# CITY OF INDUSTRY

Incorporated June 18, 1957

## MEMORANDUM

**TO:** Honorable Mayor Radecki and Members of the City Council

**FROM:** Paul J. Philips, City Manager

**STAFF:** Roberto Ramirez, Contract City Engineer, Cordoba Corporation

**DATE:** October 12, 2017

**SUBJECT:** Ratification of the Master Ground Lease with San Gabriel Valley Water and Power and Amendments Nos. 1-4

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Before the City Council is the Master Ground Lease ("Lease") with San Gabriel Valley Water and Power. City Staff is recommending that the City Council ratify the Lease and related amendments that were previously executed by the City Manager at the Council's direction.

Fiscal Impact:

Funding for the City's payments under the Lease are included in the FY 2017-18 budget.

Recommendation:

1) City Staff recommends that the City Council ratify the Lease and related amendments.

Exhibit:

A. Master Ground Lease
B. Amendment 1
C. Amendment 2
D. Amendment 3
E. Amendment 4

# MASTER GROUND LEASE

THIS MASTER GROUND LEASE ("**Lease**") is made and entered into as of 17th day of May, 2016 ("**Effective Date**"), by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**").

## RECITALS:

A. Landlord is the owner of that certain real property located in the Counties of Los Angeles, San Bernardino and Orange, State of California, which is more particularly described on **Exhibit "A"** attached hereto (as such real property may be reduced for portions thereof that are excluded and subjected to a Project Lease and increased with respect to the Scout Property and Agency Property, as defined below, the "**Total Site**").

B. Landlord may acquire all or portions of two (2) additional parcels of real property that are described on **Exhibit "B"** attached hereto and referred to herein as the "**Scout Property**" and the "**Agency Property**". If Landlord timely acquires either the Scout Property or the Agency Property, or any portion of either, then such property shall be added to, and become part of, the Total Site in accordance herewith.

C. Landlord and Tenant intend to permit Tenant to develop such portions of the Total Site as the Tenant shall determine desirable and which Landlord approves in accordance herewith for various public infrastructure projects including, without limitation, a solar farm and a reservoir.

D. To facilitate Tenant's development of such projects on the Total Site, Landlord shall allow Tenant or an Affiliate or Permitted Assignee, as each are defined below (as applicable, the "**Project Tenant**") to enter into ground leases of portions of the Total Site in the form to be agreed upon between Landlord and Tenant by the Due Diligence Date and attached to this Lease as an exhibit by supplement hereto, with such revisions as the parties shall approve for each Project, as defined below (each, a "**Project Lease**"), whereupon the premises thereunder shall be excluded from the Total Site.

E. In furtherance of the foregoing, Landlord and Tenant wish to enter into this Lease with respect to the Total Site.

## AGREEMENT

NOW, THEREFORE, incorporating the foregoing recitals and in consideration of the foregoing recitals and of the mutual covenants, conditions and agreements herein contained to be done, kept and performed, Landlord and Tenant hereby agree as follows:

## ARTICLE I

## PROPERTY

1.1 Demise. Landlord, for and in consideration of the rents, covenants and agreements to be paid, kept, performed and observed by Tenant under this Lease, hereby demises and leases unto Tenant, and Tenant hereby leases from Landlord, the Total Site upon and subject to the terms, covenants and conditions herein set forth. Landlord and Tenant mutually covenant as a material part of the consideration for this Lease to keep and perform each and all of said terms, covenants, and conditions.

1.1.1 Scout Property and Agency Property. If Landlord acquires fee title to all or any portion of the Scout Property and/or the Agency Property on or before December 31, 2018 (which Landlord may elect not to do in its sole discretion), then Landlord shall provide prompt notice thereof to Tenant and the parties shall supplement this Lease to demise such property whereupon such property shall become part of the Total Site and subject to the terms of this Lease; provided, however, that (a) the failure of Landlord to acquire all or any portion of the Scout Property and/or the Agency Property on or before December 31, 2018, for any reason whatsoever shall not constitute a breach or default by Landlord under this Lease, nor shall it constitute the failure of a condition precedent to any of Tenant's obligations under this Lease, (b) Tenant's rights under Section 1.4 below shall not be renewed or extended as the result of all or any portion of the Scout Property and/or the Agency Property becoming part of the Total Site, and (c) the provisions of Sections 1.5 and 1.6 shall apply to the Scout Property and/or the Agency Property if either becomes part of the Total Site.

1.1.2 Project Leases. Upon the execution and delivery by the parties thereto of a Project Lease and the satisfaction or waiver of the conditions precedent to the effectiveness thereof, if any, the portion of the Total Site that is the subject of such Project Lease shall be excluded from the Total Site and this Lease.

1.2 Recorded Documents. This Lease, the interests of Tenant thereunder and the Total Site are in all respects subject to and bound by all the terms and provisions of the recorded covenants, conditions and restrictions and any other recorded documents now affecting the Total Site or hereafter affecting the Total Site (collectively, the "**Restrictions**"); provided, however, that, except (a) in connection with obtaining financing secured by the fee interest in the Total Site in accordance with this Lease, (b) for matters affecting the Scout Property and/or the Agency Property that are executed in connection with the acquisition thereof, or (c) as required by law, Landlord shall not voluntarily record any further documents with respect to the Total Site that would materially increase Tenant's obligations hereunder or materially decrease Tenant's rights hereunder or with respect to a Project, without Tenant's prior written consent, which Tenant may withhold in its sole discretion,. Tenant shall comply with all requirements of the Restrictions that apply to the Total Site at Tenant's sole expense.

1.3 Due Diligence. Provided that no event of default has occurred and is continuing hereunder and Tenant has obtained and provided the liability insurance coverages required by this Lease, from and after the Effective Date and until the date that is ninety (90) days

thereafter (the "**Due Diligence Date**") date hereof through the earlier of the termination of this Lease or the Commencement Date, Tenant and its agents, consultants, contractors and subcontractors shall have the right to conduct or make any and all inspections, tests, studies, investigations, analyses, reports, surveys, searches and the like of, on or about the Total Site as may be necessary or desirable to determine the suitability of the Total Site for Tenant's proposed use (the "**Site Diligence**"); provided, however, that the scope of any test or analysis which requires physical sampling, testing or drilling into the subsurface of all or any part of the Total Site shall be subject to the requirement that Tenant dispose of all such test samples in accordance with applicable law and at no cost or liability to Landlord and restore the affected portion of the Total Site to its original condition prior to the Due Diligence Date. At the reasonable request and expense of Tenant, Landlord shall cooperate with the Site Diligence and promptly provide to Tenant information, materials, data and reports available to Landlord which Tenant may request and which is not subject to confidentiality or other similar restrictions ("**Due Diligence Material**"), all of which shall be provided as a courtesy and without any liability to Landlord. Tenant shall obtain or cause its consultants to obtain, at Tenant's sole cost and expense, prior to commencement of any investigative activities on the Total Site, a policy of commercial general liability insurance covering any and all liability of Tenant and Landlord with respect to or arising out of any investigative activities with liability limits of not less than One Million Dollars ($1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability. Such policy of insurance shall be kept and maintained in force during the occurrence of such activities. Tenant's liability shall not be limited by the amount of any insurance coverage.

Tenant shall deliver to Landlord, without any representation or warranty whatsoever, a copy of all results from the Site Diligence obtained and/or prepared pursuant to the provisions of this Section 1.3, and which shall also be addressed to Landlord. Tenant shall keep the results of all such Site Diligence confidential except as required by law. Tenant hereby indemnifies and holds the Total Site, Landlord and Landlord's officers, directors, shareholders, participants, affiliates, employers, representatives, invitees, agents and contractors free and harmless from and against any and all claims, liabilities, losses, damages, causes of action, judgments, liens, costs and/or expenses including reasonable attorneys' fees (collectively, "**Claims**") arising out of or resulting from the exercise of its rights under this Section 1.3 by Tenant, its agents, consultants, contractors and subcontractors. Tenant shall keep the Total Site and the Total Site free and clear of any mechanics' liens or materialmen's liens related to the exercise of such rights. The Tenant's indemnification obligations set forth in this Section 1.3 shall survive any termination of this the Lease pursuant to Section 1.4 provided, however, in no event shall Tenant be liable to Landlord or be required to indemnify Landlord in respect of the mere discovery of any condition relating to the Property.

1.4 Termination Right. If Tenant, in its sole discretion, is dissatisfied with the results of Tenant's due diligence with respect to the Total Site or with respect to any amendments and/or modifications made to this Lease pursuant to Section 26.26, then Tenant shall have the right to terminate this Lease by delivering written notice thereof prior to the Due Diligence Date; otherwise, Tenant shall be deemed to have irrevocably waived such right. Notwithstanding the fact that Landlord might acquire the Scout Property and/or the Agency Property after the Due

Diligence Date, Tenant shall not have the right to terminate this Lease as the result of causing the Scout Property and/or the Agency Property to become part of the Total Site, and Tenant acknowledges that it hereby waives its right to conduct due diligence with respect to the Scout Property and/or the Agency Property.

1.5 No Representations. Except as expressly provided in this Lease, Landlord makes no representations or warranties of any kind or nature as to the Total Site nor as to the nature, size, location, or time of construction of any structures thereon. Landlord makes no representations or warranties that Tenant will be able to obtain any licenses, permits or other authorizations necessary or required to conduct the uses permitted herein on the Total Site or that the Total Site is suitable for the uses permitted herein. Prior to the Due Diligence Date, Tenant shall satisfy itself that the Total Site is suitable for its intended uses.

1.6 As-Is. As a material inducement to the execution and delivery of this Lease by Landlord and the performance by Landlord of its duties and obligations hereunder, Tenant does hereby acknowledge, represent, warrant and agree, to and with the Landlord, that, except as expressly set forth in this Lease: (i) Tenant is leasing the Total Site in an "AS-IS" condition as of the Due Diligence Date with respect to any facts, circumstances, conditions and defects; (ii) Landlord has no obligation to repair or correct any such facts, circumstances, conditions or defects or compensate Tenant for same; (iii) by the Due Diligence Date, Tenant shall have undertaken all such inspections and examinations of the Total Site as Tenant deems necessary or appropriate under the circumstances, and that based upon same, Tenant is and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its agents and officers, and Tenant is and will be fully satisfied that the "**Rent**" (*i.e.*, the base rent described in Section 3.1 below together with all sums payable, or expenses incurable, by Tenant under this Lease) is fair and adequate consideration for the lease of the Total Site; (iv) except as expressly set forth below in this Lease and for the limited duration thereof, Landlord is not making and has not made any warranty or representation with respect to all or any part of the Total Site (including, but not limited to, any matters contained in documents made available or delivered to Tenant in connection with this Lease) as an inducement to Tenant to enter into this Lease or for any other purpose; and (v) by reason of all of the foregoing, except as expressly set forth in this Lease, Tenant shall assume the full risk of any loss or damage occasioned by any fact, circumstance, condition or defect pertaining to the condition of the Total Site, including without limitation the presence of any asbestos containing material, hazardous toxic or radioactive waste, substance or materials in, on, under or about the Total Site, and, except as expressly set forth below in this Lease, Tenant hereby expressly and unconditionally waives and releases Landlord and all of its parents, subsidiaries, affiliates and partnerships, and its and their respective officers, directors, shareholders, partners, agents and employees, and their respective successors, heirs and assigns and each of them (individually and collectively, the "**Released Parties**") from any and all Claims against Landlord and/or the Released Parties with respect to the condition of the Total Site, including without limitation any rights of Tenant under the State or Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended from time to time, or similar laws. Tenant acknowledges and agrees that, except as expressly set forth in this Lease, the foregoing waiver and release includes all Claims of Tenant against Landlord pertaining to the condition of the Total Site, whether heretofore or now existing or hereafter arising, or which could, might, or may be claimed to exist, of whatever kind or

nature, whether known or unknown, suspected or unsuspected, liquidated or unliquidated, each as though fully set forth herein at length, which in any way arise out of, or are connected with, or relate to, the condition of the Total Site; except that such release shall not relieve Landlord of its liability for (a) fraud, or (b) any breach by Landlord of its express representations and warranties or covenants set forth in this Lease prior to the expiration thereof.

Tenant hereby waives, releases, acquits and forever discharges Landlord, its shareholders, directors, agents, employees, consultant, trustee, successor and assigns from any and all Claims which have arisen or may arise in the future with respect to the Total Site, regardless of whether Tenant is presently aware of any Claims; except that such release shall not relieve Landlord of its liability for fraud, intentional misrepresentation, gross negligence, willful misconduct or any breach by Landlord of its express representations and warranties or covenants set forth in this Lease prior to the expiration thereof. In connection with the foregoing release, Tenant specifically and expressly waives all of its rights under Section 1542 of the California Civil Code, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

TENANT'S INITIALS

1.7 Acquisition of Agency Property. Subject to completing satisfactory due diligence and entering into an agreement in form and substance satisfactory to Landlord in its sole discretion on or before November 1, 2018, that includes a closing date not later than December 31 2018, Landlord shall acquire all or any portion of the Agency Property from the current owner thereof at a purchase price less than an appraised value that is approved by Landlord in its sole discretion ("**FMV**"), whereupon it shall become part of the Total Site and subject to this Lease. At the reasonable expense of Landlord (which shall be approved in advance in writing), Tenant shall cooperate with Landlord's efforts to acquire the Agency Property. If the proposed purchase price for the Agency Property exceeds the FMV, then Landlord shall notify Tenant, which shall have thirty (30) days to elect to provide all the costs of acquiring the Agency Property in excess of the FMV. If Tenant elects to provide such excess, and provides security therefor in form and substance acceptable to Landlord, then Landlord shall acquire the Agency Property, whereupon it shall become part of the Total Site and subject to this Lease in accordance with Section 1.1.1 hereof, and Tenant shall bear (and not receive any reimbursement or other repayment) of the amount by which the price exceeds the FMV. If Tenant elects not to provide such excess costs but Landlord acquires the Agency Property, then the Agency Property shall be considered part of the Total Site and shall be subject to this Lease. If the acquisition price for the Agency Property is less than the FMV, then, concurrently with the

acquisition of the Agency Property, Landlord shall pay to Tenant a sum equal to one-half (1/2) of the positive difference between the FMV and actual, total acquisition cost of Agency Property.

1.8 Title Insurance. Tenant shall have the right to obtain title insurance policies with respect to the Total Site from time to time at its expense to confirm its interest in the Total Site. Landlord shall cooperate with any reasonable requests of the title insurance company with respect to its issuance of such policies.

## ARTICLE II

## LEASE TERM

2.1 Term. The term of this Lease ("**Term**") shall commence upon the Effective Date (the "**Commencement Date**") and shall continue for a period of twenty-five (25) years unless earlier terminated pursuant to the terms of this Lease.

2.2 Project Lease Term. During the Term, each Project Lease shall have a term specified by Tenant of not more than sixty-five (65) years in the aggregate from the commencement date thereunder; provided, however, that Tenant shall have the right to divide each such Project Lease into not more than three (3) leases in favor of Tenant or an Affiliate thereof or one or more Project Tenants, the terms of which shall be specified in each Project Lease, each of which (a) shall be not less than ten (10) years, and (b) shall be consecutive.

2.3 Project Lease Requirements/Landlord's Termination Rights. To ensure that Landlord receives the benefits anticipated from the various public infrastructure projects described above to be completed pursuant to a Project Lease (together with any other project requested by Tenant for approval by Landlord pursuant to Section 24.1 hereof, each a "**Project**"), Landlord shall have the right to terminate this Lease (but not any of the Project Leases) by providing sixty (60) days' written notice thereof to Tenant at any time if Tenant (or its Affiliates or any Project Tenant) has not:

(a) prepared and submitted a request for an initial study and a notice of preparation under the California Environmental Quality Act ("**CEQA**") for photovoltaic solar project totaling, in the aggregate, at least four hundred fifty (450) megawatts of rated annual output ("**Minimum Project**") with the applicable governmental agency with jurisdiction over the relevant portion of the Total Site as defined under CEQA within six (6) months after the Effective Date;

(b) completed and submitted to the Lead Agency any other studies required under CEQA (*i.e.*, not an EIR) within six (6) months after receipt of a request from the lead agency "**Lead Agency**" (if an EIR is not required);

(c) completed and submitted to the Lead Agency a draft Environmental Impact Report ("**EIR**") for the Minimum Project (if an EIR is required) (i) within two (2) years after the Effective Date if the Lead Agency allows Tenant to prepare the draft EIR, or (ii) within three (3) years after the Effective Date if the Lead Agency does not allow Tenant to prepare the draft EIR;

(d) received certification of the EIR or other CEQA clearance document (*e.g.*, negative declaration or mitigated negative declaration) for the Minimum Project within one (1) year after the applicable document (*e.g.*, EIR, negative declaration or mitigated negative declaration) is completed (which deadline shall be delayed for one (1) year as the result of a third party challenge under CEQA, and for up to an additional two (2) years (for an aggregate of three (3) years) thereafter if the results of such CEQA challenge are appealed to the appellate court by a third party);

(e) commenced physical construction of a Project of within one (1) year after the Lead Agency certifies the EIR or other CEQA clearance document therefor and the appeal or challenge period has expired without any third party challenge or appeal (subject to the delays provided for in subsection (e)) (the "**Construction Commencement Date**"); provided, however, that if Tenant (or such Affiliate or Project Tenant) commences physical construction of one or more Projects prior to the termination date specified in such notice, then this Lease shall not terminate as the result of such notice if such Project(s) are prosecuted diligently to completion; or

(f) Tenant does not generate and pay or cause to be generated and paid to Landlord net earnings (through Project Lease rent or otherwise) in amounts equal to or greater than (i) two million dollars ($2,000,000) *per annum* within three (3) years of the Construction Commencement Date, or (ii) four million dollars ($4,000,000) *per annum* within ten years of the Construction Commencement Date. Notwithstanding the foregoing, upon the completion of one or more operating Projects for solar photovoltaic electricity production of at least fifty (50) megawatts per year (in the aggregate), Landlord's right to terminate this Lease under this Section 2.3 shall expire. Landlord's failure to approve a Project shall not restrict or otherwise affect Landlord's rights under this Section 2.3 so long as Landlord shall timely perform its obligations with respect to Project approvals and the entering into of Project Leases pursuant to Section 24. "**Affiliate**" as used herein shall mean with respect to any Person, as defined below, any other Person which directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person or any of its subsidiaries. The term "control" shall mean the possession, directly or indirectly, of any power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

## ARTICLE III

## RENT

3.1 Base Annual Rent During Term. From the Effective Date until expiration or earlier termination of this Lease, Tenant shall pay Landlord on the Effective Date and on or before each anniversary thereof base rent of One Dollar ($1.00) per year, in advance, without demand, deduction or setoff. Landlord hereby acknowledges receipt of the payment of all base rent for the entire Term.

3.2 Place and Method of Payment. All payments of rental and other amounts due under this Lease shall be made without notice (except as expressly set forth herein), demand, deduction or offset by Tenant to Landlord at the address set forth in Article XXV for the giving

of notices to Landlord, or at such other place as Landlord may designate from time to time in writing, and shall be payable in current legal tender of the United States of America, as the same is then by law constituted. If the deadline for payment of any amount due hereunder between the parties occurs on a date that is not a business day, then such amount shall be due and payable on the immediately succeeding business day without interest or penalty.

3.3 All Obligations of Tenant Considered Additional Rent. All costs and expenses which Tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts (including interest and late charges as described below), and all damages, costs and expenses which Landlord may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease, shall be deemed to be additional rent and, in the event of nonpayment by Tenant, Landlord shall have all rights and remedies with respect thereto as Landlord has for the nonpayment of the base annual rent.

3.4 Interest on Tenant's Obligations. Tenant agrees that any payment due from Tenant to Landlord after notice thereof from Landlord (other than with respect to the annual base rent set forth in Section 3.1 above) which is not paid when due shall bear interest from the due date to the date of payment at a rate of interest equal to the lesser of four percent (4%) above the "prime" lending rate of Wells Fargo Bank, N.A. or any comparable bank or lending institution selected by Landlord, or the maximum non-usurious rate permitted by law. Landlord's acceptance of any such interest shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or any law now or hereafter in effect.

3.5 Late Charge. In the event that Tenant fails to pay any installment of base rent or other payment for which Tenant is obligated to Landlord under this Lease after notice thereof from Landlord (other than with respect to the annual base rent set forth in Section 3.1 above) within five (5) days after such rent or other payment becomes due, Tenant shall pay to Landlord as additional rent a late charge equal to five percent (5%) of the amount due to compensate Landlord for the extra costs incurred as a result of such late payment.

## ARTICLE IV

## USE OF THE PREMISES

4.1 Use of Total Site. Tenant shall use the Total Site only for the purposes of determining the suitability of portions thereof for Projects and Tenant shall not use or permit the Total Site to be used for any other purpose or purposes whatsoever.

4.2 Restrictions on Use. Tenant shall not do or permit anything to be done in or about the Total Site, nor bring or keep anything therein, which is not within the authorized use of the Total Site set forth in Section 4.1 above. Tenant shall not use or allow the Total Site to be used for any improper, immoral, unlawful or objectionable purpose nor shall Tenant cause, maintain or permit any public nuisance in, on or about the Total Site. Tenant shall not cause or commit, nor allow to be caused or committed, any waste in, upon or about the Total Site.

4.3 Compliance with Laws. Tenant covenants that during the Term of this Lease, Tenant will comply, at no cost or expense to Landlord, with all covenants, conditions and restrictions of record as of the Effective Date hereof and hereafter (pursuant to and subject to Section 1.2 above) affecting the Total Site, and with all laws, ordinances, orders, rules regulations and requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and offices thereof having the effect of law, which may apply to the Total Site or the use or manner of use of the Total Site now or at any time during the Term and regardless of the cost thereof of the fact that such matter could not have been foreseen or anticipated.

4.4 Intentionally Omitted.

4.5 Environmental and Industrial Hygiene Compliance.

4.5.1 Landlord's Covenants. To satisfy its obligations under California Health and Safety Code §25359.7, Landlord has provided Tenant with a copy of the reports in the possession of the Landlord with respect to the Total Site (collectively, the "**Reports**") relating to "**Hazardous Materials**" (as defined below) in, on or about the Total Site. Tenant acknowledges that Landlord delivered the Reports to Tenant without any representation or warranty whatsoever about the Reports, except that Landlord represents and warrants to Tenant that the Reports constitute all such reports prepared for Landlord with respect to the Total Site. Landlord represents to Tenant that, as of the date of this Lease and except as disclosed in the Reports, Landlord has no actual knowledge that any Hazardous Materials exist on the Total Site in violation of any governmental law, rule or regulation relating to Hazardous Materials ("**Hazardous Materials Laws**"). For the purposes of this Lease, all references to "**Landlord's knowledge**" and similar phrases shall mean the actual, present knowledge of the City Manager of the City of Industry without any duty of inquiry; provided, however, that such individual shall not have any personal liability as the result of being so identified. The parties hereby acknowledge and agree that (a) the limited uses to which Landlord can put the Total Site, and (b) Tenant's exclusive control of the location and nature of proposed Projects (except to the extent set forth in Section 25.8 hereof) make it unlikely that Tenant would be affected by any violation of Hazardous Materials Laws existing as of the Effective Date (or, with respect to the Scout Property and/or the Agency Property, the date upon which such properties become part of the Total Site), so Landlord shall not be required to indemnify Tenant with respect thereto except to the limited extent set forth below in Section 4.5.2.

4.5.2 Landlord's Indemnity and Right of Entry. If (a) any portion of the Total Site is in violation of Hazardous Materials Laws as of the Effective Date (or, with respect to the Scout Property and/or the Agency Property, the date upon which such properties become part of the Total Site), (b) such violations were not disclosed in the Reports or during Tenant's due diligence (and were not otherwise actually known to Tenant), and (c) remediation thereof is required by Hazardous Materials Laws even in the absence of any development or use of the affected portion of the Total Site, then Landlord shall, at Landlord's sole cost and expense, diligently remediate such condition. The foregoing shall only obligate Landlord to bear the cost of any remediation required and shall not subject Landlord to any liability for any other damages or remedies whatsoever. If Tenant becomes aware of any potential Claim under this Section

4.5.2, Tenant shall provide prompt, written notice thereof to Landlord provided, however, the failure of Tenant to so provide such notice shall not relieve Landlord of its obligations hereunder. If Landlord is required or elects to take any action on or about the Total Site in connection with this Section 4.5.2, then Tenant hereby grants Landlord, subject to the terms and conditions set forth in Section 25.8 hereof, a license to enter and use the Total Site in the locations and for purposes and durations specified by Landlord to Tenant in writing from time to time to test, monitor and/or remediate such conditions at Landlord's expenses, all of which shall occur without any compensation to Tenant. "**Pre-Existing Environmental Conditions**" means, collectively, any Hazardous Materials existing on the Total Site as of the Effective Date (or, with respect to the Scout Property and/or the Agency, the date upon which such properties become part of the Total Site), other than conditions disclosed in the Reports or during Tenant's due diligence (or were otherwise actually known to Tenant).

