed by the recipient by facsimile or email response to the sender. All such notices, requests, demands and other communications shall be deemed to have been given on (i) the date received if personally delivered; (ii) when deposited in the mail if delivered by mail; (iii) the date sent if sent by overnight courier; or (iv) the date of transmission if delivered by facsimile.

If to the Lessor Prior to Assignment:	Inland Valley Development Agency 1601 East Third Street, Suite 100 San Bernardino, California 92408 Attention: Executive Director
with a copy to:	Mirau, Edwards, Cannon, Lewin & Tooke 1806 Orange Tree Lane, # C Redlands, California 92374 Attention: Michael Lewin, Esq.
If to the Lessee:	San Bernardino County Fire Protection District 157 W. 5th Street, 2nd Floor San Bernardino, California 92415-0451 Attention: Deputy Chief of Administration
with a copy to:	County of San Bernardino 385 N. Arrowhead Avenue San Bernardino, California 92415 Attention: Chief Executive Officer
If to the Lessor After the Assignment:	SBD Corporate Center II, LLC 215 North D Street, Suite 304 San Bernardino, California 92401 Attention: Mr. Frank Schnetz
	SBD Corporate Center II, LLC 4221 Wilshire Blvd. Suite 380 Los Angeles, California 90010 Attention: Jian Torkan
With a copy to:	Kutak Rock LLP 777 South Figueroa Street, Suite 4550 Los Angeles, California 90017 Attention: Sam S. Balisy

Section 28. New Lease Agreement. In the event this Lease Agreement is rejected as a result of the bankruptcy of the Lessor, the Lessee hereby agrees to enter into a new lease agreement with the Trustee with substantially the same terms and provisions as provided in this Lease Agreement.

IN WITNESS WHEREOF, the Lessor and the Lessee have executed this Lease Agreement by their duly authorized officers or officials as of the date set forth above.

LESSOR:

**INLAND VALLEY
DEVELOPMENT AGENCY**

By _____

LESSEE:

**SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT**

By _____

[Attest:

Clerk of the Board

By _____
Deputy]

APPROVED AS TO FORM:

DISTRICT COUNSEL

By _____
Deputy District Counsel

EXHIBIT A

DEFINITIONS

“*Act*” means the Fire Protection District Law of 1987 (Part 2.7 of Division 12 of the California Health and Safety Code), as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Additional Rent*” means the amounts payable by the Lessee under the Lease Agreement in consideration for the use and possession of the Premises, as set forth in Section 6(b) of the Lease Agreement.

“*Assignee*” means SBD Corporate Center II, LLC, a California limited liability company, and its successors and assigns.

“*Assignment and Assumption Agreement*” means the assignment and assumption agreement entered into between the Lessor and the Assignee and consented to by the Lessee.

“*Authorized Representative of the Lessee*” means any of the Fire Chief, the Deputy Fire Chief of Administration, the Deputy Fire Chief of Business Operations, the Executive Director of the Lessee, or the Chief Executive Officer of the County of San Bernardino, and/or any officer or employee of the Lessee authorized to perform specific acts or duties by resolution duly adopted by the Board of Directors of the Lessee.

“*Base Rent*” means all amounts payable to the Lessor by the Lessee as Base Rent payments pursuant to Section 6(a) of the Lease Agreement, commencing on the Lease Commencement Date as a component of Rental Payments pursuant to the Lease Agreement.

“*Bond Counsel*” means any firm of nationally recognized municipal bond attorneys, selected by the Lessee experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

“*Bond Related Charges*” means, the fees and expenses of the Issuer, the fees and expenses of the Trustee, the fees and expenses of the owner of the Bonds incurred in connection with any amendment of the Lease Agreement or the Indenture, and insurance premiums associated with the Lessor’s purchase of insurance required by Section 18(c)(i).

“*Bonds*” means the Series 2021 Bonds and any additional bonds issued by the Issuer for the purpose of refunding Bonds for savings.

“*Building*” means one free standing building with an aggregate of 79,834 Rentable Square Feet of Building Area together with approximately 270 off-street parking spaces on the Site.

“*Building Area*” means the area within the Building where the Lessee normally houses personnel and/or furniture.

“*Business Day*” means a day which is not a Saturday or Sunday or a day on which banking institutions located in New York, New York, or Los Angeles, California are authorized or required by executive or other governmental order or law to be closed for commercial banking purposes.

