

## **EXHIBIT E**

### **WORK LETTER**

This Work Letter (this “Work Letter”) is entered into as of the \_\_\_\_ day of \_\_\_\_, 2021, by and between Inland Valley Development Agency (with its successors and assigns, hereinafter referred to as the “Lessor”) and the San Bernardino County Fire Protection District (“Lessee”), and sets forth certain terms and conditions relating to the design and construction of the Tenant Improvements (as defined in Schedule 1, the “Tenant Improvements”) at the Premises. All references in this Work Letter to the “Lease Agreement” or sections thereof shall refer to that certain Lease Agreement by and between Lessor and Lessee of even date herewith, to which this Work Letter is attached and of which this Work Letter forms an integral part. All initially capitalized, undefined terms used herein shall have the meanings ascribed to such terms in the Lease Agreement. All references in this Work Letter to Section(s) or Schedule(s) shall refer to the respective section(s) or schedule(s) of this Work Letter unless otherwise indicated. For purposes of this Work Letter, whenever Lessor or Lessee shall be required to deliver a notice or other written communication by a certain date, such notice or written communication shall be delivered no later than 5:00 p.m., California time on such date. Notices or other written communication required to be delivered to Lessor or to Lessee shall be delivered to Lessor’s Representative or Lessee’s Representative, respectively, as identified in Section 11.1 of this Work Letter, in the form and manner specified for notices under the Lease Agreement.

1. Tenant Improvements Construction Drawings. Lessor shall retain an architect (the “Tenant Improvements Architect”) to prepare the Tenant Improvements Construction Drawings (as defined hereinbelow). Lessor shall also retain or cause the Tenant Improvement Contractor (as defined in Section 4.2 below) to retain engineering consultants (the “Engineers”) to prepare all plans and engineering working drawings and specifications relating to the structural, mechanical, electrical, plumbing, HVAC and life safety work of the Tenant Improvements. The drawings and specifications to be prepared by the Tenant Improvements Architect and Engineers pursuant to this Section 1 shall be referred to collectively herein as the “Tenant Improvements Construction Drawings.”

1.1 Space Plan. Lessor has prepared or caused to be prepared a Space Plan for the Tenant Improvements in the Building, executed December 19, 2020 (the “Space Plan”), and attached hereto as Schedule 5, which Space Plan includes a layout and designation of floor plans, offices, rooms, workstations, toilet rooms, breakrooms and other partitioning, and their intended use, a material finish schedule by room type, and a standard for furniture layout in each room. Lessor has, prior to the date hereof, delivered the Space Plan to Lessee and Lessee has approved the Space Plan, subject only to final approval of the Lease Agreement by Lessee. By its execution of this Work Letter, Lessee hereby confirms its approval of the Space Plan for the Building and Lessee shall sign and approve Space Plan prior to Lessor proceeding with Tenant Improvements Design Development Drawings (as defined hereinbelow).

1.2 Tenant Improvements Design Development Drawings. Lessor shall cause the Tenant Improvements Architect to (a) prepare more refined drawings and specifications for the Tenant Improvements (collectively, the “Tenant Improvements Design Development

Drawings”) which shall contain a level of detail greater than that for the final Space Plan [and include/describe exterior improvements, landscaping and hardscaping] but not the level of detail of the Tenant Improvements Working Drawings (as defined in Section 1.3 below) and (b) hand deliver three (3) complete sets of the Tenant Improvements Design Development Drawings (including drawings with respect to all floors of the Building) to Lessee’s Representative, for review by Lessee no later than the date set forth on Schedule of Performance attached hereto as Schedule 2. Said Tenant Improvements Design Development Drawings shall be prepared in accordance with the final Space Plan and shall include specifications for Furnishings, Fixtures and Equipment. Tenant Improvements Design Development Drawings shall consist of the following for each floor: Dimensioned Floor Plans, Noted Floor Plans, Reflected Ceiling Plans, Lobby Enlarged Plans And Wall Elevations, Preliminary Wall Sections Through Lobby, Generic Finish Schedules, Preliminary Lighting Locations, Preliminary Power and Data Locations, and Plumbing Fixture Locations.

Lessee shall notify Lessor in writing of any comments to the Tenant Improvements Design Development Drawings within fifteen (15) Business Days after Lessee’s receipt of such drawings and specifications. Lessor and Lessee hereby agree that upon Lessee’s failure to deliver written comments or notice of approval of the Tenant Improvements Design Development Drawings within the fifteen (15) Business Day period, Lessor shall provide written notice to Lessee and San Bernardino County Real Estate Services (“SBRES”) requesting Lessee to approve or provide written comments to the Tenant Improvements Design Development Drawings within five (5) Business Days. If Lessee fails to provide any response within twenty (20) Business Days of receipt of such drawings and specifications, the Tenant Improvement Design Development Drawings shall be deemed approved.

Upon receipt of written comments from Lessee, Lessor shall cause the Tenant Improvements Architect to effect the requested revisions and deliver such revised Tenant Improvements Design Development Drawings (including drawings with respect to all floors of the Building) to Lessee within twenty (20) Business Days after Lessor’s receipt of same. Lessee shall notify Lessor in writing of any additional comments to, or notice to Lessor of its approval of, the revised Tenant Improvements Design Development Drawings within fifteen (15) Business Days after its receipt of such revised drawings and specifications. Lessor and Lessee hereby agree that upon Lessee’s failure to deliver written comments or notice of approval of the revised Tenant Improvements Design Development Drawings within the fifteen (15) Business Day period, Lessor shall provide written notice to Lessee and SBRES requesting Lessee to approve or provide written comments to the Tenant Improvements Design Development Drawings within five (5) Business Days. If Lessee fails to provide any response within twenty (20) Business Days of receipt of such revised drawings and specifications, the revised Tenant Improvement Design Development Drawings shall be deemed approved.

Upon completion of the Tenant Improvements Design Development Drawings, Lessor shall deliver to Lessee three (3) complete sets of the final Tenant Improvements Design Development Drawings (including drawings with respect to all floors of the Building) in hard copy. Lessor and Lessee agree that Lessor shall only be responsible for providing two turns of the Tenant Improvements Design Development Drawings.

Lessor shall submit the Tenant Improvements Design Development Drawings to utility companies and arrange for utility connections. Lessee shall cooperate with Lessor in preparing applications, and other requirements from the utility companies.

1.3 Tenant Improvements Working Drawings. Lessee shall cause the Tenant Improvements Architect and Engineers to (a) complete the architectural and engineering drawings and specifications for the Tenant Improvements as set forth in the Tenant Improvements Design Development Drawings and Schedule 1, and for the furniture, fixtures and equipment (the "Furniture, Fixtures and Equipment") as set forth in Schedule 6, and in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "Tenant Improvements Working Drawings") and (b) hand deliver three (3) complete sets of the Tenant Improvements Working Drawings (including drawings with respect to all floors of the Building) to Lessee's Representative, for review by Lessee no later than the date set forth on Schedule of Performance attached hereto as Schedule 2. Tenant Improvements Working Drawings shall be prepared in accordance with the approved Tenant Improvements Design Development Drawings. As part of its submittal of the Tenant Improvements Working Drawings, Lessor shall identify in writing all material deviations from the approved Tenant Improvements Design Development Drawings. Lessee shall notify Lessor in writing of any comments to the Tenant Improvements Working Drawings within fifteen (15) Business Days after its receipt of such drawings and specifications. Lessor and Lessee hereby agree that upon Lessee's failure to deliver written comments or notice of approval of the Tenant Improvements Working Drawings within the fifteen (15) Business Day period, Lessor shall provide written notice to Lessee and SBRES requesting Lessee to approve or provide written comments to the Tenant Improvements Working Drawings within five (5) Business Days. If Lessee fails to provide any response within twenty (20) Business Days of receipt of such drawings and specifications, the Tenant Improvement Working Drawings shall be deemed approved.