4.5.3 Tenant's Covenants. Subject to the foregoing, Tenant, at its sole cost and expense, shall comply with all laws, ordinances and regulations relating to industrial hygiene and to the environmental conditions in, on, under or about the Total Site, including, but not limited to, soil and groundwater conditions and Hazardous Materials. Tenant shall not cause or permit any Hazardous Materials to be brought, kept or used in, on, under or about the Total Site by Tenant, its agents, employees, contractors, licensees, sublessees, assignees, concessionaires or invitees (other than Landlord pursuant to Section 25.8 hereof), unless (a) the use of such Hazardous Materials is necessary and incident to Tenant's business on the Total Site, and (b) such Hazardous Materials are used, kept, monitored, stored and disposed of in a manner that (i) complies with all laws relating to such Hazardous Materials, (ii) will not endanger any other Persons or property, and (iii) will not invalidate, limit the coverage or increase the premiums of, any insurance policy affecting or covering the Total Site, (iv) such action satisfies Landlord's reasonable requirements specified in writing after receipt of a specific written request therefor from Tenant, which must precede any such action. If Tenant breaches the obligations stated in the foregoing provisions of this Section 4.5, or if the presence of any Hazardous Materials in, on, under or about the Total Site caused or permitted by Tenant or Tenant's agents, employees, contractors, licensees, sublessees, assignees, concessionaires or invitees (other than Landlord pursuant to Section 25.8 hereof) results in contamination in breach of Hazardous Materials Laws of all or any portion of the Total Site exclusive of any Pre-Existing Conditions, then Tenant shall be solely responsible for and shall indemnify, protect, defend and hold Landlord harmless from and against any and all Claims which arise during or after the Term of this Lease as a result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision having jurisdiction with respect to the applicable portion of the Total Site because of the presence of any Hazardous Materials on or about the Total Site caused or permitted by Tenant or Tenant's agents, employees, contractors, licensees, sublessees, assignees, concessionaires or invitees. Upon Landlord's request, with respect to contamination for which Tenant is responsible as described above in this Section 4.5.2, Tenant shall promptly take all actions, at its sole cost and expense, as are reasonably necessary to comply with Hazardous Materials Laws, provided Landlord's approval, not to be unreasonably withheld, delayed or conditioned, of such actions shall first be obtained. Furthermore, each party

shall promptly notify the other party of any inquiry, test, investigation or enforcement proceeding by or against such party or the Total Site concerning the presence of any Hazardous Material of which it has actual knowledge provided, however, the failure of either such party to so provide such notice to the other party shall not relieve such party of their respective obligations hereunder and under Section 4.5.1 hereof.

4.5.4 Hazardous Materials Defined. As used herein, the term "**Hazardous Materials**" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority having jurisdiction with respect to the applicable portion of the Total Site, the State of California or the United States Government including, without limitation, (a) petroleum or any petroleum product including refined gasoline, motor oil, waste oil and diesel fuel, (b) asbestos, (c) formaldehyde, and (d) polychlorinated biphenyls.

4.5.5 Survival. The parties hereby agree that the provisions of this Section 4.5 shall survive the expiration or earlier termination of this Lease.

## ARTICLE V

## ALTERATIONS

5.1 Alterations. Because of Tenant's limited rights to use the Total Site, Tenant shall not have the right to make any improvements, alterations, or modifications to the Total Site (except in connection with Project Leases) without obtaining Landlord's prior written consent, which Landlord may condition or withhold in its sole discretion.

## ARTICLE VI

## MECHANICS' LIENS

6.1 Liens. Tenant shall not suffer or permit any liens against the Total Site, against Tenant's leasehold interest therein or against any other portion of the Total Site, by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Total Site, or any part thereof, through or under Tenant, and Tenant agrees to indemnify, protect and defend Landlord against any such liens and from any and all other Claims arising out of or in any way connected with the performance of such work or the supply of such services. If any such lien shall at any time be filed against the Total Site or against any portion thereof, Tenant shall promptly cause the lien to be discharged of record; provided, however, that Tenant shall have the right to contest the amount or validity, in whole or in part, of any such lien by appropriate proceedings, but in such event, Tenant shall first notify Landlord and shall promptly bond such lien in the manner authorized by law with a responsible surety company qualified to do business in the State of California.

6.2 Nonresponsibility. Landlord shall have the right at any time and from time to time to post and maintain on the Total Site such notices as may be necessary to protect the Total Site and Landlord from mechanics' liens, materialmen's liens or liens of a similar nature.

Not less than fifteen (15) days prior to the commencement of any work of improvement by Tenant upon the Total Site, Tenant shall give written notice thereof to Landlord. If (a) Tenant fails to give such notice on a timely basis, or (b) the cost of such work exceeds One Hundred Thousand Dollars ($100,000), then Landlord, at its option, may require Tenant to immediately post or cause to be posted in favor of Landlord, Completion and Labor and Material bonds in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of construction and issued by a financially sound bonding company licensed to do business in the State of California; the condition to post such bonds may be satisfied, at Tenant's sole discretion, by bonds provided by Tenant's contractor(s). Landlord's request for the posting of the aforementioned bonds shall be in writing delivered to Tenant as provided for in the "Notice" Section of this Lease. As between Landlord and Tenant, Tenant shall bear the full cost and expense of posting any such bonds. At Landlord's reasonable request and to the extent permitted by applicable law, Tenant shall require any party providing materials or performing work in connection with the Total Site to modify its agreement to irrevocably waive any right to impose any lien on all or any part of the Total Site.

6.3 No Consent of Landlord. Nothing in this Lease shall be deemed to be, or construed in any way to constitute, the consent or request of Landlord, express or implied, by inference or otherwise, to any person, entity, trust, company, partnership, firm or corporation (collectively, a "**Person**") for the performance of any labor or the furnishing of any materials for any construction, rebuilding, alteration or repair of or to the Total Site or any part thereof, nor as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials, which might in any way give rise to the right to file any lien against Landlord's interest in the Total Site. Landlord shall have the right to post and keep posted at all reasonable times on the Total Site any notices which Landlord shall be required to post for the protection of Landlord and its interest in the Total Site from any such lien.

## ARTICLE VII

## TAXES AND ASSESSMENTS

7.1 Real Property Taxes. As used herein, the term "**Real Property Taxes**" shall mean all real estate taxes, assessments for land and improvements to the Total Site, municipal or county water and sewer rates and charges and other governmental levies and charges, general and special, ordinary and extraordinary, of any kind, which shall be levied against the Total Site which become a lien thereon and any tax or assessment in any way levied or assessed with respect to the possessory interest of Tenant or any Person holding under Tenant pursuant to the terms of this Lease, and any increases thereof regardless of the reason therefor, but excluding any such taxes, assessments, rates, charges based upon or measured by any Person's gross or net income, gross or net receipts or that are in the nature of, or are imposed with respect to, capital, net worth, excess profits, accumulated earnings capital gains, franchise or conduct of business of such Person. If, during the Term of this Lease, taxes are imposed, assessed or levied on the gross rents derived from the Total Site, Tenant shall pay such taxes in the manner provided below for real property taxes and assessments.

7.2 Payment of Real Property Taxes. Throughout the Term of this Lease, Landlord shall pay or cause to be paid, before any fine, penalty, interest or cost that may be added thereto for the nonpayment thereof, all Real Property Taxes levied against the Total Site. To the extent that Landlord receives invoices, bills, assessments or charges for Real Estate Taxes from any taxing authority with jurisdiction over the Total Site, it shall promptly but, in any event, within thirty (30) days, deliver the same to Tenant. Landlord shall send Landlord copies of the tax bills, with receipt for payment, or other evidence of payment of such portion Real Property Taxes.

7.3 Installment Payments. If any Real Property Taxes, general or special, are at any time during the Term of this Lease levied or assessed against the Total Site, which upon exercise of any option permitted by the assessing authority may be paid in installments or converted to an installment payment basis (irrespective of whether interest shall accrue on unpaid installments), Tenant may elect to pay such Real Property Taxes in installments with accrued interest thereon. In the event of such election, and subject to Section 7.4, Tenant shall be liable only for those installments which become payable during the Term of this Lease, and Tenant shall not be required to pay any such installment which becomes due and payable after the expiration of the Term of this Lease. Landlord shall execute whatever documents may be reasonably necessary to convert any Real Property Taxes to such an installment payment basis upon written request by Tenant.

7.4 Proration. Any Real Property Taxes which are payable by Tenant hereunder or which may be reimbursed to Landlord by Tenant hereunder shall be appropriately prorated between Landlord and Tenant as of the Commencement Date and then again as of the expiration or earlier termination of the Term of this Lease.

7.5 Right to Contest. Tenant shall have the right to contest the amount or validity of any Real Property Taxes, in whole or in part, by appropriate administrative and legal proceedings, either in its own name, Landlord's name or jointly with Landlord, without any liability, cost or expense to Landlord, and Tenant may postpone payment of any such contested Real Property Taxes pending the prosecution of such proceedings and any appeals so long as such proceedings shall operate to prevent the collection of such Real Property Taxes and the sale of the Total Site to satisfy any lien arising out of the nonpayment of the same; provided, however, that if at any time payment of the whole or any part thereof shall become necessary to prevent the termination of the right of redemption of any property affected thereby, or if there is to be an eviction of either Landlord or Tenant because of nonpayment thereof, Tenant shall pay the same to prevent such termination of the right of redemption or such eviction. Any such contest shall be at no cost or expense to Landlord. Each refund of any Real Estate Tax so contested shall be paid to Tenant unless attributable to the portion thereof for which Landlord is responsible pursuant to Section 7.2 hereof.

7.6 Improvement or Special Assessment District. If any governmental subdivision with taxing authority shall undertake to create an improvement or special assessment district the proposed boundaries of which shall include any portion of the Total Site, Landlord and Tenant shall each be entitled to appear in any proceeding relating thereto and to present their respective positions as to whether the Total Site should be included or excluded from the

proposed improvement or assessment district and as to the degree of benefit to the Total Site resulting therefrom. Landlord or Tenant shall each promptly advise the other in writing of the receipt of any notice or other information relating to the proposed creation of any such improvement or special assessment district, the boundaries of which include any portion of the Total Site.

7.7 Personal Property Taxes. Tenant agrees to pay before delinquency all personal property taxes and assessments of whatsoever kind or nature, and penalties and interest thereon, if any, levied against the all equipment, furniture, fixtures, alterations, improvements and any other personal property of whatsoever kind and to whomsoever belonging, situated or installed in and upon the Total Site, whether or not affixed to the realty, exclusive of any portion thereof attributable to improvements installed by Landlord on the Total Site (except to the extent otherwise indicated in a Project Lease). Tenant shall have the right to contest the amount or validity of any such personal property taxes and/or assessments, in whole or in part, by appropriate administrative or legal proceedings, either in its own name, Landlord's name or jointly with Landlord, without any liability, cost or expense to Landlord, and Tenant may postpone payment of any such contested personal property taxes or assessments pending the prosecution of such proceedings and any appeal so long as such proceedings shall operate to prevent the collection of such personal property taxes or assessments and the sale of the Total Site to satisfy any lien arising out of the non-payment of the same; provided, however, that if at any time payment of the whole or any part thereof shall become necessary to prevent the termination of the right of redemption of any property affected thereby or if there is to be an eviction of either Landlord or Tenant because of non-payment thereof, Tenant shall pay the same to prevent such termination of the right of redemption or such eviction. Any such contest shall be at no cost or expense to Landlord. Each refund of any such personal property tax or assessments so contested shall be paid to Tenant unless attributable to the portion thereof for which Landlord is responsible pursuant to Section 7.2 hereof. Landlord shall not, without the prior approval of Tenant, discontinue or agree to any disposition of any contest or accept any credit or other adjustment of any such tax or assessment as a result of such contest.

## ARTICLE VIII

## UTILITIES

Landlord shall have no obligation to Tenant under this Lease to furnish any utilities or services to the Total Site. Throughout the Term of this Lease, to the extent applicable (and approved by Landlord) Tenant shall contract for, furnish and pay, at its sole cost and expense, all water, gas, heat, light, power and sewer charges, telephone service and all other services and utilities supplied to or consumed in or on the Total Site, together with any taxes thereon. Landlord shall not be liable in damages or otherwise, and Tenant shall not be entitled to any abatement or reduction of rent, for any failure or interruption of any utility or service being furnished to the Total Site, and no such failure or interruption shall entitle Tenant to terminate this Lease.

## ARTICLE IX

## REPAIRS AND MAINTENANCE

The parties agree that, except as provided in Section 4.5 above, Landlord shall have no obligation to make any repairs, alterations or improvements to or upon the Total Site or any part thereof at any time. Except as provided in Section 4.5 above, Tenant shall, at Tenant's sole cost and expense at all times during the Term hereof, keep and maintain the Total Site, and every part thereof in clean, good order, condition and repair and in compliance with all laws and regulations applicable thereto. Should Tenant fail to make any repairs which are the obligation of Tenant hereunder, after Tenant is provided notice of default and opportunity to cure in accordance with the terms provided for herein, and if Tenant is in default by virtue of having failed to make said repair within the time provided for in this Lease, Landlord may, but shall not be required to, enter the Total Site and make the repairs necessary to restore the Total Site to good order, condition and repair, and the cost of such repairs shall become due and payable by Tenant to Landlord upon demand. Tenant shall, upon the expiration or sooner termination of the Term of this Lease, surrender the Total Site and all alterations, additions, changes and improvements therein, thereto and thereof to Landlord in good condition order and repair, ordinary wear and tear excepted.

## ARTICLE X

## INDEMNIFICATION AND NONLIABILITY

10.1 Indemnification by Tenant. Except with respect to Hazardous Materials, which the parties hereby agree are governed by the provisions of Section 4.5 hereof, Tenant hereby agrees to and shall indemnify, protect, defend and hold harmless Landlord, its agents, contractors, employees, licensees and invitees, as their respective interests may appear, from and against any and all Claims arising out of or in connection with Tenant's use of the Total Site, or the conduct of its business thereon, or from any activity, work or thing done, permitted or suffered by Tenant, its agents, contractors, employees, licensees, subtenants, assignees, concessionaires or invitees (other than Landlord pursuant to Section 25.8 hereof), on or about the Total Site or any part thereof. Tenant shall further indemnify, protect, defend and hold harmless Landlord, its agents, contractors, employees, licensees, and invitees from and against any and all Claims arising out of or in connection with any breach or default in the performance of any obligation on Tenant's part to be performed under this Lease, or any act, neglect, fault or omission of Tenant or of its agents, contractors, employees, licensees, subtenants, assignees, concessionaires or invitees (other than Landlord pursuant to Section 25.8 hereof). If any action or proceeding is brought against Landlord by reason of any such Claim, upon notice from Landlord, Tenant shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to Tenant's and other property or injury to Tenant and other Persons in, upon or about the Total Site from any cause whatsoever, except to the extent such damage or injury is caused by Landlord's fraud, intentional misrepresentation, gross negligence, willful misconduct or any breach by Landlord of its express representations and warranties or covenants set forth in this Lease prior to the expiration thereof. Notwithstanding anything to the contrary herein, in no

event shall Tenant be liable to Landlord or be required to indemnify Landlord in respect of any matters related to Pre-Existing Environmental Conditions, which the parties agree are governed solely by the provisions of Section 4.5 hereof.

10.2 Exemption of Landlord from Liability. Except to the extent (a) caused by Landlord's fraud, intentional misrepresentation, gross negligence, willful misconduct, and (b) not covered by insurance required hereunder to be carried by the parties hereto, Landlord shall not be liable to Tenant for any Claim which may be sustained by the person, goods, wares, merchandise or property of Tenant, its agents, contractors, employees, licensees, concessionaires, invitees or customers, or any other Person in or about the Total Site. In any event, under no circumstances shall Landlord shall be liable for any damage to Tenant's business, improvements, or personal property, regardless of the cause thereof, and Tenant hereby releases Landlord from all liability for such Claims. Notwithstanding any provision of this Lease or any applicable law to the contrary, in no event shall Landlord be liable under any circumstances for any speculative, punitive, or consequential damages incurred by Tenant, including, without limitation, any injury to, or interference with, Tenant's business (including any loss of profits) arising in connection with this Lease.

10.3 Survival. The parties hereby expressly agree that the provisions of this Article 10 shall survive the expiration or earlier termination of this Lease.

## ARTICLE XI

## INSURANCE

11.1 Tenant's General Insurance Requirements. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies reasonably acceptable to Landlord and the holder of any deed of trust secured by the fee interest of Landlord with respect to any portion of the Total Site (herein referred to as a "**Mortgagee**"). Unless otherwise required by Mortgagee, all policies of insurance required to be obtained by Tenant herein shall be issued by insurance companies with general policy holder's rating of not less than A– and a financial rating of not less than Class VIII as rated in the most current available "Best Insurance Reports" or other similar insurance rating guide. Each such policy shall name Landlord and at Landlord's request any Mortgagee of the Total Site as additional insureds, as their respective interests may appear, and a duplicate original of all policies or certificates evidencing the existence and amounts of such insurance shall be delivered to Landlord by Tenant at least ten (10) days prior to Tenant's occupancy of the Total Site. Each such policy must contain a provision that the company writing said policy will give to Landlord, and at Landlord's request any Mortgagee of the Total Site, not less than thirty (30) days' notice in writing in advance of any modification, cancellation or lapse of such insurance or any reduction in the amounts thereof. All of Tenant's insurance policies shall be written as primary policies, not contributing with, and not in excess of, coverage which Landlord may carry, and shall provide for severability of interests. Tenant shall furnish Landlord with renewals or "binders" of each such policy at least thirty (30) days prior to the expiration thereof. Tenant agrees that if Tenant does not procure and maintain such insurance, Landlord may (but shall not be required to) obtain such insurance on Tenant's behalf and charge Tenant premiums therefor together with a ten percent

(10%) handling charge, payable upon demand. Tenant may carry such insurance under a blanket policy, provided such blanket policy expressly affords the full amount and type of coverage required by this Lease by a Landlord's protective liability endorsement or otherwise. Tenant shall not do, or permit to be done, anything which shall invalidate the insurance policies required hereunder.

11.2 Property Insurance. At all times during the Term hereof in which Tenant maintains any improvements on the Total Site, Landlord shall, at Tenant's sole cost and expense, maintain in effect policies of property insurance covering (a) all improvements in, on or to the Total Site, and (b) all trade fixtures, furniture, merchandise and other personal property which may be situated from time to time in, on or upon the Total Site, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time during the Term of this Lease, providing protection against any peril included within the classification "Fire and Extended Coverage", together with insurance against sprinkler damage, vandalism, and malicious mischief, including cost of debris removal and demolition. During Tenant's construction of any permitted alterations within the Total Site, Landlord shall, at Tenant's sole costs and expense, maintain a course of construction endorsement to such property insurance policies and liability insurance policies. If Landlord informs Tenant that Landlord cannot obtain such insurance, then Tenant shall obtain such insurance at its sole expense. Subject to Article XII hereof, the proceeds of such insurance shall be used for repair and replacement of the property so insured.

11.3 Liability Insurance. At all times during the Term hereof, Landlord shall, at Tenant's sole cost and expense, obtain and continue in force commercial liability insurance or comprehensive general liability insurance with respect to the Total Site and the activities and use thereof and thereon by Tenant and Tenant's employees, agents, contractors, licensees, subtenants, assignees, concessionaires and invitees. Such insurance shall include coverage for personal injury (including employees and false arrest coverage), bodily injury, broad form property damage, Total Site/operations, owner's protective coverage, blanket contractual liability, products and completed operations liability, and owned/non-owned auto liability in an amount not less than Three Million Dollars ($3,000,000.00) combined single limit. The limits of such insurance shall not, however, limit the liability of Tenant hereunder. All liability and property damage policies shall contain a provision that Landlord, although named as an additional insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents and employees by reason of the negligence of Tenant and/or Tenant's employees, agents, contractors, licensees, subtenants, assignees, concessionaires and invitees. Notwithstanding the foregoing or anything set forth in this Article XI to the contrary, the parties agree that Tenant may satisfy its insurance requirements hereunder through policies maintained and to be maintained by Landlord with respect to the liability risks set forth herein unless Landlord informs Tenant that Landlord is unable to obtain such policies. To the extent feasible, Landlord agrees to carry such liability insurance set forth above in this Section 11.3 for the Term, which shall include Tenant and, to the extent feasible, Tenant's employees, agents, contractors, licensees, subtenants, assignees, concessionaires and invitees, as additional insureds thereto. Tenant shall be responsible for the cost of any such insurance policies as they relate to the Total Site.

11.4 Worker's Compensation. Tenant shall at all times during the Term hereof, at its own cost and expense, obtain and maintain in effect worker's compensation insurance and

employer's liability insurance as required by law, with full waiver of the insurer's rights of subrogation against Landlord and Landlord's officers, partners, agents, contractors, employees and representatives.

11.5 Other Insurance. Tenant shall at all times during the Term hereof at its own cost and expense obtain and maintain in effect any other form or forms or amounts of insurance as Landlord or its Mortgagee may reasonably require from time to time.

11.6 Adjustment. Not more frequently than once every five (5) years during the Term of this Lease, Tenant shall, at Landlord's request, increase the insurance policy limits for the insurance to be carried by Tenant as set forth in this Article 11 in an amount reasonably determined by Landlord in light of the nature of risks covered thereby provided, however, that no such increase in coverage shall exceed twenty percent (20%) of the previous limit therefor unless the nature of the use of the Total Site has materially changed or improvements have been constructed thereon.

11.7 Waiver of Subrogation. Landlord and Tenant agree to have their respective insurance companies issuing property damage and loss of insurance and extra expense insurance waive any rights of subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance carried by Landlord and Tenant, respectively, is not invalidated thereby. Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage to the extent such loss or damage is insurable under such policies of insurance.

## ARTICLE XII

## DAMAGE OR DESTRUCTION

12.1 Damage and Duty to Restore. In case of damage to or destruction of any improvements, in whole or in part, by fire or any other casualty whatsoever, whether or not insured against by any policy or policies (including required endorsements) required to be carried under the provisions of Article XI of this Lease, all of Tenant's obligations hereunder, including, without limitation, the obligation to pay rent, shall continue as provided for in this Lease. Tenant shall have no obligation to restore, replace, rebuild, demolish or remove any improvements, except that, promptly following any such damage or destruction, Tenant shall clear the Total Site of all debris and hazardous conditions caused by such damage or destruction using the proceeds of any insurance and the balance thereof shall be delivered to Landlord.

12.2 No Obligation of Landlord to Restore. Landlord shall in no event be under any duty or obligation to restore, replace or rebuild any improvements, or any portion thereof, at any time.

12.3 Waiver by Tenant. Tenant shall have no right to terminate this Lease as a result of any statutory provisions now or hereafter in effect pertaining to the damage and destruction of all or any part of the Total Site, including, without limitation, the provisions of Section 1932(2) and 1933(4) of the California Civil Code. Tenant shall not be entitled to any

compensation or damages from Landlord for the loss of the use of the whole or any part of the Total Site, or of Tenant's personal property or any inconvenience or annoyance occasioned by such damage, destruction repair, reconstruction or restoration.

## ARTICLE XIII

## TRADE FIXTURES

Throughout the Term of this Lease, all trade fixtures, equipment, signs and furnishings installed by Tenant in or on the Total Site shall be and remain the property of Tenant and, provided Tenant is not in default under this Lease, such items shall be removable at any time during the Term of this Lease at Tenant's sole cost, provided Tenant hereby agrees to repair or cause to be repaired any damage or injury to the Total Site occasioned by any such removal. Upon the expiration or earlier termination of this Lease, at Landlord's request, Tenant shall remove any such items at its sole expense.