“*Certificate of Acceptance*” means the written notification of the Lessee to the Lessor and the Trustee evidencing the Lessee’s acceptance and occupancy of the Premises.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Default Rate*” means a rate of interest per annum equal to the interest rate on the Bonds plus 5.00%.

“*Defeasance Securities*” means Federal Securities which are not callable for redemption prior to their maturity by any person other than the owner thereof.

“*Environmental Reports*” means the reports attached hereto as Exhibit H, and any additional or subsequent reports pertaining to the environmental condition of the Premises.

“*Event of Bankruptcy*” means, with respect to a Person (a) that an involuntary proceeding is commenced or an involuntary petition is filed seeking (i) liquidation, reorganization or other relief in respect of such Person or its debts, or of a substantial part of the assets thereof, under any Insolvency Laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, conservator or similar official for such Person or for a substantial part of the assets thereof and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing is entered, or (b) such Person (i) applies for or consents to the appointment of a receiver, trustee, liquidator, custodian, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally is not paying its debts as they become due, unless such debts are the subject of a bona fide dispute, (iii) makes a general assignment for the benefit of creditors, (iv) consents to the institution of, or fails to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (v) commences a voluntary proceeding under any Insolvency Law, or files a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief, in each case under any Insolvency Law, (vi) files an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (iv), inclusive, of this clause (b), or (vii) takes any action for the purpose of effecting any of the foregoing.

“*Favorable Opinion of Bond Counsel*” means, with respect to any action the occurrence of which requires such an opinion, an opinion of Bond Counsel to the effect that such action is permitted under the Indenture or the Lease Agreement and will not, in and of itself, cause interest payable with respect to the Bonds to be included in gross income for purposes of federal income taxation or to be subject to California personal income taxation.

“*Federal Securities*” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal (including State

and Local Government Securities (“SLGS”)), or securities evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities, as well as pre-refunded municipal bonds rated “Aaa” by Moody’s Investors Service and “AAA” by S&P Global Ratings.

“*Furniture, Fixtures and Equipment*” means desks, tables, chairs and modular office equipment to be provided by the Lessor hereunder, the make and style of which shall be approved by the Lessee pursuant to the Work Letter.

“*Hazardous Materials*” means any substance or material that is now or in the future included within the definitions of “hazardous substances,” “hazardous materials,” “toxic substances,” “pollutant,” “contaminant,” “hazardous waste,” or “universal waste,” or in any Hazardous Materials Law, including (a) petroleum or petroleum derivatives, including crude oil or any fraction thereof, all forms of natural gas, petroleum products or by-products or waste, and waste water, (b) asbestos and asbestos-containing materials (whether friable or non-friable), (c) polychlorinated biphenyls, (d) urea formaldehyde, (e) lead and lead based paint or other lead containing materials (whether friable or non-friable), (f) microbiological pollutants, (g) batteries or liquid solvents or similar chemicals, (h) radon gas, and (i) pesticides and pesticide contaminated materials. The term “Hazardous Materials” shall not include (i) chemicals, lubricants, refrigerants, batteries and other substances kept in amounts typical for, and used as, standard janitorial supplies, office and household supplies, and the like in connection with the routine maintenance and operation of projects similar to the Premises, to the extent kept, used and maintained in strict compliance with all such applicable Hazardous Materials Laws, (ii) gasoline, oil and other automotive products kept and used in an ordinary manner in or for the use of motor vehicles at the Premises, or (iii) any substance or material that would otherwise be a Hazardous Material in environmental media (air, soil or water) in concentrations that does not require release reporting, monitoring or investigation under Hazardous Materials Laws or removal or remediation of Hazardous Materials. Hazardous Materials shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316, as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

“*Hazardous Materials Laws*” means any and all applicable statutes, terms, conditions, limitations, restrictions, regulations, standards, prohibitions, obligations, schedules, plans, and timetables that are contained in or promulgated pursuant to any federal, state or local laws, whether existing now or hereinafter enacted, relating to pollution or the protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of Hazardous Materials into ambient or indoor air, surface water, ground water, drinking water, lands (including the surface and subsurface thereof), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, refinement, production, disposal, transport, or handling of Hazardous Materials, including the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended by the Superfund Amendments and Reauthorization Act of 1986 (SARA), 42 U.S.C. 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (RCRA), 42

U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Safe Drinking Water Act, 42 U.S.C. § 300f et seq. “Hazardous Materials Laws” shall not include laws relating to industrial hygiene or worker safety, except to the extent that such laws address asbestos and asbestos-containing materials (whether friable or non-friable) or lead and lead-based paint or other lead containing materials.