Upon receipt of written comments from Lessee, Lessor shall cause the Tenant Improvements Architect to effect the requested revisions and hand deliver three (3) complete sets of the revised Tenant Improvements Working Drawings (including drawings with respect to all floors of the Building) to Lessee within twenty (20) Business Days after Lessor's receipt of same. Lessee shall notify Lessor in writing of any additional comments required to, or notice to Lessor of its approval of, the revised Tenant Improvements Working Drawings within fifteen (15) Business Days after its receipt of such revised drawings and specifications. Lessor and Lessee hereby agree that upon Lessee's failure to deliver written comments or notice of approval of the revised Tenant Improvements Working Drawings within the fifteen (15) Business Day period, Lessor shall provide written notice to Lessee and SBRES requesting Lessee to approve or provide written comments to the revised Tenant Improvements Working Drawings within five (5) Business Days. If Lessee fails to provide any response within twenty (20) Business Days of receipt of such drawings and specifications, the revised Tenant Improvement Working Drawings shall be deemed approved.

Upon completion of the Tenant Improvements Working Drawings, Lessor shall deliver to Lessee three (3) complete sets of the final Tenant Improvements Working Drawings (including drawings with respect to all floors of the Building) in hard copy. Lessor and Lessee agree that Lessor shall only be responsible for providing two turns of the Tenant Improvements Working Drawings.

1.4 Complete Drawings and Commencement of Review Period. Lessee shall use its reasonable efforts to promptly notify Lessor if any submission of Tenant Improvements drawings and specifications pursuant to Section 1 of this Work Letter is incomplete and identify the deficiency in such submission. Upon receipt of such notifications, Lessor shall immediately take all steps necessary to correct such deficiencies and deliver the required complete sets of drawings and specifications (including drawings with respect to all floors of the Building) to Lessee. For purposes of determining the date on which Lessee's obligation to provide written comments to a submission of drawings and specifications, the time periods specified in this Work Letter shall be deemed to commence on the Business Day following the day on which Lessee has received three complete sets of such revised drawings and specifications. For purposes of determining the date on which Lessor's obligation to commence revisions to Tenant Improvements drawings and specifications, the time periods specified in this Work Letter shall be deemed to commence on the Business Day following the receipt by Lessor of such written comments from Lessee.

1.5 Lessee Requested Changes. In the event that at any time after the approval by Lessee of the Tenant Improvements Design Development Drawings, Lessee requests modifications to the subsequent level(s) of plans and specifications that constitute material changes to the previous level of plans and specifications approved by Lessee, Lessee shall reimburse Lessor for the additional design costs incurred by Lessor as a result of such Lessee-requested changes within sixty (60) days after written request. Lessee shall not be obligated to reimburse Lessor for modifications to the subsequent level(s) of plans and specifications necessitated by Lessor's, the Tenant Improvements Contractor's or the Tenant Improvements Architect's negligence or failure to design and construct the Tenant Improvements in accordance with Schedule 1 of this Work Letter or changes required by building codes revisions from building codes provisions in effect as of the date of this Work Letter.

## 2. General Provisions Regarding Construction Drawings.

2.1 Permits. The Tenant Improvements Working Drawings shall be approved by Lessee as provided in and subject to Section 1 above prior to the commencement of the construction of the Tenant Improvements. Lessor shall cause the Tenant Improvements Architect to submit the approved Tenant Improvements Working Drawings following the approval by Lessee as provided in Section 1 above to the appropriate governmental authorities for all building permits ("Permits") necessary to allow the Tenant Improvements Contractor to commence and timely complete the construction of the Tenant Improvements. Lessee acknowledges that Lessor has no control of the timeliness of the governmental and utility agencies involved in the project.

2.2 No Warranty. Notwithstanding anything to the contrary stated or implied in this Work Letter, Lessee's review of the Tenant Improvements Working Drawings as provided in Section 1 above shall not imply any warranty or representation by Lessee regarding the same, or impose upon Lessee any obligation to review the same for quality, design, code compliance or other like matters. Lessor acknowledges and agrees that Lessor, the Tenant Improvements Contractor and the Tenant Improvements Architect are solely responsible for ensuring that the Tenant Improvements Construction Drawings comply with all applicable building codes, laws, ordinances and other requirements of any governmental authority with jurisdiction over the

Premises. Accordingly, notwithstanding that any Tenant Improvements Construction Drawings are reviewed by Lessee or its space planner, architect, engineers and consultants, and SBRES, and notwithstanding any advice or assistance which may be rendered to Lessor and/or the Tenant Improvements Architect by any of the foregoing parties, Lessee shall have no liability whatsoever in connection therewith and shall not be responsible for any professional errors or omissions contained in the Tenant Improvements Construction Drawings.

2.3 Modifications. It is anticipated that proceeds of the Series 2021 Bonds will finance the Tenant Improvement Allowance and the Furniture, Fixtures and Equipment Allowance, upon the satisfaction of certain conditions to the reasonable satisfaction of Lessee. In the event that at any time after the approval by Lessee of the Tenant Improvements Design Development Drawings, Lessee requests modifications thereto that increase or decrease the overall cost of construction of the Premises, Lessee and Lessor hereby agree that: (a) to the extent Lessor receives written notice of such requested modifications prior to the sale of the Series 2021 Bonds, Lessor shall provide Lessee with a revised cost of the Premises and the Lease Agreement shall be amended to reflect such modifications to the Base Rent payments such that following the execution of an amendment to the Lease Agreement, the Base Rent payments to be paid by Lessee will be in an amount at least sufficient to pay the principal of and interest on the Bonds, and (b) to the extent Lessor receives written notice of such requested modifications after the sale of the Series 2021 Bonds, (i) in the event such modifications result in a decrease in the overall cost of the Premises, the provisions of Section 7 below shall apply to the treatment of excess proceeds of the Series 2021 Bonds, and (ii) in the event such modifications result in an increase in the overall cost of the Premises, Lessee, at its option, may elect (y) not to proceed with such modifications, or (z) to pay the increased cost of construction to Lessor upon submission by Lessor of an invoice or other evidence of such increased cost by depositing the amount of such increase with Trustee for deposit into the applicable accounts within the Project Fund. Any modifications in the Construction Documents (whether requested by Lessee or Lessor) shall be approved by Lessee's Representative in writing, such approval not to be unreasonably withheld or delayed. Approvals by Lessee of modifications to the final Tenant Improvements Working Drawings approved pursuant to this Work Letter may take place during the regularly scheduled weekly construction meetings held between Lessee's Representative and Lessor's Representative.

### 3. Construction of the Tenant Improvements.

3.1 Tenant Improvements and Furniture, Fixtures and Equipment. Pursuant to the Standard Form of Agreement between Owner and Contractor (the "Construction Contract"), between Lessor and Screenland Development Group, or another general contractor selected by Lessor (the "Tenant Improvements Contractor"), the Tenant Improvements Contractor shall act as the general contractor for the completion of the Tenant Improvements. The Tenant Improvements Contractor shall construct the Tenant Improvements in accordance with the approved Tenant Improvements Working Drawings and subject to the terms and conditions of the Construction Contract. The Construction Contract shall guarantee the Substantial Completion of the Tenant Improvements no later than the Substantial Completion Deadline, subject to the terms and conditions set forth in the Construction Contract. Lessor hereby covenants and agrees to provide or cause to be provided in the Building, the Furniture, Fixtures and Equipment prior to or concurrently with (and the same shall be a condition to) the

Substantial Completion of the Tenant Improvements. Amounts to be used for the acquisition and installation of the Tenant Improvements shall be held by Trustee in the Tenant Improvements Cost Account of the Project Fund (or similar fund or account, the "Tenant Improvements Cost Account") established under the Indenture pursuant to which the Series 2021 Bonds are issued and delivered. Amounts to be used for the acquisition and installation of the Furniture, Fixtures and Equipment shall be held by Trustee in the Furniture, Fixtures and Equipment Account of the Project Fund (or similar fund or account, the "Furniture, Fixtures and Equipment Account") established under the Indenture pursuant to which the Series 2021 Bonds are issued and delivered. Notwithstanding the foregoing, the total cost of Tenant Improvements, including without limitation the costs of design, architectural, engineering, Tenant Improvement Contractor's profit and general conditions, insurance, and other soft costs, shall not exceed the Tenant Improvement Allowance, unless the Tenant Improvement Allowance is increased by Lessee in accordance with Section 4, and the total cost of Furniture, Fixtures and Equipment Allowance, including without limitation the costs of design, architectural, engineering, Tenant Improvement Contractor's profit and general conditions, insurance, and other soft costs, shall not exceed the Tenant Improvement Allowance, unless the Furniture, Fixtures and Equipment Allowance is increased by Lessee in accordance with Section 5.