## ARTICLE XIV

## ASSIGNMENT AND SUBLETTING

14.1 Restrictions on Transfers. Tenant shall not voluntarily or involuntarily assign its interest in this Lease or its leasehold interest in the Total Site, sublease all or any part of the Total Site, sell or lease all or any part of any improvements, transfer any direct or indirect interest in Tenant, or allow any other Person to occupy or use all or any part of the Total Site (collectively referred to as a "**Transfer**"), without first obtaining Landlord's prior written consent, which Landlord may withhold in its sole discretion or upon the instruction of Landlord's Mortgagee. A Transfer shall also include an Ownership Change (as defined in the next sentence) but shall exclude (a) a sale or transfer of any direct or indirect interest in Tenant by devise or descent or by operation of law upon the death of an owner of any direct or indirect interest in Tenant, and (b) a sale or transfer of any direct or indirect ownership interest in Tenant by a current owner to a trust for the benefit of such owner or an immediate family member (*i.e.*, parents, spouses, siblings, children or grandchildren) of such owner for estate planning purposes. An "**Ownership Change** " means the direct or indirect transfer (any level) by sale, assignment, mortgage, deed of trust, trust, operation of law, or otherwise of any shares, voting rights or ownership interest which will result in a change in the identity of the Person or Persons exercising, or who may exercise, voting rights or control of (or receive the economic benefits of) Tenant. Any Transfer without Landlord's prior written consent shall be voidable, at Landlord's election, and shall constitute a material default. No consent to an assignment or sublease shall constitute a further waiver of the provisions of this Article. Notwithstanding the foregoing, without the need for obtaining Landlord's prior written consent, but upon thirty (30) days' prior written notice to Landlord, Tenant shall have the right to hypothecate its interest in the leasehold estate created by this Lease as provided in Article XV.

14.2 Required Provisions. Any and all agreements in respect of a direct Transfer of Tenant's rights and obligations under this Lease shall (a) impose the same obligations and conditions on the Transferee as are imposed on Tenant by this Lease (except as to Rent and

term or as otherwise agreed by Landlord in its sole discretion), with an express assumption of such obligations by said Transferee, (b) be expressly subject and subordinate to each and every provision of this Lease, (c) have a term that expires on or before the expiration of the Term of this Lease, and (d) expressly provide that Tenant shall not be released from any or all of its obligations under this Lease notwithstanding such Transfer and/or Landlord's consent thereto and that Tenant remains jointly and severally liable for the tenant's obligations under the Lease.

14.3 Fees for Review. In connection with any proposed Transfer, Tenant shall pay to Landlord a non-refundable fee as reimbursement for expenses incurred by Landlord in connection with reviewing each such transaction (including any administrative expenses for Landlord's property manager), in the amount of Five Hundred Dollars ($500.00). In addition to such reimbursement, if Landlord retains the services of an attorney to review the transaction, Tenant shall pay to Landlord all reasonable attorneys' fees incurred by Landlord in connection therewith. Tenant shall pay such fees to Landlord within thirty (30) days after its receipt of written request therefor from Landlord and regardless of whether such Transfer is approved.

14.4 No Release of Tenant. Except as otherwise expressly set forth therein, no consent by Landlord to any Transfer by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, transfer or subletting. The consent by Landlord to any Transfer shall not relieve Tenant from the obligation to obtain Landlord's express prior written consent to any other Transfer. The acceptance by Landlord of payment from any other Person shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any subsequent Transfer, or to be a release of Tenant from any obligation under this Lease.

14.5 Assumption of Obligations. Each direct transferee of all of Tenant's rights and obligations hereunder shall assume all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of the rent and the performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the Term of this Lease. Landlord shall have no obligation whatsoever to perform any duty or respond to any request from any sublessee, it being the obligation of Tenant to administer the terms of its subleases.

14.6 Waiver. If Tenant requests Landlord's consent to a Transfer, and Landlord's consent is impermissibly withheld, Tenant waives any right to seek damages under California *Civil Code* Section 1995.310, or any similar law now or hereafter in effect, it being the intention of the parties that Tenant's rights in such event shall be limited to seeking an injunction or specific performance.

## ARTICLE XV

## HYPOTHECATION

15.1 Hypothecation.

15.1.1 Landlord agrees and consents that Tenant may, at any time and from time to time, without obtaining any further consent of Landlord, but upon not less than thirty (30) days' prior written notice to Landlord, mortgage, encumber, assign and hypothecate by mortgage, deed of trust or otherwise (any of which is herein called, together with its successors and assigns, a "**Tenant Mortgage**") all right, title and interest of Tenant in the leasehold estate created by this Lease or portion thereof (the "**Tenant Mortgage Collateral**") to a commercial bank, finance company, insurance company, or other institutional lender or other Person reasonably acceptable to Landlord (herein called "**Tenant Mortgagee**") on non-participating and non-convertible terms, with no "equity-kicker" or equity level interest rates, in the principal amount of not more than Twenty-Five Million Dollars ($25,000,000), which will mature and be repaid in full prior to the fifth (5th) anniversary of the Effective Date. Tenant shall bear the entire cost of any such loan and the proceeds thereof shall be used to reimburse Tenant and its principals for fees, costs and expenses previously incurred by Tenant and its principals in connection with this Lease, and the planning and development, and proposed planning and development, of the Total Site and Projects. In addition, any such loan shall provide for the termination of any security interest in the portion of the Total Site that is approved for a Project upon the execution and delivery of a Project Lease. Under no circumstances may Tenant hypothecate the fee interest in the Total Site nor will Landlord subordinate this Lease to any such Tenant Mortgage obtained by Tenant.

15.1.2 Except as hereinafter otherwise provided, and except as otherwise approved by Landlord in writing in its sole discretion, the Tenant Mortgage and all rights thereunder shall be subject to each and every of the covenants, conditions and restrictions of this Lease, and the Tenant Mortgage shall also be subject to all the rights and interest of Landlord hereunder, none of which shall be deemed waived by the foregoing consent. Tenant agrees to furnish to Landlord copies of all instruments, deeds of trust, indentures or agreements executed by Tenant to perfect the hypothecation of the leasehold estate to Tenant Mortgagee.

15.2 Notice to and Rights of Tenant Mortgagee.

15.2.1 Any Tenant Mortgagee shall have the right at any time during the Term:

(a) to do any act required of Tenant hereunder, including to cure any defaults by Tenant hereunder, and all such acts done or performed shall be effective to prevent a forfeiture of Tenant's rights hereunder as if the same had been done or performed by Tenant; and

(b) to rely on the security afforded by the leasehold estate and to acquire and to succeed to the interest of Tenant hereunder by foreclosure, whether by judicial sale, by power of sale contained in any security instrument, or by deed given in lieu of foreclosure, and to thereafter convey or assign title to the leasehold estate so acquired to any other Person that agrees to accept such assignment of rights and delegation of duties by written instrument, a copy of which shall be delivered to Landlord.

15.2.2 Landlord shall provide any Tenant Mortgagee with notice of any default by Tenant hereunder at such address as may be provided by Tenant Mortgagee to Lender in writing. Landlord shall not terminate this Lease by reason of any default of Tenant hereunder if, after delivery of such notice, the Tenant Mortgagee shall:

(a) cure such default within sixty (60) days after service on Tenant Mortgagee of written notice from Landlord of Landlord's intention to terminate this Lease (if the same cannot be cured within sixty (60) days, Tenant Mortgagee shall have a reasonable time after sixty (60) days within which to cure such default so long as Tenant Mortgagee is proceeding and continuing to cure such default with reasonable diligence; provided, however, that in no event shall such cure period exceed one hundred and twenty (120) days subject to Section 15.2.3 below); and

(b) undertake on or before the expiration of said thirty (30) days, in writing, to perform thereafter on a timely basis all covenants contained in this Lease capable of performance by Tenant Mortgagee in the course of exercise of its remedies against Tenant.

15.2.3 If, following Tenant Mortgagee's written undertaking provided for in Section 15.2.2(b) above, it is determined there are performances called for and due under this Lease that are not susceptible of being performed by Tenant Mortgagee, or if any default contemplated in Section 15.2.2(a) above is not susceptible of being cured by Tenant Mortgagee, then such performance shall be deemed rendered or such default shall be deemed cured if Tenant Mortgagee shall proceed in a timely and diligent manner to accomplish the foreclosure or other acquisition of Tenant's interest under this Lease; provided, however, that if said foreclosure proceedings shall be restrained by any court (as in the case of a bankruptcy proceeding) and relief from any such restraint shall have been diligently and timely sought but not successfully obtained by Tenant Mortgagee, any such performance shall be deemed rendered and any such default shall be deemed cured nevertheless. The obligation of Tenant Mortgagee for the performance of the terms of this Lease shall terminate upon the sale, transfer or assignment of the right, title and interest and delegation and acceptance of the duties of Tenant Mortgagee in the leasehold estate to any other Person.

15.2.4 Any provisions contained in this Lease to the contrary notwithstanding, any Tenant Mortgagee or its assigns may enforce such Tenant Mortgage and acquire title to the leasehold estate in any lawful manner and, pending foreclosure of any such Tenant Mortgage, may take possession of and rent the Total Site, and upon foreclosure of such Tenant Mortgage may sell, transfer or assign the leasehold estate or sublet the Total Site without the consent of the Landlord; provided, however, any such sale, transfer or assignment shall be subject to all other terms and conditions of this Lease including, without limitation, the restrictions on change of use of the Total Site contained in Article IV of the Lease. Any Person acquiring the right, title and interest of the Tenant's leasehold estate under this Lease from Tenant Mortgagee or any Person claiming or deriving its interest through or under Tenant Mortgagee shall assume the liability for the performance of the obligations imposed upon Tenant by the terms of this Lease.

15.2.5 Notwithstanding the acquisition by Tenant Mortgagee of Tenant's interest in this Lease by judicial or non-judicial foreclosure, assignment in lieu of foreclosure or any other manner, Tenant shall remain primarily liable to Landlord for all obligations of Tenant under this Lease unless and until Tenant Mortgagee or its assigns (i) voluntarily accepts all such obligations, and (ii) performs all such obligations which have accrued under this Lease.

15.3 New Lease on Termination of this Lease. If Landlord elects to terminate this Lease and Tenant's rights hereunder pursuant to the provisions of Article XVII or if this Lease is terminated for any reason or is rejected or disaffirmed pursuant to bankruptcy law or other law affecting creditors' rights, Landlord shall first serve written notice of such event on Tenant Mortgagee, and Tenant Mortgagee shall have thirty (30) days after receipt of such notice within which Tenant Mortgagee may elect in writing delivered to Landlord to demand that Landlord execute a new lease of the Total Site with Tenant Mortgagee (or such other Person as may be designated by Tenant Mortgagee) as tenant or Tenant Mortgagee may elect to exercise its rights set forth in Section 15.2. If Tenant Mortgagee elects to lease the Total Site Landlord and Tenant Mortgagee shall execute a new lease which shall be for the unexpired Term of this Lease and shall otherwise be identical with the terms of this Lease and shall have the same priority as this Lease. Landlord's election to so terminate shall not be effective against Tenant Mortgagee until after the expiration of such thirty (30) day notice period. Such new lease shall be executed and delivered by Landlord to Tenant Mortgagee within thirty (30) days after receipt by Landlord of written notice from Tenant Mortgagee of such timely election to obtain a new lease and upon payment by Tenant Mortgagee of Landlord's reasonable attorneys' fees and all sums owing by Tenant under the provisions of this Lease (less the rent and other income actually collected by Landlord in the meantime from any subtenants or other occupants of the Total Site) and upon performance by Tenant Mortgagee of all other obligations of Tenant under the provisions of this Lease with respect to which performance is then due and which are susceptible of being cured by the Tenant Mortgagee.

15.4 Consent of Tenant Mortgagee. Notwithstanding the foregoing provisions, until such time as the indebtedness of Tenant to Tenant Mortgagee shall have been fully paid, Landlord shall not, without the prior written consent of Tenant Mortgagee first had and obtained at Tenant's expense, accept any surrender, cancellation or termination of this Lease, consent to any modification hereof or consent to the assignment hereof by Tenant of any interest of Tenant herein.

15.5 No Encumbrance of Fee Title. At all times herein stated, Landlord's fee title to the Total Site shall not be encumbered or affected in any manner directly or indirectly by any Tenant Mortgage regardless of whether such Tenant Mortgage is subordinate to this Lease, and the rights of any Tenant Mortgage in and to the Total Site and shall at no time be greater than the right of Tenant hereunder except as otherwise provided in this Article XV.

15.6 Direct Agreement with Tenant Mortgagee. Landlord will, upon request of the Tenant, enter into an agreement with any Tenant Mortgagee confirming the rights of the Tenant Mortgagee hereunder in form and substance reasonably acceptable to Landlord and such Tenant Mortgagee

15.7 Encumbrance by Landlord. Subject to the provisions of Section 20.2 below, Landlord shall have the right to encumber the fee interest in the Total Site with any Mortgage.

## ARTICLE XVI

## CONDEMNATION

16.1 Taking. If less than the entire Total Site is taken or appropriated for public or quasi-public use by the right of eminent domain or otherwise by a taking in the nature of a condemnation or inverse condemnation, with or without litigation, or is transferred by agreement under the threat thereof (any of the foregoing being referred to herein as a "**Taking**"), then this Lease shall terminate as to the part taken and this Lease shall remain in effect. If the entire Total Site is the subject of a Taking or such portion thereof as to render the use of the remainder of the Total Site uneconomic for its intended purpose as determined by Tenant, then this Lease shall terminate. No temporary Taking of all or any part of the Total Site shall terminate this Lease or give Tenant any right to any abatement of any sums due hereunder, and Landlord shall be entitled to the entire award for such temporary Taking. Each party hereto waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the court to terminate this Lease for a partial Taking.

16.2 Division of Award. In the event that an award is made for an entire or partial Taking of the Total Site or any interest therein or due to any action in direct or inverse condemnation or in the event of a Taking as herein defined, the parties hereto agree that their respective rights to the award or compensation paid shall be as follows:

16.2.1 If the portion of the Total Site that is the subject of the Taking is encumbered by any Tenant's Mortgage approved by Landlord or permitted by this Lease, then Tenant shall be entitled to a prorated portion of the award equal to the amount of collateral taken.

16.2.2 Landlord shall be entitled to the balance of any award.

Neither party will do any act or make any agreement which will impair the legal obligation of the condemnor to bear the cost of such proceeding. Both parties agree, however, that in the event such a proceeding is used, the rights of the respective parties hereto shall be governed by the formula set forth herein.

16.3 Costs. Each party shall bear its own costs, attorneys' fees, appraisers' fees and all other costs in connection with any matter contained in this Article, except as may be otherwise provided.

16.4 Covenant by Landlord. Landlord covenants and agrees with Tenant that, to the extent Landlord has, or at any time in the future obtains, any rights of eminent domain with respect to all or any portion of the Total Site, Landlord will not pursue any taking or commence any eminent domain proceeding of any portion of the Total Site.

## ARTICLE XVII

## DEFAULT PROVISIONS

17.1 Events of Default. Tenant shall be deemed to be in default under the terms of this Lease as follows (such circumstances herein called an "event of default"):

17.1.1 If Tenant shall fail to pay any installment of rent or other sum when due and such failure shall continue for a period of five (5) business days after Landlord delivers written notice thereof to Tenant specifying the default, the applicable cure period, and Landlord's opinion of any actions needed to cure such default, which notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 (or any successor or similar statute); or

17.1.2 If Tenant shall fail to promptly perform or observe any covenant, condition or agreement to be performed by Tenant under this Lease, and such failure shall continue for a period of thirty (30) days (or such longer period of time as may be necessary to cure such default provided Tenant diligently commences and thereafter diligently pursues the cure thereof, provided, however, that in no event shall such period exceed ninety (90) days) after Landlord delivers written notice thereof to Tenant specifying the default, the applicable cure period, and Landlord's opinion of any actions needed to cure such default; or

17.1.3 If any petition shall be filed against Tenant in any court, whether or not pursuant to any statute of the United States of America or of any state, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings, and Tenant shall thereafter be adjudicated bankrupt, or if said proceedings shall not be dismissed within sixty (60) days after the institution of the same, or if any such petition shall be filed by Tenant; or

17.1.4 If, in any third party creditor proceedings wherein the Tenant is a defendant, a receiver, receiver and manager, trustee or liquidator shall be appointed for all or a substantial portion of the Total Site, and such receiver, receiver and manager, trustee or liquidator shall not be discharged within sixty (60) days after the appointment of such receiver, receiver and manager, trustee or liquidator; or

17.1.5 If Tenant makes an assignment for the benefit of creditors.

17.2 Remedies. Upon the occurrence of and during the continuance of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

17.2.1 Landlord shall have the right to terminate this Lease, in which event Tenant shall immediately surrender the Total Site to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Total Site and expel or remove Tenant

and any other Person who may be occupying the Total Site or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Total Site or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 17.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 17.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the maximum amount of such interest permitted by law. As used in Section 17.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). Notwithstanding anything to the contrary in this Section 17.2, if Tenant fails to timely vacate and surrender the Premises, then the term "rent" as used in this Section 17.2 shall be deemed not to be or mean any interest in the Lease related to a bonus value (*i.e.*, that the fair rental value of the Total Site for all or any portion of the remainder of the Term thereof exceeded the rental reserved under this Lease for such period).

17.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

17.3 Remedies Cumulative. The remedies of Landlord, as hereinabove provided, are cumulative and in addition to and not exclusive of any other remedy of Landlord herein given or which may be permitted by law. The remedies of Landlord, as hereinabove provided, are subject to the other provisions herein and are particularly subject to the provisions of Article XV hereinabove. Nothing contained in this Article XVII shall constitute a waiver of Landlord's right to recover damages by reason of Landlord's efforts to mitigate the damage to it caused by Tenant's default; nor shall anything herein adversely affect Landlord's right, as in this Lease elsewhere provided, to indemnification against liability for injury or damage to Persons or property occurring prior to the termination of this Lease.

17.4 Performance by Tenant. All covenants and agreements to be performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any offset to or abatement of rent. If Tenant fails to pay any sum of money, including rent, required to be paid by it hereunder or fails to perform any other act on its part to be performed hereunder, and such failure continues after written notice thereof to Tenant (if required) and the expiration of any period expressly provided for in this Lease during which Tenant may cure such failure, Landlord may, without waiving or releasing Tenant from any obligation of Tenant, make any such payment or perform any such act and all sums so paid by Landlord and all costs incurred by Landlord in performing such act (including attorneys' fees), shall be payable by Tenant on demand and Tenant hereby covenants to pay any and all such sums. Landlord shall have in addition to any other right or remedy of Landlord the same rights and remedies in the event of nonpayment of sums due under this Article XVII as in the case of default by Tenant in the payment of rent.

17.5 Landlord's Default. Landlord shall not be in default in the performance of any obligation under this Lease unless and until (a) it has failed to perform its obligations under Section 24.4.1 hereof to enter into a Project Lease within ten (10) days after receipt of written notice by Tenant to Landlord specifying such failure, (b) it has failed to perform its other obligations under Section 24 within twenty (20) days after receipt of written notice by Tenant to Landlord specifying such failure, or (c) it has failed to perform any other obligation hereunder within thirty (30) days after receipt of written notice by Tenant to Landlord specifying such failure; provided, however, that if the nature of Landlord's default is such that more than thirty (30) days are required for its cure, then Landlord shall not be deemed to be in default if it commences such cure within the thirty (30) day period and thereafter diligently prosecutes such cure to completion provided Landlord diligently commences and thereafter diligently pursues the cure thereof. Tenant agrees to give any Mortgagee of Landlord's estate a copy, by registered mail, of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing of the address of such Mortgagee. Tenant further agrees that if Landlord shall have failed to cure such default within the time period provided in this Lease, then any such Mortgagee shall have an additional sixty (60) days within which to cure such default on the part of the Landlord or if such default cannot be cured within that time, then such additional time as may be necessary if within that sixty (60) days the Mortgagee has commenced and is pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so pursued. Notwithstanding anything to the contrary in this Lease, Tenant agrees that in the event of default by Landlord hereunder, there shall be

absolutely no personal liability of any partners, officers, employees, managers, councilmen or agents who or which constitutes or comprises Landlord, and Tenant shall, subject to the rights of Landlord's Mortgagees, look solely to the interest of Landlord in the Total Site and any proceeds of Landlord's liability insurance policies applicable and payable with respect to Landlord's ownership of the Total Site for the satisfaction of each and every remedy of Tenant therefor. In this regard, none of Landlord's partners, officers, employees, managers, councilmen or agents shall be personally liable for any such default or for any deficiency nor shall other assets of Landlord be available with respect to such default or deficiency.

## ARTICLE XVIII

## SALE OF TOTAL SITE BY LANDLORD

18.1 Right of First Refusal for Sale to Private Party. If Landlord elects to sell the fee interest in the Total Site to a "**Private Party**" (*e.g.*, a party that is not a governmental, quasi-governmental, or other similar Person, or an entity that is majority owned and controlled by such an entity or that is established solely for the purpose of obtaining tax-exempt financing), then Tenant shall have, and Landlord hereby grants, a right of first refusal with respect to the sale of the fee interest of the Total Site. In connection with such right of first refusal, if, at any time during the Term, Landlord receives a bona-fide offer to purchase all or any portion of the Total Site from a Private Party which Landlord intends to accept, Landlord shall deliver a copy of such offer to Tenant (the "**ROFR Notice**"), which offer must contain all material terms and conditions related to such purchase and sale (including, without limitation, a description of that portion of the Total Site to which the offer pertains, the purchase price and the anticipated closing date). Upon receipt of the ROFR Notice, Tenant shall have thirty (30) days in which to elect to purchase such portion of the Total Site as described in the ROFR Notice, on the same terms and conditions as noted in the ROFR Notice (the "**Tenant ROFR**") without, however, any due diligence period, and which notice shall be accompanied by a non-refundable deposit, in immediately available funds, in the amount of the aggregate deposits under the ROFR Notice. If Tenant elects to exercise the Tenant ROFR, Landlord and Tenant shall be deemed to have entered into an agreement of purchase and sale containing those conditions set forth in the ROFR Notice, with such modifications as Landlord and Tenant may agree to, and, on the closing date specified in such ROFR Notice, Landlord and Tenant shall complete the transfer of such portion of the Total Site to Tenant (or an affiliate of Tenant, as designated by Tenant). If Tenant does not respond within such thirty (30) days, or Tenant elects not to exercise the Tenant ROFR, Landlord shall be permitted to sell that portion of the Total Site described in the ROFR Notice, subject to the material terms and conditions of Section 18.2 hereof, on and subject to the terms and conditions set forth in the ROFR Notice, without amendment; provided that, if Landlord is unable to complete such sale by the date specified in the ROFR Notice plus ninety (90) days, such portion of the Total Site shall once again be subject to the terms and conditions of this Section 18.1 and Tenant's right of first refusal. Tenant's rights under this Section 18.1 shall not apply in connection with a foreclosure, deed-in-lieu of foreclosure, or a subsequent conveyance by Landlord's Mortgagee.

18.2 Release of Landlord. Landlord shall have the right to sell all or any portion of the Total Site to a non-Private Party without triggering the Tenant's right of first refusal set

forth above. In the event of any sale by Landlord of its fee interest in all or any portion of the Total Site to any Person, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and unaccrued obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; provided that the purchaser, at such sale of all or any portion of the Total Site, shall in writing covenant in favor of Tenant to carry out and assume any and all of the covenants and obligations of Landlord under this Lease.

## ARTICLE XIX

## NON-MERGER

There shall be no merger of this Lease, nor of the leasehold estate created by this Lease, with Landlord's fee estate in the Total Site by reason of the fact that this Lease or the leasehold estate created by this Lease or any interest in this Lease or any such leasehold estate may be held, directly or indirectly, by or for the account of any Person who shall own the fee estate in the Total Site or any interest in such fee estate, and no such merger shall occur unless and until all Persons at the time having an interest in the fee estate in the Total Site and all Persons (including any leasehold Mortgagee) having an interest in this Lease or in the leasehold estate created by the Lease shall join in a written instrument effecting such merger and shall duly record the same.

## ARTICLE XX

## ESTOPPEL CERTIFICATES AND SUBORDINATION

20.1 Tenant's Certificate. Tenant agrees at any time and from time to time, upon not less than ten (10) days written notice by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same are in full force and effect as modified and stating the modifications); (b) whether nor not, to the best knowledge of Tenant, there are then existing any offsets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of Tenant to be performed and if so specifying the same); (c) the dates to which the rent and other charges have been paid; (d) whether or not, to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Tenant may have knowledge; and (e) such other matters as may be reasonably required by Landlord or any Mortgagee, it being intended that any such statement delivered pursuant to this section may be relied upon by any prospective purchasers or Mortgagee of the fee of the Total Site.