“*Insolvency Laws*” means the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership, conservatorship or similar law now or hereafter in effect.

“*Indemnification Claims*” means any claim, demand or complaint against the Lessor or the Trustee arising from the Lessor’s fee interest in the Premises or by virtue of the Lease Agreement.

“*Indenture*” means the indenture, between the Issuer and the Trustee, as amended and supplemented pursuant to the terms thereof.

“*Insurance Premiums*” means the premiums to be paid by the Lessee to procure and maintain the various insurance policies required pursuant to Section 19 of the Lease Agreement.

“*Issuer*” means the California Enterprise Development Authority, or its successors and assigns, a joint exercise of powers authority formed by a Joint Exercise of Powers Agreement, dated as of June 1, 2006, by and among certain California cities, counties and other public agencies, as may be amended from time to time pursuant to the provisions of the Act.

“*Lease Commencement Date*” means the date on which the Lessee delivers a Certificate of Acceptance to the Trustee and the Lessor and as evidenced and memorialized in the Memorandum of Lease Commencement and Termination Date in the form attached as Exhibit D to the Lease Agreement.

“*Lease Term*” means, unless the Lease Agreement is otherwise earlier terminated as provided herein, the period of time commencing on the Lease Commencement Date and terminating on the Lease Termination Date.

“*Lease Termination Date*” means the earliest to occur of (a) the twenty-fifth anniversary of the Lease Commencement Date as set forth in the Memorandum of Lease Commencement and Termination Date, attached as Exhibit D to the Lease Agreement, subject to the provisions of Section 4 of the Lease Agreement relating to the extension of the Lease Term upon the occurrence of an abatement; (b) the date on which the Lease Agreement is terminated pursuant to Section 14 of the Lease Agreement; or (c) the date on which title to the Premises is transferred to the Lessee following the prepayment of the Rental Payments by the Lessee in accordance with Section 22 of the Lease Agreement.

“*Lease Year*” means the 12-month period set forth in the Memorandum of Lease Commencement and Termination Date.

“Operating Costs” means all costs and expenses of maintaining and operating the Premises, including, but not limited to, the costs of providing or performing the following: (a) maintenance and repair of the heating, ventilation, air conditioning, plumbing systems, electrical systems, life safety equipment, telecommunication and other communication equipment, elevators and fire detection systems, including sprinkler systems, and replacement of regularly scheduled components within each such system, e.g., light bulbs, filters, belts, etc.; (b) trash disposal; (c) janitorial services; and (d) landscaping services.

“Permitted Encumbrances” means, as of any particular time: (a) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (b) the Lease Agreement (including any amendment thereto); (c) any deed of trust or encumbrance with respect to the Lessor’s fee interest in the portion of the Premises comprising real property; (d) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; or which are being contested in good faith for a period no longer than the ninety (90) days after the due date of such lien; (e) easements, rights-of-way, servitudes, restrictions, deed restrictions, oil, gas, or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to the Site which do not materially impair the use of such real property in the ordinary course by the Lessee or materially and adversely affect the value of the Premises.

“Premises” means the Site, the Building and the Furniture, Fixtures and Equipment.

“Rentable Square Feet of Building Area” means the aggregate amount of square feet comprising the Building, as calculated in accordance with the method of Measuring Floor Rentable Area as set forth in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-2010, as promulgated by the Building Owners and Managers Association.

“Rental Payments” means the amounts payable by the Lessee under the Lease Agreement in consideration for the use and possession of the Premises, as set forth in Exhibit C to the Lease Agreement, comprising the Base Rent payments, Supplemental Rent payments and Additional Rent payments.

“Series 2021 Bonds” means the California Enterprise Development Authority Lease Revenue Bonds (San Bernardino County Fire Protection District), Series 2021 issued in accordance with the Indenture in connection with the financing of the acquisition, construction, installation and equipping of the Premises in the original principal amount of \$[___].

“Site” means the real property identified on Exhibit B to the Lease Agreement.

“Substantial Completion” has the meaning ascribed to it in the Work Letter and includes such completion of both the Tenant Improvements and the Furniture, Fixtures and Equipment.

“Supplemental Rent” means an amount equal to \$30,000 per month during the Lease Term payable on the first day of each month commencing on the Lease Commencement Date as a component of Rental Payments pursuant to the Lease Agreement.

“Taxable Rate” means, for any date of determination, the rate of interest per annum equal to ____%.