3.2 Change Orders by Lessee. In the event that Lessee requests modifications to (a) the Tenant Improvements Working Drawings, or (b) the type of Furniture, Fixtures and Equipment, which, as the case may be, increase the cost of construction of the Tenant Improvements and/or the cost of Furniture, Fixtures and Equipment, as the case may be, and provided that such modifications are elective in nature and are not required as a result of any professional errors or omissions in the Tenant Improvements Working Drawings, Lessee hereby agrees to pay such incremental cost by depositing the amount of such increase with Trustee for deposit into the Tenant Improvements Cost Account and/or the Furniture, Fixtures and Equipment Account, as the case may be, of the Project Fund. In the event that Lessee requests modifications to the Tenant Improvements Working Drawings following the approval thereof by Lessee pursuant to Section 1.4 above, prior to the Lease Commencement Date, which in either case reduce the cost of construction of the Tenant Improvements, Lessor shall apply the savings in construction costs to Lessee's Base Rent due under the Lease Agreement.

3.3 Change Orders by Lessor. Lessor shall not make any material modifications to the approved Tenant Improvements Working Drawings without the prior written approval of Lessee nor any modifications to the approved Tenant Improvements Working Drawings which would result in an increase in the costs of construction of the Tenant Improvements or the cost of Furniture, Fixtures and Equipment, as the case may be, in excess of amounts available from proceeds of the Series 2021 Bonds and from amounts provided by Lessee for deposit into the Tenant Improvements Cost Account and/or the Furniture, Fixtures and Equipment Account, as the case may be, of the Project Fund without the prior written approval of Lessee.

3.4 Lessee's Access. Lessor agrees that Lessee, its employees, project managers (including SBRES), consultants and representatives (collectively, "Lessee Representatives"), shall have access to the Premises at all reasonable times during the construction of the Tenant Improvements for the purpose of inspecting the construction of the Tenant Improvements (collectively, the "Work") and attending meetings with Lessor, the Tenant

Improvements Contractor and the Tenant Improvements Architect, and Lessee Representatives shall have the right to inspect the Work and ascertain that the Work is being performed in accordance with the approved Tenant Improvements Working Drawings. Lessor shall cause any Work reasonably ascertained by Lessee and verified by the Tenant Improvements Architect as not in conformance with the approved Tenant Improvements Working Drawings to be corrected to conform to such approved drawings to the reasonable satisfaction of Lessee, at no additional cost to Lessee. Lessee shall provide Lessor with written notification upon commencement of the construction of its designated project manager (who may be an employee or officer of Lessee or an independent third party retained as a project manager by Lessee) who shall be Lessee's primary contact for the Work. Lessor further agrees that, upon commencement of the Work, it will notify the Real Estate Services Director of the County of San Bernardino in writing of the identity, place of business, and business telephone number of the person(s) who shall be the Tenant Improvements Architect's representative(s) during the progress of the Work. Notwithstanding the foregoing, Lessor's primary contact for purposes of this Work Letter shall be Jian Torkan, 4221 Wilshire Boulevard, Suite 380, Los Angeles, California 90010, Telephone (323) 932-7777, email: jtorkan@icoreg.com.

3.5 Quality of Work and Materials. All materials, parts and equipment furnished by Lessor and/or its contractor(s), subcontractors and material suppliers shall be new, high grade and free from defects and imperfections. Any item or work installed by Lessor and/or its contractor(s), subcontractors or material suppliers not in conformance with the approved Tenant Improvement Working Drawings shall be removed by and at Lessor's and/or contractor's expense upon written request from Lessee and/or brought into conformance with the requirements of the approved Tenant Improvement Working Drawings.

3.6 Approval of Project Budget. Lessee approves the project budget attached as Schedule 3 to this Work Letter for the completion of the Tenant Improvements and Furniture, Fixtures and Equipment subject and in accordance with the Lease Agreement.

3.7 Lessee's Completion of IT and Communications Work. Subject to Lessor's completion of the necessary portion of the Work of the related Tenant Improvements (as defined in Schedule 1), Lessee covenants and agrees to complete the installation of all IT, communications and audio visual cabling and equipment to ensure Lessee's communications, audio visual and security systems are fully integrated and operational in accordance with the schedule for the completion of the Tenant Improvements on or prior to the Substantial Completion Deadline. Lessor shall provide Lessee with the construction schedule and the time frame for the installation of all IT, communications, audio visual and security systems cabling and equipment. To the extent Lessee fails to complete the installation of all IT, communications, audio visual and security systems cabling and equipment by the Substantial Completion Deadline and thereby delay Lessor's ability to achieve Substantial Completion of the Tenant Improvements by the Substantial Completion Deadline, Lessee shall be responsible for any costs incurred by Lessor as a result of such delay, including the interest expense associated with the financing for the Premises. Such costs and expenses shall be paid, to the extent practicable, from the proceeds of the Series 2021 Bonds and shall be taken into account in determining Base Rent payments under the Lease Agreement; alternatively, such amounts shall be paid by Lessee as a component of Additional Rent.

4. Disbursement of Tenant Improvement Allowance. Lessor and Lessee hereby agree that Lessor shall construct and install the Tenant Improvements at a cost not to exceed the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (except as provided elsewhere in this Work Letter, including, without limitation, Sections 3.2, 6.1, 6.3 and/or 9, or unless otherwise funded by Lessor) (the “Tenant Improvements Allowance”), in accordance with the approved Tenant Improvements Working Drawings, including without limitation the following soft costs (which costs shall not exceed \_\_\_\_\_ percent (\_\_\_%) of the total cost of the Tenant Improvements): design, including architectural and engineering; Tenant Improvement Contractor's fee; bonds; insurance; and other soft costs. If during the design review process for the Tenant Improvements pursuant to Section 1, it is determined by the parties that the aggregate costs of the Tenant Improvements will exceed such allowance, then either (a) the parties will negotiate in good faith to revise the Tenant Improvements Working Drawings in a manner that will permit construction and installation of the Tenant Improvements for a cost not to exceed the allowance or (b) as may be requested by Lessee, the allowance shall be increased by Lessee pursuant to Section 3.2 above. Lessor and Lessee hereby agree that the amounts projected to be funded into the Tenant Improvements Cost Account of the Project Fund (or similar fund or account) established under the Indenture pursuant to which the Series 2021 Bonds are issued and delivered shall be the amount of the Tenant Improvements Allowance described in this Section 4, and that funds to be disbursed by Trustee with respect to the costs of the Tenant Improvements shall not exceed the amounts on deposit in the Tenant Improvements Cost Account of the Project Fund (except as provided elsewhere in this Work Letter, including, without limitation, Sections 3.2, 6.1, 6.3 and/or 9). The Tenant Improvement Allowance shall be disbursed by Trustee pursuant to the process described below for costs related to the construction of the Tenant Improvements.

4.1 Application for Payment of Tenant Improvements. On or before the tenth (10<sup>th</sup>) day of each calendar month during the construction of the Tenant Improvements, Lessor shall deliver to Trustee: (a) a request for payment (each, an “Application for Payment of Tenant Improvements”) of the Tenant Improvements Contractor covering the immediately preceding calendar month as described below, which Application for Payment of Tenant Improvements shall be approved in writing by the Architect and shall show in detail (i) the Work completed during the period covered by the Application for Payment of Tenant Improvements and (ii) the schedule, by trade, of percentage of completion of the Tenant Improvements, detailing the aggregate portion of the Work completed and the portion not completed; (b) invoices from the Tenant Improvements Contractor and all subcontractors and material suppliers of the Tenant Improvements Contractor, for labor rendered and materials delivered in connection with the Tenant Improvements during the period covered by the Application for Payment of Tenant Improvements; (c) executed mechanics’ lien releases from the Tenant Improvements Contractor and all such subcontractors and material suppliers who have filed a preliminary notice in accordance with Section 9300 of the California Civil Code (i) in the form of California Civil Code Section 8132 with respect to the current Application for Payment of Tenant Improvements, and (ii) in the form of California Civil Code Section 8134 with respect to all previous Application(s) for Payment, (which were paid by Trustee) provided, however, that in the event the Tenant Improvements Contractor cannot obtain unconditional mechanics' lien releases from all of such subcontractors and material suppliers for the immediately preceding Application for Payment of Tenant Improvements, then Lessor shall obtain from the Tenant Improvements Contractor such unconditional mechanics' lien releases as the Tenant Improvements Contractor can obtain using reasonable efforts, provided that (x) the total amount for which lien releases