20.2 Subordination. This Lease shall be subject and subordinate to the lien of any mortgage or trust deed, now or hereafter in force against Landlord's interest in the Total Site, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages or trust deeds require in writing that this Lease be superior thereto. With respect to any such instruments entered into by Landlord after the execution of this

Lease, Tenant's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from Landlord's Mortgagee in commercially reasonable form and substance that Tenant's use and possession and this Lease will not be disturbed so long as no event of default occurs and is continuing and Tenant agrees to attorn to Landlord's mortgagee to the extent it becomes the record owner of the Total Site. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any mortgage or deed in lieu thereof by any Landlord Mortgagee, to attorn, without any deductions or set-offs whatsoever, to the purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof if so requested to do so by such purchaser, and to recognize such purchaser as the Landlord under this Lease. Tenant shall, within five (5) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the attornment and subordination of this Lease to any such mortgages or trust deeds. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

## ARTICLE XXI

## MEMORANDUM OF LEASE

Concurrently with the execution of this Lease, both parties shall execute and acknowledge a Memorandum of this Lease in recordable form which shall be substantially in the form attached hereto as **Exhibit "C"** ("**Memorandum**") which shall be recorded at Tenant's election (and expense, including, without limitation, all recording charges and documentary transfer taxes, and the like) in the official records in which the Total Site is located ("**Official Records**") after the Due Diligence Date (or earlier provided that Tenant concurrently executes and delivers to Landlord an executed, acknowledged, original of a quitclaim deed or other instrument prepared by Landlord to terminate the effect of the Memorandum, which (a) Landlord may record in the Official Records if Tenant terminates this Lease pursuant to Section 1.3 above, or (b) Landlord shall return to Tenant if Tenant does not terminate this Lease pursuant to Section 1.3 above) provided that this Lease has not previously terminated. Concurrently with the execution of any supplement to this Lease pursuant to Section 1.1.1, the parties shall execute and record in the Official Records a supplement to the Memorandum with respect to the Scout Property or the Agency Property or any portion thereof that is subjected to this Lease thereunder. Concurrently with the execution of each Project Lease, the parties shall execute and record in the Official Records a partial termination of the Memorandum with respect to the portion of the Total Site that is the subject of the Project Lease.

## ARTICLE XXII

## QUIET POSSESSION

Landlord covenants that Tenant, upon payment of the rental herein reserved, and so long as no event of default shall have occurred and be continuing, shall and may at all times, for itself and its subtenants, peaceably and quietly have, hold and enjoy the Total Site during the Term of this Lease.

## ARTICLE XXIII

## SIGNS

Tenant may not erect or affix permanent or temporary signage on or about the Total Site without the prior written reasonable approval of Landlord as to content, number, color, size, type, quality, location, materials and graphics provided, however, that such signage must also comply with any applicable Restrictions, covenants, conditions and restrictions and all applicable laws, rules, regulations and ordinances and shall not be used for advertising of any type. Tenant shall be responsible, at its sole cost and expense, for maintaining and repairing any such signage. Upon the expiration or earlier termination of this Lease, Tenant shall remove, at Tenant's sole cost and expense, all such signage from the Total Site. If Tenant fails to so remove such signage, Landlord may do so and charge the cost of such removal to Tenant. The foregoing obligations shall survive the expiration or earlier termination of this Lease.

## ARTICLE XXIV

## PROJECTS

24.1 Landlord's Approval of Proposed Non-Solar Projects. During the Term so long as no event of default has occurred and is continuing, from time to time Tenant shall have the right to propose a Project that is not a photovoltaic solar for a portion of the Total Site by delivering a written request therefor to Landlord that (a) identifies the portion of the Total Site upon which the Project would be developed (and excluded from this Lease and become the subject of a Project Lease), (b) provides any proposed changes to the form of Project Lease attached hereto (which shall redlined to show such changes) that would be included in the Project Lease, and (c) includes the materials and information about the proposed Project set forth below in Sections 24.2.1 through 24.2.10 (to the extent applicable). Landlord shall have the right to approve or disapprove any such request in its sole discretion.

24.2 Proposed Solar Projects. During the Term and so long as no event of default shall have occurred and be continuing, from time to time Tenant shall have the right to propose photovoltaic solar Projects (a "**Solar Project**") for a portion of the Total Site by delivering to Landlord a written request for Landlord to participate therein and contribute financially thereto ("**Request**") which also (a) identifies the portion of the Total Site upon which the Solar Project would be developed (and excluded from this Lease and become the subject of a Project Lease) and the term thereof, (b) provides any proposed changes to the form of Project Lease attached hereto (which shall be redlined to show such changes) that would be included in the Project Lease, and (c) includes the following materials and information about the proposed Solar Project:

24.2.1 A thorough, detailed, narrative description of the Solar Project;

24.2.2 A detailed map showing the applicable portion of the Total Site that would be subject to the applicable Project Lease and a legal description of the applicable parcel;

24.2.3 An entitlement analysis and schedule showing the entitlements, approvals, authorizations and/or permits (including, without limitation, clearances under CEQA or NEPA) required from any Federal, State, County, municipal, or other governmental or quasi-governmental authority required for such Solar Project (including evidence that the applicable portion of the Total Site that would be subject to the applicable Project Lease complies with the California Subdivision Map Act) and evidence that all such entitlements, approvals, authorizations and/or permits have been issued or are ready to issue upon the payment of the applicable fees;

24.2.4 A detailed schedule (from execution of the Project Lease through the commencement of the economic productivity of such Solar Project) showing, *inter alia*, the entitlement, development, construction and other phases of such Solar Project, and who (*i.e.* Landlord or Tenant) will be responsible for the costs of entitling and constructing the infrastructure required for such Solar Project (and if Landlord shall be responsible therefor, the proposed cost thereof) and the timing of such events;

24.2.5 A detailed development and construction budget for the entire Solar Project (*e.g.*, interconnection, inverters, panels and mounting), including, without limitation, a budget for any infrastructure required for such Solar Project, and the costs of providing any required completion bonds, and the estimated timing, sources, and amounts of revenue to be generated by such Solar Project (*e.g.*, pursuant to a power purchase agreement), in any form and whether such power is expected to be prepaid;

24.2.6 The environmental impact and, to the extent required by law, mitigation plans for such Solar Project;

24.2.7 The proposes sources and uses of funds, including, without limitation, proposed debt levels and whether secured or unsecured, equity contributions (in the form of a tenant improvement allowance or otherwise), and/or equity for such Solar Project;

24.2.8 a description of number, type and design of solar modules to be constructed thereon and the reasonably anticipated aggregate annual output thereof with certain probabilities;

24.2.9 the Power Purchase Agreement with the PUC and, to the extent available, a copy of a power purchase agreement between the related Project Tenant and the PUC for such Solar Project; and

24.2.10 a financial model including long-term estimate of operation and maintenance costs, degradation assumptions, spare parts inventory costs, estimated rate of return with proposed debt levels (and expected terms, which shall not include any indemnities or guaranties of any sort by Landlord).

24.3 Landlord Review and Approval. Landlord shall have forty-five (45) days from receipt of a Request and all the relevant materials and accompanying data (the "**Review Period**") to approve or disapprove such Request in its sole discretion. If Landlord timely

approves the Request, then Landlord shall have agreed to participate in the Solar Project and (a) contribute fifty percent (50%) of the capital expenditure required to develop and construct such Solar Project net of any third party indebtedness identified under Section 24.2.7, as such level of indebtedness may be increased prior to consummation of the Solar Project financing, (b) develop, construct and pay for the specified infrastructure improvements, as set forth in Section 24.2.4, and (c) agree to share in fifty percent (50%) of any "construction cost" overruns for such Solar Project (*i.e.*, Landlord would be responsible for hard cost overruns of not more than five (5%)). The sum of the amounts described in the preceding sentence are herein called (the "**Landlord Contribution**"). Unless otherwise agreed to by Landlord and Tenant, such contribution by Landlord shall be made as a tenant improvement allowance under the related Project Lease concurrently with the corresponding contributions by Tenant. In return for such participation and the Landlord Contribution, Landlord shall be entitled to receive the greatest of (i) the fair market rental value of the portion of the Total Site to be subjected to such Project Lease plus twelve percent (12%) of the net operating income generated by the related Project Tenant with respect to such Solar Project (revenues net of operating expenses, required reserves, debt service and tax equity payments), payable as a percentage rent under the related Project Lease, (ii) six percent (6%) return per annum on the Landlord Contribution, and (iii) fifty percent (50%) of (x) the net operating income generated by the related Project Tenant with respect to such Solar Project (revenues net of operating expenses, required reserves, debt service and tax equity payments), payable as a percentage rent under the related Project Lease plus (y) any net extraordinary gains (*e.g.,* sale of Project Tenant or the sale or refinancing of such Solar Project), as adjusted for any continued rent payable thereafter to Landlord (provided, however, that the sale of the Solar Project that is not a permitted transfer of not more than 49% of Tenant's interest shall require Landlord's consent, which Landlord may withhold in its sole discretion). Landlord shall execute and deliver to Tenant within fifteen (15) days of request therefor following the Review Period, the Project Lease related to such Solar Project which reflects the foregoing election by Landlord.

24.4 Landlord Review and Disapproval. If Landlord disapproves such Request in its sole discretion during the Review Period or fails to approve or respond to Tenant's Request within the Review Period, then (a) for one (1) year thereafter, Tenant shall have the right to consummate an agreement with a reputable, third party investor on the terms and conditions set forth in the Request, which, if materially altered, shall require Tenant to resubmit the Request as set forth above in Section 24.2 provided, however, that the Review Period shall be limited to thirty (30) days, (b) Tenant shall commence construction of such Solar Project within one (1) year thereafter, (c) Landlord shall not be required to make any financial contribution to such Solar Project whatsoever under this Lease, and (d) the rent to which Landlord shall be entitled under the related Project Lease shall equal (i) the fair market rental value of the portion of the Total Site to be subjected to such Project Lease, plus (ii) ten percent (10%) of the net operating income generated by the corresponding Project Tenant with respect to such Solar Project (revenues net of operating expenses, required reserves, debt service and tax equity payments), payable as percentage rent under the related Project Lease, as such amount shall be increased by an amount agreed to by Landlord and such Project Tenant as a return on the cost to Landlord to develop, construct and pay for any substation and/or interconnection lines that shall be used by and allocated to such Solar Project. Notwithstanding such disapproval or deemed disapproval, Landlord shall execute and deliver to Tenant within fifteen (15) days of request therefor

following the Review Period, the Project Lease related to such Solar Project which shall reflect the rent to be paid to Landlord pursuant to the prior sentence.

## ARTICLE XXV

## LANDLORD FUNDING OF CERTAIN COSTS

25.1 Landlord Funding of Certain Costs. Provided that no event of default has occurred and is continuing, from the Due Diligence Date until the fifth (5th) anniversary thereof, Landlord shall reimburse Tenant for the actual, documented, and reasonable third-party fees and costs incurred by Tenant in connection with exploring the feasibility of, and seeking approvals for, the planning and development of Solar Projects in advance of the execution of one or more Project Leases, in an aggregate amount of not more than Five Million Dollars ($5,000,000), which sums shall be reimbursed not more often than quarterly, and, in each case, subject to complying with the following conditions:

25.1.1 Tenant has completed and delivered a written request for payment setting forth the dates, amounts, and payees with respect to all payments made by Tenant, and a description of the work performed by each payee, plus, at Landlord's request, a copy of any such work performed (to the extent applicable).

25.1.2 Tenant has furnished, in satisfactory form and substance, (a) conditional mechanics' lien releases and waivers for the amounts being requested and valid full and final mechanics' lien releases and waivers for all other work performed (which shall only be provided with respect to aspects of such work that could result in a lien under applicable law), (b) copies of bills and invoices covering work for which a reimbursement is made, and (c) an affidavit from Tenant confirming the foregoing and that the work for which payment is requested is authorized for reimbursement under this Lease.

25.2 Advance Funding. Provided that no event of default has occurred and is continuing, from and after the Effective Date, Landlord shall reimburse (or provide advances to) Tenant for, in the aggregate, not more than ten percent (10%) of the funds specified above in Section 25.1 for the uses permitted thereby, which Tenant shall immediately refund to Landlord if Tenant terminates this Lease pursuant to Section 1.3 above. Any such fundings shall be part of, not additions to, Landlord's aggregate funding obligations set forth above in Section 25.1.

## ARTICLE XXVI

## GENERAL PROVISIONS

26.1 Notices. Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person to either party, may be delivered by commercial express delivery service, facsimile or United States mail duly certified, return receipt requested, with postage prepaid, and addressed to the party for whom intended as follows:

| | |
|---|---|
| To Landlord: | Paul J. Phillips, City Manager<br>15626 E. Stafford Street<br>Suite 100<br>City of Industry, CA 91744-0366 |
| With a Copy to: | James M. Casso<br>Casso & Sparks<br>13200 Crossroads Parkway North, Suite 345<br>City of industry, CA 91746 |
| To Tenant: | San Gabriel Valley Water and Power, LLC<br>2917 Canon Street<br>San Diego, CA 92106<br>Attn.: Mr. Robert Anselmo |
| With a Copy to: | Dechert, LLP<br>One International Place, 40th Floor<br>100 Oliver Street<br>Boston, MA 02110<br>Attn.: Bruce Hickey, Esq. |

Either party hereto may from time to time by written notice to the other party designate a different address which shall be substituted for the one above specified. If any notice or other document is sent by certified mail, as aforesaid, the same shall be effective upon receipt at the appropriate address. The address to which notices are sent may be changed by providing notice thereof in the manner specified in this Section 26.1. From time to time, parties may designate attorneys that are authorized to provide notices on their behalf, which shall be valid until terminated by written notice from such party or such designated attorney.

26.2 **Legal Descriptions**. The parties believe that the legal descriptions of the Total Site attached hereto as **Exhibit A** and the legal descriptions of the Scout Property and the Agency Property attached hereto as **Exhibit B** accurately describe the real property currently owned (*i.e.*, the Total Site as of the Effective Date), or that may be subsequently acquired (*i.e.*, the Agency Property and/or the Scout Property), by Landlord that will be subject to this Lease; those parcels are generally depicted on **Exhibit D** attached hereto. Nevertheless, if, prior to the Due Diligence Date, the parties conclude that the legal description of the Total Site is incorrect, then the parties shall promptly correct any such inaccuracies on **Exhibit A** and replace it with a corrected version. If (a) Landlord acquires the Agency Property or the Scout Property prior to December 31, 2018, and (b) prior to such acquisition(s) or the Due Diligence Date, whichever is later, the parties conclude that the legal description of the Agency Property or the Scout Property, as applicable, is incorrect, then the parties shall promptly correct any such inaccuracies on **Exhibit B** and replace it with a corrected version.

26.3 Litigation. In the event of the bringing of any action or suit by either party against the other arising out of this Lease, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys' fees.

26.4 Waiver. No delay or omission by either party hereto in exercising any right or power accruing upon the non-compliance or failure of performance by either party hereto under the provisions of the Lease shall impair any such right or power to be construed to be a waiver thereof. A waiver by either party hereto of any of the covenants, conditions or agreements thereof to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions and conditions hereof.

26.5 Holding Over. If Tenant shall remain in possession of the Total Site after the expiration or earlier termination of the Term of this Lease without the express written consent of Landlord, Tenant will be deemed to be occupying the Total Site as a tenant-at-sufferance only subject to all covenants and obligations of this Lease and at a daily rental equal to $5.00 per acre that the Tenant has not surrendered per day, plus all other amounts of rent and all items of additional rent which are payable hereunder, during the period of any such holding over. Acceptance by Landlord of rent after such expiration or earlier termination shall not constitute a holdover or result in a renewal, and shall not affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If any property not belonging to Landlord remains at the Total Site after the expiration of the term of this Lease, Tenant hereby authorizes Landlord, without liability for compensation or damages to Tenant, to retain all or any portion thereof (and title thereto shall thereupon be vested in Landlord), or remove such property and make such disposition thereof as Landlord may desire. Tenant shall, upon demand by Landlord, pay Landlord for the expense of any such removal and disposition plus the cost of repair of any and all damages to the Total Site resulting from or caused by such removal. In the event that such property belongs to someone other than Tenant, Tenant agrees to indemnify and hold Landlord harmless from all Claims in connection with or incident to any removal, exercise of dominion over and/or disposition of such property by Landlord. Tenant shall indemnify and hold Landlord harmless from any and all Claims resulting from Tenant's failure to surrender the Total Site upon the expiration or earlier termination of the Lease.

26.6 Surrender. Subject to the provisions of Section 5.1, upon the end of the Term of this Lease, as provided herein, or any extension thereof, or sooner termination of this Lease, Tenant shall surrender and quitclaim to Landlord the Total Site, together with the Improvements.

26.7 Lease Binding Upon Successors and Assigns. Subject to the limitations herein set forth, each of the terms, covenants and conditions of this Lease shall extend to and be binding on and inure to the benefit of not only Landlord and Tenant, but also each of their successors and assigns. Whenever in this Lease reference is made to either Landlord or Tenant, the reference shall be deemed to include, wherever applicable, the successors and assigns and the parties hereto the same as if in every case expressed.

26.8 Entry. Landlord reserves for itself and its agents the right to peaceably enter the Total Site to inspect the same, to submit the Total Site to prospective purchasers, lenders or tenants, to post notices of non-responsibility and to take such other actions and perform such duties as Landlord may be required or permitted under this Lease provided that Landlord shall use all reasonable efforts to not interfere unreasonably with the business of Tenant. Tenant hereby waives any claim for damages or for any injury or inconvenience to or

interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Total Site, and any other loss occasioned by Landlord's entry except to repair any damage to property resulting therefrom. Any entry to the Total Site obtained by Landlord by any means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Total Site, or an eviction of Tenant from the Total Site or any portion thereof. Except in the event of an emergency, (i) Landlord shall not enter the Total Site during non-business hours, and (ii) Landlord shall provide Tenant not less than twenty-four (24) hours prior notice before entering the Total Site.

26.9 Relationship of Parties. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way nor for any purpose become a partner of Tenant or a joint venturer with Tenant in the conduct of Tenant's business or otherwise, and that the provisions of any agreement between Landlord and Tenant relating to rent are solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

26.10 Time of the Essence. Time is expressly declared to be of the essence of this Lease with regard to all obligations hereunder.

26.11 Quitclaim. At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord within ten (10) days after written demand from Landlord to Tenant, any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the Total Site.

26.12 Number and Gender. Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "**Person**" shall include corporation, firm or association. If there be more than one tenant, the obligations imposed under this Lease upon Tenant shall be joint and several.

26.13 Headings and Titles. The section headings of this Lease are inserted as a matter of convenience and references only and in no way define, limit or describe the scope or intent of this Lease or in any way effect the terms and provisions hereof.

26.14 Covenants and Conditions. Each of the covenants in this Lease shall be deemed and construed as conditions and each and every covenant shall be deemed covenants running with the land.

26.15 Entire Agreement. This Lease contains the final expression of and the entire agreement between the parties hereto with respect to the matters covered hereby, and no other previous agreement, statement or promise made by any party hereto which is not contained herein shall be binding or valid.

26.16 Partial Invalidity. If any term, provision, condition or covenant of this Lease, or the application thereof to any party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this Lease, or the application of such term, provision,

condition or covenant to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

26.17 Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law provisions.

26.18 Modifications. Any alteration, change or modification of or to this Lease, in order to become effective, shall be made by written instrument or endorsement hereon and in each such instance executed on behalf of each party hereto.

26.19 Brokers. Landlord represents and warrants to Tenant, and Tenant represents and warrants to Landlord, that no broker or finder has been engaged by it, respectively, in connection with any of the transactions contemplated by this Lease, or to its knowledge is in any way connected with any of such transactions. In the event of any such claims for brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Lease, Tenant shall indemnify, save harmless and defend Landlord from and against such claims if they shall be based upon any statement or representation or agreement by Tenant, and Landlord shall indemnify, save harmless and defend Tenant if such claims shall be based upon any statement, representation or agreement made by Landlord.

26.20 Execution of Lease. The submission of this Lease to Tenant for examination or execution does not constitute a reservation of or option on the Total Site, or an agreement of Landlord to lease the Total Site. This Lease shall become effective as a Lease, and Landlord shall become obligated hereunder, only upon the execution and delivery of this Lease by both parties, which neither party shall have any obligation to do. Submission of this Lease to Tenant in no way constitutes an offer to lease by Landlord.

26.21 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the rent payments herein stipulated shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

26.22 Construction. It is understood that there are no oral or written agreements or representations between the parties hereto affecting this Lease (other than this Lease and the exhibits attached hereto), and that this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, displays, projections, estimates, agreements and understandings, if any, made by or between Landlord and Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret, construe, supplement or contradict this Lease, including, without limitation, any term sheet or letter of intent. The parties hereto hereby acknowledge and agree that (a) each party hereto is of equal bargaining strength, (b) each such party has actively participated in the drafting, preparation and negotiation of this Lease, (c) each such party has been (or has had the opportunity to be) represented by, and consulted, with such party's own, independent counsel, and such other professional advisors as

such party has deemed appropriate, relating to any and all matters contemplated under this Lease, (d) each such party and such party's counsel and advisors have reviewed (or have had the opportunity to review) this Lease, (e) each such party has agreed to enter into this Lease following such review and the rendering of such advice (or the opportunity to receive such advice), and (f) any rule of construction to the effect that ambiguities are to be resolved against the drafting parties shall not apply in the interpretation of this Lease, or any portions hereof, or any amendments hereto. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including, without limitation, any implication that the parties intended thereby to state the converse of the deleted language.

26.23 Authority. Tenant does hereby represent and warrant to Landlord that Tenant has all requisite power and authority to own, lease, hold and operate properties and conduct business in the State of California.

26.24 Exhibits. All Exhibits attached to this Lease are hereby incorporated herein by this reference.

26.25 ADA Disclosure. Landlord hereby represents to Tenant that the Total Site has not undergone inspection by a Certified Access Specialist (as such term is defined in California Civil Code Section 1938) and, no Certified Access Specialist has determined whether the Total Site currently meets all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53. Tenant assumes all risks that the Total Site does not comply with all applicable construction related accessibility standards pursuant to California, Federal or local law, and shall be solely responsible for the cost of any modifications required to comply therewith.

26.26 Municipal Laws. Within thirty (30) days after the Effective Date, the parties shall make such additions, deletions, or modifications to this Agreement as shall be specified by Landlord's City Attorney to make this Lease comply with any applicable laws, rules, regulations or ordinances that apply to Landlord, as determined by Landlord's City Attorney. The parties shall enter into such amendment within such thirty (30) day period. If Tenant refuses to timely execute such an amendment in form and content acceptable to Landlord, then this Lease shall automatically terminate (and Tenant shall immediately refund any sums advanced by Landlord pursuant to Section 25 of this Lease).

[Balance of page intentionally left blank. Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first set forth above.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: Paul J. Philips
Its: City Manager

**"TENANT"**

SAN GABRIEL WATER AND POWER, LLC,
a California limited liability company

By: Ambient SHE LP LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: _____
Its: _____

_____
Name: _____
Its: _____

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT** **CIVIL CODE § 1189**

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

State of California )
County of Los Angeles )

On May 17, 2016 before me, Diane M. Schlichting, a Notary Public,
*Date* *Here Insert Name and Title of the Officer*

personally appeared Paul J. Philips
*Name(s) of Signer(s)*

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

DIANE M. SCHLICHTING
Commission # 1979326
Notary Public - California
Los Angeles County
My Comm. Expires Jun 10, 2016

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

WITNESS my hand and official seal.

Signature Diane M. Schlichting
*Signature of Notary Public*

*Place Notary Seal Above*

**OPTIONAL**

*Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.*

**Description of Attached Document**

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first set forth above.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: _____
Its: _____

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Ambient SEH LP LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: Principal
Its: _____

Name: Robert Anzelmo
Its: Principal

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

## ACKNOWLEDGMENT

State of California
County of San Diego

On May 9, 2016 before me, SONIA E. Wolcott NOTARY
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Sonia E Wolcott (Seal)

SONIA E. WOLCOTT
Commission # 2012027
Notary Public - California
San Diego County
My Comm. Expires Mar 14, 2017

## EXHIBIT "A"

## TOTAL SITE

THE 5,500 ACRES REFERRED TO HEREIN BELOW IS SITUATED IN LOS ANGELES COUNTY, ORANGE COUNTY, AND SAN BERNARDINO COUNTY, STATE OF CALIFORNIA AND MORE PARTICULARLY DESCRIBED BELOW:

PARCEL 4: (APN: 308-031-24):

THAT PORTION OF FRACTIONAL SECTION 5, TOWNSHIP 3 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT FILED IN THE DISTRICT LAND OFFICE ON FEBRUARY 17, 1868, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY CORNER OF LOT 2 OF SAID SECTION AS SAID LOT IS SHOWN ON SHEET 2 OF THE MAP FILED IN BOOK 99, PAGES 29 THROUGH 35, INCLUSIVE OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 88°44'14" WEST 1311.27 FEET ALONG THE SOUTH LINE OF SAID LOT TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 1°48'38" WEST, 1316.46 FEET ALONG THE EAST LINE OF LOT 4 OF SAID SECTION AS SHOWN ON SAID RECORD OF SURVEY MAP TO THE SOUTHEAST CORNER OF SAID LOT 4; THENCE NORTH 42°11'13" EAST, 883.86 FEET; THENCE NORTH 50°12'57" EAST, 987.69 FEET TO THE POINT OF BEGINNING.