“*Taxes*” means all taxes, fees and assessments of any nature whatsoever, including but not limited to excise taxes, fees, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Premises or upon any interest of the Lessor therein or in this Lease Agreement; provided, however, the Lessee may, at the Lessee’s expense and in its name, in good faith contest any such taxes, fees and assessments and, in the event of such contest, may permit such taxes, fees and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Lessor shall notify the Lessee that, in the opinion of the Lessor, by nonpayment of any such items, the interest of the Lessor in the Premises will be materially endangered or the Premises, or any portion thereof, will be subject to loss or forfeiture, in which event the Lessee shall promptly pay such taxes, fees and assessments or provide the Lessor with full security against any loss which may result from nonpayment, in form satisfactory to the Lessor.

“*Tenant Improvements*” has the meaning ascribed to it in the Work Letter.

“*Trustee*” means U.S. Bank National Association, a national banking association, and any successor thereto named under the Indenture pursuant to which the Bonds are issued and delivered.

“*Utility Costs*” means the costs of water, gas, electricity, sewer, telecommunication and any other publicly mandated services being provided to the Premises.

“*Work Letter*” means the agreement between the Lessor and Lessee regarding design and construction of the Building, attached as Exhibit E to the Lease Agreement and made a part hereof.

“*Written Request of the Lessee*” means a written request, certificate or requisition signed in the name of the Lessee by an Authorized Representative of the Lessee.

EXHIBIT B

LEGAL DESCRIPTION OF SITE

The Land referred to herein below is situated in the City of San Bernardino, County of San Bernardino, State of California, and is described as follows:

PARCEL A: APN: 0136-351-18-0-000

PARCEL 2 OF PARCEL MAP 17579 IN THE CITY OF SAN BERNARDINO, DISTRICT OF SAN BERNARDINO, STATE OF CALIFORNIA, RECORDED IN PARCEL MAP BOOK 219, PAGES 18 THROUGH 21 INCLUSIVE, OF RECORDS OF SAID DISTRICT.

PARCEL B:

RECIPROCAL EASEMENTS OVER PARCELS 1 AND 2 OF SAID PARCEL MAP FOR PARKING, DRAINAGE AND PUBLIC UTILITIES AS DESCRIBED IN THAT CERTAIN DECLARATION OF RECIPROCAL EASEMENTS RECORDED DECEMBER 09, 2009 AS INSTRUMENT NO. 2009-0548456, OF OFFICIAL RECORDS.

PARCEL C:

RECIPROCAL EASEMENTS OVER PARCELS 1, 2 AND 3 OF SAID PARCEL MAP FOR INGRESS, EGRESS AND ACCESS AS SHOWN ON PARCEL MAP NO. 17579 ON FILE IN BOOK 219, PAGES 18 THROUGH 21, INCLUSIVE, OF PARCEL MAPS, RECORDS OF SAID DISTRICT.

EXHIBIT C
RENTAL PAYMENTS

The Rental Payments under the Lease Agreement shall be as set forth below:

1. Base Rent:

Payment Date	Principal Component	Interest Component	Total

2. Supplemental Rent: a monthly amount equal to \$30,000 per month, payable on the first day of each month during the Lease Term.

3. Additional Rent: as set forth in Section 6(b) of the Lease Agreement.

EXHIBIT D

MEMORANDUM OF LEASE COMMENCEMENT AND TERMINATION DATE

THIS MEMORANDUM OF LEASE AGREEMENT (this "Agreement") is dated this ____ day of _____, 2021, for reference purposes only, by and between [____], as lessor (the "Lessor"), and the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**, as lessee (the "Lessee").

1. The Lessor and the Lessee have entered into a Lease Agreement dated as of _____, 2021 (the "Lease Agreement") for the leasing by the Lessor to the Lessee of the Premises (as defined in the Lease Agreement).

2. The Lessor and the Lessee hereby confirm the following:

(a) that all construction, installation, equipping and furnishing by the Lessor required to be done pursuant to the terms of the Lease Agreement has been completed in all respects subject to the following remaining punch list items _____;

(b) that the Lessee has accepted possession of the Premises and now occupies the same;

(c) that the Lease Term of the Lease Agreement commenced _____;

(d) that the Lease Year as defined in the Lease Agreement means the 12 month period commencing _____; and

(d) that except as otherwise provided under the definition of Lease Termination Date, the Lease Termination Date of the Lease Agreement shall be _____, 20____.