required by this clause relating to the immediately preceding Application for Payment of Tenant Improvements are not delivered shall not exceed \$250,000 in the aggregate, and (y) Tenant Improvements Contractor must deliver all other previously undelivered unconditional mechanics' lien releases with then Application for Payment for Tenant Improvements); and (d) all other information reasonably requested by Trustee. Lessor shall certify that each Application for Payment of Tenant Improvements complies with the requirements of this Section 4.1. Within three (3) Business Days after Trustee's receipt of the approved Application for Payment of Tenant Improvements, Trustee shall deliver funds by check or wire transfer to Lessor (or, at the direction of Lessor, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks or in accordance with other payment instructions payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) listed in the applicable Application for Payment of Tenant Improvements) in payment of the lesser of: (A) the amounts so requested by Lessor in the Application for Payment of Tenant Improvements, recognizing that such request will deduct a retention of at least ten percent (10%) from the gross amount requested until the Tenant Improvements have reached fifty percent (50%) of completion of the Work under the Construction Contract (as certified in writing by the Architect) and at least five percent (5%) of the gross amount requested thereafter (the aggregate amount of such retentions being the "Tenant Improvement Final Retention"), and (B) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Tenant Improvement Final Retention). Notwithstanding anything to the contrary contained in this Section 4.1, Lessor's Application for Payment of Tenant Improvements need not provide for any retention of amounts due and payable to the Tenant Improvements Architect and other soft costs and Trustee shall not be required to holdback any retention for such amounts. Trustee shall have no obligation to disburse any monies from the Tenant Improvement Allowance for Tenant Improvements which are not approved by the Tenant Improvements Architect.

4.2 Disbursement of Tenant Improvement Final Retention. Subject to the provisions of this Work Letter, a check for the Tenant Improvement Final Retention less a holdback equal to 150% (the "Tenant Improvement Punchlist Holdback") of the estimated cost of the Tenant Improvement Punchlist Items (as defined in Section 8.1 below) shall be delivered by Trustee to Lessor (or, at Lessor's discretion, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks or in accordance with other payment instructions payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) still owed amounts under the Construction Contract) within thirty (30) days following the Substantial Completion Date, provided that (a) Lessor delivers to Trustee properly executed mechanics' lien releases from the Tenant Improvements Contractor and all applicable subcontractors and material suppliers (i) in the form of California Civil Code Section 8132 with respect to the portion of the Tenant Improvement Final Retention being released and (ii) in the form of California Civil Code Section 8134 with respect to any previous Application for Payment of Tenant Improvements (b) the Tenant Improvements Architect delivers to Lessor and Trustee a certificate, in form reasonably acceptable to such parties, certifying that the Tenant Improvements have been substantially completed in accordance with the Tenant Improvements Working Drawings, and (c) Lessor delivers to Trustee a certificate approving the release of the amounts requested.

4.3 Other Terms. Trustee shall only be obligated to make disbursements from the Tenant Improvements Cost Account of the Project Fund to the extent of costs incurred by

Lessor in connection with the construction of the Tenant Improvements. Lessor acknowledges that, subject to Sections 6.3 and 10 of this Work Letter, if the Tenant Improvements Allowance and contingency amounts available from the proceeds of the Series 2021 Bonds (as defined in Section 6.3 below) are insufficient to fund all construction costs of the Tenant Improvements, Lessor shall be responsible for and shall pay the amount necessary to complete the Tenant Improvements. Notwithstanding the previous sentence, Lessor shall not be responsible for such excess cost if such excess cost is determined to be attributable to modifications or Change Orders requested by Lessee after final approval of the Tenant Improvements Working Drawings which were not necessitated by Lessor's or the Tenant Improvements Contractor's negligence or failure to design and construct the Tenant Improvements in accordance with Schedule 1 of this Work Letter, changes required by building codes revisions from building codes provisions in effect as of the date of this Work Letter, and any additional Lessee's design criteria and specifications provided by Lessee to Lessor prior to the final approval of the Tenant Improvements Design Development Drawings. In the event Lessor fails or is otherwise unable to pay the excess cost to complete the Tenant Improvements, and Lessee elects to complete the Tenant Improvements, Lessee shall be entitled to recover the cost to complete the Tenant Improvements from amounts held by Trustee under the Indenture and, to the extent such amounts are insufficient to reimburse Lessee, Lessee may offset the amount paid to complete the Tenant Improvements against the Supplemental Rent due under the Lease Agreement.

In the event that the total cost of the Tenant Improvements is less than the Tenant Improvement Allowance (the "Surplus Tenant Improvement Allowance"), Lessor and Lessee hereby agree that the Surplus Tenant Improvement Allowance may be applied in Lessee's sole discretion to any one or more of the following purposes: (i) the cost of other or additional capital improvements constituting part of the Premises; or (ii) for any other lawful purpose as approved in an opinion of nationally recognized bond counsel addressed to Trustee, Issuer, Lessor and Lessee.

5. Disbursement of Furniture, Fixtures and Equipment Allowance. Lessor and Lessee hereby agree that Lessor shall acquire and install the Furniture, Fixtures and Equipment, at a cost not to exceed the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) (except as provided elsewhere in this Work Letter, including, without limitation, Sections 3.2, 6.1, 6.3 and/or 9, or unless otherwise funded by Lessor) (the "Furniture, Fixtures and Equipment Allowance"), in accordance with the approved Tenant Improvements Working Drawings, including without limitation the following soft costs (which costs shall not exceed \_\_\_\_\_ percent (\_\_\_%) of the total cost of the Furniture, Fixtures and Equipment): design, including architectural and engineering; Tenant Improvement Contractor's fee; bonds; insurance, and other soft costs. If during the design review process for the Furniture, Fixtures and Equipment pursuant to Section 1, it is determined by the parties that the aggregate costs of the Furniture, Fixtures and Equipment will exceed such allowance, then either (a) the parties will negotiate in good faith to revise the Tenant Improvements Working Drawings in a manner that will permit construction and installation of the Furniture, Fixtures and Equipment for a cost not to exceed the allowance or (b) the allowance shall be increased by Lessee pursuant to Section 3.2 above. Lessor and Lessee hereby agree that the initial amount to be funded into the Furniture, Fixtures and Equipment Account of the Project Fund established under the Indenture pursuant to which the Series 2021 Bonds are issued and delivered shall be the amount of the Furniture, Fixtures and Equipment Allowance described in this Section 5, and that funds to be disbursed by Trustee with respect to the costs of the

Furniture, Fixtures and Equipment shall not exceed the amounts on deposit in the Furniture, Fixtures and Equipment Account of the Project Fund (except as provided elsewhere in this Work Letter, including, without limitation, Sections 3.2, 6.1, 6.3 and/or 9). The Furniture, Fixtures and Equipment Allowance shall be disbursed by Trustee pursuant to the process described below for costs related to the design, acquisition and installation of the Furniture, Fixtures and Equipment.