PARCEL 5 (APN: 308-031-32):

LOTS 1 THROUGH 5 INCLUSIVE OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE.

EXCEPT THEREFROM ANY PORTION LYING WITHIN THE LAND DESCRIBED AS "PARCEL 13.01" IN THE DEED TO THE COUNTY OF ORANGE, RECORDED JANUARY 11, 1985 AS INSTRUMENT NO. 85-009660 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION OF THE LAND INCLUDED WITHIN "PARCELS 19 AND 20" IN DEED TO THE COUNTY OF ORANGE RECORDED AUGUST 31, 1999 AS INSTRUMENT NO. 19990630774 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY 500 FEET IN WIDTH; PROVIDED, HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF SAID OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS AS RESERVED IN THE DEEDS FROM STANDARD OIL COMPANY OF CALIFORNIA, RECORDED DECEMBER 23, 1970 AS INSTRUMENT NO. 18288, IN BOOK

9498, PAGE 328, AND DECEMBER 23, 1970 AS INSTRUMENT NO. 18289, IN BOOK 9498, PAGE 331, BOTH OF OFFICIAL RECORDS.

THE RIGHTS OF STANDARD OIL COMPANY OF CALIFORNIA HAVE BEEN GRANTED TO CALIFORNIA MINERALS, L.P., A TEXAS LIMITED PARTNERSHIP, BY A MINERAL DEED RECORDED DECEMBER 30, 1998 AS INSTRUMENT NO. 19980903509 OF OFFICIAL RECORDS.

NOTE: PORTIONS OF SAID OIL RIGHTS HAVE BEEN QUITCLAIMED TO BOY SCOUTS OF AMERICA, LOS ANGELES REGIONAL COUNCIL, A CORPORATION, BY QUITCLAIM DEED RECORDED MAY 05, 1999 AS INSTRUMENT NO. 19990327032 OF OFFICIAL RECORDS.

PARCEL 6 (APN: A PORTION OF 306-021-16):

THAT PORTION OF THE RANCHO RINCON DE LA BREA, AS PER MAP RECORDED IN BOOK 1, PAGES 195 AND 196 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT CORNER "G.P. #16", BEING THE NORTHEAST CORNER OF THE LAND DESCRIBED IN THE DEED TO GENERAL PETROLEUM COMPANY, RECORDED MARCH 18, 1913 IN BOOK 231, PAGE 106 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY; THENCE SOUTH 0°37'37" EAST 1175.00 FEET TO THE NORTHEAST CORNER OF THE LAND DESCRIBED IN THE DEED TO SOUTHERN CALIFORNIA EDISON COMPANY, RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY; THENCE SOUTH 89°22'23" WEST 741.00 FEET ALONG THE NORTHERLY LINE OF SAID LAND, AND PROLONGATION THEREOF; THENCE NORTH 0°37'37" 1194.95 FEET PARALLEL WITH THE EASTERLY LINE OF THE LAND DESCRIBED IN SAID DEED TO GENERAL PETROLEUM TO THE NORTHERLY LINE OF SAID LAND; THENCE SOUTH 89°05'06" EAST 741.39 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MINERALS, PETROLEUM, OIL, ASPHALTUM, GAS AND OTHER HYDROCARBON SUBSTANCES, INCLUDING HELIUM, TOGETHER WITH THE EXCLUSIVE RIGHT TO PROSPECT AND DRILL FOR AND PRODUCE THE SAME FROM THE SURFACE OF SAID LANDS OR FROM THE SURFACE OF ADJOINING OR ADJACENT LAND, AS RESERVED BY SOCONY MOBIL OIL COMPANY, INC., A CORPORATION, IN DEED RECORDED DECEMBER 22, 1961 AS INSTRUMENT NO. 15712, IN BOOK 5953, PAGE 554 OF OFFICIAL RECORDS.

PARCEL 7 (APN: A PORTION OF308-031-18):

LOT 4 IN SECTION 4, TOWNSHIP 3 SOUTH, RANGE 9 WEST, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE FEBRUARY 17, 1868.

PARCEL 8 (APN: A PORTION OF 308-031-18):

LOT 3 IN SECTION 4, TOWNSHIP 3 SOUTH, RANGE 9 WEST, OF THE SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE ON FEBRUARY 17, 1868.

EXCEPT THEREFROM ANY PORTION LYING EASTERLY OF THE WESTERLY LINE OF THE LAND DESCRIBED AS "PARCEL 7.04" IN THE DEED TO THE COUNTY OF ORANGE RECORDED JANUARY 11, 1985 AS INSTRUMENT NO. 85-009660 OF OFFICIAL RECORDS.

ALSO EXCEPT ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED IN THE DEED FROM SHELL OIL COMPANY, A CORPORATION, RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS, REFERENCE TO SAID DEED BEING HEREBY MADE FOR FURTHER PARTICULARS THEREIN RELATIVE TO THE USE OF THE SURFACE OF THE LAND WITH RESPECT TO SAID RIGHTS AND INTEREST.

PARCEL 9A (APN: 306-021-19):

LOT 21 OF "SUBDIVISION OF THE PUENTE CRUDE OIL CO.'S LAND", AS PER MAP RECORDED IN BOOK 3, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS AND ALL WATER OR WATERS LYING BELOW SAID LANDS, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LANDS OR ANY OTHER LANDS BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED IN THE DEED FROM SHELL OIL COMPANY, A CORPORATION, RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS, REFERENCE TO SAID DEED BEING HEREBY MADE FOR FURTHER PARTICULARS THEREIN RELATIVE TO THE USE OF THE SURFACE OF THE LAND WITH RESPECT TO SAID RIGHTS AND INTEREST.

PARCEL 9B (APN: 306-021-17):

LOT 20 AND THAT PORTION OF LOT 25, BOTH OF "SUBDIVISION OF THE PUENTE CRUDE OIL CO.'S LAND", AS PER MAP RECORDED IN BOOK 3, PAGES 11 AND 12 OF MISCELLANEOUS MAPS, IN THE

OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING BETWEEN THE SOUTHERLY EXTENSIONS OF THE EASTERLY AND WESTERLY LINES OF SAID LOT 20.

EXCEPT ALL OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY 500 FEET IN DEPTH; PROVIDED, HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF SAID OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS AS RESERVED IN THE DEED FROM STANDARD OIL COMPANY OF CALIFORNIA, A DELAWARE CORPORATION, RECORDED DECEMBER 23, 1970 AS INSTRUMENT NO. 18288, IN BOOK 9498, PAGE 328 OF OFFICIAL RECORDS.

THE RIGHTS OF STANDARD OIL COMPANY OF CALIFORNIA HAVE BEEN GRANTED TO CALIFORNIA MINERALS, L.P., A TEXAS LIMITED PARTNERSHIP, BY A MINERAL DEED RECORDED DECEMBER 30, 1998 AS INSTRUMENT NO. 19980903509 OF OFFICIAL RECORDS.

PARCEL 10 (APN: A PORTION OF 306-021-16):

THAT PORTION OF THE RANCHO RINCON DE LA BREA, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 9 WEST, IN SAID RANCHO, AS SHOWN ON A MAP OF THE BOUNDARY LINE BETWEEN THE COUNTIES OF LOS ANGELES AND ORANGE, KNOWN AS LOS ANGELES COUNTY SURVEYOR'S MAP NO. 8175 AND RECORDED IN BOOK 39, PAGES 52 THROUGH 59, INCLUSIVE OF MISCELLANEOUS RECORDS IN THE SAID OFFICE OF THE LOS ANGELES COUNTY RECORDER; THENCE SOUTH 00°54'54" WEST 1152.93 FEET; THENCE SOUTH 89°05'06" EAST 1025.64 FEET TO THE NORTHEASTERLY CORNER OF THE GENERAL PETROLEUM CORPORATION LAND AS DESCRIBED IN PARCEL 3 IN DEED RECORDED MARCH 18, 1913 IN BOOK 231, PAGE 106 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, SAID CORNER BEING MARKED BY A MONUMENT NUMBERED "16"; THENCE SOUTH 00°37'37" EAST 1175.00 FEET ALONG THE EAST LINE OF SAID GENERAL PETROLEUM CORPORATION LAND TO THE NORTHEASTERLY CORNER OF THE LAND DESCRIBED IN DEED TO SOUTHERN CALIFORNIA EDISON COMPANY, RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, AND THE TRUE POINT OF BEGINNING; THENCE SOUTH 89°22'23" WEST 133.53 FEET ALONG THE NORTH LINE OF SAID SOUTHERN CALIFORNIA EDISON COMPANY LAND TO A POINT ON A NON-TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 351.43 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 80°00'45" WEST; THENCE SOUTHERLY 73.69 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°00'50"; THENCE SOUTH 02°01'35" EAST 176.57 FEET; THENCE SOUTH 62°10'48" WEST 73.97 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 100.46 FEET; THENCE WESTERLY 31.21 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17°48'09" TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 425.30 FEET; THENCE WESTERLY 79.16 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10°39'52"; THENCE NORTH 89°21'11" WEST 140.74 FEET TO A POINT ON THE WEST LINE OF THE LAND DESCRIBED IN SAID DEED TO SOUTHERN CALIFORNIA EDISON COMPANY, NORTH 00°37'37" WEST 104.14 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE SOUTH 99°37'37" EAST 104.14 FEET TO SAID SOUTHWEST CORNER; THENCE SOUTH 89°22'23" EAST 450.00 FEET ALONG THE SOUTH LINE THEREOF TO THE SOUTHEAST CORNER THEREOF; THENCE NORTH 00°37'37" WEST 400.00 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS, PETROLEUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, TOGETHER WITH THE RIGHT TO USE THAT PORTION ONLY OF SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 100 FEET BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING FOR, DEVELOPING AND/OR EXTRACTING SAID OIL, GAS, PETROLEUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES FROM SAID LAND BY MEANS OF WELLS DRILLED INTO SAID SUBSURFACE OF SAID LAND FROM DRILL SITES LOCATED ON OTHER LAND, IT BEING EXPRESSLY UNDERSTOOD AND AGREED THAT SAID GRANTOR, ITS SUCCESSORS AND ASSIGNS, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF SAID LAND, OR TO USE SAID LAND OR ANY PORTION THEREOF, TO SAID DEPTH OF 100 FEET, FOR ANY PURPOSE WHATSOEVER, AND THAT THEY, OR ANY OF THEM, WILL NOT CONSTRUCT, PLACE OR MAINTAIN, OR CAUSE OR PERMIT TO BE CONSTRUCTED, PLACED OR MAINTAINED ON ANY OTHER LAND NOW OWNED BY THEM OR ANY OF THEM, ANY OIL OR MUD SUMP, DERRICK, DRILLING RIG, OIL STORAGE OR TANK, OR OTHER STRUCTURE FOR USE IN CONNECTION WITH THE PROSPECTING FOR, DEVELOPING, EXTRACTING AND/OR REFINING OF OIL, GAS, PETROLEUM, AND/OR OTHER MINERAL OR HYDROCARBON SUBSTANCES, WITHIN A DISTANCE OF 100 FEET FROM THE BOUNDARY LINES OF THE LAND HEREBY CONVEYED, AS RESERVED IN THE DEED FROM GENERAL PETROLEUM CORPORATION, RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY.

PARCEL 11 (APN: A PORTION OF 306-021-16):

THAT PORTION OF THE RANCHO RINCON DE LA BREA, AS PER MAP RECORDED IN BOOK 1, PAGES 195 AND 196 OF PATENTS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 5, TOWNSHIP 3 SOUTH, RANGE 9 WEST, IN SAID RANCHO, AS SHOWN ON A MAP OF THE BOUNDARY LINE BETWEEN THE COUNTIES OF LOS ANGELES AND ORANGE, KNOWN AS LOS ANGELES COUNTY SURVEYOR'S MAP NO. 8175 AND RECORDED IN BOOK 39, PAGES 52 THROUGH 59, INCLUSIVE OF MISCELLANEOUS RECORDS IN THE SAID OFFICE OF THE LOS ANGELES COUNTY RECORDER; THENCE SOUTH 00°54'54" WEST 1152.93 FEET; THENCE SOUTH 89°05'06" EAST 1025.64 FEET TO THE NORTHEASTERLY CORNER OF THE GENERAL PETROLEUM CORPORATION LAND AS DESCRIBED IN PARCEL 3 IN DEED RECORDED MARCH 18, 1913 IN BOOK 231, PAGE 106 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY, SAID CORNER BEING MARKED BY A MONUMENT NUMBERED "16"; THENCE SOUTH 00°37'37" EAST 1175.00 FEET ALONG THE EAST LINE OF SAID GENERAL PETROLEUM CORPORATION LAND TO THE NORTHEASTERLY CORNER OF THE LAND DESCRIBED IN DEED TO SOUTHERN CALIFORNIA EDISON COMPANY, RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY; THENCE SOUTH 89°22'23" WEST 133.53 FEET ALONG THE NORTH LINE OF SAID SOUTHERN CALIFORNIA EDISON COMPANY LAND TO A POINT ON A NON-TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 351.43 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 80°00'45" WEST, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE SOUTHERLY 73.69 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 12°00'50"; THENCE SOUTH 02°01'35" EAST 176.57 FEET; THENCE SOUTH 62°10'48" WEST 73.97 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 100.46 FEET; THENCE WESTERLY 31.21 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 17°48'09" TO THE BEGINNING OF A COMPOUND CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 425.30 FEET; THENCE WESTERLY 79.16 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 10°39'52"; THENCE NORTH 89°21'11" WEST 140.74 FEET TO A POINT ON THE WEST LINE OF THE LAND DESCRIBED IN SAID DEED TO SOUTHERN CALIFORNIA EDISON

COMPANY, NORTH 00°37'37" WEST 104.14 FEET FROM THE SOUTHWEST CORNER THEREOF, NORTH 00°37'37" WEST 25.61 FEET; THENCE NORTH 89°34'23" EAST 214.10 FEET; THENCE NORTH 46°02'29" EAST 83.18 FEET; THENCE NORTH 00°26'08" WEST 214.32 FEET TO A POINT ON THE NORTH LINE OF THE LAND IN SAID DEED TO SOUTHERN CALIFORNIA EDISON COMPANY, SOUTH 89°22'23" WEST 35.15 FEET FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 89°22'23" EAST 35.15 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT ALL OIL, GAS, PETROLEUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, TOGETHER WITH THE RIGHT TO USE THAT PORTION ONLY OF SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 100 FEET BELOW THE PRESENT SURFACE OF SAID LAND, FOR THE PURPOSE OF PROSPECTING FOR, DEVELOPING AND/OR EXTRACTING SAID OIL, GAS, PETROLEUM AND OTHER MINERAL OR HYDROCARBON SUBSTANCES FROM SAID LAND BY MEANS OF WELLS DRILLED INTO SAID SUBSURFACE OF SAID LAND FROM DRILL SITES LOCATED ON OTHER LAND, IT BEING EXPRESSLY UNDERSTOOD AND AGREED THAT SAID GRANTOR, ITS SUCCESSORS AND ASSIGNS, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF SAID LAND, OR TO USE SAID LAND OR ANY PORTION THEREOF, TO SAID DEPTH OF 100 FEET, FOR ANY PURPOSE WHATSOEVER, AND THAT THEY, OR ANY OF THEM, WILL NOT CONSTRUCT, PLACE OR MAINTAIN, OR CAUSE OR PERMIT TO BE CONSTRUCTED, PLACED OR MAINTAINED ON ANY OTHER LAND NOW OWNED BY THEM OR ANY OF THEM, ANY OIL OR MUD SUMP, DERRICK, DRILLING RIG, OIL STORAGE OR TANK, OR OTHER STRUCTURE FOR USE IN CONNECTION WITH THE PROSPECTING FOR, DEVELOPING, EXTRACTING AND/OR REFINING OF OIL, GAS, PETROLEUM, AND/OR OTHER MINERAL OR HYDROCARBON SUBSTANCES, WITHIN A DISTANCE OF 100 FEET FROM THE BOUNDARY LINES OF THE LAND HEREBY CONVEYED, AS RESERVED IN THE DEED FROM GENERAL PETROLEUM CORPORATION, RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY.

PARCEL 12 (APN: 306-021-18):

LOT 19 OF PUENTE CRUDE OIL CO.'S LAND, AS SHOWN ON A MAP FILED IN BOOK 2, PAGES 29 AND 30 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF LOS ANGELES COUNTY, CALIFORNIA.

EXCEPT ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED BY SHELL OIL COMPANY, A CORPORATION, BY DEED RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 1648, IN BOOK M-1844, PAGE 673 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY.

PARCEL 13 (APN: A PORTION OF 8714-026-271; 8714-028-270; 8714-027-270):

THOSE PORTIONS OF LAND IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 3 AND 4 IN SECTION 32, THE SOUTHEAST QUARTER OF SECTION 32, THE EAST HALF OF THE NORTHEAST QUARTER, ALL OF THE SOUTHEAST QUARTER, THE EAST HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 33, THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 34, THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, AND THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 28, THE SOUTH HALF OF SECTION 34, THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, AND THE NORTHEAST QUARTER OF SECTION 34, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 28, 1968.

EXCEPT THAT PORTION OF SAID SECTION 28, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28, DISTANT THEREON NORTH 00°05'57" WEST 1174.12 FEET FROM THE SOUTHERLY QUARTER CORNER OF SAID SECTION 28; THENCE ALONG SAID WEST LINE NORTH 00°05'57" WEST 1465.20 FEET TO THE CENTER OF SAID SECTION 28; THENCE ALONG THE NORTH LINE OF THE AFOREMENTIONED SOUTHEAST QUARTER OF SECTION 28, SOUTH 89°08'09" EAST 1484.54 FEET; THENCE SOUTH 45°45'52" WEST 2068.22 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THOSE PORTIONS LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26 AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE SOUTH 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45°13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.48 FEET; THENCE SOUTH 21°52'15" WEST 164.75 FEET;

THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 11.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45°55'46" WEST 271.16 FEET; THENCE NORTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, SAID PARCEL SHOWN AS PARCEL 2 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-0893206 OF OFFICIAL RECORDS, AS AMENDED BY THE CORRECTION OF CERTIFICATE OF COMPLIANCE RECORDED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377 OF OFFICIAL RECORDS.

ALSO EXCEPT ALL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND, AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER, OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS, TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY DEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION WITH THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

THE INTEREST OF THE PUENTE OIL COMPANY, A CORPORATION, HAS PASSED TO AND IS NOW VESTED IN SHELL OIL COMPANY, A DELAWARE CORPORATION, BY DEED RECORDED JULY 12, 1922 IN BOOK 1196, PAGE 278 OF OFFICIAL RECORDS AND MESNE CONVEYANCES OF RECORD.

ALSO EXCEPT ALL RIGHTS TO SUBSURFACE HYDROCARBON (OIL), AND OTHER MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES, AS RESERVED BY SUSAN HUNTER FERRY HAAS, WILLIAM EDWARD FERRY, GEORGE S. ST. CLAIR, CLARITA ODETTE, HELEN M. SMITH, FRANCES SWAN REGETS, AND LOUIS BOTTI, ACTING AS GUARDIAN OF THE PERSON AND ESTATE OF VIVIAN MORRIS BOTTI; AND VIVIAN MORRIS BOTTI, AN INCOMPETENT PERSON WHO ACQUIRED TITLE AS VIVIAN MORRIS, IN DEED RECORDED MARCH 08, 1960 AS INSTRUMENT NO. 1048, IN BOOK D-774, PAGE 312 OF OFFICIAL RECORDS.

THE RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND WERE RELINQUISHED BY A DEED RECORDED NOVEMBER 09, 1961 AS INSTRUMENT NO. 1506, IN BOOK D-1415, PAGE 139 OF OFFICIAL RECORDS.

ALSO EXCEPT THE RIGHT TO SUBSURFACE HYDROCARBON (OIL) AND OTHER MINERAL SUBSTANCES CONTAINED IN SAID REAL PROPERTY, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES AND TO ASSIGN SAID RIGHT TO OTHER PERSONS, PARTNERSHIPS OR CORPORATIONS AS RESERVED IN DEED RECORDED SEPTEMBER 12, 1961 AS INSTRUMENT NO. 4247 OF OFFICIAL RECORDS.

PARCEL 14 (APN: A PORTION OF 8714-028-270):

THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 33, IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 28, 1868.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER HYDROCARBONS AND MINERALS NOW OR AT ANY TIME HEREAFTER SITUATED THEREIN OR THEREUNDER OR PRODUCIBLE THEREFROM, TOGETHER WITH THE RIGHT TO MINE, STORE, DRILL AND BORE BENEATH THE SURFACE OF SAID REAL PROPERTY FOR THE PURPOSE OF DISCOVERING, DEVELOPING OR REMOVING SUCH SUBSTANCES, AS RESERVED BY CALIFORNIA HARDWARE COMPANY, IN DEED RECORDED SEPTEMBER 05, 1969 AS INSTRUMENT NO. 2641, IN BOOK D-4489, PAGE 162 OF OFFICIAL RECORDS, WHICH CONVEYED AN UNDIVIDED ONE-HALF INTEREST OF THE FEE TITLE.

PARCEL 15 (APN: A PORTION OF 8714-028-270):

THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT AN UNDIVIDED ONE-TWELFTH INTEREST IN AND TO ALL MINERALS AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND, BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY CAROLYN HICKS LAUTEN, AS HER SEPARATE PROPERTY, IN THE DEED RECORDED DECEMBER 28, 1973 AS INSTRUMENT NO. 491 OF OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE-FOURTH INTEREST IN AND TO ALL MINERALS AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY LAURITA GEORGINA HICKS, AS HER SEPARATE PROPERTY, IN THE DEED RECORDED DECEMBER 28, 1973 AS INSTRUMENT NO. 492 OF OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE-TWELFTH INTEREST IN AND TO ALL MINERALS AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY JAMES EDWARD HICKS, AS HIS SEPARATE PROPERTY, IN THE DEED RECORDED DECEMBER 28, 1973 AS INSTRUMENT NO. 493 OF OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE-TWELFTH INTEREST IN AND TO ALL MINERALS AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY JOHN KIMBALL HICKS, AS HIS SEPARATE PROPERTY, IN THE DEED RECORDED DECEMBER 28, 1973 AS INSTRUMENT NO. 494 OF OFFICIAL RECORDS.

ALSO EXCEPT AN UNDIVIDED ONE-HALF INTEREST IN AND TO ALL MINERALS AND ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND BELOW A DEPTH OF 500 FEET, WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED BY RODD KELSEY, AS TRUSTEE, UNDER THAT CERTAIN DECLARATION OF TRUST DATED APRIL 09, 1968, AN UNDIVIDED ONE-EIGHTH INTEREST; RODD KELSEY, AS TRUSTEE UNDER THAT CERTAIN DECLARATION OF TRUST DATED MAY 14, 1968, AN UNDIVIDED ONE-EIGHTH INTEREST; RODD KELSEY, AS TRUSTEE, UNDER THAT CERTAIN DECLARATION OF TRUST DATED MAY 14, 1968, AN UNDIVIDED ONE-EIGHTH INTEREST; AND ANITA BRODRICK AND LUCY BRODRICK DUNLAP, AS CO-TRUSTEES UNDER THE WILL OF EUGENE C. BRODRICK, ALSO KNOWN AS EUGENE CARLISLE BRODRICK, DECEASED, AND

THE DECREE OF DISTRIBUTION OF HIS ESTATE, A CERTIFIED COPY THEREOF BEING RECORDED MARCH 04, 1970 AS INSTRUMENT NO. 2779, IN BOOK D-4648, PAGE 856 OF OFFICIAL RECORDS, AN UNDIVIDED ONE-EIGHTH INTEREST, IN THE DEED RECORDED DECEMBER 28, 1973 AS INSTRUMENT NO. 495 OF OFFICIAL RECORDS.