IN WITNESS WHEREOF, the Lessor and the Lessee have respectfully signed this Lease Agreement.

LESSOR:

By _____
Name _____
Title _____

LESSEE:

**SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT**

By _____
Name _____
Title _____

EXHIBIT E
WORK LETTER

EXHIBIT F

PREVAILING WAGE REQUIREMENTS

- A. All or a portion of the Tenant Improvements in the Contract or Purchase Order (as applicable) requires the payment of prevailing wages and compliance with the following requirements. As used in this Attachment, the term “Contractor” shall include Lessor or Lessor’s contractor and/or subcontractors.**

1. Determination of Prevailing Rates:

Pursuant to Labor Code sections 1770, et seq., the Lessee has obtained from the Director of the Department of Industrial Relations (DIR) pursuant to the California Labor Code, the applicable general prevailing rates of per diem wages and the prevailing rates for holiday and overtime work in the locality in which the Tenant Improvements is to be performed. Copies of said rates are on file with the Lessee, will be made available for inspection during regular business hours, may be included elsewhere in the specifications for the Tenant Improvements, and are also available online at www.dir.ca.gov. The wage rate for any classification not listed, but which may be required to execute the Tenant Improvements, shall be commensurate and in accord with specified rates for similar or comparable classifications for those performing similar or comparable duties. In accordance with Labor Code section 1773.2, the Contractor shall post, at appropriate and conspicuous locations on the jobsite, a schedule showing all applicable prevailing wage rates and shall comply with the requirements of Labor Code sections 1773, et seq.

2. Payment of Prevailing Rates

Each worker of the Contractor, or any subcontractor, engaged in the Tenant Improvements, shall be paid not less than the general prevailing wage rate, regardless of any contractual relationship which may be alleged to exist between the Contractor or any subcontractor, and such worker.

3. Prevailing Rate Penalty

The Contractor shall, as a penalty, forfeit not more than two hundred dollars (\$200.00) to the Lessee for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of the DIR for such work or craft in which such worker is employed by the Contractor or by any subcontractor in connection with the Tenant Improvements. Pursuant to California Labor Code section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day, or portion thereof, for which each worker was paid less than the prevailing wage rate, shall be paid to each worker by the Contractor.

4. Ineligible Contractors:

Pursuant to the provisions of Labor Code section 1777.1, the Labor Commissioner publishes and distributes a list of contractors ineligible to perform work as a contractor or subcontractor on a

public works project. This list of debarred contractors is available from the DIR website at <http://www.dir.ca.gov/Public-Works/PublicWorks.html>. Any contract entered into between a contractor and a debarred subcontractor is void as a matter of law. A debarred subcontractor may not receive any public money for performing work as a subcontractor on a public works contract, and any public money that may have been paid to a debarred subcontractor by a contractor on the project shall be returned to the Lessee. The Contractor shall be responsible for the payment of wages to workers of a debarred subcontractor who has been allowed to work on the Tenant Improvements.

5. Payroll Records:

Pursuant to California Labor Code section 1776, the Contractor and each subcontractor, shall keep accurate certified payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the reasonable actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by them in connection with the Tenant Improvements. The payroll records enumerated herein shall be verified by a written declaration made under penalty of perjury that the information contained in the payroll record is true and correct and that the Contractor or subcontractor has complied with the requirements of the California Labor Code sections 1771, 1811, and 1815 for any Tenant Improvements performed by his or her employees. The payroll records shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

- (1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to such employee or his/her authorized representative on request;
- (2) A certified copy of all payroll records shall be made available for inspection or furnished upon request to the Lessee, the Division of Labor Standards Enforcement of the DIR;
- (3) A certified copy of payroll records shall be made available upon request to the public for inspection or copies thereof made; provided, however, that a request by the public shall be made through either the Lessee or the Division of Labor Standards Enforcement. If the requested payroll records have not been previously provided to the Lessee or the Division of Labor Standards Enforcement, the requesting party shall, prior to being provided the records, reimburse the cost of preparation by the Contractor, subcontractor and the entity through which the request was made; the public shall not be given access to such records at the principal office of the Contractor;
- (4) The Contractor shall file a certified copy of the payroll records with the entity that requested such records within ten (10) days after receipt of a written request; and

- (5) Copies provided to the public, by the Lessee or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address and social security number. The name and address of the Contractor or any subcontractor, performing a part of the Tenant Improvements shall not be marked or obliterated. The Contractor shall inform the Lessee of the location of payroll records, including the street address, city and Lessee and shall, within five (5) working days, provide a notice of a change of location and address.