5.1 Application for Payment of Furniture, Fixtures and Equipment. On or before the tenth (10<sup>th</sup>) day of each calendar month during the acquisition and installation of the Furniture, Fixtures and Equipment, Lessor shall deliver to Lessee: (a) a request for payment (each, an "Application for Payment of Furniture, Fixtures and Equipment") of the Tenant Improvements Contractor covering the immediately preceding calendar month as described below, which Application for Payment of Furniture, Fixtures and Equipment shall be approved in writing by the Architect and shall show in detail (i) the Work completed or the orders placed during the period covered by the Application for Payment of Furniture, Fixtures and Equipment and (ii) the schedule, by trade, of percentage of completion of the Furniture, Fixtures and Equipment, detailing the aggregate portion of the Work completed and the portion not completed; (b) invoices from furniture vendors and/or the Tenant Improvements Contractor and all subcontractors and material suppliers of the Tenant Improvements Contractor for labor rendered and materials delivered in connection with the Furniture, Fixtures and Equipment during the period covered by the Application for Payment of Furniture, Fixtures and Equipment; (c) executed mechanics' lien releases from the Tenant Improvements Contractor and all such subcontractors and material suppliers who have filed a preliminary notice in accordance with Section 9300 of the California Civil Code (i) in the form of California Civil Code Section 8132 with respect to the current Application for Payment of Furniture, Fixtures and Equipment, and (ii) in the form of California Civil Code Section 8134 with respect to all previous Application(s) for Payment, (which were paid by Trustee) provided, however, that in the event the Tenant Improvements Contractor cannot obtain unconditional mechanics' lien releases from all of such subcontractors and material suppliers for the immediately preceding Application for Payment of Furniture, Fixtures and Equipment, then Lessor shall obtain from the Tenant Improvements Contractor such unconditional mechanics' lien releases as the Tenant Improvements Contractor can obtain using reasonable efforts, provided that (x) the total amount for which lien releases required by this clause relating to the immediately preceding Application for Payment of Furniture, Fixtures and Equipment are not delivered shall not exceed \$250,000 in the aggregate, and (y) Tenant Improvements Contractor must deliver all other previously undelivered unconditional mechanics' lien releases with then Application for Payment for Furniture, Fixtures and Equipment); and (d) all other information reasonably requested by Trustee. Lessor shall certify that each Application for Payment of Furniture, Fixtures and Equipment complies with the requirements of this Section 5.1. Within fifteen (15) Business Days after Lessee's receipt of all of the items described above in this Section 5.1, Lessee shall approve in writing the Application for Payment of Furniture, Fixtures and Equipment and return such approved Application for Payment of Furniture, Fixtures and Equipment to Lessor. Lessee's approval of any Application for Payment of Furniture, Fixtures and Equipment shall not, in and of itself, excuse Lessor from its obligations pursuant to this Work Letter. Lessee's failure to provide written approval or disapproval of the Application for Payment of Furniture, Fixtures and Equipment within fifteen (15) Business Days after receipt from Lessor shall constitute approval of such Application for Payment of Furniture, Fixtures and Equipment. Upon receipt of the approved Application for Payment of Furniture, Fixtures and Equipment from Lessee, Lessor

shall submit the same to Trustee for payment. Within three (3) Business Days after Trustee's receipt of the approved Application for Payment of Furniture, Fixtures and Equipment, Trustee shall deliver funds by check or wire transfer to Lessor (or, at the direction of Lessor, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks or in accordance with other payment instructions payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) listed in the applicable Application for Payment of Furniture, Fixtures and Equipment) in payment of the lesser of: (A) the amounts so requested by Lessor in the Application for Payment of Furniture, Fixtures and Equipment, recognizing that such request will deduct a retention of at least ten percent (10%) from the gross amount requested until the Furniture, Fixtures and Equipment have reached fifty percent (50%) of completion of the Work under the Construction Contract (as certified in writing by the Architect) and at least five percent (5%) of the gross amount requested thereafter (the aggregate amount of such retentions being the "Furniture, Fixtures and Equipment Final Retention"), and (B) the balance of any remaining available portion of the Furniture, Fixtures and Equipment Allowance (not including the Furniture, Fixtures and Equipment Final Retention). The parties acknowledge that so long as the Construction Contract provides for retention as set forth in the immediately preceding sentence, Trustee shall not holdback any additional retention from payments to be made pursuant to this Section 5.1. Notwithstanding anything to the contrary contained in this Section 5.1, Lessor's Application for Payment of Furniture, Fixtures and Equipment need not provide for any retention of amounts due and payable to the Tenant Improvements Architect and other soft costs and Trustee shall not be required to holdback any retention for such amounts. Trustee shall have no obligation to disburse any monies from the Furniture, Fixtures and Equipment Allowance for Furniture, Fixtures and Equipment which are not approved by Lessee.

#### 5.2 Disbursement of Furniture, Fixtures and Equipment Final Retention.

Subject to the provisions of this Work Letter, a check for the Furniture, Fixtures and Equipment Final Retention less a reasonable holdback (the "Furniture, Fixtures and Equipment Punchlist Holdback") for the estimated cost of the Furniture, Fixtures and Equipment Punchlist Items (as defined in Section 8.1 below) shall be delivered by Trustee to Lessor (or, at Lessor's discretion, directly to the Tenant Improvements Contractor and/or in the form of one or more joint checks or in accordance with other payment instructions payable to the Tenant Improvements Contractor and any subcontractor(s) and material supplier(s) still owed amounts under the Construction Contract) within thirty (30) days following the Substantial Completion Date, provided that (a) Lessor delivers to Trustee properly executed mechanics' lien releases from the Tenant Improvements Contractor and all applicable subcontractors and material suppliers (i) in the form of California Civil Code Section 8132 with respect to the portion of the Furniture, Fixtures and Equipment Final Retention being released and (ii) in the form of California Civil Code Section 8134 with respect to any previous Application for Payment of Furniture, Fixtures and Equipment (b) the Tenant Improvements Architect delivers to Lessee and Trustee a certificate, in form reasonably acceptable to such parties, certifying that the Furniture, Fixtures and Equipment have been substantially completed in accordance with the Tenant Improvements Working Drawings, and (c) Lessee delivers to Trustee a certificate approving the release of the amounts requested.

5.3 Other Terms. Trustee shall only be obligated to make disbursements from the Furniture, Fixtures and Equipment Allowance to the extent of (a) costs incurred by Lessor in connection with the acquisition and installation of the Furniture, Fixtures and Equipment and (b) costs of Furniture, Fixtures and Equipment. Lessor shall not be responsible for excess cost

associated with the acquisition of the Furniture, Fixtures and Equipment unless such excess cost is determined to be attributable to Lessor's (or the Tenant Improvements Contractor's) negligence or failure to acquire and install the Furniture, Fixtures and Equipment in accordance with Schedule 1 of this Work Letter.

In the event that the total cost of the Furniture, Fixtures and Equipment is less than the Furniture, Fixtures and Equipment Allowance (the "Surplus Furniture, Fixtures and Equipment Allowance"), Lessor and Lessee hereby agree that the Surplus Furniture, Fixtures and Equipment Allowance may be applied in Lessee's sole discretion to any one or more of the following purposes: (i) the cost of additional Furniture, Fixtures and Equipment; (ii) the cost of other or additional capital improvements constituting part of the Premises; (iii) to prepay Base Rent due under the Lease Agreement; and/or (iv) for any other lawful purpose of the Lessee as approved in an opinion of nationally recognized bond counsel addressed to Lessor, Lessee, Issuer, and Trustee.

6. Payment of Other Costs.

6.1 Project Costs. Notwithstanding anything contained in Sections 4 and 5 above, Lessor may submit an Application for Payment of amounts held in or to be deposited into the Project Fund and the accounts created therein other than the Tenant Improvements Cost Account and the Furniture, Fixtures and Equipment Account without complying with the requirements of Sections 4 or 5 in connection with the payment of the costs of architectural, engineering, consulting, permitting, entitlement, surveys, studies, assessments, accounting and legal costs incurred in connection with the negotiation of the Lease Agreement, and the acquisition, construction, installation and equipping of the Premises, reimbursements to Lessor and its agents and representatives of predevelopment costs related to the Premises.

6.2 Development Fee. Lessor shall be entitled to receive from proceeds of the Series 2021 Bonds the sum of One Million One Hundred Seventy Thousand Dollars (\$1,170,000) (the "Development Fee") for the following: management of the design, development, construction and installation of the Premises; reimbursement of overhead, general and administrative expenses incurred in the coordination of the design, development and construction of the Tenant Improvements and the acquisition and installation of the Furniture, Fixtures and Equipment; and supervision and coordination of the acquisition, construction, installation and equipping of the Premises. The Development Fee shall be disbursed in accordance with the schedule approved by the purchaser of the Series 2021 Bonds.