PARCEL 16 (APN: A PORTION OF 8714-028-270):

THE SURFACE AND 500 FEET OF THE SUBSURFACE VERTICALLY IN DEPTH BELOW THE SURFACE OF THE FOLLOWING DESCRIBED PROPERTY:

THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 33, IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT ALL OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY 500 FEET IN DEPTH; PROVIDED, HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF SAID OIL, GAS, ASPHALTUM AND OTHER HYDROCARBONS AND OTHER MINERALS, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, IN DEED RECORDED DECEMBER 23, 1970 AS INSTRUMENT NO. 287 OF OFFICIAL RECORDS.

PARCEL 17 (APN: A PORTION OF 8714-028-270):

THE SURFACE AND 500 FEET OF THE SUBSURFACE VERTICALLY IN DEPTH BELOW THE SURFACE OF THE FOLLOWING DESCRIBED PROPERTY:

THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 33, IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT ALL OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY 500 FEET IN DEPTH; PROVIDED, HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF SAID OIL, GAS, ASPHALTUM AND OTHER HYDROCARBONS AND OTHER MINERALS, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, IN DEED RECORDED DECEMBER 23, 1970 AS INSTRUMENT NO. 288 OF OFFICIAL RECORDS.

PARCEL 18 (APN: A PORTION OF 8714-028-270; 8714-029-270):

ALL OF LOTS 1, 6, 12 AND 19 OF PUENTE CRUDE OIL CO.'S LAND, AS PER MAP RECORDED IN BOOK 2, PAGE 29 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, TOGETHER WITH THOSE PORTIONS OF LOTS 2, 3, 4, 7, 8, 9, 10 AND 13, AS SHOWN ON SAID MAP, LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT IN THE NORTH LINE OF SAID LOT 2 DISTANT THEREON SOUTH 88°19'10.25" WEST 1824.54 FEET FROM THE NORTHEASTERLY CORNER OF SAID LOT 1; THENCE SOUTH 21°22'05" WEST 344.32 FEET; THENCE SOUTH 45°25'45" WEST 556.89 FEET; THENCE SOUTH 65°23'23" WEST 2038.07 FEET; THENCE SOUTH 38°37'40" WEST 961.90 FEET; THENCE SOUTH 30°55'41" WEST 1463.64 FEET; THENCE SOUTH 85°48'12" WEST 508.32 FEET TO THE WESTERLY LINE OF SAID LOT 13; THENCE ALONG THE SAID WESTERLY LINE, SOUTH 00°11'00" EAST TO THE SOUTHWEST CORNER OF SAID LOT 13.

EXCEPT ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LAND, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED BY SHELL OIL COMPANY, A CORPORATION, IN DEED RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 1648, IN BOOK M-1844, PAGE 673 OF OFFICIAL RECORDS.

PARCEL 19 (APN: 8714-026-270; 8714-026-273; A PORTION OF 8714-026-271):

THOSE PORTIONS OF LAND IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THE SOUTHWEST QUARTER OF SECTION 26, THE NORTH HALF OF SECTION 27, THE NORTH HALF OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 35, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 28, 1868.

EXCEPT FROM SAID NORTH HALF OF SECTION 27 THOSE PORTIONS LYING WITHIN TRACT NO. 30578, AS PER MAP RECORDED IN BOOK 785, PAGES 1 THROUGH 25, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT FROM SAID NORTH HALF OF SECTION 27 THOSE PORTIONS LYING WITHIN PARCEL MAP NO. 1528, AS PER MAP FILED IN BOOK 26, PAGES 19 THROUGH 30, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THAT PORTION OF SAID SOUTHWEST QUARTER OF SECTION 26 DESCRIBED IN THE DEED RECORDED MARCH 19, 1973 AS INSTRUMENT NO. 226 OF OFFICIAL RECORDS, AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST-WEST CENTER LINE OF SAID SECTION 26, SAID POINT BEING DISTANT HEREON NORTH 88°46'40" WEST 1371.20 FEET FROM THE CENTER OF SAID SECTION 26; THENCE SOUTH 88°46'40" EAST ALONG SAID EAST-WEST CENTER LINE 126.08 FEET;

THENCE SOUTH 38°44'09" WEST 229.66 FEET; THENCE SOUTH 05°16'38" WEST 39.68 FEET; THENCE NORTH 84°43'22" WEST 160.00 FEET; THENCE NORTH 05°16'38" EAST 196.60 FEET; THENCE NORTH 38°44'09" EAST 18.06 FEET TO SAID EAST-WEST CENTER LINE; THENCE SOUTH 88°46'40" EAST ALONG SAID EAST-WEST CENTER LINE 151.28 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF SECTION 28, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE EASTERLY QUARTER CORNER OF SAID SECTION 28; THENCE NORTH 00°28'30" WEST 1161.63 FEET ALONG THE EAST LINE OF SAID SECTION 28; THENCE SOUTH 45°49'18" WEST 1641.12 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28 BEING DISTANT EASTERLY 1484.54 FEET FROM THE CENTER OF SAID SECTION 28; THENCE SOUTH 89°08'09" EAST 1186.74 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THOSE PORTIONS LYING SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26 AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE SOUTH 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45°13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.48 FEET; THENCE NORTH 21°52'15" WEST 164.75 FEET; THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 111.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45°55'46" WEST 271.16 FEET; THENCE NORTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, SAID PARCEL SHOWN AS PARCEL 2 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-893206 OF OFFICIAL RECORDS.

AS AMENDED BY THE CORRECTION OF CERTIFICATE OF COMPLIANCE RECODED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377 OF OFFICIAL RECORDS.

ALSO EXCEPT ANY AND AL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS, TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY SEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION WITH THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

ALSO EXCEPT ALL SUBSURFACE MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES WITHOUT RIGHT TO USE THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXTRACTING AND REMOVING THE RESERVED MINERALS, OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, AS EXCEPTED AND RESERVED BY CAPITAL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 09, 1961 AS INSTRUMENT NO. 1522 OF OFFICIAL RECORDS.

PARCEL 20 (APN: A PORTION OF 8714-026-271):

THE SURFACE AND 500 FEET OF THE SUBSURFACE OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 28, IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND.

EXCEPT ALL OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR THAT MAY BE PRODUCED FROM SAID PROPERTY 500 FEET IN DEPTH; PROVIDED, HOWEVER, THAT THE SURFACE OF SAID PROPERTY SHALL NEVER BE USED FOR THE EXPLORATION, DEVELOPMENT, EXTRACTION, REMOVAL OR STORAGE OF SAID OIL, GAS, ASPHALTUM, AND OTHER HYDROCARBONS AND OTHER MINERALS, AS RESERVED BY STANDARD OIL COMPANY OF CALIFORNIA, RECORDED OCTOBER 31, 1967 AS INSTRUMENT NO. 596 OF OFFICIAL RECORDS.

PARCEL 21 (APN: 8714-026-272):

THAT PORTION OF SECTION 28, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, AS SHOWN ON RECORD OF SURVEY FILED IN BOOK 76, PAGES 51 THROUGH 56, INCLUSIVE OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 28; THENCE NORTH 89°50'03.39" EAST 2617.18 FEET TO THE SOUTHERLY QUARTER CORNER OF SAID SECTION 28; THENCE NORTH 0°29'07.35" WEST 1174.12 FEET ALONG THE WEST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 28; THENCE SOUTH 45°28'03.88" WEST 735.29 FEET; THENCE PARALLEL WITH THE SOUTH LINE OF SAID SECTION 28 SOUTH 89°50'03.39" WEST 2093.26 FEET; THENCE SOUTH 0°52'58.46" EAST 660.00 FEET TO THE POINT OF BEGINNING.

EXCEPT ALL SUBSURFACE MINERALS, OIL, GAS AND OTHER HYDROCARBON SUBSTANCES WITHOUT RIGHT TO USE THE SURFACE OF SAID LAND FOR THE PURPOSE OF EXTRACTING AND REMOVING THE RESERVED MINERALS, OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, AS EXCEPTED AND RESERVED BY CAPITAL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 09, 1961 AS INSTRUMENT NO. 1522 OF OFFICIAL RECORDS.

PARCEL 23 (APN: 306-021-01; 306-021-02):

THAT PORTION OF THE RANCHO RINCON DE LA BREA, AS SHOWN ON A MAP RECORDED IN BOOK 1, PAGES 195 AND 196 OF PATENTS, RECORDS OF LOS ANGELES COUNTY, CALIFORNIA, AND THAT PORTION OF SECTION 1, TOWNSHIP 3 SOUTH, RANGE 10 WEST, AND OF SECTIONS 5 AND 6, TOWNSHIP 3 SOUTH, RANGE 9 WEST, IN THE RANCHO SAN JUAN CAJON DE SANTA ANA, AS SHOWN ON A MAP RECORDED IN BOOK 51, PAGE 7 OF MISCELLANEOUS MAPS, RECORDS OF ORANGE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE RANCHO RINCON DE LA BREA AND BEING STATION 3 OF THE EXTERIOR BOUNDARY OF SAID RANCHO, THE SAME BEING MARKED BY A 4" X 4" POST 3 FEET HIGH MARKED "S.J.C. DE S.A." ON THE SOUTH FACE, WITH A 2" GAS PIPE DRIVEN ON THE NORTH SIDE OF SAID POST; RUNNING THENCE NORTH 85°48' WEST 107.16 CHAINS TO A 6 INCH IRON CASING MARKED "U.O.C." "G.L.O.C." "COMP. COR. NO. 1" "DEC. 1904"; THENCE NORTH 57°58' WEST 32.117 CHAINS TO A 6 INCH IRON CASING MARKED "U.O.C." "G.L.O.C." "COMP. COR. NO. 2" "DEC. 1904", AS PER COMPROMISE DEED BETWEEN UNION OIL COMPANY OF CALIFORNIA AND GRAHAM-LOFTUS OIL COMPANY, DATED MARCH 20, 1905 AND RECORDED JUNE 10, 1905 IN BOOK 120, PAGE 223 OF DEEDS; THENCE NORTH 28°36' EAST 27.385 CHAINS TO A POINT IN A ROAD; THENCE NORTH 69°00" EAST 14.88 CHAINS TO A POINT IN THE CENTER OF THE ARROYA DEL RODEO, SAID POINT BEING 0.50 CHAINS WEST OF A 4" X 4" REDWOOD WITNESS POST MARKED "M.B." ON THE SOUTHEAST FACE, "Z" ON THE NORTHEAST FACE, AND "W" ON THE WEST FACE; THENCE SOUTH 88°49' EAST 106.811 CHAINS TO A 2" X 4" POST IN ROCK MOUND MARKED "Z" ON THE NORTHEAST FACE AND "M.B." ON THE SOUTHWEST FACE; THENCE SOUTH 00°21' EAST 52.034 CHAINS TO THE POINT OF COMMENCEMENT, CONTAINING 606.93 ACRES OF LAND, MORE OR LESS, AND BEING THAT CERTAIN SO-CALLED 593.669 ACRE TRACT OF LAND AS THE SAME IS DESCRIBED IN A DEED FROM HERBERT NOBLE AND OTHERS TO DELAWARE UNION OIL COMPANY, DATED APRIL 14, 1911 AND RECORDED APRIL 27, 1911 IN BOOK 196, PAGE 339 OF DEEDS.

EXCEPT THE FOLLOWING: A PORTION OF PROJECTED SECTION 5, TOWNSHIP 3 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, AS ESTABLISHED BY THE COUNTY OF ORANGE, SURVEYOR, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 5; RUNNING THENCE SOUTH 00°54'54" WEST 1152.93 FEET; THENCE SOUTH 89°05'06" EAST 1025.64 FEET TO THE NORTHEASTERLY CORNER OF THE GENERAL PETROLEUM CORPORATION PROPERTY WHICH IS MARKED BY MONUMENT NUMBERED "16"; THENCE SOUTH 00°37'37" EAST, ALONG THE EASTERLY LINE OF SAID GENERAL PETROLEUM CORPORATION PROPERTY, 1175.00 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 89°22'23" WEST 450 FEET; THENCE SOUTH 00°37'37" EAST 400.00 FEET; THENCE NORTH 89°22'23" EAST 450.00 FEET TO THE EASTERLY LINE

OF SAID GENERAL PETROLEUM CORPORATION PROPERTY; THENCE NORTH 00°37'37" WEST 400.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THE FOLLOWING:

BEGINNING AT THE NORTHWEST CORNER OF SAID SECTION 5; RUNNING THENCE SOUTH 00°54'54" WEST, 1152.93 FEET; THENCE SOUTH 89°05'06" EAST, 1025.64 FEET TO THE NORTHEASTERLY CORNER OF THE PROPERTY DESCRIBED IN DEED DATED SEPTEMBER 18, 1912 TO GENERAL PETROLEUM COMPANY, RECORDED MARCH 18, 1913 IN BOOK 231, PAGE 106 OF DEEDS, SAID NORTHEASTERLY CORNER BEING MARKED BY MONUMENT NUMBERED "16" AND THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE SOUTH 00°37'37" EAST ALONG THE EASTERLY LINE OF SAID PROPERTY, 1175.00 FEET TO THE NORTHEAST CORNER OF THE PROPERTY, AS DESCRIBED IN GRANT DEED DATED APRIL 02, 1952 FROM SAID GENERAL PETROLEUM CORPORATION TO SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION. RECORDED MAY 28, 1952 AS INSTRUMENT NO. 27061, IN BOOK 2336, PAGE 91 OF OFFICIAL RECORDS; THENCE SOUTH 89°22'23" WEST ALONG THE NORTHERLY LINE OF THE ABOVE DESCRIBED PROPERTY CONVEYED TO SOUTHERN CALIFORNIA EDISON COMPANY AND THE WESTERLY PROLONGATION THEREOF, 741.00 FEET; THENCE NORTH 00°37'37" WEST, PARALLEL WITH THE EASTERLY LINE OF SAID GENERAL PETROLEUM CORPORATION PROPERTY, 1194.95 FEET TO A POINT IN THE NORTHERLY LINE OF SAID GENERAL PETROLEUM CORPORATION PROPERTY; THENCE SOUTH 89°05'06" EAST, 741.39 FEET ALONG SAID NORTHERLY LINE TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED AS PARCEL 1A IN THAT CERTAIN FINAL ORDER OF CONDEMNATION, SUPERIOR COURT CASE NO. 172819, A CERTIFIED COPY OF WHICH WAS RECORDED SEPTEMBER 24, 1971 AS INSTRUMENT NO. 21102, IN BOOK 9818, PAGE 251 OF OFFICIAL RECORDS OF SAID ORANGE COUNTY.

ALSO EXCEPTING THEREFROM ALL OIL, NATURAL GAS AND OTHER HYDROCARBONS AS RESERVED IN DEED RECORDED JULY 22, 2004 AS INSTRUMENT NO. 2004000664230 OF OFFICIAL RECORDS.

PARCEL 26:

NON-EXCLUSIVE EASEMENTS FOR ACCESS, INGRESS AND EGRESS, AND INCIDENTAL PURPOSES, AS SET OUT IN DOCUMENTS RECORDED JULY 03, 2001 AS INSTRUMENT NO. 01-1146673, AND JULY 03, 2001 AS INSTRUMENT NO. 01-1146674, BOTH OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, JULY 03, 2001 AS INSTRUMENT NO. 20010260857, AND JULY 03, 2001 AS INSTRUMENT NO. 20010260858, BOTH OF OFFICIAL RECORDS OF SAN BERNARDINO COUNTY, AND JULY 03, 2001 AS INSTRUMENT NO. 20010446524, AND JULY 03, 2001 AS INSTRUMENT NO. 20010446525, BOTH OF OFFICIAL RECORDS OF ORANGE COUNTY.

PARCEL 27:

EASEMENTS AND LICENSES AS SET OUT IN DOCUMENT RECORDED JULY 03, 2001 AS INSTRUMENT NO. 01-1146675 OF OFFICIAL RECORDS OF LOS ANGELES COUNTY, AND JULY 03, 2001 AS INSTRUMENT NO. 20010446526 OF OFFICIAL RECORDS OF ORANGE COUNTY, AS DESCRIBED THEREIN, FOR THE FOLLOWING PURPOSES: TONNER CANYON ROAD EASEMENT, ROADWAY

EASEMENT, UTILITY EASEMENTS, SIGN EASEMENT, WATER EASEMENT, COMMUNICATIONS TOWER EASEMENT, PARKING LICENSE, HIKING LICENSE, AND LARGE EVENT LICENSE.

# EXHIBIT "B"

THE 2,500 ACRES REFERRED TO HEREIN BELOW IS SITUATED IN LOS ANGELES COUNTY, ORANGE COUNTY, AND SAN BERNARDINO COUNTY, STATE OF CALIFORNIA.

## SCOUT PROPERTY:

PARCEL 3 (APN: 308-031-21; 308-031-26; 308-031-28; 308-031-29):

PORTIONS OF LAND IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, PURSUANT TO CERTIFICATE OF COMPLIANCE NO. CC 2000-03 RECORDED FEBRUARY 09, 2001 AS INSTRUMENT NO. 20010076391 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 IN SECTION 4, TOWNSHIP 3 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT FILED IN THE DISTRICT LAND OFFICE, FEBRUARY 17, 1868, TOGETHER WITH THE NORTH 200.00 FEET OF THAT PORTION OF THE NORTHEAST QUARTER OF SAID SECTION 4 BOUNDED NORTHERLY BY THE SOUTHERLY LINE OF SAID LOT 1 AND BOUNDED EASTERLY AND WESTERLY BY THE SOUTHERLY PROLONGATION OF THE EASTERLY AND WESTERLY LINES RESPECTIVELY, OF SAID LOT 1 AND TOGETHER WITH THE NORTH 200 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 4.

EXCEPTING THEREFROM THAT PORTION LYING WESTERLY OF THE EASTERLY LINE OF PARCEL NO. 7.04 OF THE DEED TO THE COUNTY OF ORANGE RECORDED JANUARY 11, 1985 AS INSTRUMENT NO. 85-009660 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THAT PORTION LYING WITHIN THAT CERTAIN PARCEL OF LAND DESCRIBED IN A QUITCLAIM DEED TO SHELL OIL COMPANY, A DELAWARE CORPORATION, RECORDED JANUARY 31, 1964 AS INSTRUMENT NO. 26476, IN BOOK 6906, PAGE 58 OF SAID OFFICIAL RECORDS.

ALSO EXCEPTING FROM A PORTION THEREOF ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS, WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF

SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL, RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED IN THE DEED FROM SHELL OIL COMPANY, A CORPORATION, RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS, REFERENCE TO SAID DEED BEING HEREBY MADE FOR FURTHER PARTICULARS THEREIN RELATIVE TO THE USE OF THE SUBSURFACE OF THE LAND WITH RESPECT TO SAID RIGHTS AND INTEREST.

ALSO EXCEPTING FROM A PORTION THEREOF ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS AND ALL WATER OR WATERS LYING BELOW SAID LANDS TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFROM AND REMOVING THE SAME FROM SAID LANDS OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO REDRILL, RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINE OR WELLS PROVIDED, HOWEVER, THAT IN EXERCISING THE FOREGOING RIGHTS OR ANY OF THEM SO RESERVED BY SHELL, ITS SUCCESSORS OR ASSIGNS, SHALL CONFINE THEIR RESPECTIVE USE OF THE SURFACE TO THE FIVE-ACRE PARCELS REFERRED TO IN THAT CERTAIN DEED DATED MAY 04, 1962 AND RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA, AS RESERVED BY SHELL OIL COMPANY, A CORPORATION, IN THE DEED RECORDED JANUARY 31, 1964 AS INSTRUMENT NO. 26477, IN BOOK 6906, PAGE 59 OF OFFICIAL RECORDS.

PARCEL 24 (APN: 8714-028-04; A PORTION OF 8714-027-06):

THOSE PORTIONS OF LAND DESCRIBED AS FOLLOWS:

THE SOUTHEAST QUARTER OF SECTION 33, THE SOUTH HALF OF SECTION 34, THE SOUTHWEST QUARTER OF SECTION 35, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 28, 1868.

EXCEPT THAT PORTION THEREOF CONVEYED BY DEED FROM CHINO LAND AND WATER COMPANY TO JOHN C. MILES AND LOUIS B. JORALMON RECORDED IN BOOK 3859, PAGE 275 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 35 ON THE COUNTY BOUNDARY LINE OF LOS ANGELES AND ORANGE COUNTIES, MARKED BY A 2 INCH IRON PIPE WITH A BRASS CAP; THENCE NORTH 10°49'20" WEST 2673.34 FEET TO THE COUNTY LINE MONUMENT AT THE CENTER OF SAID SECTION 35; THENCE WESTERLY ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 35, A DISTANCE OF 520 FEET TO THE WEST SIDE OF FIRE BREAK; THENCE SOUTH 10°07'00" EAST 726 FEET, MORE OR LESS, TO A POINT FROM WHICH A MARKED OAK TREE BEARS SOUTH 52°48'00" EAST 60.00 FEET; THENCE SOUTH 18°49'00" EAST 1566 FEET TO A POINT FROM WHICH A SMALL MARKED OAK TREE BEARS NORTH 85°56'00" EAST 21.6 FEET; THENCE SOUTH 42°11'30" EAST 578.7 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THOSE PORTIONS LYING NORTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26, AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45'13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.46 FEET; THENCE NORTH 21°52'15" WEST 164.75 FEET; THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 111.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45'55'46" WEST 271.16 FEET; THENCE NORTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET; TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

ALSO EXCEPT ALL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND, AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER, OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY DEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION

WIT THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

THE INTEREST OF THE PUENTE OIL COMPANY, A CORPORATION, HAS PASSED TO AND IS NOW VESTED IN SHELL OIL COMPANY, A DELAWARE CORPORATION, BY DEED RECORDED JULY 12, 1922 IN BOOK 1196, PAGE 278 OF OFFICIAL RECORDS AND MESNE CONVEYANCES OF RECORD.

ALSO EXCEPTING ALL THE MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID PARCELS, TOGETHER WITH BUT NOT CONFINED TO THE FOLLOWING RIGHTS, NAMELY, ALL NECESSARY AND CONVENIENT RIGHTS FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING AND TAKING ANY OF SAID MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, TOGETHER WITH THE RIGHT TO USE OR DEVELOP AND USE ALL WATER NECESSARY AND CONVENIENT FOR SAID DRILLING, EXTRACTING OR TAKING OF SAID MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO STORE THE SAME UPON SAID LAND, TOGETHER WITH THE RIGHT TO ENTER UPON SAID LAND AT ANY AND ALL TIMES FOR SAID PURPOSES, EITHER PERSONALLY OR THROUGH ANY AGENTS, SERVANTS, EMPLOYEES, OR LESSEES OF THE GRANTOR, AND FROM TIME TO TIME TO CONSTRUCT, LAY, USE, MAINTAIN, ERECT, REPAIR, REPLACE AND REMOVE THEREON AND THEREFROM ALL DERRICKS, ROADS, TANKS, RESERVOIRS, MACHINERY, TELEPHONE, TELEGRAPH AND POWER LINES, PIPE LINES AND OTHER STRUCTURES, WITH THE RIGHT OF WAY FOR PASSAGE OVER, UPON AND ACROSS AND INGRESS AND EGRESS TO AND FROM SAID PREMISES AND EVERY PART THEREOF AS RESERVED IN DEED RECORDED APRIL 22, 1958 AS INSTRUMENT NO. 941, IN BOOK D-78, PAGE 299 OF OFFICIAL RECORDS.

ALSO EXCEPTING ALL MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND TOGETHER WITH, BUT NOT CONFINED TO THE FOLLOWING RIGHTS, NAMELY ALL NECESSARY AND CONVENIENT RIGHTS FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING AND TAKING ANY OF SAID MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, TOGETHER WITH RIGHT TO USE OR DEVELOP AND USE ALL WATER NECESSARY AND CONVENIENT FOR SAID DRILLING, EXTRACTING OR TAKING OF SAID MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND AND TO STORE THE SAME UPON SAID LAND, TOGETHER WITH THE RIGHT TO ENTER UPON SAID LAND AT ANY AND ALL TIMES FOR SAID PURPOSES, EITHER PERSONALLY OR THROUGH ANY AGENTS, SERVANTS, EMPLOYEES OR LESSEES OF THE GRANTOR AND FROM TIME TO TIME TO CONSTRUCT, LAY, USE, MAINTAIN, ERECT, REPAIR, REPLACE AND REMOVE THEREON AND THEREFROM ALL DERRICKS, ROADS, TANKS, RESERVOIRS, MACHINERY, TELEPHONE, TELEGRAPH AND POWER LINES, PIPE LINES AND OTHER STRUCTURES, WITH THE RIGHT OF WAY FOR PASSAGE OVER, UPON AND ACROSS AND INGRESS AND EGRESS TO AND FROM SAID PREMISES AND EVERY PART THEREOF, AS RESERVED BY ERNEST A. BRYANT, JR., SOLE SURVIVING TRUSTEE UNDER THE WILL OF SUSANNA BIXBY BRYANT, ALSO KNOWN AS SUSANNA P. BRYANT, DECEASED, IN DEED RECORDED APRIL 22, 1958 AS INSTRUMENT NO. 941, IN BOOK D-78, PAGE 299 OF OFFICIAL RECORDS.