The Contractor shall have ten (10) days from receipt of the written notice specifying in what respects the Contractor must comply with the above requirements. In the event Contractor does not comply with the requirements of this section within the ten (10) day period, the Contractor shall, as a penalty to the Lessee, forfeit one-hundred dollars (\$100.00) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, such penalty shall be withheld from any portion of the payments then due or to become due to the Contractor.

6. Limits on Hours of Work:

Pursuant to California Labor Code section 1810, eight (8) hours of labor shall constitute a legal day's work. Pursuant to California Labor Code section 1811, the time of service of any worker employed at any time by the Contractor or by a subcontractor, upon the Tenant Improvements or upon any part of the Tenant Improvements, is limited and restricted to eight (8) hours during any one calendar day and forty (40) hours during any one calendar week, except as provided for under Labor Code section 1815. Notwithstanding the foregoing provisions, work performed by employees of Contractor or any subcontractor, in excess of eight (8) hours per day and forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half (1½) times the basic rate of pay.

7. Penalty for Excess Hours:

The Contractor shall pay to the Lessee a penalty of twenty-five dollars (\$25.00) for each worker employed on the Tenant Improvements by the Contractor or any subcontractor, for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any calendar day and forty (40) hours in any one calendar week, in violation of the provisions of the California Labor Code, unless compensation to the worker so employed by the Contractor is not less than one and one-half (1½) times the basic rate of pay for all hours worked in excess of eight (8) hours per day.

8. Senate Bill 854 (Chapter 28, Statutes of 2014) Requirements:

- (1) Contractor shall comply with Senate Bill 854 (signed into law on June 20, 2014). The requirements include, but are not limited to, the following:
 - a. No contractor or subcontractor may be listed on a bid proposal (submitted on or after March 1, 2015) for a public works project unless registered with the DIR pursuant to

Labor Code section 1725.5, with limited exceptions from this requirements for bid purposes only as allowed under Labor Code section 1771.1(a).

- b.** No contractor or subcontractor may be awarded a contract for public work or perform work on a public works project (awarded on or after April 1, 2015) unless registered with the DIR pursuant to Labor Code section 1725.5.
- c.** This project is subject to compliance monitoring and enforcement by the DIR.
- d.** As required by the DIR, Contractor is required to post job site notices, as prescribed by regulation, regarding compliance monitoring and enforcement by the DIR.
- e.** Contractors and all subcontractors must submit certified payroll records online to the Labor Commissioner for all new public works projects issued on or after April 1, 2015, and for all public works projects, new or ongoing, on or after January 1, 2016.
 - i.** The certified payroll must be submitted at least monthly to the Labor Commissioner.
 - ii.** The Lessee reserves the right to require Contractor and all subcontractors to submit certified payroll records more frequently than monthly to the Labor Commissioner
 - iii.** The certified payroll records must be in a format prescribed by the Labor Commissioner.

(2) Labor Code section 1725.5 states the following:

A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) Beginning July 1, 2014, register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of three hundred dollars (\$300) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' Compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation Insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from

bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2) of this subdivision.

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work, as defined in this chapter, entered into on or after April 1, 2015.

(3) Labor Code section 1771.1 states the following:

(a) A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.

(b) Notice of the requirement described in subdivision (a) shall be included in all bid invitations and public works contracts, and a bid shall not be accepted nor any contract or

subcontract entered into without proof of the contractor or subcontractor's current registration to perform public work pursuant to Section 1725.5.

(c) An inadvertent error in listing a subcontractor who is not registered pursuant to Section 1725.5 in a bid proposal shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that any of the following apply:

(1) The subcontractor is registered prior to the bid opening.

(2) Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

(3) The subcontractor is replaced by another registered subcontractor pursuant to Section 4107 of the Public Contract Code.

(d) Failure by a subcontractor to be registered to perform public work as required by subdivision (a) shall be grounds under Section 4107 of the Public Contract Code for the contractor, with the consent of the awarding authority, to substitute a subcontractor who is registered to perform public work pursuant to Section 1725.5 in place of the unregistered subcontractor.

(e) The department shall maintain on its Internet Web site a list of contractors who are currently registered to perform public work pursuant to Section 1725.5.

(f) A contract entered into with any contractor or subcontractor in violation of subdivision (a) shall be subject to cancellation, provided that a contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, contractor, or any subcontractor to comply with the requirements of Section 1725.5 or this section.