6.3 Contingency. Contingency amounts budgeted for the construction and installation of the Tenant Improvements or the acquisition and installation of the Furniture, Fixtures and Equipment, may be applied by Lessor for the payment of bona fide third party costs incurred in connection with: (a) completion of the Tenant Improvements in excess of the Tenant Improvement Allowance (as the same may be increased pursuant to Sections 3.2 or 9); and/or (b) completion of the Furniture, Fixtures and Equipment in excess of the Furniture, Fixtures and Equipment Allowance (as the same may be increased pursuant to Sections 3.2 or 9); and/or (c) other non-construction matters relating to development of the Project that would otherwise be payable under Section 6.1 in excess of amounts available in the Tenant Improvements Cost Account of the Project Fund. A copy of Lessor's application to Trustee for payment of any

contingency amounts shall be delivered concurrently to Lessee and shall include a written statement identifying the amounts and purposes for which contingency amounts will be applied. If Lessee reasonably determines that any contingency funds disbursed to Lessor are improperly applied by Lessor in violation of the provisions of this Work Letter, then following written notice to Lessor, Lessee shall be entitled to offset such amounts against the Supplemental Rent due under the Lease Agreement.

7. Excess Bond Proceeds. In the event there are proceeds of the Series 2021 Bonds remaining on deposit under the Indenture pursuant to which the Series 2021 Bonds are issued and delivered after the Lease Commencement Date (other than proceeds held as a retainage and amounts expected to be applied to pay the costs of the Tenant Improvement Punchlist Items and the Furniture, Fixtures and Equipment Punchlist Items), Lessor and Lessee agree that such excess proceeds shall be used, at the option of Lessee (a) for construction of additional improvements to the Premises as may be agreed to by Lessor and Lessee; (b) for the acquisition of additional Furniture, Fixtures and Equipment above any limit provided herein as may be agreed to by Lessor and Lessee; (c) to pay or prepay the principal component of Base Rent payments due under the Lease Agreement and thereby prepay a portion of the principal of the Series 2021 Bonds and premium related to such prepayment if permitted by the Indenture pursuant to which the Series 2021 Bonds are issued and delivered; (d) to pay for capital projects of Lessee no later than three years from the date the Series 2021 Bonds are issued and delivered; provided, that such date may be extended with an opinion of national recognized bond counsel acceptable to Issuer, Lessor, Lessee and Trustee that such extension will not adversely affect the exclusion of the interest with respect to the Series 2021 Bonds for federal income tax purposes; (e) for any other lawful purpose as may be approved in an opinion of nationally recognized bond counsel delivered to Lessor, Lessee, Issuer and Trustee. To the extent Lessee elects to use excess proceeds for current capital projects, Lessee shall (A) certify to Lessor and Trustee that such excess proceeds are to be expended on a current capital project or projects of Lessee; (B) provide to Lessor and Trustee a detailed description of the proposed capital expenditure and the estimated date of completion or acquisition of such capital project or projects, as the case may be; (C) provide a written certification to Lessor and Trustee that the annual fair rental value of the Premises (excluding the application of such excess proceeds) is at least equal to the annual Rental Payments due under the Lease Agreement; and (D) obtain Lessor's certification that the quality and scope of the Premises has been completed in accordance with the terms of the Lease Agreement.

8. Completion of the Tenant Improvements and Furniture, Fixtures and Equipment.

8.1 Substantial Completion. Subject to the terms and provisions of this Section 8, Lessor shall cause Substantial Completion of the Tenant Improvements and Furniture, Fixtures and Equipment to occur on or before the Substantial Completion Deadline. For purposes of this Work Letter, "Substantial Completion" shall occur with respect to the Tenant Improvements when (a) the Tenant Improvements have been completed in accordance with the Tenant Improvements Working Drawings with the exception of any minor punchlist items ("Tenant Improvement Punchlist Items") identified in writing by Lessee which do not materially impair the use of the Tenant Improvements for Lessee's intended use; (b) the Tenant Improvements Architect issues a certificate to Lessee and Trustee certifying that the Tenant Improvements have been substantially completed in accordance with the Tenant Improvements

Working Drawings; (c) a temporary or permanent certificate of occupancy or equivalent authorization by the applicable governmental authority(ies) has been received to permit the occupancy and use of the Tenant Improvements for Lessee's intended use; and (d) all utilities necessary and appropriate for the use and operation of the Tenant Improvements are fully connected and functional. For purposes of this Work Letter, "Substantial Completion" shall occur with respect to the Furniture, Fixtures and Equipment when (y) the Furniture, Fixtures and Equipment have been acquired and installed in accordance with the Tenant Improvements Working Drawings with the exception of any minor punchlist items ("Furniture, Fixtures and Equipment Punchlist Items") identified in writing by Lessee which do not materially impair the use of the Furniture, Fixtures and Equipment for Lessee's intended use; and (z) the Tenant Improvements Architect issues a certificate to Lessee and Trustee certifying that the Furniture, Fixtures and Equipment have been substantially completed in accordance with the Tenant Improvements Working Drawings. At such time as the conditions precedent to Substantial Completion of the Tenant Improvements set forth in clauses (a) through (d) of this Section 8.1 and the conditions precedent to Substantial Completion of the Furniture, Fixtures and Equipment set forth in clauses (y) through (z) of this Section 8.1 are satisfied, Lessee shall deliver to Lessor and Trustee, a Certificate of Acceptance and shall execute and deliver a Memorandum of Lease Commencement and Termination Dates as required by the Lease Agreement.

8.2 Final Completion. Lessor shall have one hundred twenty (120) days (the "Final Completion Deadline") following the Substantial Completion of the Tenant Improvements and the Substantial Completion of the Furniture, Fixtures and Equipment, to (a) correct or complete any and all Tenant Improvement Punchlist Items and Furniture, Fixtures and Equipment Punchlist Items and (b) obtain a final certificate of occupancy or equivalent authorization(s) by the applicable governmental authority(ies) with respect to the Tenant Improvements. Upon the completion of all Tenant Improvement Punchlist Items and Furniture, Fixtures and Equipment Punchlist Items, certified as to their final completion by the Tenant Improvements Architect, and whose final completion is acknowledged in writing by Lessee in its reasonable discretion, Trustee shall disburse the Tenant Improvement Punchlist Holdback to the parties entitled to receive the same, upon the receipt from all such parties of duly executed final lien release waivers in the form of California Civil Code Section 8134. In the event Lessor fails to cause final completion of all said punchlist items on or before the Final Completion Deadline, and/or fails to secure the final certificates or authorizations described in clause (b) of this Section 8.2, then Trustee shall disburse to Lessee all holdback amounts, and Lessee shall be entitled to use such amounts, at its option, to complete such remaining punchlist items, secure said final certificates or authorizations, and pay any remaining holdback amounts to any party(ies) entitled to receive the same, upon receipt from such party(ies) of said final lien release waivers described above in this Section 8.2. The Final Completion Deadline shall be extended by one (1) Business Day for each one (1) Business Day of delay, or additional Business Days as mutually agreed upon by Lessor and Lessee, resulting from one or more events of Force Majeure (as defined in the Lease Agreement).

8.3 Delay. The parties agree that Substantial Completion may be delayed for reasons beyond Lessor's control. Therefore, the parties agree that the Substantial Completion Deadline shall be extended in the event and to the extent of the number of days that Lessor (or any contractor or subcontractors employed by Lessor) is delayed by one or more of the following

factors (provided that, in the event of overlapping, concurrent factors, delays shall not be calculated on a cumulative basis and shall run concurrently):

8.3.1 Force Majeure as provided in the Lease Agreement; or

8.3.2 If adverse weather conditions which could not have been reasonably anticipated at the time of entering into this Work Letter had a material adverse effect on the progress of construction, and are the basis of a claim for a delay, such claim shall be evaluated in accordance with reasonable and customary practices prevailing at other major projects in the San Bernardino County area with respect to inclement weather; in which case all extensions are subject to the reasonable approval of both parties.

Upon the occurrence of any event that constitutes or may constitute a Force Majeure event or that causes or may cause a delay in the Substantial Completion of the Premises, Lessor shall notify Lessee and Trustee within ten (10) days. Following such notification, Lessee and Lessor shall meet to discuss the nature and extent of such event and/or delay. Lessee shall cooperate with Lessor, and Lessor shall cooperate with the Tenant Improvements Contractor, to minimize any delay in the Substantial Completion of the Premises caused by such event. Notwithstanding the above, nothing in this section shall prevent Lessor from immediately taking any and all necessary action to remediate or otherwise address the event causing such delay.