SAID PARCEL SHOWN AS PARCEL 3 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-0893206, AND AMENDED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377, BOTH OF OFFICIAL RECORDS.

PARCEL 25 (APN: 8714-026-07; 8714-026-08; A PORTION OF 8714-027-06):

THOSE PORTIONS OF LAND, DESCRIBED AS FOLLOWS:

THE SOUTHWEST QUARTER OF SECTION 26, THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST OF THE NORTHWEST QUARTER AND THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 34, THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 35, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

EXCEPT THEREFROM THOSE PORTIONS LYING NORTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26 AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE SOUTH 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45°13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.48 FEET; THENCE NORTH 21°52'15" WEST 164.75 FEET; THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 111.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45°55'46" WEST 271.16 FEET; THENCE SOUTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

EXCEPT ALL RIGHTS TO SUB-SURFACE HYDROCARBON (OIL), AND OTHER MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES, AS RESERVED BY SUSAN HUNTER FERRY HAAS, WILLIAM EDWARD FERRY, GEORGE S. ST. CLAIR, CLARITA ODETTE, HELEN M. SMITH, FRANCES SWAN REGETS, AND LOUIS BOTTI, ACTING AS GUARDIAN OF THE PERSON AND ESTATE OF VIVIAN MORRIS BOTTI; AND VIVIAN MORRIS BOTTI, AN INCOMPETENT PERSON WHO ACQUIRED TITLE AS VIVIAN MORRIS, IN DEED RECORDED MARCH 08, 1960 AS INSTRUMENT NO. 1048, IN BOOK D-774, PAGE 312 OF OFFICIAL RECORDS.

THE RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND WERE RELINQUISHED BY A DEED RECORDED NOVEMBER 09, 1961 AS INSTRUMENT NO. 1506, IN BOOK D-1415, PAGE 139 OF OFFICIAL RECORDS.

EXCEPT THE RIGHT TO SUBSURFACE HYDROCARBON (OIL) AND OTHER MINERAL SUBSTANCES CONTAINED IN SAID REAL PROPERTY, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES, AND TO ASSIGN SAID RIGHT TO OTHER PERSONS, PARTNERSHIPS OR CORPORATIONS AS RESERVED IN DEED RECORDED SEPTEMBER 12, 1961 AS INSTRUMENT NO. 4247 OF OFFICIAL RECORDS.

ALSO EXCEPT ANY AND ALL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY SEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION WITH THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

SAID PARCEL SHOWN AS PARCEL 4 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-0893206, AND AMENDED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377, BOTH OF OFFICIAL RECORDS.

## AGENCY PROPERTY:

PARCEL 1 (APN: 1000-011-21-0-000; 1000-011-22-0-000; 1000-021-14-0-000):

THOSE PORTIONS OF SECTIONS 14 AND 23, IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72 OF RECORDS OF SURVEY, IN THE OFFICE

OF THE COUNTY RECORDER OF SAID COUNTY, LYING SOUTHEASTERLY OF THE SAID RANCHO LINE BETWEEN STATIONS 13 AND 14, AS SHOWN ON SAID MAP.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975 AS INSTRUMENT NO. 58, IN BOOK 8630, PAGE 104 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988 AS INSTRUMENT NO. 88-180373 OF OFFICIAL RECORDS.

PARCEL 2 (APN: 1000-011-19-0-000; 1000-011-20-0-000; 1000-021-13-0-000; 1000-031-14-0-000; 1000-031-15-0-000):

THE WEST ½ OF SECTION 13, THE WEST ½ OF SECTION 24, THE NORTHWEST ¼ OF SECTION 25, AND THE NORTH ½ OF SECTION 26, ALL IN GOVERNMENT LOT 38, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE RANCHO SANTA ANA DEL CHINO, IN THE CITY OF CHINO HILLS, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS PER MAP FILED IN RECORD OF SURVEY RECORDED IN BOOK 3, PAGE 72 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAN BERNARDINO COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975 AS INSTRUMENT NO. 56, IN BOOK 8630, PAGE 83 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975 AS INSTRUMENT NO. 57, IN BOOK 8630, PAGE 92 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, BY DEED RECORDED MARCH 07, 1975 AS INSTRUMENT NO. 58, IN BOOK 8630, PAGE 104 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE COUNTY OF SAN BERNARDINO, BY FINAL ORDER OF CONDEMNATION, RECORDED JUNE 07, 1988 AS INSTRUMENT NO. 88-180373 OF OFFICIAL RECORDS.

PARCEL 22 (APN: 8701-021-271; 8701-022-270; 8701-022-273):

A PORTION OF SECTION 1 AND ALL OF SECTION 12, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 12; THENCE EAST 80 CHAINS TO THE SOUTHEAST CORNER OF SECTION 12; THENCE NORTH 80 CHAINS TO THE NORTHEAST CORNER OF SAID SECTION 12; THENCE ON A COURSE OF ABOVE NORTH 91°28' WEST 90.83 CHAINS, MORE OR LESS, TO A POINT IN THE WEST LINE OF SAID SECTION 1, DISTANT 43.02 CHAINS NORTH OF THE SOUTHWEST CORNER THEREOF; THENCE SOUTH ALONG THE WEST LINES OF SAID SECTIONS 1 AND 12 TO THE POINT OF BEGINNING.

EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED ON JULY 05, 1968 AS INSTRUMENT NO. 399, IN BOOK D-4405, PAGE 993 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE STATE OF CALIFORNIA, RECORDED ON NOVEMBER 17, 1971 AS INSTRUMENT NO. 253, IN BOOK D-5259, PAGE 626, AND NOVEMBER 17, 1971 AS INSTRUMENT NO. 254, IN BOOK D-5259, PAGE 630, BOTH OF OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND, DESCRIBED IN THE DEEDS TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, RECORDED ON MARCH 07, 1975 AS INSTRUMENT NO. 281, IN BOOK D-6579, PAGE 1, AND MARCH 07, 1975 AS INSTRUMENT NO. 282, IN BOOK D-6579, PAGE 11, BOTH OF OFFICIAL RECORDS OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE LAND DESCRIBED AS PARCEL A, IN THE GRANT DEED TO POMONA UNIFIED SCHOOL DISTRICT, RECORDED APRIL 07, 1993 AS INSTRUMENT NO. 93-653577 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION THEREOF, INCLUDED WITHIN THE LAND DESCRIBED IN THE FINAL ORDER AND JUDGMENT IN CONDEMNATION CASE NO. EAC 72461 RECORDED AUGUST 25, 1995 AS INSTRUMENT NO. 95-1398248 OF OFFICIAL RECORDS OF SAID COUNTY.

**EXHIBIT "C"**

**FORM OF MEMORANDUM OF LEASE**

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
REAL ESTATE LENDER
Attn: Annie Pyke
Dechert LLP
One Bush Street, Suite 1600
San Francisco, CA 94104

MEMORANDUM OF LEASE

This Memorandum Of Lease (this "**Memorandum**") is made and entered into as of May __, 2016 by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**"), with reference to the following facts:

A. Landlord and Tenant are the landlord and tenant, respectively, under that certain Lease dated as of May __, 2016 (the "**Lease**"), relating to certain real property located in the Counties of Los Angeles, San Bernardino and Orange, State of California, more particularly described in **Exhibit "A"** attached hereto (the "**Property**").

B. Pursuant to Article 18 of the Lease, Landlord has granted to Tenant a limited right of first refusal to purchase (the "**Right of First Refusal**"), with respect to all or any portion of the Property and the improvements and certain other property located thereon.

C. Landlord and Tenant desire to have this Memorandum recorded in the Official Records of **[Orange/Los Angeles/San Bernardino]** County, California, in order to put interested parties on notice of the estate of the Tenant in the Property and the Right of First Refusal.

NOW, THEREFORE, in consideration of the rents and covenants provided for in the Lease to be performed by the Tenant, the Landlord hereby demises and leases the Premises to Tenant, subject to the terms and conditions of the Lease.

1. **Term.** The term of the Lease is Twenty-Five (25) years commencing on May __, 2016, and terminating Twenty-Five (25) years thereafter, all subject to and on terms and conditions more fully set forth in the Lease.

2. **Right of First Refusal.** Landlord has granted, and hereby grants, to Tenant the Right of First Refusal described in Recital B above during the time, for the price, and on the terms and conditions contained in the Lease, the terms and conditions of which are incorporated herein by this reference in their entirety. The Right of First Refusal must be exercised on or before the dates specified in the Lease.

3. **Incorporation of Lease.** All of the terms, conditions, provisions and covenants of the Lease are incorporated in this Memorandum by reference, as though written out in length herein. In the event of any conflict between the terms and provisions of this Memorandum and the Lease, the terms of the Lease shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum on the day and year first above written.

**"LANDLORD"**
THE CITY OF INDUSTRY,
a municipality organized under
the laws of California

By: _____
Name: _____
Its: _____

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Ambient SEH LP LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By:

_____
Name:

_____
Its:

_____
Name:

_____
Its:

[ALL SIGNATURES MUST BE NOTARIZED]

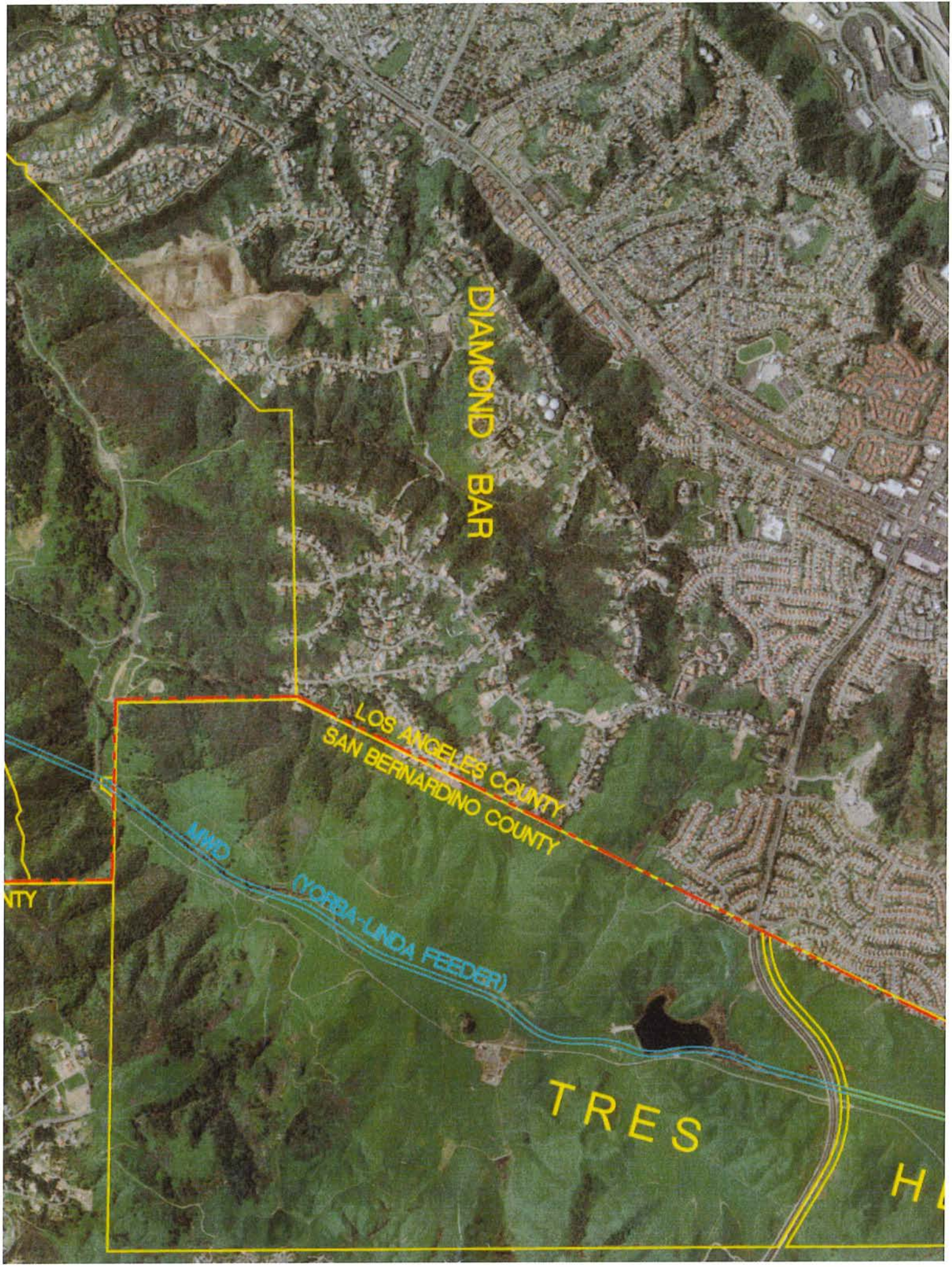
**EXHIBIT "A"**

**TOTAL SITE**

**[LEGAL DESCRIPTION TO BE INSERTED BY LANDLORD]**

**EXHIBIT "D"**

***(See attached.)***


DIAMOND BAR
LOS ANGELES COUNTY
SAN BERNARDINO COUNTY
MWD
(YORBA-LINDA FEEDER)
TRES

# FIRST AMENDMENT TO MASTER GROUND LEASE

THIS FIRST AMENDMENT TO MASTER GROUND LEASE (this "First Amendment") is made and entered into as of 15th day of November 2016 ("**Effective Date**"), by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**").

## RECITALS:

A. Landlord and Tenant are parties that certain Master Ground Lease dated as of May 17, 2016 (the "**Original Lease**").

B. Landlord and Tenant agree that the Landlord has acquired the Scout Property (as defined in the Original Lease).

C. Landlord and Tenant wish to amend certain terms and conditions of the Original Lease to recognize that Landlord has acquired the Scout Property and also to amend certain other terms and conditions of the Original Lease as set out herein (the Original Lease, as amended by the terms and conditions of this First Amendment, the "**Lease**").

D. In furtherance of the foregoing, Landlord and Tenant wish to enter into this First Amendment.

## AGREEMENT

NOW, THEREFORE, incorporating the foregoing recitals and in consideration of the foregoing recitals and of the mutual covenants, conditions and agreements herein contained to be done, kept and performed, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meaning given thereto in the Original Lease.

2. The recital set forth in paragraph D of Original Lease is hereby deleted in its entirety and replaced with the following:

*D. To facilitate Tenant's development of such projects on the Total Site, Landlord shall allow Tenant or an Affiliate or Permitted Assignee, as each are defined below (as applicable, the "**Project Tenant**") to enter into ground leases of portions of the Total Site in the form to be agreed upon between Landlord and Tenant from time to time pursuant to Section 24.1 hereof and attached to this Lease as an exhibit by supplement hereto, with such revisions as the parties shall approve for each Project, as defined below (each, a "**Project Lease**"), whereupon the premises thereunder shall be excluded from the Total Site.*

3. Section 2.3(a) of the Original Lease is hereby deleted in its entirety and replaced with the following:

*(a) prepared and submitted a request for an initial study and a notice of preparation under the California Environmental Quality Act ("**CEQA**") for photovoltaic solar project totaling, in the aggregate, at least four hundred fifty (450) megawatts of rated annual output ("**Minimum Project**") with the applicable governmental agency with jurisdiction over the relevant portion of the Total Site as defined under CEQA by June 30, 2017;*

4. Section 2.3(c) of the Original Lease is hereby deleted in its entirety and replaced with the following:

*(c) completed and submitted to the Lead Agency a draft Environmental Impact Report ("**EIR**") for the Minimum Project (if an EIR is required) (i) by November 30, 2018 if the Lead Agency allows Tenant to prepare the draft EIR, or (ii) by November 30, 2019 if the Lead Agency does not allow Tenant to prepare the draft EIR;*

5. Section 25.1 of the Original Lease is hereby deleted in its entirety and replaced with the following:

25.1 Landlord Funding of Certain Costs. Provided that no event of default has occurred and is continuing, from the Due Diligence Date until the fifth (5th) anniversary thereof, Landlord shall make advancements (whether for retainers, deposits or other pre-payments) and/or reimbursements to Tenant for reasonable third-party fees and costs previously incurred by Tenant or to be incurred by Tenant in the future in connection with exploring the feasibility of, and seeking approvals for, the planning and development of Solar Projects in advance of the execution of one or more Project Leases, in an aggregate amount of not more than Five Million Dollars ($5,000,000), which sums shall be paid or reimbursed not more often than monthly, within fourteen (14) days after, and, in each case, subject to, complying with the following conditions:

25.1.1 Tenant has completed and delivered a written request for payment setting forth the dates, amounts, and payees with respect to all sums being requested by Tenant, and a description of the work performed or to be performed by each payee, plus, at Landlord's request, evidence of any such work performed (to the extent applicable).

25.1.2 Tenant has furnished, in satisfactory form and substance, (a) every six (6) months, commencing January 1, 2017, conditional mechanics' lien releases and waivers for the amounts being requested and valid full and final mechanics' lien releases and waivers for all other work performed (which shall only be provided from consultants with respect to aspects of such work that could result in a lien under applicable law), (b) to the extent available, copies of bills or and invoices covering work for which a payment or reimbursement is made, and (c) a certification confirmation from Tenant that the foregoing and that the work for which payment is requested is authorized for reimbursement under this Lease.

6. The Part of Exhibit B to the Original Lease entitled, "Scout Property" is hereby deleted in its entirety and replaced with Exhibit A to this First Amendment. In furtherance of the Original Lease and the demise of the Total Site therein and following the preparation of a more detailed legal description of the Scout Property as set forth on Exhibit A to this First Amendment, the parties hereto agree to re-demise the Scout Property as follows: Landlord, for and in consideration of the rents, covenants and agreements to be paid, kept and performed by Tenant under the Lease, hereby demises and leases unto Tenant, and Tenant hereby leases from

Landlord, the Scout Property upon and subject to the terms, covenants and conditions set forth in the Lease.

7. Except as expressly amended by this First Amendment, the provisions of the Original Lease remain unchanged and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original Lease and the terms of this First Amendment, the terms of this First Amendment shall control. This First Amendment shall be effective on and after the Effective Date and any reference to the Original Lease in any other document shall be deemed to refer to the Original Lease as amended by this First Amendment.

8. This First Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law provisions.

9. All Exhibits attached to this First Amendment are hereby incorporated herein by this reference.

[Balance of page intentionally left blank. Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date and year first set forth above.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: PAUL J. PHILIPS
Its: City Manager

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: WADE HALL
Its: Principal

By: _____
Name: Robert Anselmo
Its: principal

# EXHIBIT "A"

THE PROPERTY REFERRED TO BELOW IS SITUATED IN LOS ANGELES COUNTY, ORANGE COUNTY, AND SAN BERNARDINO COUNTY, STATE OF CALIFORNIA.

**SCOUT PROPERTY:**

PARCEL 3 (APN: 308-031-21; 308-031-26; 308-031-28; 308-031-29):

PORTIONS OF LAND IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, PURSUANT TO CERTIFICATE OF COMPLIANCE NO. CC 2000-03 RECORDED FEBRUARY 09, 2001 AS INSTRUMENT NO. 20010076391 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

LOTS 1 AND 2 IN SECTION 4, TOWNSHIP 3 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT FILED IN THE DISTRICT LAND OFFICE, FEBRUARY 17, 1868, TOGETHER WITH THE NORTH 200.00 FEET OF THAT PORTION OF THE NORTHEAST QUARTER OF SAID SECTION 4 BOUNDED NORTHERLY BY THE SOUTHERLY LINE OF SAID LOT 1 AND BOUNDED EASTERLY AND WESTERLY BY THE SOUTHERLY PROLONGATION OF THE EASTERLY AND WESTERLY LINES RESPECTIVELY, OF SAID LOT 1 AND TOGETHER WITH THE NORTH 200 FEET OF THE EAST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 4.

EXCEPTING THEREFROM THAT PORTION LYING WESTERLY OF THE EASTERLY LINE OF PARCEL NO. 7.04 OF THE DEED TO THE COUNTY OF ORANGE RECORDED JANUARY 11, 1985 AS INSTRUMENT NO. 85-009660 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA.

ALSO EXCEPTING THEREFROM THAT PORTION LYING WITHIN THAT CERTAIN PARCEL OF LAND DESCRIBED IN A QUITCLAIM DEED TO SHELL OIL COMPANY, A DELAWARE CORPORATION, RECORDED JANUARY 31, 1964 AS INSTRUMENT NO. 26476, IN BOOK 6906, PAGE 58 OF SAID OFFICIAL RECORDS.

ALSO EXCEPTING FROM A PORTION THEREOF ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS, TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFORE AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS, WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL OR MINE FROM THE SURFACE OF SAID LANDS INTO OTHER LANDS AND THE RIGHT TO REDRILL, RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINES OR WELLS, AS RESERVED IN THE DEED FROM SHELL OIL COMPANY, A CORPORATION, RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS, REFERENCE TO SAID DEED BEING HEREBY MADE FOR FURTHER PARTICULARS THEREIN RELATIVE TO THE USE OF THE SUBSURFACE OF THE LAND WITH RESPECT TO SAID RIGHTS AND INTEREST.

ALSO EXCEPTING FROM A PORTION THEREOF ALL MINERALS, MINERAL RIGHTS, OIL, OIL RIGHTS, GAS, GAS RIGHTS, AND ALL OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN IN, UPON OR UNDERLYING SAID LANDS AND ALL WATER OR WATERS LYING BELOW SAID LANDS TOGETHER WITH THE PERPETUAL RIGHT OF DRILLING, MINING AND OPERATING THEREFROM AND

REMOVING THE SAME FROM SAID LANDS OR ANY OTHER LAND BY METHODS PRESENTLY EXISTING OR HEREAFTER DEVELOPED, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN SAID LANDS WITH OIL WELLS, GAS WELLS, TUNNELS OR SHAFTS INTO, THROUGH OR ACROSS THE SUBSURFACE OF SAID LANDS AND THE RIGHT TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS OR SHAFTS UNDER AND BENEATH SAID LANDS OR BEYOND THE EXTERIOR LIMITS THEREOF AND THE RIGHT TO REDRILL, RECOMPLETE, DEEPEN, RETUNNEL, EQUIP, MAINTAIN, REPAIR AND OPERATE ANY SUCH MINE OR WELLS PROVIDED, HOWEVER, THAT IN EXERCISING THE FOREGOING RIGHTS OR ANY OF THEM SO RESERVED BY SHELL, ITS SUCCESSORS OR ASSIGNS, SHALL CONFINE THEIR RESPECTIVE USE OF THE SURFACE TO THE FIVE-ACRE PARCELS REFERRED TO IN THAT CERTAIN DEED DATED MAY 04, 1962 AND RECORDED DECEMBER 05, 1962 AS INSTRUMENT NO. 2240, IN BOOK 6347, PAGE 273 OF OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA, AS RESERVED BY SHELL OIL COMPANY, A CORPORATION, IN THE DEED RECORDED JANUARY 31, 1964 AS INSTRUMENT NO. 26477, IN BOOK 6906, PAGE 59 OF OFFICIAL RECORDS.

PARCEL 24 (APN: 8714-028-04; A PORTION OF 8714-027-06):

THOSE PORTIONS OF LAND DESCRIBED AS FOLLOWS:

THE SOUTHEAST QUARTER OF SECTION 33, THE SOUTH HALF OF SECTION 34, THE SOUTHWEST QUARTER OF SECTION 35, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE DISTRICT LAND OFFICE SEPTEMBER 28, 1868.