(g) This section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015.

(4) Labor Code section 1771.4 states the following:

(a) All of the following are applicable to all public works projects that are otherwise subject to the requirements of this chapter:

(1) The call for bids and contract documents shall specify that the project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

(2) The awarding body shall post or require the prime contractor to post job site notices, as prescribed by regulation.

(3) Each contractor and subcontractor shall furnish the records specified in Section 1776 directly to the Labor Commissioner, in the following manner:

(A) At least monthly or more frequently if specified in the contract with the awarding body.

(B) In a format prescribed by the Labor Commissioner.

(4) The department shall undertake those activities it deems necessary to monitor and enforce compliance with prevailing wage requirements.

(b) The Labor Commissioner may exempt a public works project from compliance with all or part of the requirements of subdivision (a) of this section if either of the following occurs:

(1) The awarding body has enforced an approved labor compliance program, as defined in Section 1771.5, on all public works projects under its authority, except those deemed exempt pursuant to subdivision (a) of Section 1771.5, continuously since December 31, 2011.

(2) The awarding body has entered into a collective bargaining agreement that binds all contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.

(c)

(1) The requirements of paragraph (1) of subdivision (a) shall only apply to contracts for public works projects awarded on or after January 1, 2015.

(2) The requirements of paragraph (3) of subdivision (a) shall only apply to the following projects:

(A) Projects that were subject to a requirement to furnish records to the Compliance Monitoring Unit pursuant to Section 16461 of Title 8 of the California Code of Regulations, prior to the effective date of this section.

(B) Projects for which the initial contract is awarded on or after April 1, 2015.

(C) Any other ongoing project in which the Labor Commissioner directs the contractors or subcontractors on the project to furnish records in accordance with paragraph (3) of subdivision (a).

(D) All projects, whether new or ongoing, on or after January 1, 2016.

B. STATE PUBLIC WORKS APPRENTICESHIP REQUIREMENTS

1. State Public Works Apprenticeship Requirements:

The Contractor is responsible for compliance with Labor Code section 1777.5 and the California Code of Regulations, title 8, sections 230 – 230.2 for all apprenticeable occupations (denoted with “#” symbol next to craft name in DIR Prevailing Wage Determination), whether employed by the Contractor, subcontractor, vendor or consultant. Included in these requirements is (1) the Contractor’s requirement to provide notification (i.e. DAS-140) to the appropriate apprenticeship committees; (2) pay training fund contributions for each apprenticeable hour employed on the Contract; and (3) utilize apprentices in a minimum ratio of not less than one apprentice hour for each five journeyman hours by completion of Contract work (unless an exception is granted in accordance with Labor Code section 1777.5) or request for the dispatch of apprentices.

Any apprentices employed to perform any of the Tenant Improvements shall be paid the standard wage to apprentices under the regulations of the craft or trade for which such apprentice is employed, and such individual shall be employed only for the work of the craft or trade to which such individual is registered. Only apprentices, as defined in California Labor Code section 3077, who are in training under apprenticeship standards and written apprenticeship agreements under California Labor Code sections 3070 et seq. are eligible to be employed for the Tenant Improvements. The employment and training of each apprentice shall be in accordance with the provisions of the apprenticeship standards and apprentice agreements under which such apprentice is training.

2. Compliance with California Labor Code section 1777.5 requires all public works contractors to:

Submit Contract Award Information (DAS-140)

- a.** Although there are a few exemptions (identified below), all Contractors, regardless of union affiliation, must submit contract award information when performing on a California public works project.
- b.** The DAS-140 is a notification “announcement” of the Contractor’s participation on a public works project—*it is not a request for the dispatch of an apprentice.*
- c.** Contractors shall submit the contract award information (you may use form DAS 140) within 10 days of the execution of the prime contract or subcontract, but in no event later than the first day in which the Contractor has workers employed on the public work.
- d.** Contractors who are already approved to train apprentices (i.e. check “Box 1” on the DAS-140) shall only be required to submit the form to their approved program.
- e.** Contractors who are NOT approved to train apprentices (i.e. those that check either “Box 2” or “Box 3” on the DAS-140) shall submit the DAS-140 TO EACH of the apprenticeship program sponsors in the area of your public works project. For a listing of apprenticeship programs see <http://www.dir.ca.gov/Databases/das/pwaddrstart.asp>.