8.4 No Material Delays by Lessee. Lessee covenants and agrees to use commercially reasonable efforts to approve the Tenant Improvements Construction Drawings and, to the extent permitted under this Work Letter, change orders in a timely manner to insure that Lessor is able to achieve Substantial Completion of the construction of the Tenant Improvements as contemplated by the Lease Agreement. In the event that Lessee's approval process results in material delays to Lessor's construction schedule ("Lessee Delays"), the Substantial Completion Deadline shall be extended day for day by the number of days of Lessee Delays and Lessee shall bear all direct and indirect costs incurred by Lessor as a result of such Lessee Delays by paying such direct and indirect costs upon submission by Lessor of an invoice or other reasonable evidence of such direct and indirect costs.

9. Unforeseen Costs. In the event the cost of the acquisition, construction, installation and equipping of the Premises is in excess of the amount budgeted therefor by Lessor and approved by Lessee as a result of (a) changes in laws applicable to buildings or facilities leased by public agencies after the date of execution of the Lease Agreement; (b) the remediation or correction of the condition of the Site or other cost associated with soil conditions (such as dewatering or rock excavation) but excluding conditions related to Hazardous Materials which was not reasonably foreseeable by Lessor or its agents on the date of execution of the Lease Agreement (and which would not have been reasonably foreseeable to a developer skilled in the construction of projects similar to the Premises); (c) Force Majeure events as set forth in the Lease Agreement; (d) delay in the acquisition, construction, installation and equipping of the Premises as a result of actions, suits or other challenges by third parties relating to any finding or determination required under the California Environmental Quality Act by any involved public agency; (e) deductibles required to be paid by Lessor in connection with any insurance required under Section 18 of the Lease Agreement or any other insurance policies carried, as the case may be, by Lessor and/or the Tenant Improvements Contractor; (f) the estimated direct costs of any



delay in the construction process (including carrying costs) resulting from or in connection with any of the events or occurrences in clauses (a) through (e) above; and/or (g) financing by Lessor of any of the costs incurred in connection with clauses (a) through (f) above (the "Unforeseen Costs"), then Lessee shall pay such Unforeseen Costs immediately following the submission of an invoice by Lessor for such Unforeseen Costs, by depositing the amount of such increase with Trustee for deposit into the Tenant Improvements Cost Account and/or Furniture, Fixtures and Equipment Account, as the case may be, of the Project Fund. Lessor shall promptly following Lessor's actual knowledge thereof notify Lessee of any event that results in or may result in an Unforeseen Cost. Following such notification, Lessee and Lessor shall meet to discuss the nature and extent of such Unforeseen Cost. Thereafter, Lessee and Lessor shall cooperate to minimize such Unforeseen Cost. With respect to the conditions described in clause (ii) above, Lessor represents and warrants that it has or shall have, prior to its acquisition of the Site, conduct all due diligence (including due diligence with respect to Hazardous Materials) which a developer experienced in the acquisition of sites similar to the Site and construction of projects similar to the Premises would conduct.

#### 10. Remedies.

10.1 Failure to Achieve Substantial Completion. In the event Lessor fails to achieve Substantial Completion of the Tenant Improvements and/or the Furniture, Fixtures and Equipment by the Substantial Completion Deadline (including any authorized extensions of time pursuant to this Work Letter), Lessee may exercise any or all of the following remedies, in addition to any other remedies provided at law or in equity.

10.1.1 LIQUIDATED DAMAGES. ALL TIME LIMITS STATED IN THE LEASE AGREEMENT AND THIS WORK LETTER ARE OF THE ESSENCE OF THE LEASE AGREEMENT AND THEREFORE SHOULD LESSOR FAIL TO PROVIDE COMPLETION OF THE TENANT IMPROVEMENTS AND FURNITURE, FIXTURES AND EQUIPMENT ON OR BEFORE THE FINAL COMPLETION DEADLINE (AS THE SAME MAY BE EXTENDED PURSUANT TO THE PROVISIONS OF THIS WORK LETTER), IT IS MUTUALLY UNDERSTOOD AND AGREED BY AND BETWEEN LESSEE AND LESSOR THAT THE USE BY LESSEE OF THE PREMISES WILL BE CORRESPONDINGLY DELAYED, AND THAT BY REASON THEREOF, LESSEE AND THE PUBLIC WILL NECESSARILY SUFFER GREAT DAMAGES. ACCORDINGLY, IF LESSOR FAILS TO ACHIEVE FINAL COMPLETION OF THE TENANT IMPROVEMENTS AND/OR THE FURNITURE, FIXTURES AND EQUIPMENT BY THE FINAL COMPLETION DEADLINE (AS THE SAME MAY BE EXTENDED PURSUANT TO THE PROVISIONS OF THIS WORK LETTER), THEN, AS LESSEE'S SOLE AND EXCLUSIVE REMEDY FOR DAMAGES FOR SUCH DELAY AND INSTEAD OF ANY ACTUAL DAMAGES, LESSOR SHALL PAY OR CAUSE TO BE PAID TO LESSEE PROMPTLY ON DEMAND BY LESSEE (OR LESSEE MAY CAUSE TRUSTEE TO WITHHOLD THE SAME FROM AMOUNTS OTHERWISE PAYABLE UNDER THE CONSTRUCTION CONTRACT), AS COMPENSATION TO LESSEE FOR THE LOSS OF THE BENEFICIAL USE OF THE PREMISES DURING THE PERIOD OF THE DELAY, BUT NOT AS A PENALTY, LIQUIDATED DAMAGES BASED IN THE AMOUNTS SPECIFIED IN SCHEDULE 4, TOGETHER WITH INTEREST FROM THE DATE OF ACCRUAL OF SUCH LIQUIDATED DAMAGES AT A RATE EQUAL TO THE ALL IN RATE ON THE SERIES

2021 BONDS. THE PARTIES HERETO HEREBY AGREE THAT THE FOREGOING LIQUIDATED DAMAGES ARE FAIR AND REASONABLE AND COMPRISE THE SUM OF LESSEE'S DAMAGES IN THE EVENT OF A DELAY IN FINAL COMPLETION. THE PARTIES HERETO FURTHER AGREE THAT THE PAYMENT OF THE AMOUNTS DESCRIBED IN THIS SECTION 10.1.1 AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO THE OWNER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. IF LESSOR FAILS OR IS OTHERWISE UNABLE TO PAY WHEN DUE SUCH LIQUIDATED DAMAGES PURSUANT TO THIS SECTION 10.1.1, LESSEE MAY, IN ITS SOLE AND ABSOLUTE DISCRETION, IMMEDIATELY OFFSET THE LIQUIDATED DAMAGES OWED BY LESSOR AGAINST THE SUPPLEMENTAL RENT DUE TO LESSOR AS A COMPONENT OF RENTAL PAYMENTS PURSUANT TO SECTION 6 OF THE LEASE AGREEMENT, TOGETHER WITH INTEREST FROM THE DATE OF ACCRUAL OF SUCH LIQUIDATED DAMAGES AT A RATE EQUAL TO THE ALL IN RATE ON THE SERIES 2021 BONDS. LESSOR AND LESSEE AGREE THAT THE AMOUNT OF LIQUIDATED DAMAGES REQUIRED PURSUANT TO THIS WORK LETTER SHALL NOT BE IN ADDITION TO LIQUIDATED DAMAGES THAT MAY BE PAID BY EITHER LESSOR OR THE TENANT IMPROVEMENTS CONTRACTOR TO TRUSTEE PURSUANT TO THE CONSTRUCTION CONTRACT OR OTHERWISE IN CONNECTION WITH THE SERIES 2021 BONDS, AND, IN THE EVENT SUCH OTHER PAYMENTS ARE ACTUALLY PAID TO TRUSTEE, SUCH AMOUNT SHALL BE DEEMED TO HAVE BEEN PAID PURSUANT TO THIS AGREEMENT.