EXCEPT THAT PORTION THEREOF CONVEYED BY DEED FROM CHINO LAND AND WATER COMPANY TO JOHN C. MILES AND LOUIS B. JORALMON RECORDED IN BOOK 3859, PAGE 275 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 35 ON THE COUNTY BOUNDARY LINE OF LOS ANGELES AND ORANGE COUNTIES, MARKED BY A 2 INCH IRON PIPE WITH A BRASS CAP; THENCE NORTH 10°49'20" WEST 2673.34 FEET TO THE COUNTY LINE MONUMENT AT THE CENTER OF SAID SECTION 35; THENCE WESTERLY ALONG THE SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 35, A DISTANCE OF 520 FEET TO THE WEST SIDE OF FIRE BREAK; THENCE SOUTH 10°07'00" EAST 726 FEET, MORE OR LESS, TO A POINT FROM WHICH A MARKED OAK TREE BEARS SOUTH 52°48'00" EAST 60.00 FEET; THENCE SOUTH 18°49'00" EAST 1566 FEET TO A POINT FROM WHICH A SMALL MARKED OAK TREE BEARS NORTH 85°56'00" EAST 21.6 FEET; THENCE SOUTH 42°11'30" EAST 578.7 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THOSE PORTIONS LYING NORTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26, AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE

SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45'13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.46 FEET; THENCE NORTH 21°52'15" WEST 164.75 FEET; THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 111.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45'55'46" WEST 271.16 FEET; THENCE NORTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET; TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

ALSO EXCEPT ALL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND, AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER, OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY DEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION WITH THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

THE INTEREST OF THE PUENTE OIL COMPANY, A CORPORATION, HAS PASSED TO AND IS NOW VESTED IN SHELL OIL COMPANY, A DELAWARE CORPORATION, BY DEED RECORDED JULY 12, 1922 IN BOOK 1196, PAGE 278 OF OFFICIAL RECORDS AND MESNE CONVEYANCES OF RECORD.

ALSO EXCEPTING ALL THE MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID PARCELS, TOGETHER WITH BUT NOT CONFINED TO THE FOLLOWING RIGHTS, NAMELY, ALL NECESSARY AND CONVENIENT RIGHTS FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING AND TAKING ANY OF SAID MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, TOGETHER WITH THE RIGHT TO USE OR DEVELOP AND USE ALL WATER NECESSARY AND CONVENIENT FOR SAID DRILLING, EXTRACTING OR TAKING OF SAID MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, AND TO STORE THE SAME UPON SAID LAND, TOGETHER WITH THE RIGHT TO ENTER UPON SAID LAND AT ANY AND ALL TIMES FOR SAID PURPOSES, EITHER PERSONALLY OR THROUGH ANY AGENTS, SERVANTS, EMPLOYEES, OR LESSEES OF THE GRANTOR, AND FROM TIME TO TIME TO CONSTRUCT, LAY, USE, MAINTAIN, ERECT, REPAIR, REPLACE AND REMOVE THEREON AND THEREFROM ALL DERRICKS, ROADS, TANKS, RESERVOIRS, MACHINERY, TELEPHONE, TELEGRAPH AND POWER LINES, PIPE LINES AND OTHER STRUCTURES, WITH THE RIGHT OF WAY FOR PASSAGE OVER, UPON AND ACROSS AND INGRESS AND EGRESS TO AND FROM SAID PREMISES AND EVERY PART THEREOF AS RESERVED IN DEED RECORDED APRIL 22, 1958 AS INSTRUMENT NO. 941, IN BOOK D-78, PAGE 299 OF OFFICIAL RECORDS.

ALSO EXCEPTING ALL MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN, ON OR UNDER SAID LAND TOGETHER WITH, BUT NOT CONFINED TO THE FOLLOWING RIGHTS, NAMELY ALL NECESSARY AND CONVENIENT RIGHTS FOR THE PURPOSE OF DRILLING FOR, PRODUCING, EXTRACTING AND TAKING ANY OF SAID MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND, TOGETHER WITH RIGHT TO USE OR DEVELOP AND USE ALL WATER NECESSARY AND CONVENIENT FOR SAID DRILLING, EXTRACTING OR TAKING OF SAID MINERALS, GAS, OILS, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES FROM SAID LAND AND TO STORE THE SAME UPON SAID LAND, TOGETHER WITH THE RIGHT TO ENTER UPON SAID LAND AT ANY AND ALL TIMES FOR SAID PURPOSES, EITHER PERSONALLY OR THROUGH ANY AGENTS, SERVANTS, EMPLOYEES OR LESSEES OF THE GRANTOR AND FROM TIME TO TIME TO CONSTRUCT, LAY, USE, MAINTAIN, ERECT, REPAIR,

REPLACE AND REMOVE THEREON AND THEREFROM ALL DERRICKS, ROADS, TANKS, RESERVOIRS, MACHINERY, TELEPHONE, TELEGRAPH AND POWER LINES, PIPE LINES AND OTHER STRUCTURES, WITH THE RIGHT OF WAY FOR PASSAGE OVER, UPON AND ACROSS AND INGRESS AND EGRESS TO AND FROM SAID PREMISES AND EVERY PART THEREOF, AS RESERVED BY ERNEST A. BRYANT, JR., SOLE SURVIVING TRUSTEE UNDER THE WILL OF SUSANNA BIXBY BRYANT, ALSO KNOWN AS SUSANNA P. BRYANT, DECEASED, IN DEED RECORDED APRIL 22, 1958 AS INSTRUMENT NO. 941, IN BOOK D-78, PAGE 299 OF OFFICIAL RECORDS.

SAID PARCEL SHOWN AS PARCEL 3 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-0893206, AND AMENDED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377, BOTH OF OFFICIAL RECORDS.

PARCEL 25 (APN: 8714-026-07; 8714-026-08; A PORTION OF 8714-027-06):

THOSE PORTIONS OF LAND, DESCRIBED AS FOLLOWS:

THE SOUTHWEST QUARTER OF SECTION 26, THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AND THE SOUTHWEST OF THE NORTHWEST QUARTER AND THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 34, THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 35, ALL IN TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

EXCEPT THEREFROM THOSE PORTIONS LYING NORTHERLY AND WESTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A 2 INCH IRON PIPE WITH BRASS CAP IN CONCRETE AT THE CENTER OF SAID SECTION 26 AS SHOWN ON THE LOS ANGELES COUNTY SURVEYOR'S MAP C. S. 8580 FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF SAID COUNTY; THENCE ALONG THE EAST LINE OF THE SOUTHWEST QUARTER OF LAST SAID SECTION SOUTH 00°18'50" EAST 1170.79 FEET TO THE TRUE POINT OF BEGINNING; THENCE LEAVING SAID EAST LINE SOUTH 25°36'25" WEST 79.99 FEET; THENCE SOUTH 88°04'14" WEST 81.81 FEET; THENCE SOUTH 65°51'07" WEST 117.69 FEET; THENCE SOUTH 64°01'22" WEST 100.66 FEET; THENCE SOUTH 72°12'58" WEST 65.15 FEET; THENCE NORTH 82°22'19" WEST 318.40 FEET; THENCE SOUTH 66°08'44" WEST 291.45 FEET; THENCE NORTH 60°57'06" WEST 138.16 FEET; THENCE SOUTH 74°02'49" WEST 283.15 FEET; THENCE SOUTH 67°05'03" WEST 694.43 FEET; THENCE SOUTH 67°23'18" WEST 141.24 FEET; THENCE SOUTH 28°43'35" WEST 228.33 FEET; THENCE SOUTH 58°10'01" WEST 41.27 FEET; THENCE NORTH 87°24'40" WEST 190.48 FEET; THENCE SOUTH 72°57'39" WEST 411.84 FEET; THENCE SOUTH 54°58'27" WEST 292.37 FEET; THENCE SOUTH 83°53'26" WEST 129.97 FEET; THENCE NORTH 79°19'13" WEST 167.52 FEET; THENCE SOUTH 76°56'58" WEST 191.09 FEET; THENCE SOUTH 56°41'58" WEST 213.70 FEET; THENCE SOUTH 69°48'31" WEST 205.88 FEET; THENCE SOUTH 38°11'23" WEST 204.69 FEET; THENCE SOUTH 43°36'59" WEST 217.43 FEET; THENCE SOUTH 52°12'56" WEST 624.84 FEET; THENCE SOUTH 29°56'10" WEST 340.97 FEET; THENCE SOUTH 54°46'50" WEST 1113.97 FEET; THENCE SOUTH 60°41'00" WEST 240.86 FEET; THENCE NORTH 85°50'49" WEST 434.07 FEET; THENCE SOUTH 68°34'49" WEST 228.98 FEET; THENCE SOUTH 45°13'16" WEST 111.28 FEET; THENCE SOUTH 79°06'17" WEST 190.89 FEET; THENCE SOUTH 43°16'15" WEST 155.35 FEET; THENCE SOUTH 89°36'28" WEST 107.30 FEET; THENCE SOUTH 52°36'47" WEST 295.83 FEET; THENCE SOUTH 39°51'34" WEST 253.31 FEET; THENCE SOUTH 08°49'28" WEST 288.86 FEET; THENCE SOUTH 43°22'04" WEST 211.30 FEET; THENCE SOUTH 28°22'04" WEST 72.87 FEET; THENCE SOUTH 08°29'53" WEST 718.80 FEET; THENCE SOUTH 13°54'37" WEST 265.68 FEET; THENCE SOUTH 37°23'04" WEST 124.48 FEET; THENCE NORTH 21°52'15" WEST 164.75 FEET; THENCE SOUTH 41°18'08" WEST 233.05 FEET; THENCE SOUTH 15°45'12" WEST 111.80 FEET; THENCE SOUTH 31°33'19" WEST 371.37 FEET; THENCE SOUTH 22°47'05" WEST 198.75 FEET; THENCE SOUTH 45°55'46" WEST 271.16 FEET; THENCE SOUTH 88°32'46" WEST 264.11 FEET; THENCE SOUTH 00°07'50" WEST 178.08 FEET TO THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 2 SOUTH, RANGE 9 WEST, SAN BERNARDINO MERIDIAN.

EXCEPT ALL RIGHTS TO SUB-SURFACE HYDROCARBON (OIL), AND OTHER MINERAL SUBSTANCES, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES, AS RESERVED BY SUSAN HUNTER FERRY HAAS, WILLIAM EDWARD FERRY, GEORGE S. ST. CLAIR, CLARITA ODETTE, HELEN M. SMITH, FRANCES SWAN REGETS, AND LOUIS BOTTI, ACTING AS GUARDIAN OF THE PERSON AND ESTATE OF VIVIAN MORRIS BOTTI; AND VIVIAN MORRIS BOTTI, AN INCOMPETENT PERSON WHO ACQUIRED TITLE AS VIVIAN MORRIS, IN DEED RECORDED MARCH 08, 1960 AS INSTRUMENT NO. 1048, IN BOOK D-774, PAGE 312 OF OFFICIAL RECORDS.

THE RIGHTS TO ENTER UPON THE SURFACE OF SAID LAND WERE RELINQUISHED BY A DEED RECORDED NOVEMBER 09, 1961 AS INSTRUMENT NO. 1506, IN BOOK D-1415, PAGE 139 OF OFFICIAL RECORDS.

EXCEPT THE RIGHT TO SUBSURFACE HYDROCARBON (OIL) AND OTHER MINERAL SUBSTANCES CONTAINED IN SAID REAL PROPERTY, TOGETHER WITH THE RIGHT TO ENTER UPON SAID PROPERTY TO DRILL FOR AND PRODUCE SAID HYDROCARBON OR MINERAL SUBSTANCES, AND TO ASSIGN SAID RIGHT TO OTHER PERSONS, PARTNERSHIPS OR CORPORATIONS AS RESERVED IN DEED RECORDED SEPTEMBER 12, 1961 AS INSTRUMENT NO. 4247 OF OFFICIAL RECORDS.

ALSO EXCEPT ANY AND ALL KINDS OF PETROLEUM, OIL, ASPHALTUM, MALTHA, TAR, GAS AND OTHER BITUMINOUS AND OTHER HYDROCARBON SUBSTANCES, WATER, STONE, ROCK, GYPSUM, CLAY, SAND AND ALL MINERALS AND MINERAL SUBSTANCES, IN, UNDER OR UPON SAID LAND, AND ANY AND ALL THEREOF; ALSO THE RIGHT AT ANY AND ALL TIMES, AND BY ANY AND ALL MEANS TO ENTER UPON ANY AND ALL PORTIONS OF SAID LANDS, AND USE AND ENJOY THE SAME IN ANY AND ALL WAYS IT MAY SEEM NECESSARY, CONVENIENT OR EXPEDIENT IN, OR IN CONNECTION WITH THE TRANSACTION OF ITS BUSINESS, AS EXCEPTED AND RESERVED IN THE DEED FROM PUENTE OIL COMPANY, A CORPORATION, IN DEED RECORDED NOVEMBER 05, 1903 IN BOOK 1917, PAGE 137 OF DEEDS.

SAID PARCEL SHOWN AS PARCEL 4 ON CERTIFICATE OF COMPLIANCE RECORDED JUNE 09, 2000 AS INSTRUMENT NO. 00-0893206, AND AMENDED JANUARY 05, 2001 AS INSTRUMENT NO. 01-0031377, BOTH OF OFFICIAL RECORDS.

SECOND AMENDMENT TO MASTER GROUND LEASE

THIS SECOND AMENDMENT TO MASTER GROUND LEASE (this "**Second Amendment**") is made and entered into as of April 13, 2017 ("**Effective Date**"), by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**").

**RECITALS:**

A. Landlord and Tenant are parties to (collectively, the "**Original Lease**") (a) that certain Master Ground Lease, dated as of May 17, 2016, and (b) that certain First Amendment to Master Ground Lease, dated as of November 15, 2016.

B. Landlord and Tenant wish to amend certain terms and conditions of the Original Lease as set forth herein (the Original Lease, as amended by the terms and conditions of this Second Amendment, shall be referred to herein as the "**Lease**").

C. In furtherance of the foregoing, Landlord and Tenant wish to enter into this Second Amendment.

AGREEMENT

NOW, THEREFORE, incorporating the foregoing recitals and in consideration of the foregoing recitals and of the mutual covenants, conditions and agreements herein contained to be done, kept and performed, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meaning given thereto in the Original Lease.

2. The following provision is added to the Lease as Section 2.4:

2.4. Projects on Total Site.

2.4.1 The approval of this Lease is not intended to be a "project" under CEQA because it does not authorize any physical change in the environment. This Lease does not constitute an entitlement to develop any particular project on all or any portion of the Total Site, nor does it constitute an authorization of any particular use by Tenant of all or any portion of the Total Site other than activities associated with Site Diligence as provided in Section 1.3 and activities authorized in Section 4.1 for determining the suitability of the Total Site for projects.

2.4.2 Landlord will not issue any approval or entitlement to Tenant to proceed with any project on all or any portion of the Total Site unless and until compliance with CEQA is completed and all necessary entitlements obtained, including any entitlements from Landlord. Notwithstanding the foregoing, Landlord is not committing to issue any entitlements to Tenant, and Landlord retains full discretion to consider specific project proposals submitted by Tenant, to review and evaluate environmental review documents prepared for such projects, and to

approve, deny, or condition any project proposed by Tenant, including adoption of any mitigation measures or project alternatives under CEQA.

2.4.3 To the extent required by law, Landlord and Tenant agree to amend the Lease to comply CEQA.

4. Section 25.1 of the Original Lease is hereby deleted in its entirety and replaced with the following:

25.1 Landlord Funding of Certain Costs. Provided that no event of default has occurred and is continuing, from the Due Diligence Date until the fifth (5th) anniversary thereof, Landlord shall make advancements (whether for retainers, deposits or other pre-payments), subject to the provisions of Section 25.1.2, and/or reimbursements to Tenant for reasonable third-party fees and costs previously incurred by Tenant or to be incurred by Tenant in the future in connection with exploring the feasibility of, and seeking approvals for, the planning and development of Solar Projects, the transmission and/or storage of the power generated thereby, and/or a reservoir project in advance of the execution of one or more Project Leases, in an aggregate amount of not more than Eleven Million Five Hundred Thousand Dollars ($11,500,000), which sums shall be paid or reimbursed not more often than monthly, within fourteen (14) days after, and, in each case, subject to, complying with the following conditions:

25.1.1 Tenant has completed and delivered a written request for payment setting forth the dates, amounts, and payees with respect to all sums being requested by Tenant, and a description of the work performed or to be performed by each payee, plus, at Landlord's request, evidence and/or a copy of any such work performed (to the extent applicable).

25.1.2 Tenant has furnished, in satisfactory form and substance, (a) every six (6) months, commencing July 1, 2017, conditional mechanics' lien releases and waivers for the amounts being requested and valid full and final mechanics' lien releases and waivers for all other work performed (which shall only be provided from consultants with respect to aspects of such work that could result in a lien under applicable law), (b) copies of bills or any invoices covering work for which a payment or reimbursement is made, and (c) a certification confirmation from Tenant that the foregoing and that the work for which payment is requested is authorized for reimbursement or payment under this Lease. Under no circumstances shall the aggregate outstanding balance of all retainers, advances, or deposits for work not yet performed exceed One Million Dollars ($1,000,000) at any time.

5. Other Changes. Except as expressly amended by this Second Amendment, the provisions of the Original Lease remain unchanged and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original Lease and the terms of this Second Amendment, the terms of this Second Amendment shall control. This Second Amendment shall be effective on and after the Effective Date and any reference to the Original Lease in any other document shall be deemed to refer to the Original Lease as amended by this Second Amendment. This Second Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law provisions.

[Balance of page intentionally left blank. Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date and year first above written.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: PAUL J. Philipp
Its: City Manager

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date and year first above written

"LANDLORD"

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name _____
Its _____

"TENANT"

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: Wade Hall
Its: Principal

By: _____
Name: Gabriel Anselmo
Its: Principal

# THIRD AMENDMENT TO MASTER GROUND LEASE

THIS THIRD AMENDMENT TO MASTER GROUND LEASE (this "**Third Amendment**") is made and entered into as of May 23, 2017 ("**Effective Date**"), by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**").

## RECITALS:

A. Landlord and Tenant are parties to (collectively, the "**Original Lease**") (a) that certain Master Ground Lease, dated as of May 17, 2016, (b) that certain First Amendment to Master Ground Lease, dated as of November 15, 2016, and (c) that certain Second Amendment to Master Ground Lease, dated as of April 13, 2017.

B. Landlord and Tenant wish to amend certain terms and conditions of the Original Lease as set forth herein (the Original Lease, as amended by the terms and conditions of this Third Amendment, shall be referred to herein as the "**Lease**").

C. In furtherance of the foregoing, Landlord and Tenant enter into this Third Amendment.

## AGREEMENT

NOW, THEREFORE, incorporating the foregoing recitals and in consideration of the foregoing recitals and of the mutual covenants, conditions and agreements herein contained to be done, kept and performed, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meaning given thereto in the Original Lease.

2. The following provision is added to the Lease as Section 25.3:

25.3 Reimbursement of Sums Funded by Landlord. Upon commencement of construction of the first Project pursuant to this Lease, (a) Landlord shall be reimbursed, in full, but without any interest thereon, in the amount of all sums advanced by Landlord pursuant to the foregoing provisions of this Section 25, which, with Landlord's consent, may be effected by a credit to any contribution owed by Landlord with respect to such Project, and (b) Landlord's obligation to fund any sums pursuant to the foregoing provisions of this Section 25 shall automatically and irrevocably terminate.

3. Development Fee. The parties acknowledge that each Project will include a mutually agreeable development fee that will be paid as directed by Tenant.

4. Other Changes. Except as expressly amended by this Third Amendment, the provisions of the Original Lease remain unchanged and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original Lease and the terms of this Third

Amendment, the terms of this Third Amendment shall control. This Third Amendment shall be effective on and after the Effective Date and any reference to the Original Lease in any other document shall be deemed to refer to the Original Lease as amended by this Third Amendment. This Third Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law provisions.

[Balance of page intentionally left blank. Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date and year first above written.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: Paul J. Philips
Its: City Manager

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date and year first above written.

"LANDLORD"

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: _____
Its: _____

"TENANT"

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: Wade Hall
Its: Principal

By: _____
Name: Ernie Ansilmo
Its: Principal

FOURTH AMENDMENT TO MASTER GROUND LEASE

THIS FOURTH AMENDMENT TO MASTER GROUND LEASE (this "**Fourth Amendment**") is made and entered into as June 30, 2017 ("**Effective Date**"), by and between THE CITY OF INDUSTRY, a municipality organized under the laws of the State of California ("**Landlord**"), and SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company ("**Tenant**").

**RECITALS:**

A. Landlord and Tenant are parties to (collectively, the "**Original Lease**"): (a) that certain Master Ground Lease, dated as of May 17, 2016, (b) that certain First Amendment to Master Ground Lease, dated as of November 15, 2016, (c) that certain Second Amendment to Master Ground Lease, dated as of April 13, 2017, and (d) that certain Third Amendment to Master Ground Lease, dated as of May 23, 2017.

B. Landlord and Tenant wish to amend certain terms and conditions of the Original Lease as set forth herein (the Original Lease, as amended by the terms and conditions of this Fourth Amendment, shall be referred to herein as the "**Lease**").

C. In furtherance of the foregoing, Landlord and Tenant wish to enter into this Fourth Amendment.

AGREEMENT

NOW, THEREFORE, incorporating the foregoing recitals and in consideration of the foregoing recitals and of the mutual covenants, conditions and agreements herein contained to be done, kept and performed, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used but not defined herein shall have the meaning given thereto in the Original Lease.

2. Section 2.3(a) of the Original Lease is hereby deleted in its entirety and replaced with the following:

*(a) prepared and submitted a request for an initial study and a notice of preparation under the California Environmental Quality Act ("**CEQA**") for photovoltaic solar project totaling, in the aggregate, at least four hundred and fifty (450) megawatts of rated annual output ("**Minimum Project**") with the applicable governing agency with jurisdiction over the relevant portion of the Total Site as defined under CEQA by June 30, 2018.*

3. Section 2.3(c) of the Original Lease is hereby deleted in its entirety and replaced with the following:

*(c) completed and submitted to the Lead Agency a draft Environmental Impact Report ("**EIR**") for the Minimum Project (if an EIR is required) (i) by November 30, 2019, if the*

*Lead Agency allows Tenant to prepare the draft EIR, or (ii) by November 30, 2020, if the Lead Agency does not allow Tenant to prepare the draft EIR.*

4. Section 25.1 of the Original Lease is hereby deleted in its entirety and replaced with the following:

*25.1 Landlord Funding of Certain Costs. Provided that no event of default has occurred and is continuing, from the Due Diligence Date until the fifth (5th) anniversary thereof, Landlord shall make advancements (whether for retainers, deposits or other pre-payments), subject to the provisions of Section 25.1.2, and/or reimbursements to Tenant for reasonable third-party fees and costs previously incurred by Tenant or to be incurred by Tenant in the future in connection with exploring the feasibility of, and seeking approvals for, the planning and development of Solar Projects, the transmission and/or storage of the power generated thereby, and/or a reservoir project in advance of the execution of one or more Project Leases, in an aggregate amount of not more than Twenty Million Dollars ($20,000,000), which sums shall be paid or reimbursed not more often than monthly, within fourteen (14) days after, and, in each case, subject to, complying with the following conditions:*

5. All the provisions of Section 25.3 of the Original Lease that require Tenant to reimburse (or, with Landlord's consent, provide a credit to any contribution owed by Landlord with respect to such Project) Landlord for all sums provided by Landlord pursuant to Section 25 of the Original Lease upon commencement of construction of the first Project shall also apply to, and include, the increased sum (*i.e.*, Twenty Million Dollars ($20,000,000)) authorized by the revised version of Section 25.1 of the Original Lease set forth above in Section 4 of this Fourth Amendment.

6. Except as expressly amended by this Fourth Amendment, the provisions of the Original Lease remain unchanged and in full force and effect. In the event of any conflict or inconsistency between the terms of the Original Lease and the terms of this Fourth Amendment, the terms of this Fourth Amendment shall control. This Fourth Amendment shall be effective on and after the Effective Date and any reference to the Original Lease in any other document shall be deemed to refer to the Original Lease as amended by this Fourth Amendment.

7. This Fourth Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to choice of law provisions. This Fourth Amendment may be executed in one or more counterparts, which, taken together, shall constitute a single instrument.

[Balance of page intentionally left blank. Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date and year first set forth above.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: PAUL J. PHILLIPS
Its: City Manager

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date and year first set forth above.

**"LANDLORD"**

THE CITY OF INDUSTRY,
a municipality organized under the laws of the State of California

By: _____
Name: _____
Its: _____

**"TENANT"**

SAN GABRIEL VALLEY WATER AND POWER, LLC, a California limited liability company

By: Sustainable Water and Power LLC, a California limited liability company
Its: Non-member manager

By: Ambient Communities LLC, a Delaware limited liability company
Its: Sole Member

By: _____
Name: Wade Hall
Its: Principal

By: _____
Name: Robert Wynalmo
Its: principal