Employ Registered Apprentices

- a.** Labor Code section 1777.5 requires that a contractor performing work in an “apprenticeable” craft must employ one (1) hour of apprentice work for every five (5) hours performed by a journeyman. This ratio shall be met prior to the Contractor’s completion of work on the project. “Apprenticeable” crafts are denoted with a pound symbol “#” in front of the craft name on the prevailing wage determination.
- b.** All Contractors who do not fall within an exemption category (see below) must request for dispatch of an apprentice from an apprenticeship program (for each apprenticeable craft or trade) by giving the program actual notice of at least 72 hours (business days only) before the date on which apprentices are required.
- c.** Contractors may use the “DAS-142” form for making a request for the dispatch of an apprentice.
- d.** Contractors who are participating in an approved apprenticeship training program and who did not receive sufficient number of apprentices from their initial request must request dispatch of apprentices from ALL OTHER apprenticeship committees in the project area in order to fulfill this requirement.
- e.** Contractor should maintain and submit proof (when requested) of its DAS-142 submittal to the apprenticeship committees (e.g. fax transmittal confirmation). A Contractor has met its requirement to employ apprentices only after it has successfully made a dispatch request to all apprenticeship programs in the project area.
- f.** Only “registered” apprentices may be paid the prevailing apprentice rates and must, at all times work under the supervision of a Journeyman (Cal. Code Regs., tit 8, § 230.1).

Make Training Fund Contributions

- a.** Contractors performing in apprenticeable crafts on public works projects, must make training fund contributions in the amount established in the prevailing wage rate publication for journeymen and apprentices.
- b.** Contractors may use the “CAC-2” form for submittal of their training fund contributions.
- c.** Contractors who do not submit their training fund contributions to an approved apprenticeship training program must submit their contributions to the California Apprenticeship Council (CAC), PO Box 420603, San Francisco, CA 94142-0603.
- d.** Training fund contributions to the CAC are due and payable on the 15th day of the month for work performed during the preceding month.
- e.** The “training” contribution amount identified on the prevailing wage determination shall not be paid to the worker, unless the worker falls within one of the exemption categories listed below.

3. Exemptions to Apprenticeship Requirements:

The following are exempt from having to comply with California apprenticeship requirements. These types of contractors do not need to submit a DAS-140, DAS-142, make training fund contributions, or utilize apprentices.

- a. When the Contractor holds a sole proprietor license (“Owner-Operator”) and no workers were employed by the Contractor. In other words, the contractor performed the entire work from start to finish and worked alone.
- b. Contractors performing in non-apprenticeable crafts. “Apprenticeable” crafts are denoted with a pound symbol “#” in front of the craft name on the prevailing wage determination.
- c. When the Contractor has a direct contract with the Public Agency that is under \$30,000.
- d. When the project is 100% federally-funded and the funding of the project does not contain any city, Lessee, and/or state monies (unless the project is administered by a state agency in which case the apprenticeship requirements apply).
- e. When the project is a private project not covered by the definition of public works as found in Labor Code section 1720.

4. Exemption from Apprenticeship Ratios:

The Joint Apprenticeship Committee shall have the discretion to grant a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the Contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions are met:

- a. Unemployment for the previous three-month period in such area exceeds an average of fifteen percent (15%); or
- b. The number of apprentices in training in such area exceeds a ratio of 1-to-5 in relation to journeymen; or
- c. The Apprenticeable Craft or Trade is replacing at least one-thirtieth (1/30) of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis; or
- d. If assignment of an apprentice to any work performed under the Contract Documents would create a condition which would jeopardize such apprentice's life or the life, safety or property of fellow employees or the public at large, or if the specific task to which the apprentice is to be assigned is of such a nature that training cannot be provided by a journeyman.

When such exemptions from the 1-to-5 ratio between apprentices and journeymen are granted to an organization which represents contractors in a specific trade on a local or statewide basis, the member contractors will not be required to submit individual applications for approval to local Joint Apprenticeship Committees, provided they are already covered by the local apprenticeship standards.

5. Contractor's Compliance:

The responsibility of compliance with this Section for all Apprenticeable Trades or Crafts is solely and exclusively that of the Contractor. All decisions of the Joint Apprenticeship Committee(s) under this Section are subject to the provisions of California Labor Code section 3081 and penalties are pursuant to Labor Code section 1777.7 and the determination of the Labor Commissioner.

EXHIBIT G
AVIATION EASEMENT

[Attached]

EXHIBIT H
ENVIRONMENTAL REPORTS

[Attached]