LESSOR'S  
INITIALS

LESSEE'S  
INITIALS

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10.2 Lessee's Right to Cure. Lessor shall promptly provide Lessee with a copy of any notice of default ("Notice of Default") received from the Tenant Improvements Contractor. Provided that Lessee has not received, prior to Lessee's delivery to Lessor of a Cure Election Notice (as defined hereinbelow), written notice from Lessor stating that Lessor has cured or has commenced to cure the default specified in the applicable Default Notice, Lessee shall have the right, but not the obligation, by written notice to Lessor delivered prior to the expiration of the applicable cure period ("Cure Election Notice"), to cure the default specified in the applicable Default Notice within ten (10) days after the end of the applicable cure period. Lessor, upon written notice from Lessee accompanied by reasonable supporting documentation evidencing such amounts incurred, shall promptly (but in any event within ten (10) days) reimburse Lessee for all such amounts. If Lessor fails to reimburse Lessee within said ten (10) day period, Lessee shall have the right to have Trustee withhold from payments due under the Construction Contract all such amounts due, and to have such amounts paid to Lessee.

# 11. Miscellaneous Provisions.

11.1 Lessor's Representative and Lessee's Representative. Lessor hereby designates Jian Torkan, 4221 Wilshire Boulevard. Suite 380, Los Angeles, California 90010,

Telephone (323) 932-7777, email: jtorkan@icoreg.com as its “Lessor’s Representative” with respect to the matters set forth in this Work Letter, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of Lessor as required in this Work Letter. Lessee shall by written notice to Lessor designate a member of Lessee's \_\_\_\_\_ as its “Lessee’s Representative” with respect to the matters set forth in this Work Letter, which designee, until further notice to Lessor, shall have full authority and responsibility to act on behalf of Lessee as required in this Work Letter. A copy of all notices required to be sent to Lessee hereunder shall be sent to [San Bernardino County Real Estate Services at 385 North Arrowhead Ave, 3rd Floor, San Bernardino, California 92415-0180, Attention: Real Estate Services Director].

11.2 Third Party Beneficiary. The parties hereto agree that Lessee and Trustee shall each be a third party beneficiary of the Construction Contract.

11.3 Construction Warranties. Lessor shall obtain industry standard warranties for the Tenant Improvements, but which warranties shall in no event be for a period less than one (1) year following Substantial Completion (and the applicable Construction Contracts shall provide that in the event any item is replaced or repaired pursuant to such warranty, except for manufacturer’s warranties as applicable, the warranty period with respect thereto shall not recommence anew from the date of each such repair or replacement). Lessor agrees to assign to Lessee all such warranties and guaranties relating to the Tenant Improvements at such time as Lessee assumes Lessor’s obligations to maintain the Premises pursuant to the Lease Agreement.

11.4 Delivery of Clean Premises. Immediately prior to Lessee’s move into the Premises, Lessor shall cause the Premises to be cleaned.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Work Letter to be executed as of the day and year first above written.

**LESSOR:**

**INLAND VALLEY  
DEVELOPMENT AGENCY**

By \_\_\_\_\_

**LESSEE:**

**SAN BERNARDINO COUNTY FIRE  
PROTECTION DISTRICT**

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

**APPROVED AS TO FORM:**

MICHELLE BLAKEMORE  
County Counsel

By: \_\_\_\_\_  
Deputy County Counsel

## **SCHEDULE 1**

### **TENANT IMPROVEMENTS REQUIREMENTS**

With respect to the Building, the Tenant Improvements include the following items:

#### **A. Building Structure**

- Dropped ceilings on a 2' X 4' grid system with standard 2' X 2' scored acoustical tiles in enclosed rooms and exposed existing waffle slab ceilings in designated open areas;
- Lighting consisting of 2' X 4' light fixtures and a general lighting level of 50 foot candles at desktop height;
- Life safety systems (including wet fire sprinkler system to all building areas and alarm system);
- Interior walls at elevator, lobby areas and enclosed rooms (including metal stud framing, durable finished walls, interior and fire doors with hardware attached);
- Durable interior finishes for elevator and main lobbies (including floor, wall and ceiling finishes with long life durable products);
- All functional equipment for vertical transportation (including stairs, passenger and freight elevator cabs with durable Interior finishes, and access ladders);
- All restrooms (including countertops, walls and floors, ceilings, sinks, mirrors, lighting, toilet partitions, fixtures, accessories and hot and cold water); and
- Code required signage.

#### **B. Plumbing, Mechanical and Electrical**

- Plumbing (including rain water drainage, fire sprinkler systems, landscaping irrigation, drinking fountains, all restrooms and breakroom plumbing fixtures);
- Heating, ventilating, and air conditioning (including mechanical equipment and duct work distribution to all areas) and 24/7 stand-alone air conditioning requirement set forth in section C. below;
- Electrical equipment and power distribution to all areas, and
- Electrical power system to include a connection to a Lessee supplies stand-by emergency generator.

#### **C. Telecommunications and Security**

Lessee shall be responsible for telecommunications and security improvements; provided; however, Tenant Improvements shall include the following:

- Main Communications Room (MCR) with exposed ceiling and sufficient vertical riser conduits (for voice/data cables) per Lessee requirements;
- Provide a stand-alone air conditioning system of sufficient capacity (including all necessary ductwork and air register) operating 24 hours a day, 7 days a week. Equipment heat dissipation to be supplied by Lessee; and
- Provide conduit to card access entry system.

**D. Building Exterior**

- Landscaping (including irrigation system and exterior lighting);
- Existing open parking lot and secured parking for 4 Hazardous Materials trucks (approximately 22 feet in length);
- Code required fire sprinkler system;
- One flag pole; and
- Ground floor patio.

**SCHEDULE 2**

**SCHEDULE OF PERFORMANCE**

<b><u>ACTION ITEM</u></b>		<b><u>DATE OF PERFORMANCE</u></b>
1.	Delivery of Tenant Improvements Design Development Drawings to Lessee's Representative	
2.	Lessee notification to Lessor re: required revisions to Tenant Improvements Design Development Drawings	Within 20 Business Days after receipt of COMPLETE sets as required by Section 1.2 of Work Letter
3.	Delivery of revised Tenant Improvements Design Development Drawings to Lessee's Representative	Within 20 Business Days after receipt of Lessee's comments
4.	Lessee notification to Lessor re: approval of revised Tenant Improvements Design Development Drawings	Within 20 Business Days after Lessee's receipt of COMPLETE sets of revised drawings as required by Section 1.2 of Work Letter
5.	Delivery of Tenant Improvements Working Drawings to Lessee's Representative	Within 20 Business Days after delivery of Final Tenant Improvements Design Development Drawings
6.	Lessee notification to Lessor re: required revisions to Tenant Improvements Working Drawings	Within 20 Business Days after receipt of COMPLETE sets as required by Section 1.3 of Work Letter
7.	Delivery of revised Tenant Improvements Working Drawings to Lessee's Representative	Within 20 Business Days after receipt of Lessee's comments

<b><u>ACTION ITEM</u></b>		<b><u>DATE OF PERFORMANCE</u></b>
8.	Lessee notification to Lessor re: approval of revised Tenant Improvements Working Drawings	Within 20 Business Days after Lessee's receipt of COMPLETE sets of revised drawings as required by Section 1.3 of Work Letter
9.	Substantial Completion of Tenant Improvements	
10.	Disbursement of Tenant Improvement Final Retention	Within 30 days following the Substantial Completion of Tenant Improvements
10.	Disbursement of Furniture, Fixtures and Equipment Final Retention	Within 30 days following the Substantial Completion of Tenant Improvements
11.	Lessor to obtain final certificate of occupancy for Tenant Improvements	Final Completion Deadline (120 days following Substantial Completion of the Tenant Improvements)
12.	Disbursement of Tenant Improvements Punchlist Holdback and Furniture, Fixtures and Equipment Punchlist Holdback	Following receipt of duly executed final lien release waivers



**SCHEDULE 3**

**PROJECT BUDGET**

**San Bernardino County Fire Protection District Administration Building**

**Building: 79,834 RSF**

**Total**

**\$**

**Grand Total**

**\$ \_\_\_\_\_**

**SCHEDULE 4**

**LIQUIDATED DAMAGES SCHEDULE**

**Liquidated Damages Amount =**

**Number of Days After Final Completion Deadline x \$200/day**

**SCHEDULE 5**

**SPACE PLAN**

[Attached]

**SCHEDULE 6**  
**FURNITURE, FIXTURES AND EQUIPMENT**  
[Attached]